



**OFFICE OF THE NORTHAMPTONSHIRE POLICE, FIRE AND CRIME
COMMISSIONER
&
NORTHAMPTONSHIRE POLICE
&
NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY**

JOINT INDEPENDENT AUDIT COMMITTEE

28th July 2021 at 10.15am to 12.30pm

**Microsoft Teams virtual meeting
(the Teams meeting room will open just before 10am for members and
auditors)**

**If you should have any queries in respect of this agenda, or would like to join
the meeting please contact Kate Osborne 03000 111 222
Kate.Osborne@northantspfcc.gov.uk**

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

***Further details regarding the process for asking questions or making an
address to the Committee are set out at the end of this agenda notice***

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Public Meeting of the Joint Independent Audit Committee					Time
	Public meeting of the Joint Audit Committee				
	There will be a private meeting of the committee members with the auditors without officers or the public present before the start of the formal meeting.				10-10.15
	Public meeting of the Joint Audit Committee				
1	Welcome and Apologies for non- attendance				10:15
2	Declarations of Interests				10:20
3	Meetings and Action log March 2021	HK/KO	Reports		10:30
4	Jiac 2020/21 Annual Report	Chair	Report		10:40
5a	External Auditor Report PFCC & CC – Annual audit letter 19/20	EY	Reports		10:50
5b	NCFRA i) Annual Audit letter 19/20 ii) NCFRA audit plan 20/21 (report to follow)				
6a	Internal Auditor Progress report 2020/21 PFCC & CC	Mazars	Reports		11:00
6b.	NCFRA i) Progress update ii) IA Charter 2021/22	Duncan			
7a.	Internal Audit Year End Report 2020/21 PFCC & CC	Mazars	Reports		11:10
7b.	NCFRA	Duncan			
8a	Implementation of Internal Audit recommendations - update PFCC & CC	Richard and Megan	Reports		11:25
8b	NCFRA	Julie Oliver			
9	Policing regional internal audit contract	HK	Verbal		11:40
10a	2020/21 Treasury Management Outturn PFCC & CC	HK	Reports		12:00
10b	NCFRA	VA			
11	Agenda Plan	KO	Report		12:15
12	AOB	Chair	Verbal		
13	Confidential items – any	Chair	Verbal		
14	Resolution to exclude the public	Chair	Verbal		
	Items for which the public be excluded from the meeting: In respect of the following items the Chair may move the resolution set out below on the grounds that if the public were present it would be likely that exempt information (information				

	regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them: <i>“That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A of the Act of the descriptions against each item would be disclosed to them”.</i>			
15	Risk Register Update NCFRA	Rob Porter		12:20
16	Future Meetings held in public: <ul style="list-style-type: none"> - 6th October 2021 - 15th December 2021 Future Workshops not held in public: <ul style="list-style-type: none"> • Date TBC – Statement of Accounts, Date TBC <ul style="list-style-type: none"> ○ Police (September) ○ Fire (September) • November 2021 – Date and Content TBC 			12.30

Further details regarding the process for asking questions or making an address to the Committee

i. General

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

ii. Notice of questions and addresses

A question may only be asked or an address given if notice has been given by delivering it in writing or by electronic mail to the Monitoring Officer no later than noon two working days before the meeting.

Notice of questions or an address to the Committee should be sent to:

Kate Osborne
Office of the Police, Fire and Crime Commissioner
Darby House, Darby Close, Park Farm Industrial Estate,
Wellingborough. NN8 6GS

or by email to:
kate.osborne@northantspfcc.police.uk

Each notice of a question must give the name and address of the questioner and must name the person to whom it is to be put, and the nature of the question to be asked. Each notice of an address must give the name and address of the persons who will address the meeting and the purpose of the address.

iii. Scope of questions and addresses

The Chair of the Committee may reject a question or address if it:

- Is not about a matter for which the Committee has a responsibility or which affects Northamptonshire;
- is defamatory, frivolous, offensive or vexatious;
- is substantially the same as a question which has been put or an address made by some other person at the same meeting of the Committee or at another meeting of the Committee in the past six months; or
- requires the disclosure of confidential or exempt information.

iv. Asking the question or making the address at the meeting

The Chair of the Committee will invite the questioner to put the question to the person named in the notice. Alternatively, the Chair of the Committee will invite an address to the Committee for a period not exceeding three minutes. Every question must be put and answered without discussion but the person to whom the question has been put may decline to answer it or deal with it by a written answer. Every address must be made without discussion.

v. The Chair and Members of the Committee are:

Mr J Beckerleg (Chair of the Committee)

Mrs A Battom

Mr J Holman

Ms G Scoular

Mrs E Watson

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COMMUNITY JUSTICE SECURITY



AGENDA ITEM 4

NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER, NORTHAMPTONSHIRE POLICE and NORTHAMPTONSHIRE FIRE AND RESCUE SERVICE

JOINT INDEPENDENT AUDIT COMMITTEE

28 JULY 2020

REPORT BY	Chair of the Joint Independent Audit Committee
SUBJECT	Annual Report 2020-21
RECOMMENDATION	To approve the report and submit it to the Police, Fire and Crime Commissioner (PFCC), Chief Constable (CC) and Chief Fire Officer (CFO)

1. Purpose of report

This report fulfils two purposes:

- a) A review of the Committee's terms of reference; and
- b) An annual report, as required by the terms of reference, for inclusion in the Annual Accounts

2. Recommendations

The Committee is invited to:

- a) Comment on the report; and
- b) Submit the report to the PFCC, CC and CFO.

3. Role of the Committee

The Audit Committee became operational in November 2012 and this is the eighth annual report of the Joint Independent Audit Committee (JIAC) created under the Home Office Financial Code of Practice for Police Services.

The current purpose of the Committee is:

'To support the Police Fire and Crime Commissioner and the Chief Constable to discharge their responsibilities by providing independent assurance on the adequacy of their corporate governance, risk management arrangements and the associated control environments and the integrity of financial statements and reporting.'

The full responsibilities of the JIAC are contained in its terms of reference in Appendix 1.

4. Committee membership

Membership of the Committee during the financial year was:

Name	Appointment	Qualifications
John Beckerleg (Chair)	Appointed 1 October 2014*	MA, CIPFA, MBA
Ann Battom	Appointed December 2018	CIPFA, MSc
John Holman	Appointed 23 September 2019	TA MA MRICS
Gill Scoular	Appointed 1 December 2014*	CIPFA
Edith Watson	Appointed 23 September 2019	xxx

[*Note: the PFCC has offered to extend the terms of office of these members, due to the Covid pandemic, until 30 November 2022]

The Police, Fire and Crime Commissioner (PFCC) and Chief Constable (CC) agreed in 2017 that the size of the Committee should be increased to 5. Recruitment in 2019 means that the committee now has 5 members.

5. Committee's Terms of Reference

The Committee has established terms of reference derived from the CIPFA best practice model. The Committee is required to review its terms of reference annually and the latest terms of reference are attached as Appendix 1.

The JIAC covers three organisations: the Police, Fire and Crime Commissioner (PFCC), the Force and the Northamptonshire Fire and Rescue Authority (NFRA). The Northamptonshire Fire and Rescue Service (FRS) is provided by NFRA.

The committee's work and scope is now well established and no changes are proposed to the terms of reference.

6. How the Committee discharges its responsibilities

The Committee's terms of reference drive the work programme and there is a well established approach to agenda planning.

The Committee held four formal meetings in the year. During the pandemic period the meetings have been held online. The meetings were open to the public and, as far as possible, the agenda items are taken in public. Attendance at meetings was as follows:

Name	Attendance / Possible attendance
John Beckerleg (Chair)	4/4
Ann Battom	3/4
John Holman	4/4
Gill Scoular	4/4
Edith Watson	2/4

The Committee's meetings have been well supported by officers from the Force, OPFCC and the FRS. The improved quality and timeliness of reports has been maintained. In addition, the Committee has appreciated the open and transparent approach of officers.

In addition, representatives of the Internal Auditors and the External Auditor attended the meetings and the Committee took the opportunity as it felt necessary to discuss topics in private with the auditors without officers being present.

The JIAC has received regular reports on:

- the Statement of Accounts (2018/19 and 2019/20);
- risk management and risk registers;
- treasury management;
- internal and external audit plans, recommendations and updates on progress; and
- updates on the inspectorate (HMICFRS) reports and recommendations.

It has also received updates or sought extra assurance on areas of specific risk or concern, including:

- Multi Force Shared Services (MFSS) upgrade, timescales and issues;
- Support provided by LGSS to the Fire Authority
- Future support arrangements:
- Budget and Medium Term Financial Plan update and timetable;
- Reviews by the Inspectorate (HMICFRS);
- Corruption and fraud controls and processes;
- Complaints procedures;
- Arrangements within the Police force to handle ethics;
- Update on the Professional Standards Department; and
- Business continuity and disaster recovery;

Three workshops were held during the year which considered the following areas:

- Sept 2020 - Fire Accounts;
- Oct 2020 - Police Accounts; and
- Feb 2019 - Fire IT services.

The two internal audit teams have successfully delivered a full programme of reviews.

In addition, the Chair and/or other JIAC members attended a CIPFA training day for Police Audit Committees and a CIPFA update for Police Audit Committees.

Members of the Committee are able to attend the Force Assurance Board to gain a more detailed insight into the many aspects of the Force from which assurance is required. There is a very positive approach within this Board to addressing aspects of assurance such as outstanding internal audit recommendations and risk which are a standing item for the Committee.

The pattern of the Committee working across the three organisations is now well established and there is the opportunity to share information and learn from each other. Managing the agenda, now spanning all three bodies, continues to be a challenge but this is greatly assisted by well produced and timely reports. In some cases there is the opportunity to reduce the frequency of reporting on some topics now that policies and procedures have become more embedded.

The Committee continues to gain significant assurance from both the reports and officers. There are some areas where there are concerns which are set out below. However the members of the Committee appreciate the openness of the officers to discuss all areas of the business and willingness to respond to questions.

6. Assessment of the Audit Committee's performance against its plan and terms of reference

The Committee is keen to be effective and in particular make a positive and constructive contribution to the work of the PFCC, CC and NFRA and the achievement of their strategic priorities.

The Committee's aims and objectives for 2020/21 are set out in Appendix 2. Five of the six objectives have been completed. The final objective – a self-assessment of JIAC has not been concluded but the Committee continues to invite constructive criticism from officers and auditors to help it improve the contribution it makes.

Appendix 3 sets out the objectives for 2021/22. There are some key areas which the Committee will keep under review including support services and statutory accounts. Given that the core work programme is now established there is an opportunity to explore other governance topics; these will be discussed with officers.

7. Identification of key issues

During 2020/21 the Committee considered a range of topics and issues. Two of the key ones were:

Delays in signing off Annual Accounts 2018/19 and 2019/20

This must be an area of major concern for all of those responsible for effective governance.

The late completion of the audit of the statutory accounts has been caused by a number of factors including:

- The impact of the pandemic;
- Insufficient auditors with appropriate experience;
- Increased expectations being placed on auditors;
- Ensuring adequate working papers; and
- Dependence on the completion of related audits.

From the perspective of a member of the public, there is a need to ensure that the statutory accounts present a fair picture of the organisations' financial activities and standing. The external audit arrangements are intended to provide a level of assurance that this is the case. But significant delays in the auditor providing their opinions significantly undermines the value of that assurance and effective accountability. The actual dates when the accounts have been signed off were;

Organisation	2018/19	2019/20
Police and PFCC	28 July 2020	21 June 2021
Fire	1 July 2020	31 March 2021

Delays in the audit timetable are not unique to Northamptonshire Police, Fire and PFCC.

Delays in concluding the statutory accounts has a knock-on effect on the Finance teams and their ability to devote time to other activities in the annual financial cycle (e.g. budget preparation).

In recent months there have been a number of reviews into the role of and arrangements for external audit. These are likely to lead to increased expectations on the external auditor; this will probably result in increased fee levels and will be a consideration in the re-tendering for external audit services.

Enabling services programme

The provision of support services by the Multi-Force Shared Services (MFSS) has been a topic identified in three previous JIAC reports. There was increasing concern about the effectiveness and cost of the support.

The decision has now been taken to conclude the partnership arrangement in 2022 and to bring many of the support services 'in-house'. The opportunity will also be taken to achieve the benefits of joint working across Police and Fire.

This is a major and important programme affecting the effective governance and control framework for each of the services. JIAC has received a briefing on the programme from the chief officer leading the programme and will continue to seek updates as the programme is implemented.

8. Assessment of Internal Audit

PFCC and CC

Mazars were appointed as the internal auditor for four years with effect from 1 April 2015 following a competitive tendering process involving neighbouring Counties. Chief Finance Officers across the region have extended the contract with Mazars for a further three years to April 2022. The internal audit service will be re-tendered in 2021/22 by Derbyshire on behalf of the region.

There are distinct benefits in having the same internal auditor covering the Police region (for example, for audits of collaborative arrangements).

The internal audit plan for 2020/21 was approved by the JIAC in March 2020, and the Committee recommended the Commissioner and the Chief Constable to sign off the plan. Progress against the audit plan has been good.

The Force and OPFCC have generally accepted the recommendations made in the internal audit reports (or explained why a particular recommendation has not been accepted). Managers have progressed the agreed actions in most cases to the agreed timescale and the Committee continues to monitor progress until actions have been completed.

The Committee has been monitoring the recommendations which have passed their implementation date.

NFRA

The internal audit of NFRA (and NFRS) was undertaken by LGSS for 2020/21.

The internal audit plan for NFRA was approved at the March 2021 JIAC meeting and the Committee recommended the Commissioner to sign off the plan.. Progress against the Audit Plan has been good. The audit reports have produced a number of important recommendations for the Service which will help to strengthen the control framework.

In due course there will need to be consideration of whether there should be a single internal auditor covering all three organisations. The regional approach to the procurement of internal audit for Police may make this slightly more difficult but there are probably benefits to be gained by having the same internal auditor for all organisations.

9. Assessment of External Audit

Paragraph seven above comments on the late conclusion of the external audit of the statutory accounts.

The Committee has explored the mechanism for managing this poor performance. Regrettably, because of a rational decision to join a consortium tendering for external audit work to secure better value for money, the PFCC and CC have limited ability to manage the contract directly. Committee members have highlighted concerns to the tendering body. It will be necessary to consider the pros and cons of continuing to use the consortium for the imminent re-tendering exercise.

The Covid 19 pandemic has disrupted the audit work for 2020/21. This was recognized by the Government which has extended the deadlines for authorities to complete their closedown work. At the time of writing there is no certainty when the audit work will commence and conclude.

Locally the external audit team has been thorough and engagement has remained positive and constructive. But from the Committee's observations, the timing, structure, planning, fees and the quality of some of the audit team have been below expectations.

10. Looking forward

Appendix 3 sets out the draft Aims and Priorities for the Committee for 2021/22.

These reflect:

- Any outstanding recommendations from 2020/21;
- Known areas of concern / high risk; and
- Strategic areas or change programmes directly related to effective governance or the control framework.

12. Conclusion

The Committee has an effective work programme based on robust governance frameworks across the three organisations.

Thanks are due to the officers who support the Committee and who have provided honest and objective assurance about the arrangements which exist. The committee is grateful to the Finance teams including the statutory officers; they have again been put under considerable pressure working throughout the last year, not least because of the lockdown and the protracted audit timetable.

The JIAC will continue to undertake the duties assigned to it in the agreed terms of reference and seek to ensure that it makes a constructive contribution to achieving the agreed priorities. The Committee would welcome feedback or suggestions about how it can become more effective in discharging its responsibilities.

J Beckerleg
Chair of Joint
Independent Audit Committee

Appendix 1**NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER,
NORTHAMPTONSHIRE CHIEF CONSTABLE AND
NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY****JOINT INDEPENDENT AUDIT COMMITTEE****TERMS OF REFERENCE****1 Purpose**

To support the Police Fire and Crime Commissioner and the Chief Constable to discharge their responsibilities by providing independent assurance on the adequacy of their corporate governance, risk management arrangements and the associated control environments and the integrity of financial statements and reporting.

2 Membership

- a) The Commissioner, Chief Constable and the Chief Fire Officer (acting on behalf of NCFRA) jointly will appoint the Committee.
- b) The Committee shall consist of no fewer than five members.
- c) A quorum shall be two members.
- d) At least one member shall be a CCAB qualified accountant with recent and relevant financial experience
- e) The Commissioner, Chief Constable and the Chief Fire Officer jointly will appoint the Chair of the Committee, following discussion with the members of the Committee.
- f) The Chair shall normally be a CCAB qualified accountant, with recent and relevant financial experience.
- g) Members shall normally be appointed for a period of up to three years, extendable by no more than one additional three-year period, so long as members continue to be independent.
- h) In the absence of the Chair at any meeting of the Committee, the members attending the meeting will elect a Chair for the meeting.

3 Secretary of the Committee

The Chief Executive of the Commission will nominate an officer from the Commissioner's Office to act as Secretary to the Committee.

4 Frequency of Meetings

- a) Meetings shall be held at least four times each year, timed to align with the financial reporting cycle.
- b) Extra-ordinary meetings can be held for specific purposes at the discretion of the Chair.
- c) External or internal auditors may request the Chair to call a meeting if they consider one is necessary.

5 Protocols for Meetings

- a) Agenda and supporting papers will be circulated to members at least five working days prior to any meeting.
- b) Minutes shall be prepared and distributed to members of the Committee, regular attendees and the Commissioner, Chief Constable and Chief Fire Officer in draft, unapproved format within 10 working days of the meeting.

- c) All papers/minutes should be read prior to the meeting and the meeting will be conducted on this basis with papers being introduced concisely
- d) It is expected that all actions are reviewed prior to the meeting and updates provided even if individuals cannot attend the meeting.
- e) The Chair of the Committee shall draw to the attention of the Commissioner, Chief Constable and Chief Fire Officer any issues that require disclosure or require executive action

f) QUESTIONS AND ADDRESSES BY THE PUBLIC

i. General

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

ii. Order of questions and address

(a) Questions will be asked and addresses given in the order notice of them was received, except that the Chair of the Committee may group together similar questions or addresses.

(b) A list of questions and addresses of which notice has been given shall be circulated to members of the Committee at or before the meeting.

iii. Notice of questions and addresses

A question may only be asked or an address given if notice has been given by delivering it in writing or by electronic mail to the Monitoring Officer no later than noon two working days before the meeting. Each notice of a question must give the name and address of the questioner and must name the person to whom it is to be put, and the nature of the question to be asked. Each notice of an address must give the name and address of the persons who will address the meeting and the purpose of the address.

iv. Scope of questions and addresses

The Chair of the Committee may reject a question or address if it:

- Is not about a matter for which the Committee has a responsibility or which affects Northamptonshire;
- is defamatory, frivolous, offensive or vexatious;
- is substantially the same as a question which has been put or an address made by some other person at the same meeting of the Committee or at another meeting of the Committee in the past six months; or
- requires the disclosure of confidential or exempt information.

v. Asking the question or making the address at the meeting

The Chair of the Committee will invite the questioner to put the question to the person named in the notice. Alternatively, the Chair of the Committee will invite an address to the Committee for a period not exceeding three minutes. Every question must be put and answered without discussion but the person to whom the question has been put may decline to answer it or deal with it by a written answer. Every address must be made without discussion.

6 Attendance at Meetings

- a) The Committee may invite any person to attend its meetings.
- b) The Commissioner, Chief Constable and Chief Fire Officer shall be represented at each meeting of the Committee.
- c) The Commissioner's representation will normally comprise the statutory officers and/or appropriate deputies;
- d) The Chief Constable shall normally be represented by the Deputy Chief Constable of the Force, and / or deputies;
- e) The Chief Fire Officer shall normally be represented by an Assistant Chief Fire Officer;
- f) Internal and External auditors will normally attend each meeting of the Committee.
- g) There should be at least one meeting each year where the Committee meets the external and internal auditors without the Commissioner's, Chief Fire Officer's and Chief Constable's officers being present. This need not be the same meeting; and such meetings would usually take place after the normal Committee meeting has concluded.

7 Authority

- a) The Committee is authorised by the Commissioner, Chief Constable and Chief Fire Officer to:
 - investigate any activity within its terms of reference;
 - seek any information it requires from any employee;
 - obtain outside legal or other independent professional advice;
 - secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;
 - undertake training of its new members as required.
- b) All employees are directed to co-operate with any request made by the Committee.
- c) The Committee may only make decisions within the remit set out in these Terms of Reference. The Committee has no authority to reverse decisions made by the Commissioner, NCFRA or Chief Constable. It has no authority to incur expenditure.

8 Duties

The Committee's scope encompasses:

- the Office of the Police, Fire and Crime Commissioner (including the Fire and Rescue Authority after the transfer of governance on 1 January 2019);
- the interface between the OPFCC and associated bodies and directly controlled / associated companies but not the bodies themselves;
- the Northamptonshire Police Force;
- the Northamptonshire Fire and Rescue Service (NFRS) and
- Any collaborative / partnership arrangements involving the OPFCC, Force or NFRS.

The duties of the Committee shall be:

A Corporate Governance, Risk Management, Internal Control and the Regulatory Framework

To support the PCC, Chief Constable, Chief Fire Officer and statutory officers in ensuring effective governance arrangements are in place and are functioning efficiently and effectively, across the whole of the Commission's, Force's and Service's activities, making

any recommendations for improvement, to support the achievement of the organisations' objectives.

Specific annual activities of the Committee will include:

- a) Review of corporate governance arrangements against the 'Good Governance framework';
- b) Consideration of the framework of assurances to assess if it adequately reflects the Commission's, Force's and Service's priorities and risks;
- c) Consideration of the processes for assurances in relation to collaborations, partnerships and outsourced activities.
- d) Consideration of the processes for assurances that support the Annual Governance Statement;
- e) Consideration of VFM arrangements and review of assurances;
- f) To review any issue referred to it by the statutory officers of the Commission, the Chief Constable and the Chief Fire Officer and to make recommendations as appropriate;
- g) To monitor the effective development and operation of risk management and to make recommendations as appropriate;
- h) To be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies
- i) Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

B External Financial Reporting

To scrutinise the draft statements of accounts and annual governance statements prior to approval by the Commissioner, Chief Constable and NCFRA and publication. The Committee will challenge where necessary the actions and judgments of management, and make any recommendations as appropriate, to ensure the integrity of the statements.

Particular attention should be paid to the following:

- Critical accounting policies and practices, and any changes in them;
- Decisions requiring a significant element of judgment;
- The extent to which the financial statements are affected by unusual transactions in the year and how they are disclosed;
- The clarity of disclosures;
- Significant adjustments resulting from the audit;
- Compliance with accounting standards;
- Compliance with other legal requirements

C Internal Audit

The Committee shall monitor and review the internal audit function to ensure that it meets mandatory Internal Audit Standards and Public Sector Internal Standards and provides appropriate independent assurance to the JIAC, Chief Executive of the Commission, the Commissioner, Chief Fire Officer and Chief Constable.

This will be achieved by:

- a) Overseeing the appointment of the internal auditors and making recommendations to the Commissioner and Chief Constable, who will make the respective appointments;
- b) Consideration of the internal audit strategy and annual plan, and making recommendations as appropriate;

- c) Consideration of the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over corporate governance arrangements, and make recommendations as appropriate;
- d) Consideration of summaries of internal audit reports, and managers' responses, and make recommendations as appropriate;
- e) Consideration of the management and performance of internal audit, and its cost, capacity and capability, in the context of the overall governance and risk management arrangements, and to make recommendations as appropriate;
- f) Consideration of a report from internal audit on agreed recommendations not implemented within a reasonable timescale and make recommendations as appropriate;
- g) Consideration of the effectiveness of the co-ordination between Internal and External Audit, to optimise the use of audit resources;
- h) Consideration of any issues of resignation or dismissal from the Internal Audit function.

D External Audit

The Committee shall review and monitor External Audit's independence and objectivity and the effectiveness of the audit process.

This will be achieved by consideration of:

- a) the Commission's, Force's and Service's relationships with the external auditor;
- b) proposals made by officers and Public Sector Audit Appointments (PSAA) regarding the appointment, re-appointment and removal of the external auditor;
- c) the qualifications, expertise and resources, effectiveness and independence of the external auditor annually;
- d) the external auditor's annual plan, annual audit letter and relevant specific reports as agreed with the external auditor, and make recommendations as appropriate;
- e) the draft Management Representation letters before authorisation by the Commissioner, Chief Fire Officer and Chief Constable, giving particular consideration to non-standard issues;
- f) the effectiveness of the audit process;
- g) the effectiveness of relationships between internal and external audit other inspection agencies or relevant bodies;
- h) the Commissioner's and Chief Constable's policies on the engagement of the External Auditors to supply non-audit services, taking into account relevant guidance.

E Other Assurance Functions

The Committee shall review the findings of other significant assurance functions, both internal and external to the organisation.

F Counter Fraud

The Committee shall satisfy itself:

- a) that the Commission, Force and Service have adequate arrangements in place for detecting fraud and preventing bribery and corruption;
- b) that effective complaints and whistle blowing arrangements exist and proportionate and independent investigation arrangements are in place.

9 Reporting

- a) The Chairman shall be entitled to meet with the Commissioner, Chief Constable and Chief Fire Officer ideally prior to their approving the accounts each year;
- b) The Committee shall annually review its Terms of Reference and its own effectiveness and recommend any necessary changes to the Commissioner and Chief Constable;
- c) The Committee shall prepare a report on its role and responsibilities and the actions it has taken to discharge those responsibilities for inclusion in the annual accounts;
- d) Such a report shall specifically include:
 - A summary of the role of the Committee
 - The names and qualifications of all members of the Committee during the period
 - The number of Committee meetings and attendance by each member; and
 - The way the Committee has discharged its responsibilities
 - An assessment of the Committee's performance against its plan and terms of reference;
 - Identification of the key issues considered by the Committee and those highlighted to the Commissioner, Chief Constable and Chief Fire Officer
 - An assessment of Internal and external Audit
- e) If the Commissioner and / or the Chief Constable do not accept the Committee's recommendations regarding the appointment, re-appointment or removal of the external auditor the Committee shall include a statement explaining its recommendation and the reasons why the Commissioner / Chief Constable has taken a different stance in its annual report.

10 Standing Agenda Items

The agenda for each meeting of the Committee shall normally include the following:

Procedural items:

Apologies for absence
 Declaration of Interests
 Minutes of the last meeting
 Matters Arising Action Log
 Date, time and venue of next meeting

Business items:

Progress Reports

- Internal Audit
- External Audit

Update on implementation of Audit Recommendations
 Items for escalation to the Commissioner and / or Chief Constable
 Agenda Plan for the next four meetings

11 Accountability

The Committee is accountable to the Commissioner and Chief Constable.

Appendix 2

The Joint Independent Audit Committee's – Aims and Objectives 2020/21

Aims and Objectives
<p>Undertake a review of the effectiveness of JIAC</p> <p><i>A survey has been undertaken and the results will be presented to the September 2021 meeting of the JIAC. There is some useful feedback which can be considered but a common concern is the breadth of the Committee's work which is affecting the ability to consider items fully.</i></p>
<p>Continue to place importance on the prompt production and audit of the organisation's statutory accounts.</p> <p><i>The Committee has continued to monitor the production of the annual accounts and the completion of the external audits. The external audit of the accounts has not progressed in a timely manner for a variety of reasons set out in the report and this remains a major concern for the Committee in trying to ensure good governance and appropriate accountability. This aspect of JIAC's role will need to continue.</i></p>
<p>Keep under review the programme for adapting the full range of support services including, where appropriate, the integration of functions cross Police and Fire services</p> <p><i>The external arrangements for some support services using the multi-function shared services arrangements has been an area of focus for the Committee for some years. During 2020/21, the Committee has received updates on the progress of an Enabling Services programme to bring many support services in-house and to integrate support across Police and Fire. It is supportive of this decision but, given the complexity of the arrangements and the relationship to good governance, it will continue to seek updates on the progress in this area during 2021 and 2022.</i></p>
<p>Monitor the planned improvements in governance arrangements for the Fire and Rescue Service</p> <p><i>Governance arrangements within the FRS have continued to develop since the transfer of governance. There are recommendations from Internal Audit Reviews which should continue to strengthen the governance.</i></p>
<p>Develop a better understanding of counter fraud activity within the three organisations.</p> <p><i>The Committee received information about the arrangements in respect of counter fraud and gained assurance about existing arrangements. This is a specific element of the Committee's terms of reference and will continue to be reviewed periodically.</i></p>

Review the work of a sample of other joint audit committees to learn from their approaches and help this to shape the future work programme of the JIAC.

A review of the agendas of other Audit committees from within the Northamptonshire Region has identified a number of topics which are common with those considered by JIAC. Most have established agenda plans which allow the annual programmes to be compared. There are examples of some topics being presented which JIAC may wish to consider in its programme (although some are outside the terms of reference of JIAC).

Appendix 3

The Joint Independent Audit Committee's – Draft Aims and Objectives 2021/22

Aims and Objectives
Continue to place importance on the prompt production and audit of the organisations' statutory accounts
Review the implementation of the Enabling Services programme for adapting the full range of support services including, where appropriate, the integration of functions across Police and Fire services. Identify the benefits which have arisen from the closer governance arrangements.
Support the work to determine the approach to future tendering for external services
Initiate up to 3 reviews in areas of strategic importance in the governance of the organisations. [Note: possible areas – approach to climate change, estates, HR policies, workforce planning (in relation to achieving strategic objectives), post Covid changes, use of digital technology, regional working, decision making, equality and diversity, well being,]

**Northamptonshire Police,
Fire and Crime Commissioner
& Northamptonshire Chief
Constable**

Annual Audit Letter for the year
ended 31 March 2020

July 2021

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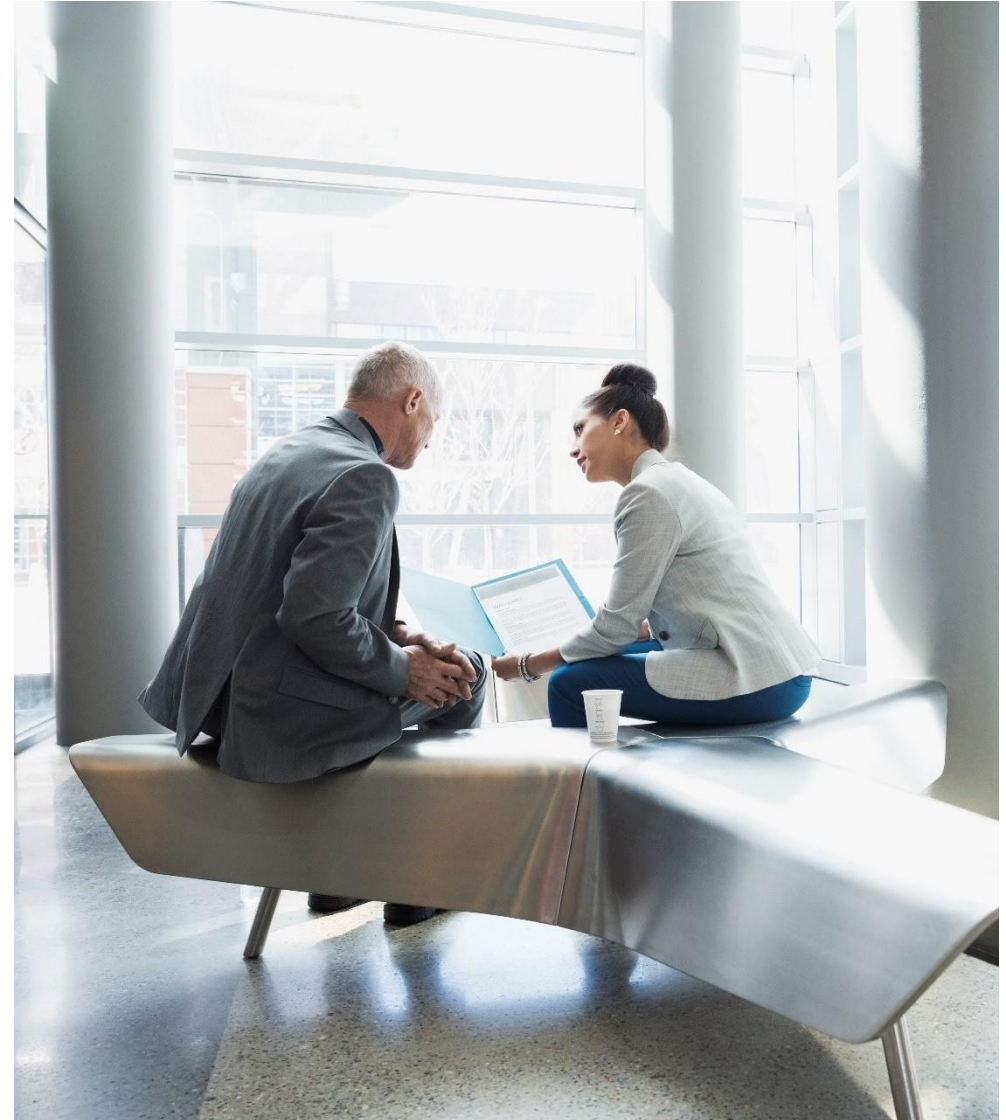
Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This 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 (updated April 2018)' issued by 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 statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Section 1

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Northamptonshire Police, Fire and Crime Commissioner (PFCC) & Northamptonshire Chief Constable (CC) (together referred to as “the Group”) following completion of our audit procedures for the year ended 31 March 2020. Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the delivery of the audit	
▶ Changes to reporting timescales	As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities. We started our audit work in November 2020. Despite the disruption caused by Covid-19, management was able to produce the draft financial statements with in deadline (i.e. 31 August 2020) before the commencement of the audit. However, Covid-19 situation caused a delay in obtaining data from the management for our data analytics procedures in order to select samples. This, coupled with Covid-19, has also affected our ability to complete the audit to the planned timetable. There have also been additional audit procedures we had to perform to respond to the additional risks caused by the factors mainly due to Covid-19.
Impact on our risk assessment	
▶ Valuation of Property Plant and Equipment (PPE) and Investment properties (IP)	The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Material judgemental inputs and estimation techniques are required to calculate the year-end asset property valuations held on the balance sheet. Considering the uncertainty and impact caused by Covid-19, we decided to involve our internal valuation experts (EYRE) to help us in reviewing valuation work performed by the internal valuers of the Group. Based on our procedures, EYRE raised an observation on the valuation basis and assumptions used for Wootton Hall HQ building. Considering the observation from our EY specialists, the management agreed to present enhanced disclosures in the financial statements.
▶ Disclosures on Going Concern	Financial plans for 2020/21 and medium term financial plans needed revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Group would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Group’s actual year end financial position and performance/outturn reports, along with cashflow forecast till June 2022.
▶ Events after the balance sheet date	We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Group.

Executive Summary (continued)

We are required to issue an annual audit letter to Northamptonshire Police, Fire and Crime Commissioner (PFCC) & Northamptonshire Chief Constable (CC) following completion of our audit procedures for the year ended 31 March 2020. Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the scope of our audit	
<ul style="list-style-type: none"> ▶ Information Produced by the Entity (IPE) 	<p>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 Group's systems. We undertook the following to address this risk:</p> <ul style="list-style-type: none"> ▶ Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and ▶ Agree IPE to scanned documents or other system screenshots.
<ul style="list-style-type: none"> ▶ Consultation requirements 	<p>Additional EY consultation requirements concerning the impact on auditor reports. The changes to audit risks and audit approach changed the level of work we needed to perform.</p>

Executive Summary (continued)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Group's :	
▶ Financial statements	Unqualified/unmodified - the financial statements give a true and fair view of the financial position of the Group as at 31 March 2020 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
▶ Concluding on the Group's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Group
▶ Public interest report	We had no matters to report in the public interest
▶ Written recommendations to the Group, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Executive Summary (continued)

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Group's Whole of Government Accounts return (WGA).	We had no matters to report. The Group is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the return.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Group communicating significant findings resulting from our audit.	Our Audit Results Report dated 11 June 2021 was circulated to Joint Independent Audit Committee.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 21 June 2021

We would like to take this opportunity to thank the Group's staff for their assistance during the course of our work.

Neil Harris
Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and Responsibilities



Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Group.

We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Report dated 11 June 2021 to the Joint Independent Audit Committee as well as to the PFCC and CC as corporate soles, and those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Group.

Responsibilities

Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with the Audit Plan dated 16 December 2020 that we issued in December 2020 in Joint Independent Audit Committee meeting and to the PFCC and CC. Our audit is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2019/20 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Group has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Group;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Group, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Group is below the specified audit threshold of £500m. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Group

The Group is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Group reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Group is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit



Financial Statement Audit

Key Issues

The Group's Statement of Accounts is an important tool for the Group to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the PFCC & CC's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 21 June 2021.

Our detailed findings were reported to the JIAC through our Audit Result Report dated 11 June 2021.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Misstatements due to fraud or error (Risk of management override)</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 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.</p> <p>We have not identified a heightened risk of management override overall, but we have identified a specific area where management override might occur: incorrect capitalisation of revenue spending.</p>	<p>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>We have not identified any instances of inappropriate judgements being applied.</p> <p>We have not identified adjustments outside of the normal course of business. All journals tested have appropriate rationale.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Group's normal course of business.</p>
<p>Incorrect capitalisation of revenue expenditure</p> <p>In considering how the risk of management override may present itself, we concluded that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the medium to longer term projected financial position.</p> <p>A key way of improving the revenue position is through the inappropriate capitalisation of revenue expenditure. Linking to our risk of misstatements due to fraud and error, we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment as a specific area of risk.</p>	<p>We did not identify any material issues or unusual transactions to indicate any misreporting of the Group's financial position through the inappropriate capitalisation of revenue expenditure.</p>

Financial Statement Audit (continued)

Other Key Findings	Conclusion
<p>Valuation of Property, Plant and Equipment</p> <p>Property, plant and equipment (PPE) represents a significant balance in the Group's accounts and are subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Material judgemental inputs and estimation techniques are required to calculate the year-end asset property valuations held on the balance sheet.</p> <p>The Group engages property valuation specialists to determine asset valuations and small changes in assumptions when valuing these assets can have a material impact on the financial statements. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.</p> <p>Due to our detailed risk assessment of PPE valuations, we engaged EY valuation specialists to assist the audit team on a sample of assets, due to the fact that we determined there is a higher degree of risk for their valuations as at 31 March 2020.</p>	<p>Based on our procedures, our internal valuers (EYRE) has raised an observation on the valuation assumptions for the Wootton Hall HQ building. Whilst there is merit to suggest that this is an office building which should be valued using market-based inputs rather than through a DRC approach, we do not consider there to be sufficient comparable evidence to support the Specialist's adoption of a straight comparable approach on a capital value per sq. ft. basis. Therefore, a DRC approach would be a more appropriate methodology.</p> <p>Based on the scope of work, our recalculations indicated that the Group's Specialist's concluded value of £8,800,000 is still within our acceptable range. Therefore, the fair value of Wootton Hall is still considered to be supportable, however is towards the upper end of our expected range.</p> <p>Considering the above observation from our EY specialists, the management has agreed to present enhanced disclosures in the financial statements. The extract of the agreed enhanced disclosure wording is copied below;</p> <p><i>"The land & buildings under property, plant and equipment (as disclosed in Note 18) includes the Force's headquarter (Wootton Hall Park) amounting to £8.8m valued as of 31 March 2020 using the capital value per square feet. Whilst the Market approach (or an income approach) is typically appropriate for office buildings, Wootton Hall Park is not a typical office building as it has been adapted for the Police's use with ancillary facilities. The size and nature of the property makes it difficult to find directly relevant comparables of recent sales transactions in Northamptonshire. Accordingly, Direct Replacement Cost (DRC) valuation method could have been an alternative approach to value the asset at the year end. However the value calculated using DRC would not be materially different from market approach.</i></p> <p><i>The capital values per square feet used in the valuation range from £35.25 to £106.83. As the overall value of this asset depends upon the per square feet values, an increase or decrease of 5% in these per square feet values would result in an increase or decrease in overall asset value by an amount of £425,000."</i></p>

Financial Statement Audit (continued)

Other Key Findings	Conclusion
<p>Pension liability valuation and disclosures</p>	<p>The accounting entries and disclosures are in line with our expectations and the Code and agree to the IAS19 report, with differences not material to the financial statements. These differences are not adjusted in the financial statements as the management does not consider those differences to be material for financial statements. Below is the list of these unadjusted audit differences in CC accounts, which has similar impact on the Group accounts;</p> <ol style="list-style-type: none"> 1. Authority's share of overstatement of level 3 assets as reported by the pension fund auditor, resulting in reduction of pension liability and increase in actuarial gain for current period with an amount £328K. This also has respective impact on pension reserves and MIRS with the same amount in Equity 2. Variance due to difference % returns reported by pension fund auditor compared to actuary report, resulting in reduction of pension liability and increase in actuarial gain for current period with an amount £859K. This also has respective impact on pension reserves and MIRS with the same amount in Equity 3. Variance due to difference in benefits paid as per the NPF audit report and estimate made by actuary in their report with an amount £1,226K, however it does not have any impact on pension liability and respective actuarial gain/loss as it is just a difference in disclosure
<p>Going concern disclosures</p>	<p>In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we requested management a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure.</p> <p>We obtained the going concern management assessment, supporting evidence and disclosure notes from PFCC and CC. This included corroborating the cashflow forecasts to end of June 22, obtaining explanations for any unusual spikes in expected funding and payments. We also obtained the 21-22 budget, outturn reports, medium term plan and reserves strategy to corroborate management's forecasts on reserves and their forecasts on unexpected costs and demands being faced post Covid-19.</p> <p>Once we completed our review, we complied with our internal consultation processes in relation to whether our audit opinion will need to include an emphasis of matter in relation to the going concern disclosures in the Group's accounts.</p> <p>As a result of our review of disclosures and relevant supporting documents/information, in conjunction with our internal consultation process, we have concluded that management's assumptions on going concern are adequate, reasonable and supportive. We did not include an emphasis of matter paragraph in our audit opinion.</p>

Financial Statement Audit (continued)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be 2% of gross expenditure reported in the accounts.</p> <p>Our materiality levels for PFCC, CC and the Group (as communicated in our Audit Planning Report & Audit Results Report) are as below;</p> <ul style="list-style-type: none"> • PFCC - Planning Materiality £1.632m, Performance Materiality (or Tolerable Error) £1.224m, Audit Differences £81,582 • CC - Planning Materiality £4.114m, Performance Materiality (or Tolerable Error) £3.085m, Audit Differences £205,682 • Group - Planning Materiality £4.579m, Performance Materiality (or Tolerable Error) £3.434m, Audit Differences £228,953
Reporting threshold	<p>We agreed with the Joint Independent Audit Committee that we would report to the Committee, PFCC and CC all audit differences in excess of the amounts as detailed above.</p>

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

Section 4

Value for Money



Value for Money

We are required to consider whether the Group has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

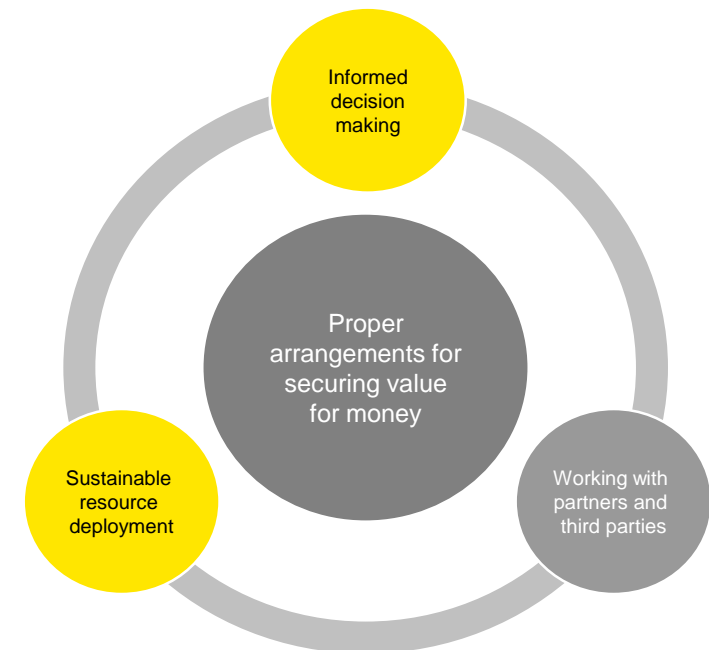
- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider local authorities response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

We identified one significant risk around these arrangements for Multi-Force Shared Services (MFSS) - Adequacy of arrangements for governance and risk management on the implementation of Project Fusion.

We reported our findings in detail as part of the Audit Results Report and do not repeat these here.

We performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Group's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. Therefore we issued an unmodified Value for Money opinion.



Section 5

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Group for Whole of Government Accounts purposes.

The Group is below the specified audit threshold of £500m. Therefore, we were not required to perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Group's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Group or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Group to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2019/20 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Joint Independent Audit Committee in June 2021. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, 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 you significant deficiencies in internal control identified during our audit.

Our audit did not identify any controls issues to bring to the attention of the Joint Independent Audit Committee, PFCC and CC.

Section 6

Focused on your future



Focused on your future

The NAO has a new Code of Audit Practice for 2020/21. The impact on the Group is summarised in the table below

Group responsibilities for value for money

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

As part of the material published with the financial statements, the Group is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Group tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Group has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Group a commentary against specified reporting criteria (see below) on the arrangements the Group 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 Group plans and manages its resources to ensure it can continue to deliver its services.
- ▶ Governance - How the Group ensures that it makes informed decisions and properly manages its risks.
- ▶ Improving economy, efficiency and effectiveness - How the Group uses information about its costs and performance to improve the way it manages and delivers its services.

Reporting on value for money

In addition to the commentary on arrangements, where we are not satisfied that the Group has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Group's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Focused on your future (continued)

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Group is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>The CIPFA LASAAC Local Authority Accounting Board has recently announced the implementation of this standard will be deferred until the 2022/23 financial year. This is in response to the ongoing pandemic and the impact on local authority finance teams. The Board has indicated this will be for one year only and there is no intention to grant any further extensions based on lack of preparedness.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p>	<p>Whilst there is a further delay in implementation, it is clear is that the Group will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. To ensure the readiness to implement the new IFRS 16, the Group must therefore consider that all lease arrangements are fully documented.</p>

Section 7

Audit Fees

Audit Fees

As detailed in our Audit Results report, we have shared our proposed fee variation with management. Whilst, at this stage, the management agrees to some of the elements of our proposed additional fee, they do not agree with it all. We will continue to consider management's representations on the fee variation before we submit this to PSAA to determine. The additional fee is to reflect the factors as detailed below in relation to sustainability of our audit quality and additional risk based audit procedures we undertook in the 2019-2020 audit. PSAA will determine the final fee variation.

	Planned fee 2019/20	Scale fee 2019/20	Proposed Fee 2018/19
	£	£	£
Audit Fee - NPFCC	22,554	22,554	22,554
Audit Fee - CC	11,550	11,550	11,550
Additional fee	30,000 (See Note 2)	-	21,000 (See Note 1)
Total Audit Fee	64,104	34,104	55,104

All above fees amounts exclude VAT

Note 1:

PSAA has now determined a scale fee variation of £21,000 to reflect additional risk based audit procedures we undertook in the 2018-2019 audit. The proposed fee variation and rationale was reported in our 2018-2019 Audit Results to the March 2020 Joint Independent Audit Committee.

Note 2:

As we are in an unprecedented period of change, a combination of pressures are impacting Local Audit and has meant that the sustainability of delivery is now a real challenge. This has required us to revisit with PSAA the basis on which the scale fee was set which we reported in the Audit Plan.

There are a number of audit areas which now require us to invest more time and efforts, especially considering the current environment impacted by COVID-19. There is an ever increasing FRC challenge which requires us to invest more in time, people and technology to sustain the quality of audit, resulting an increase in overhead costs. Higher inherent risks, especially in relation to the valuation of PPE, Pensions and Group accounting, present more challenge for us to increase our focused efforts.

We will be submitting to PSAA a scale fee variation of £30,000 to reflect additional fee for 2019/20 audit. Our fee has been impacted by a range of additional risks including (but not limited to):

- The impact of Covid-19 requiring us to perform additional disclosures to address wider additional risk in different areas of audit.
- Significant audit risks on PPE valuations and involvement of our EY specialists.
- New system implementation (Oracle Fusion) - additional procedures performed to ensure accuracy & completeness of opening balances transferred to new system;
- Availability of Quality/timely information for some account balances;
- Additional work to address significant risk surrounding VFM (especially in context of prior year modified opinion); and
- Going concern assessment and consultation procedures.

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Northamptonshire Commissioner Fire & Rescue Authority

Annual Audit Letter for the year
ended 31 March 2020

May 2021

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk). [OR As part the Auditor Engagement process, we have agreed with you the respective responsibilities of auditors and audited bodies. Copies of the Engagement Letter and Terms and Conditions of our appointment are available from the Chief Executive or via the bodies minutes on their website].

This 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 (updated April 2018)' issued by PSAA [OR The Terms and Conditions of our appointment contained within the Engagement Letter] 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 statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities / Terms and Conditions of Engagement. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Section 1

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Northamptonshire Commissioner Fire & Rescue Authority (the Authority) following completion of our audit procedures for the year ended 31 March 2020. Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the delivery of the audit	
▶ Changes to reporting timescales	▶ As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities. Furthermore, there were resource constraints within EY and delays in receiving the Pension Fund assurance letters, and we worked with the Authority to deliver as much of our audit to the revised reporting timeframe. Consequently, this meant to safeguard quality we were unable to conclude the audit until the 31 March 2021.
Impact on our risk assessment	
▶ Valuation of Property Plant and Equipment	▶ The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Authority's external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of property, plant and equipment.
▶ Disclosures on Going Concern	▶ Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Authority would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Authority's year-to-date and forecast assumptions on liquidity and viability.
▶ Events after the balance sheet date	▶ We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Authority. There were no adjusting or non-adjusting post balance sheet events.
Impact on the scope of our audit	
▶ 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 Authority's systems. We undertook the following to address this risk: <ul style="list-style-type: none"> ▶ Used the screen sharing function of Microsoft Teams where possible and screenshots to evidence re-running of reports used to generate the IPE we audited; and ▶ Agree IPE to scanned documents or other system screenshots.
▶ Consultation requirements	▶ Additional EY consultation requirements concerning the impact on auditor reports. The changes to audit risks and audit approach changed the level of work we needed to perform.

Executive Summary (cont'd)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Authority's:	
▶ Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
▶ Concluding on the Authority's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Authority
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Authority, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Executive Summary (cont'd)

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Authority's Whole of Government Accounts return (WGA).	The Authority is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the consolidation pack.

We would like to take this opportunity to thank the Authority's staff for their assistance during the course of our work.

Neil Harris
Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and Responsibilities



Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Authority.

We have already reported the detailed findings on 31 March 2021 in our audit work in our 2019/20 Audit Results Report which was shared with the Joint Independent Audit Committee (JIAC), representing those charged with governance and in a verbal updates to the JIAC on the 16th December 2020 and 10 March 2021. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Authority.

Responsibilities

Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with the Audit Plan that we issued on 7 October 2020 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2019/20 financial statements including the firefighter pension fund; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Authority has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Authority;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Authority, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Authority is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Authority reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit



Financial Statement Audit

Key Issues

The Authority's Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Authority Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 31 March 2021.

Our detailed findings were reported on 31 March 2021 and a verbal update was provided in the 16 December 2020 JIAC.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Misstatements due to fraud or error</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 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.</p>	<p>We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation.</p> <p>We considered the following accounting estimate most susceptible to bias:</p> <ul style="list-style-type: none"> i. Valuation of land and buildings; and ii. Pension assets and liabilities. <p>In both cases we considered the judgements overall to be reasonable.</p> <p>We have not identified any significant unusual transactions.</p> <p>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>We have not identified any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
<p>Valuation of property plant and equipment (PPE) assets</p> <p>The value of property, plant and equipment represent significant balances in the Authority's accounts and are subject to valuation changes and impairment reviews.</p> <p>Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>At 31 March 2020 the value of property, plant and equipment was £37,386k. 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.</p> <p>Following the Covid-19 outbreak in March 2020, there is potential for significant impact on the estimations and assumptions applied to asset valuations with qualified valuers reporting 'material uncertainty' within valuation reports. This impacts, in particular, on investment properties valued at fair value due to the uncertainty over the future of rental income and predicted yields</p>	<p>We have completed our review of land and building valuations and have not identified any material misstatements. We have tested accounting entries and determined that they have been correctly processed in the financial statements. We have confirmed the appropriateness of disclosures made in the accounts concerning any material uncertainty relating to year end valuations as a result of the Covid-19 pandemic, and that these were not relevant to specialised assets (Fire Stations) valued at Depreciated Replacement Cost.</p> <p>We have considered and addressed the comments in EY Real Estates general review of asset valuation methodologies of WHE but did not engage our internal specialists to review any specific assets this year as these assets are specialised in nature, not as susceptible to market volatility post Covid-19 and we engaged our real estate team to review the asset valuation assumptions recognised in the 18-19 financial statements, the first accounting period after the inception of NCFRA.</p> <p>Our audit team have reviewed and corroborated valuer's assumptions in the 19-20 financial statements and identified no other significant audit risks</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Higher Inherent Risk

Conclusion

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Northamptonshire County Council. The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to Northamptonshire County Council and also the Firefighters Pension Fund. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. In addition, every three years, a formal valuation of the whole fund is carried out in accordance with the LGPS Regulations 2013 to assess and examine the ongoing financial position of the fund.

The IAS19 report for 2019/20 will reflect the updated membership numbers provided for this triennial valuation. An additional consideration in 2019/20 will be the impact of Covid-19 on the valuation of complex (Level 3) investments held by Northamptonshire Pension Fund, for example private equity investments where valuations as at 31 March 2020 will have to be estimated.

We have considered the information provided by the EY Pensions actuarial team and are satisfied that the information supplied to the actuary is accurate and the assumptions applied by the actuary are reasonable. We considered the impact of legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud case. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April 2015 to be eligible for remedy. Our EY Pensions team reviewed the approach taken by Hymans Robertson and confirmed that the allowance they have made for the consultation is reasonable. As a result, we are satisfied that the IAS 19 report used in the preparation of the draft financial statements is based on appropriate assumptions.

We have also considered the impact of another recent legal ruling (referred to as Goodwin) and are satisfied based on the current guidance we have that the impact of this is not material to the Authority's financial statements. Therefore no adjustments have been proposed. There were no significant exceptions or matters reported to us by the Northamptonshire Pension Fund auditor that we needed to address prior to concluding the audit. Matters reported to us on the Authority's share of a difference in the asset investment rate of return and an overstatement in the asset valuation were trivial amounts and below the level we need to report to management and the JIAC.

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Higher Inherent Risk	Conclusion
<p>Going Concern - Compliance with ISA 570</p> <p>The COVID-19 pandemic has significantly affected the trading conditions of organisations, and there are increased levels of uncertainty within the forecasts used as part of the going concern assessment.</p> <p>This results in significant judgement to conclude whether events or conditions indicate that a material uncertainty exists that may cast significant doubt on the organisation's ability to continue as a going concern. This judgement will determine the appropriate disclosures to be made in the financial statements, which will be reflected in the audit report</p>	<p>We are satisfied that management's assessment and disclosures of going concern in the audited financial statements is appropriate. This disclosure has been subject to our professional practice consultation process. There are no further matters to report.</p>

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £955k (2019: £288k), which is 2% of reported gross expenditure basis in the accounts of £46 million.</p> <p>We consider the gross materiality basis to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority.</p> <p>In respect of the Firefighters' Pension Fund Accounts we based on our materiality measure on Benefits Payable, we have updated our overall materiality assessment to £174k (2019: £114k). This results in updated performance materiality, at 50% of overall materiality, of £87k (2019: £11k).</p>
Reporting threshold	<p>We agreed with the JIAC that we would report to the Committee all audit differences in excess of £47k (2019: £11k).</p> <p>Similarly, in relation to the Firefighters' Pension Fund Accounts we based on our materiality measure on Benefits Payable, we have updated the threshold for reporting misstatements of £8.7k (2019: £1.1k).</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits: Our strategy was to check the bandings reported in the financial statements, test the completeness of the disclosure and compliance with the Code requirements. We also sample checked transactions back to the payroll system and supporting documentation.
- ▶ Related party transactions. Our strategy was to obtain and review declarations from senior officers and members of the Authority and review for any material disclosures. We also confirmed that the disclosure complied with the Code requirements. We undertook a sample check of contracts included on the Authority's contracts register against Companies House records to identify whether any key decision makers within the Authority had an interest in the companies with which the Authority had contracts.
- ▶ We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

Section 4

Value for Money



Value for Money

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

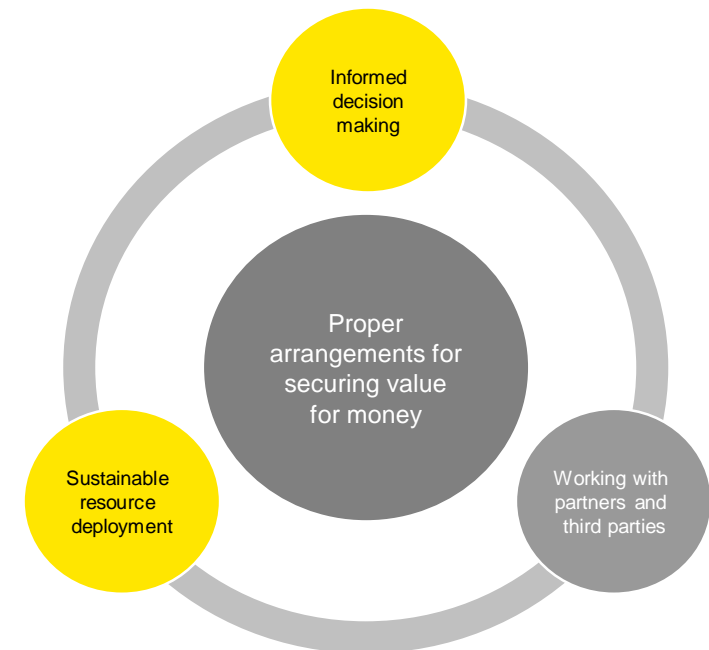
Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider NHS bodies' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

We identified one significant risk in relation to these arrangements. The table below presents the findings of our work in response to the risks identified and any other significant weaknesses or issues to bring to your attention.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Authority's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.



Value for Money (cont'd)

We therefore issued an unqualified value for money conclusion on 31 March 2021.

Significant Risk	Conclusion
Financial resilience (sustainable resource deployment)	<p>Our review of the Authority's arrangements to secure its financial resilience in the period to 31st March 2020 identified the following examples of appropriate arrangements:</p> <ul style="list-style-type: none"> ▸ Increase in the Authority's available to use reserves above forecast and in excess of the three year business plan which was approved by the Home Office prior to its inception. ▸ Delivery of the Authority's forecast 2019-2020 budget. ▸ Appropriateness of assumptions and reporting on risks and uncertainties for the 2020-2021 budget setting. ▸ Sufficient and appropriate representations made by senior executives to the Home Office and MHCLG on NCFRA's funding and budget position. <p>We therefore concluded that the Authority's arrangements were appropriate for the 2019-2020 financial year and issued an unmodified conclusion.</p>

We reviewed the appropriateness of the Authority's going concern assessments and disclosures, looking at the period 12 months from 31st March 2021 to end of March 2022.

We have reviewed the Authority's cash flow projections and note that the liquidity of the authority is shown by a positive forecast cash position which has been updated to the end of March 2022. This shows a opening cash balance of £5.7million at the end of January 2021, with a forecast closing cash balance of £2.643million at the end of March 2022. We have reviewed the Covid-19 expenses to date and projected, which total £979k over the March 2020 to 2022 period, and found that it is as we would expect. We examined the cashflow forecast and corroborated the receipts and payments per month to the 20/21 outturn budget forecast, and the 21/22 approved budget. We enquired on any unusual spikes in receipts and payments and received corroborative evidence and explanations consistent with our knowledge, for example on the timing of scheduled Home Office Pension top-up grant payments. provided to the Authority, thereby not needing to draw from reserves to balance the 20/21 budget.

The Authority have received £660k and a further Home Office grant £1m received in 2021 and based on their projections for the next 12 months are forecasting that this will cover the budgeted cost and income impact from Covid-19 without any need to use its own contingency funding, reserves and balances. The Authority outturn for 19/20 has shown a £244k underspend, and is currently forecasting a year-end underspend at 31st March 2021, and a balanced budget for 21/22. The in-year underspend forecast for 20/21 will be used to contribute £403k to a contingency reserve to smooth the impact of uncertainties and pressures on the budget. By the end of the MTFP period (i.e. to 2025/26 financial year) the Authority are forecasting a budget shortfall of £4 million. We have calculated the forecast level of reserves and balances that could be available to support the NCFRA budget in a worst-case scenario and this theoretical level is £3.1 million (£2 million general reserves forecast by 31/03/2026 plus £1,111 million on earmarked reserves for insurance, transformation, operational equipment, funding reserve). From our review we note that whilst the Authority is forecasting that financial pressures will start to increase from the 2022/23 financial year onwards, this uncertain financial landscape is not dissimilar and disproportionate to other Local Government and Fire and Rescue Services.

Section 5

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

The Authority is below the specified audit threshold of £500mn. Therefore, we were not required to perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2019/20 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the JIAC on 31 March 2021. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, 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 you significant deficiencies in internal control identified during our audit. We identified no significant issues.

Section 6

Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Authority is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2021/22 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2020/21 Accounting Code of Practice for Local Authorities has yet to be updated, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the revised 2020/21 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>It is not likely that there will be a significant impact on the financial statements as the gross value of all leases at year end was £270,836 which represents 1% of the Authorities asset portfolio.</p> <p>However, what is clear is that the Authority will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Authority must therefore ensure that all lease arrangements are fully documented.</p>

Section 8

Audit Fees

Audit Fees

Our fee for 2019/20 is in line with the scale fee set by the PSAA agreed with your in our Engagement Letter and reported in our 31 March 2021 Audit Results Report.

Description	Final Fee 2019/20 £	Planned Fee 2019/20 £	Scale Fee 2019/20 £	Final Fee 2018/19 £
Audit Fee - Code work	25,000	25,000	25,000	25,000
Audit Fee - Additional work due to C19 (Note 1)	6,278	6,000	0	0
Audit Fee - Proposed increase to scale fee (Note 2)	TBC	TBC	TBC	0
Total Audit Fee	31,278	31,000	25,000	25,000

Note 1 - As a result of Covid-19 we identified increased risk and work required in relation to the higher risk related to the valuation of assets and Going Concern disclosures as well as the work to address the material uncertainty in the valuer's report relating to the valuation of land and buildings. Additional time was also required for internal consultation processes on the audit report as a result of Covid-19. We have agreed this fee with management.

Note 2 - We reported in the October 2020 JIAC meeting that we would report an adjusted baseline audit fee to PSAA of up to £50,096. The £25,096 increase related largely to increased risk and complexity facing all public sector bodies, adjusted for our knowledge and risk assessment for the Authority, changes and the incremental increase in regulatory standards. The total fee is therefore reflective of these factors and will be considered by the PSAA. This is our assessment of the baseline fee and should not be seen as the same as the proposed fee for scope changes and additional work we have undertaken during the 2019-2020 audit. Management do not support an increase in the baseline scale fee and recognise this will be a discussion between Management, EY and PSAA

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

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**Northamptonshire
Commissioner Fire and
Rescue Authority**

Audit planning report

Year ended 31 March 2021

June 2021



Joint Independent Audit Committee
Northamptonshire Commissioner Fire and Rescue Authority

Dear Joint Independent Audit Committee members (JIAC)

Initial audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Authority and Joint Independent Audit Committee members (JIAC) with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with their service expectations.

We are currently completing our routine audit planning procedures. This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority, and outlines our planned audit strategy in response to those risks. We will update the Joint Independent Audit Committee if our assessment changes during the course of the audit.

This report is intended solely for the information and use of the Authority and Joint Independent Audit Committee members (JIAC), and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 28 July 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Neil Harris

For and on behalf of Ernst & Young LLP

Contents



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 April 2018)" 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 Joint Independent Audit Committee and management of Northamptonshire Commissioner Fire and Rescue Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Standards Committee, and management of Northamptonshire Commissioner Fire and Rescue Authority 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 Joint Independent Audit Committee and management of Northamptonshire Commissioner Fire and Rescue Authority 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

Overview of our 2020/21 audit strategy



Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Joint Independent Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 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 would otherwise appear to be operating effectively.
Valuation of other land and buildings	Inherent risk	No change in risk or focus	Property, Plant and Equipment (PPE) represents significant balances in the Authority's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet. As the Authority's asset base is significant, and the outputs from the valuer are subject to estimation, small changes in assumptions when valuing these assets can have material impact on the financial statements and therefore the balances are susceptible to misstatement. There are no significant changes to the valuer's methodology, capital spend or use of the assets. We involved our real estate specialist in 2018/19 to do an extensive review of which no significant matters were identified.
Pension liability valuation	Inherent risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding the Fire Fighters Pension Scheme and the Local Government Pension Scheme (LGPS). The Authority's deficits under both schemes are disclosed on a combined basis on the Authority's balance sheet. The total value was £290 million as at 31 March 2020 and represents a material and sensitive balance. The information disclosed is based on the IAS 19 reports issued to the Authority by the Actuaries for both schemes. Accounting for these schemes involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be an inherent risk

Overview of our 2020/21 audit strategy

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Going concern disclosures	Inherent risk	No change in risk or focus for 2020/21	<p>Covid-19 has created a number of financial pressures throughout Local Government. It is creating financial stress through a combination of increasing service demand leading to increased expenditure and reductions in income sources. There have been a number of media stories in both the national press and trade publications raising the possibilities of an increase in Chief Financial Officers using their s114 powers. This could be under s114(3), insufficient resources to fund likely expenditure. Auditors must 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.</p> <p>In addition, the revised auditing standard for going concern increases the work we are required to perform when assessing whether the Authority is 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 Authority.</p>

Overview of our 2020/21 audit strategy

Materiality - Northamptonshire Commissioner Fire and Rescue Authority

Planning
materiality

£914k

Our planning materiality has been set at £914,460, which represents 2% of the prior years gross expenditure on provision of services.

Performance
materiality

£685k

Performance materiality has been set at £685,845, which represents 75% of planning materiality.

Audit
differences

£45k

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement) greater than £45k. Other misstatements identified will be communicated to the extent that they merit the attention of the Joint Independent Audit Committee members.

Overview of our 2020/21 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Northamptonshire Commissioner Fire and Rescue Authority give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended; and
- Our commentary on the Authority's arrangements to secure value for money.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority.

There is also a wider public sector audit context, with increasing pressure on all auditors in the current climate. There have been a number of reviews of the wider audit market, and local government audit in particular. The Government has yet to confirm which recommendations from these reviews they will seek to put in place.

However, the consistent themes across the reviews are:

- The level of fees and sustainability of the market
- Competence and capability - skills, capability and capacity of auditors, finance teams and audit committees
- Timetable for audits

This, alongside new accounting and auditing regulations, places increasing pressure on auditors. The specific areas we would draw to your attention are:

- The introduction of ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures;
- ISA 570 (Revised), Going Concern which will increase the work required in these areas of the audit; and,
- A new value for money approach, including changes to the reporting (see section 3).

Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit including the expansion of factors impacting the value for money conclusion, and changes in the NAO Code of Audit Practice. Therefore to the extent any of these or any other risks are relevant in the context of Northamptonshire Commissioner Fire and Rescue Authority's audit, we will discuss these with management as to the impact on the audit fee.

Overview of our 2021 audit strategy

Value for money conclusion

One of the main changes in the NAO's 2020 Code, is in relation to the value for money conclusion. We include details in Section 03 but in summary:

- ▶ We are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Planning on value for money and the associated risk assessment is now focused on gathering sufficient evidence to enable us to document our evaluation of the Authority's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- ▶ We will be required to provide a commentary on the Authority's arrangements against three reporting criteria:
 - Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services;
 - Governance - How the Authority ensures that it makes informed decisions and properly manages its risks; and
 - Improving economy, efficiency and effectiveness - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.
- ▶ The commentary on arrangements will be included in a new Auditor's Annual Report which we will be required to issue at the same time as we issue the audit opinion on the financial statements, although this timetable may be varied for 2020/21.

Timeline

For 2020/21, the timetable as published in the draft Accounts and Audit (Amendment) regulations 2021 extends the publication date for audited local authority accounts from 31 July to 30 September. Although this timetable has not yet been confirmed, in Section 07 we therefore include a provisional timeline for the audit.

Due to the ongoing impact of later deadlines and completion of audits from 2019/20, we have not yet started our detailed planning for the 2020/21 audit. We set out in this plan our initial considerations of the risks for the audit - these are broadly similar to those identified in 2019/20. We will update these risks as our planning progresses and take into account the risks suggested by the NAO in the Auditor Guidance Note 06 - Local Government Audit Planning, which has not yet been released for 2020/21.

Fees

We include further details on our proposed fees for 2020/21 in Section 09.



02

Audit risks



Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

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) 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.

What will we do?

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.

Audit risks

Our response to significant risks (continued)

Valuation of land and buildings

What is the risk?

Land and Buildings represent significant balances in the Authority's accounts (2020: £31million) and are subject to valuation changes and impairment reviews.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

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.

The ongoing impact of Covid-19 means there is potential for significant impact on the estimations and assumptions applied to asset valuations. This impacts, in particular, on Land and Buildings valued at fair value or existing use value (EUV) due to the uncertainty over market values in the current economic climate. There is therefore a risk that Land and Buildings may be misstated in the accounts, however, as the majority of the assets are specialist in nature so are valued at Depreciated Replacement Cost (DRC) the risk of material misstatement is not likely to be significant.

What will we do?

Our approach will focus on:

- ▶ Consider the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

We engaged EYRE to review a sample of land and buildings in 2018/19 and identified some non-material differences. We will consider whether we need to engage EY Real Estates again to review a sample of Land and Buildings if we need to gain additional assurance over these balances. We will consider any relevant trigger events once we have assessed the work of the Authority's valuer in their valuation report, and management's assessment and explanations of any significant changes in valuation balances and assumptions.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p>Pension Liability Valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Northamptonshire County Council.</p> <p>The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the Authority by the actuary.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▶ Liaise with the auditors of Northamptonshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Northamptonshire Commissioner Fire and Rescue Authority; ▶ Assess the work of the LGPS pension fund actuary and the Firefighters pension fund actuary (Government Actuary's Department) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and ▶ Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

Audit risks

Other areas of audit focus

What is the risk/area of focus?

Going concern disclosures

Covid-19 has created a number of financial pressures throughout Local Government. It is creating financial stress through a combination of increasing service demand leading to increased expenditure in specific services, and reductions in income sources. There is currently not a clear statement of financial support from MHCLG that covers all financial consequences of Covid-19.

In addition, the auditing standard, International Auditing Standard 570 Going Concern, 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 Authority will be the audit of the 2020/21 financial statements.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 states that an Authority's financial statements shall be prepared on a going concern basis; the accounts should be prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future and can only be discontinued under statutory prescription.

However, ISA 570, 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.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

What will we do?

The revised standard requires:

- ▶ auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- ▶ greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Authority obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- ▶ ensuring compliance with any updated reporting requirements;
- ▶ a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

We will be seeking a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure and the impact of the ongoing impact of Covid-19 on future financial planning.

We will review the going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We will consider whether you have included necessary disclosures regarding any material uncertainties that do exist.

We expect that, as in 2019/20, we will need to consult internally on this element of our audit work and the potential impact on our audit report.

Audit risks

Other areas of audit focus (cont.)

Auditing accounting estimates

ISA 540 (Revised) - Auditing Accounting Estimates and Related Disclosures applies to audits of all accounting estimates in financial statements for periods beginning on or after December 15, 2019.

This revised ISA responds to changes in financial reporting standards and a more complex business environment which together have increased the importance of accounting estimates to the users of financial statements and introduced new challenges for preparers and auditors.

The revised ISA requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we expect the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area.

The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required, particularly in cases where an accounting estimate and related disclosures are higher on the spectrum of inherent risk. For example:

We may place more emphasis on obtaining an understanding of the nature and extent of your estimation processes and key aspects of related policies and procedures. We will need to review whether controls over these processes have been adequately designed and implemented in a greater number of cases.

We may provide increased challenge of aspects of how you derive your accounting estimates. For example, as well as undertaking procedures to determine whether there is evidence which supports the judgments made by management, we may also consider whether there is evidence which could contradict them.

We may make more focussed requests for evidence or carry out more targeted procedures relating to components of accounting estimates. This might include the methods or models used, assumptions and data chosen or how disclosures (for instance on the level of uncertainty in an estimate) have been made, depending on our assessment of where the inherent risk lies.

You may wish to consider retaining experts to assist with related work. You may also consider documenting key judgements and decisions in anticipation of auditor requests, to facilitate more efficient and effective discussions with the audit team.

We may ask for new or changed management representations compared to prior years.



03

Value for Money Risks



Value for money

Authority responsibilities for value for money

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

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailor's the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

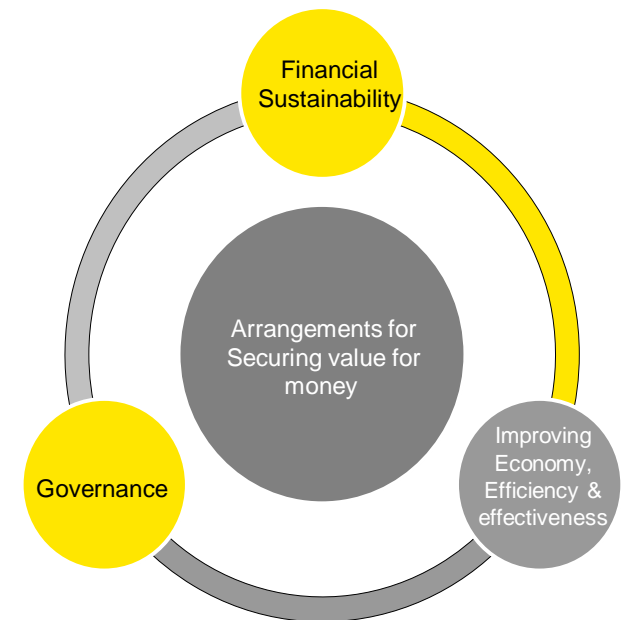
Auditor responsibilities under the new Code

On 1 April 2020, the NAO's new Code of Audit Practice (the 2020 Code) came into force. This sets out how local auditors are expected to approach and report their work on value for money (VFM) arrangements under the new Code and applies to audits of 2020/21 financial statements onwards.

Under the 2020 Code, we are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer a single overall evaluation criterion which we need to conclude. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority 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 Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance:
How the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.





Value for money risks

Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Authority's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors, as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Authority's arrangements, we are required to consider:

- The Authority's governance statement
- Evidence that the Authority's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates (such as Ofsted) and other bodies and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Authority to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Authority's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Authority;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Authority's reported performance;
- Whether the issue has been identified by the Authority's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or MHCLG;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Authority has had to respond to the issue.



Value for money risks (cont.)

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit and Standards Committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Authority's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2020/21 VFM planning

We have yet to commence our detailed value for money planning. We will update the next Committee meeting on the outcome of our planning and our planned response to any identified risks of significant weaknesses in arrangements.

Summary of changes in VFM requirements between the 2015 and 2020 Codes of Audit Practice

We set out a summary of key changes in VFM requirements between the 2015 and 2020 Codes in tabular form on the following pages.



Value for money - Code requirements

2015 Code requirement	2020 Code requirement
<p>Overall requirement For auditors to satisfy themselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p>	<p>Overall requirement No change in requirement.</p>
<p>Design of work The auditor's work should be designed to provide the auditor with sufficient assurance to enable them to report by exception if the auditor concludes that they are not satisfied that the audited body has put in place proper arrangements to secure value for money in the use of its resources for the relevant period.</p> <p>Where required, the auditor should report their conclusion on the audited body's arrangements having regard to specific reporting criteria.</p>	<p>Design of work The auditor's work should be designed to provide the auditor with sufficient assurance to enable them to report to the audited body a commentary against the specified reporting criteria on the arrangements the body has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.</p> <p>Where the auditor is not satisfied in respect of arrangements to secure value for money, they should refer to this by exception in their audit report on the financial statements.</p>
<p>Assurance given In carrying out this work, the auditor is not required to satisfy themselves that the audited body has achieved value for money during the reporting period.</p>	<p>Assurance given No change in requirement. Our work remains arrangements based.</p>
<p>Other sources of relevant information Auditors need to consider:</p> <ul style="list-style-type: none"> • The audited body's governance statement • Evidence that the audited body's arrangements were in place during the reporting period; • Evidence obtained from the auditor's other work • The work of inspectorates and other bodies and • Any other evidence source that the auditor regards as necessary to facilitate the performance of their statutory duties 	<p>Other sources of relevant information No change in requirement.</p>



Value for money - Code requirements (cont.)

2015 Code requirement	2020 Code requirement
<p>Quantum of work Determining how much work to do on arrangements to secure value for money is a matter of auditor judgement.</p>	<p>Quantum of work Determining how much work to do on arrangements to secure value for money remains a matter of auditor judgement, but we expect the enhanced risk assessment process and reporting requirements to require more time to be input.</p>
<p>Reporting criteria The NAO's supporting Auditor Guidance Note 3 defines proper arrangements as:</p> <ol style="list-style-type: none"> 1. <i>Informed decision making</i> <ul style="list-style-type: none"> • Acting in the public interest, through demonstrating and applying the principles and values of sound governance • Understanding and using appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management • Reliable and timely financial reporting that supports the delivery of strategic priorities • Managing risks effectively and maintaining a sound system of internal control 2. <i>Sustainable resource deployment</i> <ul style="list-style-type: none"> • Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions • Managing and utilising assets effectively to support the delivery of strategic priorities • Planning, organising and developing the workforce effectively to deliver strategic priorities 3. <i>Working with partners and other third parties</i> <ul style="list-style-type: none"> • Working with third parties effectively to deliver strategic priorities • Commissioning services effectively to support the delivery of strategic priorities • Procuring supplies and services effectively to support the delivery of strategic priorities 	<p>Reporting criteria The Code specifies that auditors need to focus on these reporting criteria:</p> <ol style="list-style-type: none"> 1. <i>Financial sustainability</i>: how the body plans and manages its resources to ensure it can continue to deliver its services. Specifically: <ul style="list-style-type: none"> • How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them; • How the body plans to bridge its funding gaps and identifies achievable savings; • How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities; • How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and • how the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans. 2. <i>Governance</i>: how the body ensures that it makes informed decisions and properly manages its risks. Specifically: <ul style="list-style-type: none"> • How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud; • How the body approaches and carries out its annual budget setting process;

Value for money – Code requirements (cont.)

2015 Code requirement	2020 Code requirement
<p>Reporting criteria (continued) See previous page</p>	<p>Reporting criteria (continued)</p> <ul style="list-style-type: none"> • How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from the Audit, Standards & Statutory Accounts Committee; and • How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff or member behaviour (such as gifts and hospitality or declarations/conflicts of interests). <p>3. <i>Improving economy, efficiency and effectiveness</i>: how the body uses information about its costs and performance to improve the way it manages and delivers its services. Specifically:</p> <ul style="list-style-type: none"> • How financial and performance information has been used to assess performance to identify areas for improvement; • How the body evaluates the services it provides to assess performance and identify areas for improvement; • How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and • Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.
<p>Risk assessment As part of planning, auditors should consider the risk of reaching an incorrect conclusion in relation to the overall criterion.</p>	<p>Risk assessment The auditor will need to gather sufficient evidence and document their evaluation of it in order to enable them to draft their commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.</p>



Value for money - Code requirements (cont.)

2015 Code requirement	2020 Code requirement
<p>Reporting The auditor should report to the Audit, Standards & Statutory Accounts Committee the results of their work.</p> <p>The Annual Audit Letter should provide a clear, readily understandable commentary on the results of the auditor's work and highlight any issues that the auditor wishes to draw to the attention of the public.</p>	<p>Reporting Auditors are required to report in a commentary each year under the specified reporting criteria and the Code expects that where auditors identify significant weaknesses in arrangements as part of their work, they will raise them promptly with the Audit, Standards & Statutory Accounts Committee.</p> <p>The Auditor's Annual Report should bring together all of the auditor's work over the year. A core element of the report will be the commentary in accordance with the specified reporting criteria.</p> <p>The commentary should be clear, readily understandable and highlight any issues that the auditor wishes to draw to the attention of the body or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.</p>



04

Audit materiality



Audit materiality

Materiality

Materiality

For planning purposes, materiality for 2020/21 has been set at £919k. This represents 2% of the Authority's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. It should be noted that we are no longer required to have a separate materiality for the firefighter pension fund. This is not required for periods ending on or after 15 December 2020. We have provided supplemental information about audit materiality in Appendix C.

Main statements:



We request that the Joint Independent Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £689k which represents 75% of materiality. We apply 75% when it is not an initial audit and we have a sound understanding of the entity and past experience with the engagement indicates that a higher risk of misstatement is unlikely.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Standards Committee, or are important from a qualitative perspective.

Specific materiality - We have set a materiality of £10k for remuneration disclosures, related party transactions, members' allowances and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



05

Scope of our audit



Scope of our audit

Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Scope of our audit

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

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

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Joint Independent Audit Committee

Internal audit:

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



06

Audit team



Audit team

Audit team and Use of specialists

Audit team

The core audit team is led by Neil Harris as Associate Partner with support from Julie Kriek, Manager, and Chipso-Grace Tete ,Lead Senior.

Use of specialist

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	WHE (Northamptonshire Commissioner Fire and Rescue Authority's property valuer), EY Estates (EY specialist) where we believe it is appropriate to do so.
Pensions disclosure	Hymans Robertson LLP (LGPS) and Government Actuary's Department (GAD) for FFPS (Pension Funds Actuary), EY Pensions Advisory and PwC (Consulting Actuary to the National Audit Office)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline



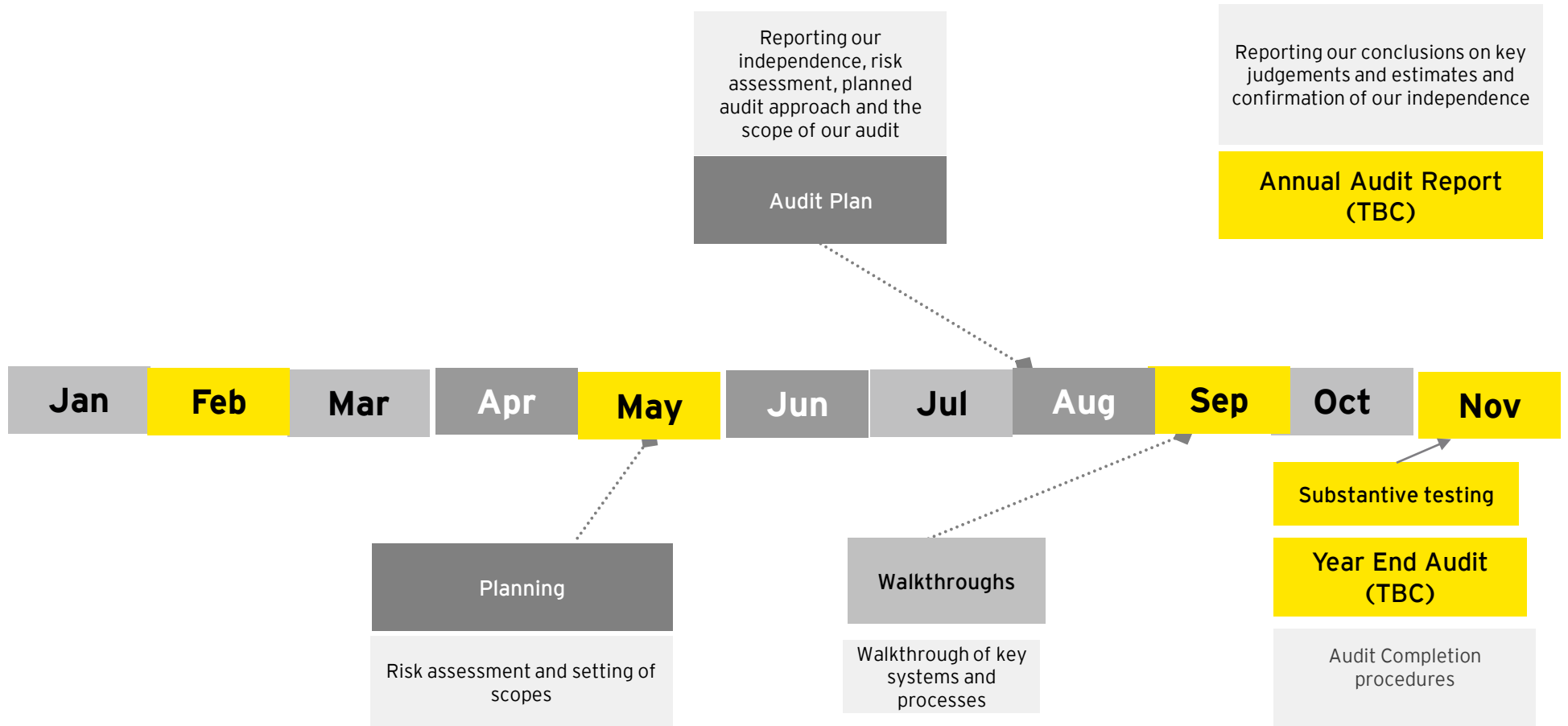
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2020/21.

From time to time matters may arise that require immediate communication with the Joint Independent Audit Committee and we will discuss them with the Joint Independent Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08

Independence



Independence

Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation] 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Independence

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Neil Harris, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is nil. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

 Independence

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

New UK Independence Standards

The Financial Reporting Authority (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant in vestees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Joint Independent Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

 Independence

Other communications

EY Transparency Report 2020

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 for the reporting period from 29 June 2019 to 3 July 2020 can be found here:

https://www.ey.com/en_uk/who-we-are/transparency-report-2020



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Scale fee 2020/21	Final Fee 2019/20	Final Fee 2018/19
	£	£	
Scale Fee - Code work	25,000	25,000	25,000
Additional work	Note 1	6,238	0
Increase in scale fee	Note 3	Note 2	
Total fees	TBC	31,268	25,000

Note 3: For 2020/21, the scale fee will be impacted by a range of factors (see following page) which will result in additional work. The issues we have identified at the planning stage which will impact on the fee. We will continue to discuss the impact of these factors with management and the impact on our view with the changes required to the baseline fee, before reporting to PSAA.

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Authority; and
- The Authority has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Note 1: As reported in our Annual Audit Letter, the 2019/20 Code work includes an additional fee of £6,238, which relates to additional work as result of Covid-19 we identified increased risk and work required in relation to the higher risk related to the valuation of assets and going concern disclosures as well as the work to address the material uncertainty in the valuer's report relating to the valuation of land and buildings. Internal time was also required for internal consultation to process on the audit report as result of Covid-19. This fee has been agreed with management but is subject to PSAA approval.

Note 2 - We reported in previous JIAC meetings that we an adjusted baseline audit fee of up to £50,096 has been raised with PSAA. The £25,096 increase related largely to increased risk and complexity facing all public sector bodies, adjusted for our knowledge and risk assessment for the Authority, changes and the incremental increase in regulatory standards. Management do not support an increase in the baseline scale fee and recognise this will be a discussion between Management, EY and PSAA.

Appendix A

Fees

We do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity.

Summary of key factors

1. **Status of sector.** Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
 - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit.
2. **Audit of estimates.** There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
 - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. **Regulatory environment.** Other pressures come from the changing regulatory landscape and audit market dynamics:
 - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
 - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.

 Appendix A

Fees


Summary of key factors (cont'd)




4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
 - We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
 - We acknowledge that local authorities are also facing challenges to recruit and retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis.

 **Appendix B**

Required communications with the Audit and Standards Committee




We have detailed the communications that we must provide to the Audit and Standards Committee.

 **Our Reporting to you**

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Joint Independent Audit Committee 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	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report - July 2021
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Annual audit report - TBC





Appendix B

Required communications with the Joint Independent Audit Committee (continued)

		Our Reporting to you
Required communications	 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"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Annual audit report - TBC
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Annual audit report - TBC
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Joint Independent Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Annual audit report - TBC
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Annual audit report - TBC




Appendix B

Required communications with the Joint Independent Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
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"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit planning report - July 2021</p> <p>Annual audit report - TBC</p>	
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	<p>Annual audit report - TBC</p>	
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Joint Independent 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 Joint Independent Audit Committee may be aware of 	<p>Annual audit report - TBC</p>	
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	<p>Annual audit report - TBC</p>	

Appendix B

Required communications with the Joint Independent Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Representations	Written representations we are requesting from management and/or those charged with governance	Annual audit report - TBC	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Annual audit report - TBC	
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Annual audit report - TBC	
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit planning report - July 2021 Annual audit report - TBC	



Appendix C

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Joint Independent Audit Committee reporting appropriately addresses matters communicated by us to the Joint Independent Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

 Appendix C

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the Authority's financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Police, Fire & Crime Commissioner for
Northamptonshire & Northamptonshire
Police

Internal Audit Progress Report

Presented to JIAC: 28th July 2021

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Disclaimer

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

The Report was prepared solely for the use and benefit the Northamptonshire Police and the Officer of the Police, Fire and Crime Commissioner (OPFCC) for Northamptonshire and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

01 Summary

The purpose of this report is to update the Joint Independent Audit Committee (JIAC) as to the progress in respect of the Operational Plan for the year ended 31st March 2021, which was considered and approved by the JIAC at its meeting on 11th March 2020. Moreover, it will provide an update to the JIAC in respect of the Operational Plan for the year ending 31st March 2022, which was considered and approved by the JIAC at its meeting on 10th March 2021.

The Police, Fire 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, Fire 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 OPFCC 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, Fire and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.

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

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

02 Current progress

2020/2021

Since the last meeting of the JIAC, we have issued five final report in respect of Workforce Planning, GDPR Follow Up, IT Security, Performance Management and Collaboration: Budgetary Control. We have also issued one draft reports in respect of Collaboration Workforce Planning. Further details are provided in Appendix A3.

The impact of the Covid-19 lockdown(s) has posed several challenges to the internal audit process and the move to remote auditing has caused some initial delays in setting dates when the audits will be carried out. Both parties have worked hard to ensure the audits could be completed and Mazars have regularly communicated with the Force and OPFCC, which has enabled us to conclude the 2020/21 operational plan.

As reported to the last JIAC the audits of Procurement (MINT) and Seized Property have been deferred to the 2021/22 plan. Moreover, the Governance audit has also been deferred into the 2021/22 IA plan at the request of the OPCC, as there were some scheduling difficulties and therefore it has been deferred to allow the completion of the annual internal audit report for 2020/21 to not be delayed.

As previously reported to the JIAC the Collaboration audits within the plan were reduced from three audits to two due to the impacts of Covid-19, as reported above the Budgetary Control audit has been finalised with the Workforce Planning, in draft and is on the agenda for the next regional CFO meeting to be progressed to final.

There were three proposed audits as part of the Collaboration time assigned for the 2020/21 plan, however due to the impacts of the Covid-19 pandemic and the delays in starting audits it has been proposed that one of the collaboration audits be carried forward into the 2021/22 plan. This was discussed with the regional Chief Finance Officers and a priority based approach was assigned to the audits due to be completed. As noted above, audit can confirm that the final report for budgetary control has been issued. The Collaboration Workforce Planning audit has been issued in draft report with management comments gathered and the report is on the agenda for the next regional Chief Finance Officer meeting for discussion.

The Plan in Appendix A1 has been updated to include the status of each audit to date.

Summary table of work to date:

Northamptonshire 2020/21 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Fleet Management	Final	Limited	-	5	2	7
Procurement	Final	Limited	1	2	-	3

Health & Safety	Final	Limited	1	3	1	5
Core Financials	Final	Significant			3	3
Workforce Planning	Final	Satisfactory		4		4
GDPR Follow Up	Final	Limited	1			1
IT Security	Final	Limited	2	1	1	4
Performance Management	Final	Significant			1	1
Total			5	15	8	28

2021/2022

Following approval of the 2021/22 at the last JIAC meeting in March audit has communicated with management to begin delivery of the plan and to date we have issued one draft report in respect of Released Under Investigation. In addition to this we have also scheduled in the start dates for the Seized Property audit for the end of July and the Governance audit for August and the Core Financial Audits for October.

The process for Collaboration audits was discussed at a meeting of all five Force Audit Committee Chairs with an intention to improve the speed of delivering final reports to audit committees. Actions have been taken and these will be monitored for the collaboration audits completed in 2020/21 and learning taken forward into 2021/22. Further to the last update provided to the committee a detailed and focused collaboration audit plan for 2021/22 has been drafted, circulated to regional CFO's for comment and is on the agenda to be approved at the next regional CFO meeting in July.

Northamptonshire 2020/21 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Released Under Investigation	Draft		-			
Total						

03 Performance

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

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

A1 Plan overview

2020/2021

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JIAC	Comments
Fleet Management	Q2	August 2020	August 2020	Sept 2020	
Procurement	Q3	Nov 2020	Dec 2020	Dec 2020	
Core Financials	Q3/Q4	Feb 2021	Mar 2021	Mar 2021	
Health & Safety	Q4	Feb 2021	Mar 2021	Mar 2021	
Seized Property	Q4			Mar 2021	C/Fwd 21/22
Workforce Planning	Q4	Mar 2021	Apr 2021	Jul 2021	
Governance	Q4			Jul 2021	C/Fwd 21/22
Performance Management	Q4	Jun 2021	Jun 2021	Jul 2021	
Procurement (MINT)	Q4			Jul 2021	C/Fwd 21/22
IT Security: Follow Up	Q3/4	Feb 2021	May 2021	Jul 2021	
GDPR: Follow Up	Q3/4	Feb 2021	May 2-21	Jul 2021	
Collaboration: Budgetary Control	Q4	Apr 2021	April 2021	Jul 2021	
Collaboration: Workforce Planning	Q4	Apr 2021		Oct 2021	Draft Issued

2021/2022

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JIAC	Comments
Released Under Investigation	Q1	Jul 21		Sept 21	Draft Report Issued
Governance	Q2			Oct 21	Fieldwork dates agreed
Seized Property	Q2			Oct 21	Fieldwork dates agreed
Core Financials	Q3			Dec 21	Fieldwork dates agreed
Data Management	Q3			Mar 22	
Business Change	Q3			Mar 22	
MFSS Transfer	Q3/Q4			Mar 22	
Procurement (MINT)	Q3			Mar 22	
Follow Up Audits	Q4			Jul 22	
Cyber Security	Q4			Jul 22	
GDPR	Q4			Jul 22	

A2 Reporting Definitions

Assurance Level	Control Environment
Substantial Assurance	There is a sound system of internal control designed to achieve the Organisation's objectives. The control processes tested are being consistently applied.
Adequate Assurance	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk. The level of non-compliance with some of the control processes may put some of the College's objectives at risk.
Limited Assurance	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk. The level of non-compliance puts the College's objectives at risk.
No Assurance	Controls are generally weak leaving the system open to significant abuse and/or we have been inhibited or obstructed from carrying out or work.

Recommendation Priority	Description
1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the Organisation to a high degree of unnecessary risk.
2 (Significant)	Recommendations represent significant control weaknesses which expose the Organisation to a moderate degree of unnecessary risk.
3 (Housekeeping)	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 Summary of Reports

Below we provide brief outlines of the work carried out, a summary of our key findings raised, and the assurance opinions given in respect of the final reports issued since the last progress report in respect of the 2020/2021 plan.

Workforce Planning

Overall Assurance Opinion	Satisfactory
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Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	4
Priority 3 (Housekeeping)	-

Our audit considered the following area objectives:

Workforce Planning

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

Uplift of Officers

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

We raised four priority 2 (significant) recommendations where the control environment could be improved upon. The finding, recommendation and response from the report is detailed below:



Recommendation 1 (Priority 2)	The Force should produce a Workforce Planning strategy and set a timeline for its completion against which progress should be reported.
Finding	<p>The Force do not currently have an overarching Workforce Planning Strategy document. This is a key document, around which all Workforce Planning Processes should be structured and aligned to. This should also outline key roles and responsibilities, risk management processes, decision making and reporting arrangements.</p> <p>It should be noted that there are a few documents that have already been produced, e.g. the Talent Management Strategy, that aid the Workforce Planning process and would usually form the basis for an overarching strategy.</p> <p>The Force should also consider for future years, assessing prior year performance and lessons that can be learned.</p> <p><i>Risk:</i> There is no overall direction for Workforce Planning, leading to operation inefficiencies.</p>
Response	We have multiple documents e.g. Culture and People Strategy, FP25, but not a document that brings it together. We agree with this recommendation to produce a Workforce Planning Strategy.
Responsibility / Timescale	<p>Approved Workforce Planning Strategy to be produced by August 2021, with an annual review and update</p> <p>Head of Joint HR and Workforce Planning Manager</p>

Recommendation 2 (Priority 2)	<p>Due to the criticality of this process to Force operations, a comprehensive review of this system should be undertaken at a set date to ensure the data is complete and appropriate for operational purposes.</p> <p>Consideration should be given to producing a formal timetable for completion of this project.</p>
Finding	<p>The Force are in the process of improving their workforce succession plans. They have purchased a specific programme, 'Talent Successor', for this. However, this is not yet in operational use and the data inputting exercise is still to be undertaken.</p> <p>Initial interviews to gather the data have been held with senior stakeholders. Audit reviewed the questions that formed the basis of the interviews and confirmed that they are pointed towards achieving succession planning objectives. However, it is critical for purposes of future planning and gap analysis that this system be fully established soon.</p> <p><i>Risk:</i> The Force is unable to fill key roles sufficiently quickly leading to operational deficiency.</p>
Response	The Talent Successor requires scoping to ensure it meets the requirement of the Force. We agree a project plan is required to implement the Talent Framework.
Responsibility / Timescale	<p>Scoping by June 2021. Project plan aligning with Talent Framework to be activated by September 2021.</p> <p>HR Manager – Leadership and Management</p>

<p>Recommendation 3 (Priority 2)</p>	<p>The Force should consider creating a more direct feedback process for requests to the Vacancy Panel that are rejected and mandating that feedback must be addressed before another request made.</p> <p>The Force should consider creating a process where Heads of Department are specifically invited to pitch Vacancy Requests to the panel.</p>
<p>Finding</p>	<p>The Force currently convene a bi-weekly Vacancy Panel that has oversight of all police officer vacancies. One of its primary tasks is to make decisions on vacancy requests that have been submitted by departments within the Force. These decisions are logged in the Vacancy Decision record.</p> <p>Audit reviewed the most recent Vacancy Decision record at the time of testing (05/01/2021). This record focuses on 'reason for vacancy' and 'comments from requestor'. There is seemingly only a 'Approved/ Not Approved' decision column from the board and no explanation or reason given. Furthermore, some of the requestor comments only state 'can this be discussed at the next vacancy panel? Many thanks', which is pulled straight from the request form.</p> <p>Through discussions with the Force, it was noted that some requests are made multiple times without amendment leading to repeated rejection. Hiring Managers will often also come to the Workforce Planning HR Manager for explanation. Both issues would be aided by a more direct feedback process.</p> <p>Concerns have also been raised that delays to the recruitment process arising from these inefficiencies could have an operational impact as roles aren't fulfilled sufficiently quickly. The Vacancy Panel process may also benefit therefore from the attendance of Heads of Department when vacancies in their area are being considered. This would allow them to elaborate further and answer any queries over the vacancy request that the panel may have, meaning the request can be agreed or amended sooner.</p> <p><i>Risk:</i> Inefficiencies within the vacancy process cause unnecessary delays in recruitment process</p>
<p>Response</p>	<p>We agree with this recommendation and will update the policy and process to enable this to happen.</p>
<p>Responsibility / Timescale</p>	<p>June 2021, Workforce Planning Manager</p>

<p>Recommendation 4 (Priority 2)</p>	<p>The Force should consider how they can efficiently record the agreed actions and other notes from the meetings between the Establishment officer and various departments.</p>
<p>Finding</p>	<p>At present, the costs associated with the establishment structure are updated and reconciled with the Finance department through the Establishment Officer, who has responsibility for monitoring and amending establishment data, holding a series of informal meetings with various team leads on an ongoing basis. There are currently no records kept of each meeting.</p> <p>The lack of recorded actions from these meetings creates a resilience risk should any of the key staff involved be unavailable.</p> <p><i>Risk:</i> There is no clear record of decisions that have been taken, leading to insufficient oversight.</p> <p><i>Risk:</i> The Force is unable to ensure consistent practice in the event of staff absence.</p>

Response	We agree with this recommendation and will update policy and process as suggested.
Responsibility / Timescale	July 2021 Finance and Establishment Officer

GDPR Follow Up

Overall Assurance Opinion	Limited
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Recommendation Priorities	
Priority 1 (Fundamental)	1
Priority 2 (Significant)	-
Priority 3 (Housekeeping)	-

The audit will also update the following risks and objectives relating to the GDPR processes within the Force following on from previous reviews and consider the progress made in implementing the recommendations. Areas under consideration will include: -

- The Force has not sufficiently applied changes to data protection regulation.
- The Force has an action plan in place which addresses the key areas of GDPR and provided a clear plan by which the force would be compliant.
- The Force has completed a 'Privacy Impact Assessment' on new systems or they form part of the project life cycle.
- The Force is making progress against past recommendations made and has an ongoing programme to address recommendations raised following the ICO's visit in 2020.
- The Force's management and staff are unaware of the updated regulations, and their increased responsibilities. how the organisation is structured to assess compliance against requirements.
- The Senior Management team were informed and made fully aware of the risks posed by the implementation of the GDPR. (N.B. consider whether GDPR is identified as a risk on the Force's risk map, and whether the score can be justified)
- Regular management information is provided to review and manage backlogs and response timescales.
- Those staff who handle data have received, training on the GDPR. (N.B. consider whether the training relates to operational 'day-to-day' information handling)

The last audit of GDPR was completed in February 2020 where two priority 1 recommendations were made, whilst this audit shows progress there remains one Priority 1 (fundamental) recommendation that is still to be complete.

The finding, recommendation and response from the report is detailed below:

Recommendation 1 (Priority 1)	The Force should maintain its focus on the completion of the outstanding actions within the ICO/Data Protection Action Plan.
Finding	The Force has engaged well with the ICO acknowledging its shortcomings, weaknesses in controls, insufficient resources and dealing with backlogs. To

	<p>this end the Force has committed to a Data Protection Action Plan following an audit by the ICO in September 2020.</p> <p>The progress of this action plan is regularly assessed both internally and by the ICO with the most recent update being in January 2021.</p> <p>This most recent update demonstrated considerable progress has been made but further work is required to address the remaining outstanding actions.</p> <p>A further review by the ICO is planned for May 2021.</p> <p><i>Risk:</i> The Force is unable to demonstrate progress to the ICO and compliance with regulations, leading to further action including potential fines.</p>
Response	<p>Recommendation accepted and already incorporated into the response being made to the ICO as part of their ongoing 2020 audit covering Accountability & Governance, Records Management and Training & Awareness. Level of assurance will be reported upon by the ICO.</p>
Responsibility / Timescale	<p>Interims audit was returned in January 2021 which provided acceptance and closure of 30+ actions. The May interim audit has been submitted but is awaiting response. The audit is due to close September 2021 when assurance should be provided in full.</p>

IT Security

Overall Assurance Opinion	Limited
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Recommendation Priorities	
Priority 1 (Fundamental)	2
Priority 2 (Significant)	1
Priority 3 (Housekeeping)	1

Our audit considered the following area objectives:

- Clearly defined IT policies and/or procedures are in place and are available within the Force. The policies and procedures are reviewed and updated on a regular basis and users are appropriately trained.
- Regular Penetration testing is undertaken and issues remediated.
- Users have appropriate levels of access to IT service and are subject to review.
- Mobile devices and other secure devices are appropriately encrypted or otherwise protection through mobile device management tools.
- The impact of increased working from home has been considered and measures in place to ensure secure working
- Devices are appropriately secure from threat of virus or malware
- IT Systems and devices are subject to appropriate monitoring procedures.
- Governance procedures are in place to manage and maintain the PSN and GIRR submissions and other regulatory requirements

We raised two priority 1 (fundamental) and one priority 2(significant) recommendations where the control environment could be improved upon. The finding, recommendation and response from the report is detailed below:

Recommendation 1 (Priority 1)	<p>Vulnerabilities should be addressed as soon as possible.</p>
Finding	<p>At the time of the Governance and Information Risk Return (GIRR) Submission (following the July 2020 IT Health Check), 55 vulnerabilities were identified in total:</p> <ul style="list-style-type: none"> • 6 Critical. • 14 High. • 23 Medium. • 12 Low. <p>As of February 2021, the latest tracking figures had 22 of the remaining 29 completed with only 6 medium vulnerabilities remaining (but in progress).</p> <p>We were informed during the review that work was ongoing to address outstanding vulnerabilities and they were being actively tracked and monitored, but it was acknowledged that some critical and high issues remained.</p>

	<i>Risk:</i> Vulnerabilities go unresolved presenting risks to the IT security of the organisation.
Response	<p>Recommendation accepted. Ongoing activity and progress is now reported in the performance pack to IAB.</p> <p>The 2021 ITHC is being completed in May and will supersede the July 2020 report.</p> <p>Vulnerability Working Group (VWG) manages output from tenable.sc – we are not reliant on ITHC alone to identify and fix vulnerability – it is an ongoing process.</p>
Responsibility / Timescale	<p>ISD Senior Operations Manager – Dan Cooper</p> <p>End of July 2021</p> <p>(when the May 2021 ITHC remediation action plan supersedes the 2020 plan)</p>

Recommendation 2 (Priority 1)	As referenced in our GDPR Follow Up review, the focus should be on addressing the actions within the ICO Action Plan, in respect of update of the IT Policies, before the next review by the ICO in May 2021.
Finding	<p>We noted relevant IT Policies were under review. This had initially started as a project by the Information Security Officer (ISO) but has since expanded following the ICO's review of Information Assurance and is now taking precedence over the original planned review by the ISO. The completion of these action points should now be the focus of updating and restabilising the policy environment.</p> <p><i>Risk:</i> The Force is unable to demonstrate progress to the ICO and compliance with regulations, leading to further action including potential fines.</p>
Response	<p>Recommendation accepted.</p> <p>Work on the ICO audit is coordinated by an Inspector alongside the Data Protection Officer.</p> <p>Policies required for accreditation (GIRR and NEP) have been prioritised and are already published</p>
Responsibility / Timescale	<p>ICO Inspector – Vitty Andreoli</p> <p>May 2021</p>

Recommendation 3 (Priority 2)	Areas not included in the previous ITHC must be a high priority for this year's testing.
Finding	<p>Due to COVID, the most recent IT Health Check (ITHC) was not on-site, as a result there were gaps in testing in the following areas:</p> <ul style="list-style-type: none"> • Guest Wi-Fi configuration, which is low risk due to assurance from previous years and significantly less guests visiting sites. This requirement alone was not deemed to warrant a site visit. • Laptops – it was not possible to test the number/percentage normally required due to large numbers of staff working from home, including IT staff who were not available on site to support this testing. The risk is mitigated by the ongoing device refresh linked to NEP. <p><i>Risk:</i> Failure to fully test the environment may lead to exploitable weaknesses in the environment and failure to maintain GIRR certification.</p>

Response	Recommendation accepted and already incorporated into scope for 2021 ITHC. Will be confirmed by the test report.
Responsibility / Timescale	ISD Senior Operations Manager – Dan Cooper End of July 2021

We raised one priority 3 recommendations of a more housekeeping nature relating to the Forces Vulnerability Working Party (a technical group primarily for IT Services to monitor patching levels and other vulnerabilities:

- A formal terms of reference should be established for the Vulnerability Working Party. This should also include reporting expectations and a linkage to the Information Assurance Board established.

Management accepted the recommendation and confirmed implementation by September 2021.

Performance Management

Overall Assurance Opinion	Significant
Recommendation Priorities	
Priority 1 (Fundamental)	
Priority 2 (Significant)	
Priority 3 (Housekeeping)	1

Our audit considered the following area objectives:

Performance Management Framework

- There is a robust and formal performance management framework in place.

Targets and Measurement

- Performance targets are relevant, realistic, measurable and are properly communicated to staff.
- The Force's performance management arrangements are effectively aligned with the PFCC Plan, HMICFRS and other relevant requirements.

Performance Data

- Performance data is accurate, consistent, timely and reliable, and any errors are identified and corrected in a timely manner.
- Staff have access to adequate policies and procedures relating to input of performance data.

Management Reporting

- There are effective reporting routines in place which provide up to date and accurate information to the relevant forum on the delivery of the service.
- Benchmarking information is available that allows comparative data and learning opportunities.

Performance Oversight

- There is a clear structure of performance oversight across the Force covering both strategic and operational performance.
- There are effective escalation procedures in place to resolve areas of under-performance.

We raised one priority 3 recommendations of a more housekeeping nature relating to the Forces utilization of the Qlik software:

- The Force should consider undertaking a consultation with key stakeholders to ascertain how Qlik may be orientated more towards operational need.
- The Force should consider communicating the benefits of utilising Qlik across the organisation to embed the use of the system in daily operations.

Management accepted the recommendation and confirmed implementation by December 2021. Full response is below:

Before any app is built, the Qlik team speak with the business lead to ascertain the business requirements and make sure there are benefits to be obtained. However, this is not consistently documented and therefore more difficult to evidence and track what the requirements may be. Following the audit results, the senior analyst responsible for Qlik will be implementing a more formal process to capture the requirements and use this to track business benefits.

During the launch of new apps the Qlik team have communicated with the stakeholders and interested parties but acknowledge that other parts of the business may also benefit from the apps but may not know about them. Our approach to communicating apps has been inconsistent. We hope to appoint a comms lead shortly from within Corporate communications to assist corporate services in promoting the existing apps and help launch new ones when they are deployed.

The existing suite of apps does not cover the entire force at present but the Qlik team have been responsive to the needs of the organisation, supporting teams that have posed a business question that Qlik can help with. As the force uses Qlik more and more, the expansion into other parts of the force will be a natural step forward and new apps will be prioritised based on value for money and the interaction from the business.

Collaboration: Budgetary Control

Overall Assurance Opinion	Significant
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Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	-
Priority 3 (Housekeeping)	-

As part of this review, we carried out an audit of the process in place across the region in respect of Budgetary Control within a sample of collaboration units agreed by the CFOs – East Midlands Special Operations Unit – Serious Organised Crime (EMSOU-SOC), East Midlands Police Legal Services (EMPLS) and East Midlands Specialist Ops Training (EMSOT).

Our audit considered the following area objectives

- Roles and responsibilities are clearly defined within job descriptions for the relevant persons and governance controls are in place to ensure that these are carried out by established deadlines.
- Key staff within collaboration units are consulted during the budget preparation process to ensure that assumptions and costs are accurately reflected.
- Timeframes for budget preparation are clearly defined in governance timetables and is aligned with key meetings for approval.
- Efficiency savings are notified to units as part of the budget preparation process and units appropriately identify and agree areas for savings to be recovered.
- Budget monitoring is appropriately carried out by units and budget managers/heads are consulted to review monitoring and ensure costs are accurately recorded.
- Variances and shortfalls identified through budget monitoring are discussed with budget managers/heads and actions are taken to address these.
- Virements are handled as a region, with bids and business cases submitted for approval as part of an annual process.
- Underspends are handled as a region through carry-forward bids submitted for approval as part of an annual process.
- Budget monitoring allows for regular and timely management information to be produced for governance boards to assess performance and the accuracy of each unit's financial position.
- Budget monitoring management information is regularly submitted to the East Midlands Police and Crime Commissioners & Chief Constables Board for review and feedback.

We raised no recommendations for this audit.

A4 Statement of Responsibility

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

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

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

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

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

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

Contacts

David Hoose

Partner, Mazars

david.hoose@mazars.co.uk

Mark Lunn

Internal Audit Manager, Mazars

mark.lunn@mazars.co.uk

Mazars is an internationally integrated partnership, specializing in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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The logo for Mazars, featuring the word "mazars" in a bold, blue, lowercase sans-serif font.



**AGENDA ITEM 6B.1
APPENDIX 1**

*Internal Audit and Anti-Fraud
Progress Update - Q1*

DUNCAN WILKINSON, CHIEF INTERNAL AUDITOR

28 July 2021



1 INTRODUCTION

- 1.1 This progress report provides stakeholders, including the Joint Internal Audit Committee, with a summary of the Fire Authority Internal Audit activity for Quarter 1 2021/22 (April 2021-June 2021)
- 1.2 **Annex A** (page 5) provides the background and context for how Governance is tested and evaluated.
- 1.3 The report summarises work done on evaluating the robustness of systems of control and governance in place during the current year. The ongoing impact of Covid 19 pandemic during the year has meant progress on audit work during 2021 has been slow during some months. This report covers progress made on audits brought forward from the previous financial year as well as audits within the new plan year that have been started.

2 PROGRESS AGAINST 2021/22 AUDIT PLAN

- 2.1 The key target for the Internal Audit Service is to complete the agreed Plan by the 31st March 2021. As anticipated the on-going effects from suspension of audit work at the onset of the pandemic resulted in some 2021 audits being carried forward for completion during the 2021/22 audit year. **Annex B** (page 7) shows brought forward 2020/21 audits completed and audits to be completed in 2021/22.

2.2 Plan Performance as at 30 June 2021

NCFRA AUDIT PLAN 2020-21	Number of Audits				
	Plan	Draft / Final Report	In Progress	Not Started	Other
Key Financials	5	5	0	0	
COVID 19 Response	2	2	0	0	
Strategic Reviews	2	2	0	0	
Operational	4	4	0	0	
ICT	1	1	0	0	
2019-20 Brought Forward Audits	3	3	0	0	
TOTAL Audits	17	17	0	0	
		100%	0%	0%	

- 2.3 Since the last Committee and as at the 30 June 2021, all of the 9 reports brought forward from 2021 financial year have completed to draft or final stage., one is at draft report stage.



2.4 Assurance ratings are given for both the adequacy of the System and compliance with the System of Controls. The definitions are detailed in Annex A and Annex B highlights the assurance levels for the reports issued to management since the last Committee.

In summary, 9 reports have been completed and issued to management and include Action Plans highlighting agreed actions needed to improve the control environment as appropriate.

Assurance Rating	No of Audit Reports	
	Adequacy of System	Compliance
Good	6	6
Satisfactory	3	1
Limited	0	2
Total	9	9

A **Limited assurance opinion** was allocated for poor compliance with controls for the Financial Controls Environment audit and Procurement stock Control audit. The following key weaknesses were identified and recommendations were agreed with management, to improve the controls environment:

Financial Controls Environment:

- There were delays in the processing of reconciliations within the payroll, pension and VAT control accounts. These include delays in passing reconciling items between differing departmental reconciliations.
- The main bank account had been overdrawn on a number of occasions during Q1 to Q3, contrary to Financial Procedure Rules, and resulted in bank charges being levied.

Procurement Stock control:

- It was identified that a purchase order had been raised and authorised by 2 members of staff who have a personal relationship- lack of independence.
- A number of transaction in a sample from reviewed were for items outside of the remit of store consumables and for some, quotations/contracts were not available/not in place that demonstrate best value had been obtained.
- Evidence of quotations were not available for all transactions selected for review. It was therefore not possible to be confirmed that the costs of orders represent best value for money.
- The current operational system for write offs of stock items was not being undertaken in accordance with the requirements outlined within the NCFRA CGF.



- The 2019/20 stock check was undertaken by staff involved with the daily stock keeping function- lack of independence.

2.5 The table below provides a precis of the objectives of the audits to be undertaken and the associated key risks.

Assignment	Status	Objectives and Risk
Corporate Governance Framework	Q3	Objective(s) To provide assurance that the Strategic and Senior governance of NCFRA is effective and it allows statutory obligations to be fulfilled Risks(s) Financial and Reputational risk
Compliance with Key Policies	Q3	Objective(s) To provide assurance that Key Policies and Procedures for NCFRA are established and operating effective. Risks(s) Reputational & Fraud Risks
Target operating model - Performance Monitoring Framework	In Progress	Objective(s) To provide assurance that NCFRA's data is of the required standard and quality to monitor the achievement of objectives and to report externally. Risk(s) Poor delivery leading to reputational and H&S risks
Target Operational Model – end to end analysis "Golden Thread"	Q3	Objective To provide assurance that NCFRA maintains effective monitoring of key performance, controls and target achievement. Risk organisational objectives not achieved
HR Improvement Planning	Q3	Objective to provide assurance on the adequacy of arrangements for safeguarding clients/ staff and succession planning Risk Reputational and service continuity impact
Equipment Maintenance and Testing	In progress	Objective - To provide assurance that NCFRA's equipment maintenance and testing processes procedures and programmes are robust and meet legislative requirements Risk -Injury due to poor or faulty equipment
Financial Controls Environment	Q2 -Q4	Objective(s)



Assignment	Status	Objectives and Risk
		To provide assurance over the effectiveness of controls within core financial activities. Risk(s) Reputational and fraud risks
MTFP/Budgetary controls	Q4	Objective(s) To provide assurance that NCFRA's financial management is effective both over the longer term (ie 3-5 years) and within each financial year Risk(s) Reputational and fraud risks
Accounting systems (AP/AR)	Q4	Objective(s) To provide assurance on the effectiveness of controls over accounting transactions within procurement and income. Risk(s) Inappropriate payments made/ Income due not collected
Payroll	Q4	Objective(s) To provide assurance on the robustness of controls within the payroll function that ensures employees of NCFRA are bona fide and are paid the right amount at the right time. Risk(s) Inappropriate payments made
ICT Systems – Disaster Recovery Arrangements	ToR Agreed	Objective(s) To provide assurance that IT systems and infrastructures are secure and that the arrangements to support business continuity are robust. Risk(s) Data protection and reputational risks
HMIRC pre inspection review	Cancelled	Management assurance provided of a positive outcome.
Risk Management		Quarterly review and testing of implementation of actions noted.



Annex A

Internal Audit Context and Background How Controls are Audited and Evaluated

There are three elements to each internal audit review. Firstly, the CONTROL ENVIRONMENT is documented and assessed to determine how the governance is designed to deliver the service's objectives.

IA then needs to test whether COMPLIANCE is evident in practice.

Finally, IA undertakes further substantive testing and/or evaluation to determine the ORGANISATIONAL IMPACT of weaknesses found.

The tables below outline the criteria for assessing the above definitions:

Control Environment Assurance	
Assessed Level	Definitions
Substantial	Substantial governance measures are in place and give confidence that the control environment operates effectively.
Good	Governance measures are in place with only minor control weaknesses that present low risk to the control environment.
Satisfactory	Systems operate to a moderate level with some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

Compliance Assurance	
Assessed Level	Definitions
Substantial	Testing has proven that the control environment has operated as intended without exception.
Good	Testing has identified good compliance. Although some errors have been detected these were exceptional and acceptable.
Satisfactory	The control environment has mainly operated as intended although errors have been detected that should have been prevented / mitigated.
Limited	The control environment has not operated as intended. Significant errors have been detected and/or compliance levels unacceptable.



No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse. The system of control is essentially absent.
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Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left NCFRA open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left NCFRA open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left NCFRA open to low risk. This could have a minor impact on the organisation as a whole.



ANNEX B

2021/22 - Audit Plan for NCFRA as at 30 June 2021

AUDIT TITLE	STATUS	PROGRESS	Quarter Work Allocated	Assurance Rating System	Compliance
Brought Forward- 2020/21					
Organisational Governance	Final Report	100%	n/a	Good	Satisfactory
IT Governance	Final Report	100%	n/a	Satisfactory	Satisfactory
Key Policies and Procedures	Final Report	100%	n/a	Good	Good
Financial controls Environment	Final Report	100%	n/a	Satisfactory	Limited
Procurement Stock control	Final Report	100%	n/a	Satisfactory	Limited
Accounts Payable	Final Report	100%	n/a	Good	Good
Accounts Receivable	Final Report	100%	n/a	Good	Good
Target Operating Module	Final Report	100%	n/a	Good	Good
Medium Term Financial Planning	Final Report	100%	n/a	Good	Good
Payroll	Draft Report	80% Complete	n/a	Good	Good
Plan - 2021/22					
Performance Monitoring framework	Fieldwork in progress	30% complete	Q2		
Equipment Maintenance & Testing	Field work in progress	30% complete	Q2		
ICT Security	Planning ToR agreed	25% complete	Q2		
HR Improvement Planning			Q3		
Financial Controls Environment (key recs)			Q2 - Q4		



AUDIT TITLE	STATUS	PROGRESS	Quarter Work Allocated	Assurance Rating System	Compliance
/bank/Treasury/Journals					
Key Policies			Q3		
Target operating Model golden thread			Q3		
Corporate Governance			Q3		
MTFP/Budgetary controls			Q4		
Accounting systems (AP/AR)			Q4		
Payroll			Q4		
Risk Management review			Q2-Q4		
HMIRC pre inspections	Cancelled	Cancelled	Q1		



AGENDA ITEM 6B. II

INTERNAL AUDIT CHARTER

An Internal Audit Charter is required by the Public Sector Internal Audit Standards

It acts as a service level agreement with the fire Authority (through the Joint Internal Audit Committee and Management) so that there is a clear understanding of the role, purpose of the Fire Authority's Internal Audit Service.

It provides the Fire Authority formal commitment to ensure the Internal Audit Service can deliver the statutory role as required by the Accounts and Audit Regulations.

Chief Internal Auditor

Chair of Joint Internal Audit Committee

Introduction

1.1. The Accounts and Audit Regulations specify that the Trust:

‘must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’

1.2. The Public Sector Internal Audit Standards (PSIAS, 1000) requires that:

‘The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter.’

1.3. The internal audit charter is a formal document that defines the Internal Audit services’ purpose, authority and responsibility. The charter establishes the position within the organisation, including the nature of the Chief Audit Executive’s¹ functional reporting relationship with the Joint Internal Audit Committee(JIAC); authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

1.4. Approval of the Internal Audit Charter resides with the Joint Internal Audit Committee (JIAC). In practice the Charter shall be reviewed and approved annually by the Chief Internal Auditor, Chief Finance Officer and the JIAC on behalf of the Fire Executive.

2. Mission

2.1. Internal Audit will provide the public, the Police and Fire Commissioner and Fire Officers with confidence that NCFRA operations are properly governed and controlled, risks are effectively managed and service delivery meets customer need. The ‘Mission’ for Internal Audit is therefore:

‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’

2.2. To achieve that mission Internal Audit will perform its work in accordance with PSIAS which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

¹ Chief Audit Executive is the term used within PSIAS for the professional Internal Audit officer. The shared service Chief Internal Auditor fulfils that role.

3. Role and scope of work

- 3.1. Responsibility for effective internal control rests with the management / executive of NCFRA. Senior Fire Officers and Heads of Service are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services and achieve approved objectives / policy.
- 3.2. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.3. Internal audit acts primarily to provide JIAC with information necessary for it to fulfil its own responsibilities and duties. The PCFO Chief Finance Officer's role is to ensure NCFRA is compliant with the statutory requirements for internal audit as set out in the 1972 Local Government Act. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and are not repeated here.
- 3.4. The following definitions apply throughout the Charter:
- Assurance Services – an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for NCFRA. Egs include financial, performance, compliance, system security and due diligence.
 - Consulting Services – Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisations governance, risk management and control processes without the internal auditor assuming management responsibility. Egs include counsel, advice, facilitation and training.
 - The Joint Internal Audit Committee (JIAC) – acts as the PSIAS defined NCFRA 'Board' in respect of audit committee responsibilities.
 - The shared service Chief Internal Auditor – is the PSIAS defined 'Chief Audit Executive'
 - The NCFRA Executive Team is the PSIAS defined 'senior management'
- 3.5. Internal Audit will seek to provide a robust high quality audit service that delivers honest, evidenced assurance through
- assessing the adequacy and effectiveness of the system of risk management and internal controls operated within the organisation;

- reviewing and evaluating compliance with policies, plans, procedures, laws and regulations;
- assessing the reliability and integrity of information;
- reviewing the arrangements for safeguarding of assets

3.6. These will be achieved by

- Deploying its resources where there is most value aligned to the corporate objectives and priorities, whilst ensuring sufficient assurance to support the Annual Governance Statement.
- Being flexible and responsive to the needs of the Fire Authority, with an Annual Plan that is reviewed quarterly, enabling Audit resources to be redeployed as new risks emerge, with the agreement of senior management and JIAC.
- Being outward looking and forward focused with taking account of impact of national and local developments and of their potential impact on NCFRA's governance, risk management and control arrangements.
- Balancing independent support and challenge and avoiding a tone which blames but being resolute in challenging for the wider benefit of NCFRA and its clients.
- Identifying and sharing organisational issues and themes that are recognised and taken on by JIAC and working constructively with management to support new developments
- Strengthening the governance of NCFRA through encouraging working towards best practice.

4. Independence and Objectivity

- 4.1. In accordance with PSIAS, the Chief Internal Auditor has full responsibility for the operation and delivery of the Internal Audit function including the production and execution of the audit plan and subsequent audit activities. The annual audit plan will be agreed in consultation with relevant officers, JIAC, and the senior management team.
- 4.2. Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 4.3. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, 'approve' procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment. Where auditors have previously been involved in any of these activities or consultancy work they will be prohibited from auditing

those areas for at least 2 years. Where appropriate, audits are rotated within the team to avoid over-familiarity and complacency.

- 4.4. Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to JIAC to discuss the implications.
- 4.5. The Chief Internal Auditor will confirm to JIAC, at least annually, the organisational independence of the internal audit service.

5. Access

- 5.1. The Chief Internal Auditor has direct and unrestricted access to the Chief Fire Officer, Chief Finance Officer, External Audit and JIAC at his/her discretion, including private meetings with the Chair of JIAC.
- 5.2. Internal Audit has unrestricted access to all NCFRA and partner records and information whether manual or computerised systems, officers, cash, stores and other property, it considers necessary to fulfil its responsibilities. Internal Audit may enter NCFRA property and has unrestricted access to all locations and officers without prior notice if necessary.

The Accounts and Audit Regulations state

'Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and

(b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

- 5.3. All NCFRA contracts and partnerships shall contain similar provision for Internal Audit to access records pertaining to NCFRA's business held by contractors or partners.
- 5.4. JIAC shall be informed of any restriction unduly placed on the scope of Internal Audit's activities which in the opinion of the Chief Internal Auditor prevent the proper discharge of IA functions.

6. Reporting

- 6.1. The Joint Internal Audit Committee (JIAC), Fire Executive Team and the Chief Finance Officer receive regular updates on audits completed, the assurance opinions and actions implemented. Weak and Limited opinion reports and key actions not implemented are discussed in more detail as appropriate with the Fire Executive Team, the Chief Finance Officer and JIAC.

- 6.2. A written report providing an evidenced opinion will be prepared and issued to senior management, following the conclusion of each internal audit engagement, including follow up audits; unless in the opinion of the Chief Internal Auditor a written report is not necessary.

7. Responsibilities

- 7.1. Key responsibilities defined within PSIAS are set out below for information:

PSIAS: 2450 – “The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”

Each year the Chief Internal Auditor will provide a publicly reported opinion on the effectiveness of governance, risk and control, which also informs the Annual Governance Statement. This will be supported by reliable and relevant evidence gathered though all work undertaken by Internal Audit during the year.

PSIAS: 2010 - “The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.”

The Chief Internal Auditor has full responsibility for the operation and delivery of the Internal Audit function including the production and execution of the audit plan and subsequent audit activities. The annual audit plan will be agreed in consultation with relevant officers, the Audit Committee, and the senior management team.

PSIAS: 2000- “The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation”

In order to deliver the Annual Audit Plan at the required quality and professionalism the Chief Internal Auditor must ensure that the team has the required mix of skills and experience. The use of external experts e.g. IT auditors compared to employing or developing these expensive resources in house is constantly under review to ensure that the service delivers a high quality product at best value for money. Future recruitment will take into account the expertise and skills required to fill any gaps within the current service.

- 7.2. All necessary staff within the audit service hold a relevant professional qualification, part qualification or are actively studying towards a relevant qualification. All participate in continuing professional development, both in relation to specific audit skills e.g. contract audit, and softer skills e.g. communication skills

8. Planning

- 8.1. The annual audit plan for the coming year is developed from conversations with key stakeholders, the documented 'Audit Universe²', the review of key corporate documents and risk registers, and our understanding of the organisation.
- 8.2. The Audit Plan considers the relevant Risk Register information and the Fire Authority's current Risk Register. The Authority has a clear framework and approach to risk management. Senior management risks assessed by NCFRA are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor those risk registers closely over the course of the year to ensure our plan remains agile and reacts to the rapidly changing landscape.
- 8.3. The IA service will use various sources of information and discussed priorities for internal audit with members of departmental management teams, individually or collectively at their management groups and continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.

9. Quality

- 9.1. Internal Audit is subject to a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of internal audit activity. This consists of:
- ongoing performance monitoring;
 - an annual self-assessment of the service and its compliance with PSIAS;
 - an external assessment at least once every five years by a suitably qualified, independent assessor;
 - a programme of Continuous Professional Development (CPD) for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies;
 - the Chief Internal Auditor holding a professional qualification (current Chief Internal Auditor is a Fellow of the Chartered Institute of Management Accountancy) and being suitably experienced

² The Audit Universe are those activities / services identified by Internal Audit's experience that may be delivered by NCFRA.

Police, Fire & Crime Commissioner for
Northamptonshire & Northamptonshire Police
Joint Independent Audit Committee

Internal Audit Annual Report

Prepared by: Mazars LLP

Date: July 2021

Contents

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- 02 Audit Opinion
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Appendices

- A1 Definitions of Assurance

Disclaimer

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

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



01 Introduction



Mazars LLP are the appointed internal auditors to the Police, Fire & Crime Commissioner for Northamptonshire & Northamptonshire Police. This report summarises the internal audit work undertaken by Mazars in 2020/21, the scope and outcome of work completed, and incorporates our annual statement on internal controls assurance.

Despite the restrictions imposed as a result of Covid-19, the Police, Fire & Crime Commissioner for Northamptonshire & Northamptonshire Police retained a full scope internal audit service for 2020/21 which, based on the work we have undertaken, enabled us to provide the enclosed Annual Opinion on the Police, Fire & Crime Commissioner for Northamptonshire & Northamptonshire Police arrangements for risk management, control and governance.

As a result of the government restrictions from March 2020, we were unable to conduct internal audit engagements on site. We therefore undertook visits during 2020/21 remotely. In some cases, this has impacted on the scope of work undertaken. Detail of this has been provided where applicable in Section 02.

The report should be considered confidential to the Police, Fire & Crime Commissioner for Northamptonshire & Northamptonshire Police and not provided to any third party without prior written permission by Mazars.

Scope and purpose of internal audit

The purpose of internal audit is to provide the Police, Fire & Crime Commissioner for Northamptonshire & Northamptonshire Police, through the Joint Independent Audit Committee (JIAC), with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving Police, Fire & Crime Commissioner for Northamptonshire & Northamptonshire Police’s statutory objectives and strategic aims.

Internal audit provides the Police, Fire and Crime Commissioner and Chief Constable, through the Joint Independent Audit Committee (JIAC), 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 OPFCC and Force’s overall assurance framework and assists in preparing an informed statement on internal control.

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

The report summarises the internal audit activity and, therefore, does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to the JIAC during the course of the year.

Performance against the Internal Audit Plan

The Plan for 2020/21 was considered and approved by the JIAC on 2nd April 2020. In total the Plan was for 141 days, including 14 days of Audit Management. There was also provision for 8 contingency days included in the Plan, should these days be required.

The impact of the Covid-19 lockdown(s) has posed several challenges to the internal audit process and the move to remote auditing has caused some initial delays in setting dates when the audits will be carried out. Both parties have worked hard to ensure the audits could be completed and Mazars have regularly communicated with the Force and OPFCC, which has enabled us to make good progress against the plan to date.

However, in a number of instances changes have had to be made to the internal audit plan that was agreed for 2020/21 and this resulted in the audits of Seized Property, Governance and Procurement (MINT) not taking place during 2020/21. These audits have been deferred into the 2021/22 internal audit plan. Moreover, 3 of the 10 allocated Collaboration Audit days have also been deferred into the 2021/22 internal audit plan as only two of the three scheduled audits were able to take place.

The audit findings in respect of each of our finalised reviews, together with our recommendations for action and the management response, were set out in our detailed reports, which have been presented to the JIAC over the course of the year. In addition, we have presented a summary of our reports and progress against the Plan within our Progress Reports to each JIAC.

A summary of the reports we have issued is included in Appendix A1. The appendix also describes the levels of assurance we have used in assessing the control environment and effectiveness of controls and the classification of our recommendations.

Acknowledgements

We are grateful to all members of the JIAC, the OPFCC Chief Executive, the Chief Officers of both the Force and the OPFCC and other staff throughout Northamptonshire Police for the assistance provided to us during the year.



Scope of the Internal Audit Opinion

In giving our internal audit opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to Northamptonshire is a reasonable assurance that there are no major weaknesses in governance, risk management and internal control processes.

The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

- The results of all audits undertaken as part of the plan;
- Whether or not any 'Critical', 'Highly Important' or 'Significant' recommendations raised have not been accepted by Management and the consequent risks;
- The extent to which recommendations raised previously, and accepted, have been implemented;
- The effects of any material changes in Northamptonshire's objectives or activities;
- Matters arising from previous reports to Northamptonshire;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of Northamptonshire; and
- The proportion of Northamptonshire's internal audit needs have been covered to date.

Further detail on the definitions of our opinions raised in our reports can be found in Appendix A1.

Reliance Placed on Third Parties

Internal audit has not placed any reliance on third parties in order to assess the controls operated by OPFCC for Northamptonshire & Northamptonshire Police. Our opinion solely relies on the work we have performed and the results of the controls testing we have undertaken.

COVID-19

During the year, we have consulted and informed management through regular liaison with the Force & OPFCC CFO's and the Joint Independent Audit Committee (JIAC) about changes to the plan and internal audit reviews to take account of the impact of Covid-19 on the organisation and the changing risk landscape. There was an impact on our ability to conduct a number of audits in the Plan over the period, as highlighted above.

During 2020/21, the Covid-19 pandemic impacted on the provision of internal audit services as follows:

- Our fieldwork testing and interviews were conducted remotely, specifically via video conferencing, screen sharing and email, with no onsite testing completed due to national restrictions.
- Our interaction with management and attendance at JIAC has been via video conferencing, again due to national restriction; and
- Our ability to complete all audits in the original plan.

Internal Audit Opinion

On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is **Moderate** in its overall adequacy and effectiveness. This opinion is provided on the basis that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk and management and control.

Certain weaknesses and exceptions were highlighted by our internal audit work, in particular limited assurance opinions during the period in respect of Fleet Management, GDPR, Health & Safety, IT Security and Procurement (Compliance).

These matters have been discussed with management, to whom we have made recommendations, several of which are categorised as Priority 1 and Priority 2. All of these have been, or are in the process of being addressed, as detailed in our individual reports, and summarised in Section 04.

In reaching this opinion the following factors were taken into particular consideration:

Corporate Governance

In respect of Corporate Governance, while not directly assessed as part of the Plan, this was informed by consideration of this area through our individual assignments including where relevant. Governance is a consideration in all our audit engagements and whilst we did not find any wholesale issues with governance across our audit plan there were a number of recommendations were improvements to governance could be made including in the Procurement and Health & Safety audits.

Risk Management

Our opinion was informed by consideration of risk management aspects through our individual assignments including reporting within our 'risk management' thematic as well as observing reports and discussion around the Force's and OPFCC's Risk Management including the Risk Register at each JIAC meeting with no significant issues arising.

During the course of delivering the 2020/21 audit programme, a key element of each audit scope was to evaluate the control environment and, in particular, how key risks were being managed. As summarised in the 'Internal Control' section below, we were able to place reliance on the systems of internal control and the manner in which risks were being managed by the Force and OPCC.

Internal Control

Of the 8 audits undertaken in the year where a formal assurance level was provided, 2 received a significant level of assurance (Core Financials & Performance Management) and 1 audit received a satisfactory level of assurance (Workforce Planning). However, 5 audits received a limited level of assurance (Fleet Management, GDPR, Health & Safety, IT Security and Procurement (Compliance)). Whilst this is an increase on previous years when considering each area on its own merit the two IT audits showed improvement from previous years, procurement has a single isolated issue and both fleet management and health and safety were known areas of concern for the Force.

We have made a total of 28 new recommendations during the year at the Force and OPFCC, 5 recommendations were categorised as Priority 1, 15 as Priority 2 and 8 were Priority 3. A summary of the new Priority 1 and 2 recommendations from this year are included in Section 04 of this report.



03 Internal Audit Work Undertaken in 2020/21

The Internal Audit Plan was for a total of 64 days, with all reviews in the plan except one being completed during the period. The audit findings in respect of each review, together with our recommendations for action and the management responses are set out in our detailed reports.

In accordance with the approach set out within Northamptonshire’s internal audit plan, we undertook seven in-depth audit reviews, supported by three compliance reviews and one data integrity review covering a number of important control systems, processes, and risks and a rolling review of the implementation of recommendations. The results of this work are summarised below:

Ref	Audit area	Assurance level	Recommendations				Accepted	Not Accepted
			F	S	H	Total		
01.20/21	Core Financials	Significant	-	-	3	3	3	-
02.20/21	Fleet	Limited	-	5	2	7	7	-
03.20/21	GDPR (Follow-Up)	Limited	1	-	-	1	2	-
04.20/21	Health & Safety	Limited	1	3	1	5	5	-
05.20/21	IT Security	Limited	2	1	1	4	4	-
06.20/21	Performance Management	Significant	-	-	1	1	1	-
07.20/21	Procurement (Compliance)	Limited	1	2	-	3	3	-
08.20/21	Workforce Planning	Satisfactory	-	4	-	4	4	-
	Total		5	15	8	28		-

Audit area	Assurance level	Summary of Key Findings
Fleet	Limited	<p>Five Priority 2 Recommendations:</p> <p>1 - The Force should ensure that there is a robust monitoring mechanism in place, to monitor the tailpipe emissions for the Force’s fleet. Carbon emission data should be taken into consideration by the Force when procuring new vehicles.</p> <p>2 - The Force should ensure the servicing of vehicles is carried out in line with the schedule set out. This should be supported through accurately tracking the mileage of vehicles and ensuring these are booked in for the required work in a timely manner, particularly for vehicles that the manufacturer stipulates should have their oil changed every 6,000 miles.</p> <p>3 - The Force should ensure the records held on the TranMan system are accurate, as the Force utilises the TranMan system to coordinate the servicing programme. Furthermore, the Force should explore the possibility of moving away from an over reliance on physical copies of job cards, thus reducing the risk of human error. This can be done by exploring ways to integrate the process of inputting data of completed services into the fleet management system automatically.</p> <p>4 - The Force should clarify their position regarding what their priorities are relating to older vehicles, whether this is to ensure that the maximum utilisation is sourced from the vehicle or whether priority is to be given to the tailpipe emissions objectives. Once a clear approach has been agreed, a longer-term replacement schedule should be drafted to support the future capital requirements to meet the fleet replacement needs.</p> <p>5 - The Force should effectively scrutinise the performance of the Transport department, and frequently set performance objectives to ensure the department’s operations represent value for money to the Force.</p> <p>This should include the production of performance reports, which monitor a set of KPI’s the Force aims to achieve from the fleet.</p> <p>Furthermore, the Force should undertake an exercise to quantify the amount of productive time the Force is losing due to manually inputting data into the TranMan system. This will enable the Force to better understand the additional costs being incurred as a result of the current system. This exercise could also include assessing the cost of holding inaccurate data and the impact this is having on the servicing programme. The result of this will enable the Force to effectively compare the advantages against the disadvantages of the current TranMan system.</p>

Audit area	Assurance level	Summary of Key Findings
Procurement (Compliance)	Limited	<p>Priority 1 Recommendation:</p> <p>The Force and OPFCC should seek retrospective approval for the Faithful + Gould variation made. The Force and OPFCC should ensure that there is clarity over the process to be followed for a variation to a Major Project. In all instances, the delegated authority limits should be followed in the approval of spend.</p> <p>Two Priority 2 Recommendations:</p> <p>1 - The Corporate Governance Framework and supporting scheme of delegation should be updated. Once updated a regular review of the document should be scheduled, to ensure it remains aligned to Force and OPFCC working arrangements.</p> <p>2 - The Force and OPFCC should complete the production of reporting pack, with inclusion of contract spend analysis.</p>
Health & Safety	Limited	<p>Priority 1 Recommendation:</p> <p>The Force should approve the training strategy, training at each level should be defined within a matrix and thereafter this training should be rolled out for completion. Following the rollout of the training, a process should be in place to monitor the completion of the training by staff and officers.</p> <p>Three Priority 2 Recommendations:</p> <p>1 - The Force should determine the areas of health and safety where a standalone policy / procedure documents are required. Once these guidance documents have been produced, they should be referenced within the health & safety manual. The Force should ensure that all health and safety policy and procedural guidance documents, including the health and safety manual are subject to regular review. Where appropriate, version control should be utilised within the guidance documents.</p> <p>2 - The Force should update the terms of references of the Force Health and Safety Committee meetings to remove the OPFCC representative as an attendee. The Force should ensure that invitations to the Force Assurance Board are made to the OPFCC representative. The PFCC should be presented with a report from the CC in respect of the performance of the health and safety function, at a regular frequency.</p> <p>3 - The Force should introduce a suite of key performance indicators that provide oversight of the whole area of health and safety.</p>

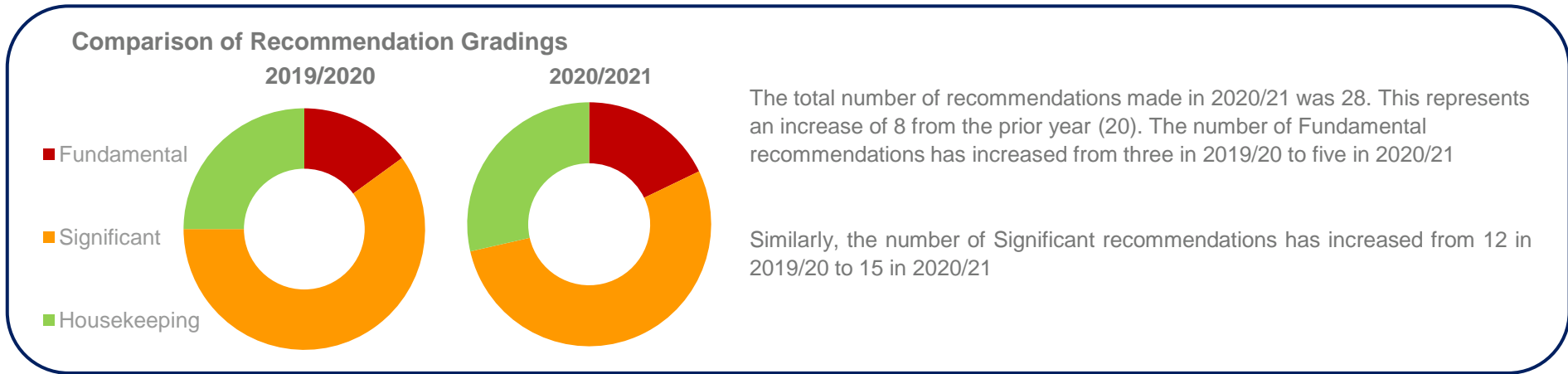
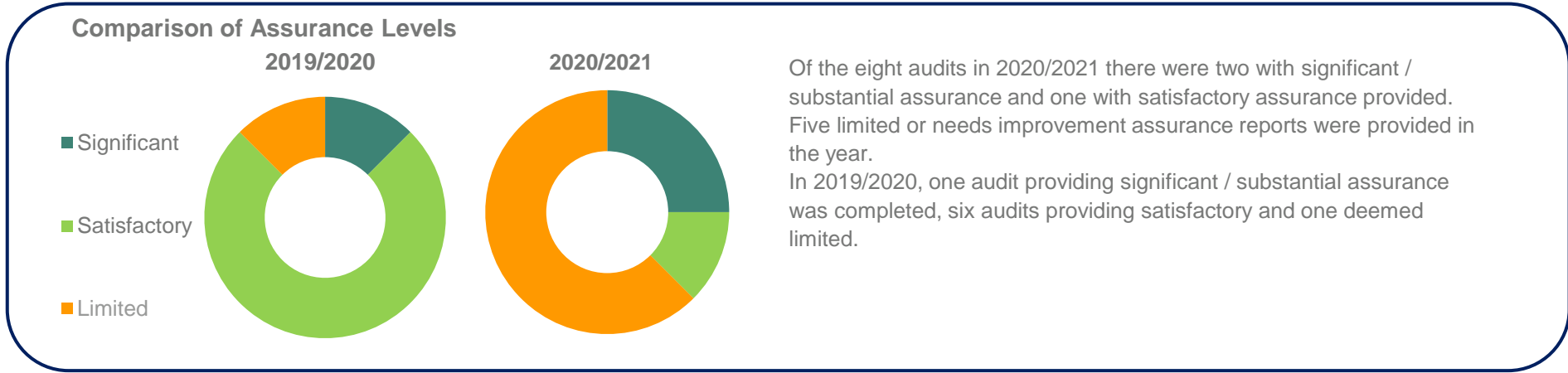
Audit area	Assurance level	Summary of Key Findings	169
IT Security	Limited	<p>Two Priority 1 Recommendations:</p> <p>1 - Vulnerabilities should be addressed as soon as possible.</p> <p>2 - As referenced in our GDPR Follow Up review, the focus should be on addressing the actions within the ICO Action Plan, in respect of update of the IT Policies, before the next review by the ICO in May 2021.</p> <p>One Priority 2 Recommendation:</p> <p>Areas not included in the previous IT Health Check must be a high priority for this year's testing.</p>	
GDPR Follow Up	Limited	<p>One Priority 1 Recommendation (Down from two last year):</p> <p>The Force should maintain its focus on the completion of the outstanding actions within the ICO/Data Protection Action Plan.</p>	

05 Internal Audit Plan 2020/21 vs Actual

Audit area	Planned days	Actual Days	Difference	Status
Fleet Management	10	10	-	
Procurement (Compliance)	8	8		
Core Financials	25	25		
Property Management	6	-	6	Rolled forward into 21/22 IA Plan
Health & Safety	10	10		
Workforce Planning	10	10		
Governance	10	-	10	Rolled forward into 21/22 IA Plan
Procurement (MINT)	10	-	10	Rolled forward into 21/22 IA Plan
Performance Management	10	10		
IT – GDPR	5	5		
IT - Security	10	10		
Collaboration	10	7	3	Rolled forward into 21/22 IA Plan
Contingency	8	1	7	Support for VOICE provided
Total	132	96	-	

06 Benchmarking

This section compares the Assurance Levels (where given) and categorisation of recommendations made at Northamptonshire Police.



We have provided some details below outlining our scorecard approach to our internal performance measures, which supports our overall annual opinion.

Compliance with Professional Standards

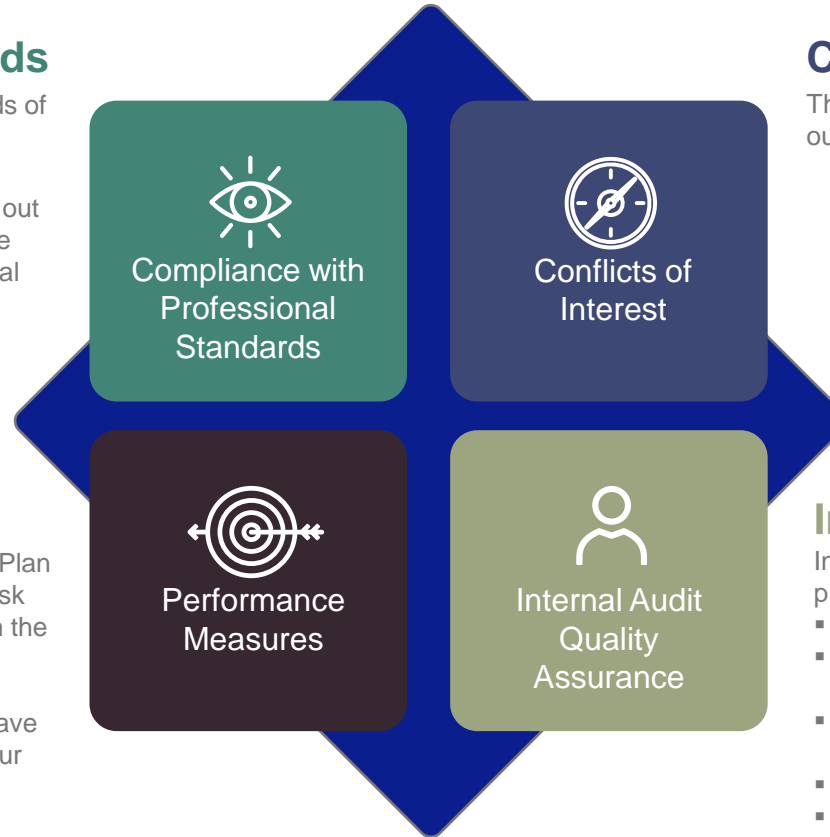
We employed a risk-based approach to determining the audit needs of the Force & OPFC at the start of the year and use a risk-based methodology in planning and conducting our audit assignments.

In fulfilling our role, we abide by the three mandatory elements set out by the Institute of Internal Auditors. Namely, the Code of Ethics, the Definition of Internal Auditing and the Standards for the Professional Practice of Internal Auditing.

Performance Measures

We have completed our audit work in accordance with the agreed Plan and each of our final reports has been reported to the Audit and Risk Committee. We have received positive feedback on our work from the Audit and Risk Committee and staff involved in the audits.

Regular planned discussions on progress against the Audit Plan have taken place with the JIAC with Performance being an item within our progress reports presented at each meeting.



Conflicts of Interest

There have been no instances during the year which have impacted on our independence and/or lead us to declare any interest.

Internal Audit Quality Assurance

In order to ensure the quality of the work we perform, we have a programme of quality measures which includes:

- Supervision of staff conducting audit work;
- Review of files of working papers and reports by Managers and Partners;
- Annual appraisal of audit staff and the development of personal development and training plans;
- Sector specific training for staff involved in the sector;
- Issuance of technical guidance to inform staff and provide instruction regarding technical issues; and
- The maintenance of the firm's Internal Audit Manual.

Appendices

A1 Definitions of Assurance



Assurance Gradings

We use categories to classify our assurance over the processes we examine, and these are defined as follows:

Assurance level	Definition
Significant	There is a sound system of internal control designed to achieve the Organisation's objectives. The control processes tested are being consistently applied.
Satisfactory	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.
Limited	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.
No	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 Gradings

To assist management in using our reports, we categorise our recommendations according to their level of priority, as follows :

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

Annual Opinion Gradings

We use categories to classify our assurance over the processes we examine, and these are defined as follows:

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

Contact us

David Hoose

Partner, Mazars

David.Hoose@Mazars.co.uk**Mark Lunn**

Manager, Mazars

Mark.Lunn@Mazars.co.uk

Mazars LLP

Tower Bridge House

St Katharine's Way

London E1W 1DD

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

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

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

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

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

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AGENDA ITEM 7B.

Internal Audit Service

Annual Report

2020-21

Duncan Wilkinson – Chief Internal Auditor

28 July 2021



Internal Audit Annual Report 2020/21

Northamptonshire Commissioner Fire & Rescue Authority

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Executive Summary

1. Introduction

1.1. The Public Sector Internal Audit Standards (PSIAS) require the 'Chief Audit Executive' to provide an Annual Report to inform the Annual Governance Statement, which is a statement of the effectiveness of the framework of governance, risk and controls in operation within the Authority. Northamptonshire Commissioner Fire and Rescue Authority's (NCFRA) Chief Audit Executive is the LGSS Chief Internal Auditor.

1.2. The Standards require the Internal Audit Annual Report to:-

- include an opinion on the overall adequacy and effectiveness of NCFRA's internal control environment,
- present a summary of the audit work on which the opinion is based,
- draw attention to any key issues that may impact on the level of assurance provided,
- provide a summary of the performance of the Service
- comment on the Audit Service's level of compliance with PSIAS.

1.3. The internal control environment comprises the NCFRA's policies, procedures and operations designed to:-

- establish and monitor the achievement of NCFRA's objectives
- facilitate policy and decision making
- ensure the economic, effective and efficient use of resources
- ensure compliance with established strategies, policies, procedures, laws and regulations
- Safeguard the NCFRA's assets and interests from losses of all kinds, including those arising from fraud or corruption.

It is the responsibility of the NCFRA to establish and maintain appropriate risk management processes, control systems, accounting records and governance arrangements.

1.4. The role of Internal Audit is to provide an assurance to the NCFRA that these arrangements are in place and operating effectively. The Annual Audit Plan sets out proposals on how this will be achieved in the year ahead. The NCFRA's response to internal audit activity (individual audit reports) should lead to the strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives.

Internal audit is best summarised through the definition within the Standards as an

"Independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".



2. Internal Audit Opinion 2020/21

- 2.1. The Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by the Northamptonshire commissioner Fire and Rescue Authority to support its governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control.
- 2.2. Recognising the struggles and challenges that Audit Sections may face in trying to abide by the requirements of PSIAS, CIPFA produced sector specific guidance on the key requirements to consider in drafting the Annual Report. The guidance highlights instances where a limitation of scope opinion would be proposed. Whilst acknowledging that as a result of the pandemic, the capacity of the fire Authority to respond to internal Audit varied depending on various factors, limitation of scope was not felt to be valid.
- 2.3. In giving this opinion, there is an understanding that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, this opinion is based on the following key requirements as set out by CIPFA:
- written reports on all internal audit work completed during the course of the year (assurance and risk); **Section 3**
 - results of any issues that have carried forward into the following year; **Section 4**
 - the results of work of other review bodies where appropriate; **Section 5**
 - the extent and adequacy of resources available to deliver the internal audit work and the proportion NCFRA's audit need that has been covered within the period; **Section 6**
 - the quality and performance of the internal audit service and the extent of compliance with the Standards. **Section 7**

Audit Opinion – 2020/21

I can confirm that sufficient assurance work has been completed to allow me to form a conclusion on the adequacy and effectiveness of Northamptonshire Commissioner Fire and Rescue Authority's internal control environment. Based on audit work undertaken during the year, in my opinion, NCFRA's framework of governance, risk management and management control is Satisfactory

Audit testing has demonstrated that controls were working in practice across key areas but a number of findings, some of which are significant, have been raised

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

Duncan Wilkinson FCMA CGMA
Chief Internal Auditor

- 2.4. The Satisfactory opinion for 2020/21 should be viewed positively. It demonstrates the direction of travel towards improvements in the control environment and should be viewed as an



achievement during the unprecedented pressures during the pandemic. It remains imperative however that there is focus and priority on those areas identified as needing to improve, in order to move the opinion to Good in 2021/22.

2.5. For context the full range of Audit Opinion categories is given below:

- **Substantial Controls** – findings show that only minimal weaknesses have been found (if any) that present very low risk.
- **Good System of Internal Control** - Findings indicate that on the whole, controls are satisfactory, although some enhancements may have been recommended.
- **Satisfactory System of Internal Control**– A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a Good audit opinion to be given.
- **Limited System of internal Control** – Findings indicate significant control weaknesses and the need for urgent remedial action. Where corrective action has started, the current remedial action is not sufficient or sufficiently progressing to address the severity of the control weaknesses identified.
- **No Assurance** - There are fundamental control weaknesses that present an unacceptable level of risk to the control environment. In simple terms this means there are no effective control systems.



3. Basis of the Opinion

3.1. Internal Audit work completed in 2020/21

3.1.1 In accordance with Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2015, the Chief Audit Executive's annual opinion, is based upon the work performed by Internal Audit during the year.

3.1.2 Work has been planned and performed so as to obtain sufficient information and explanation considered necessary, to provide evidence to give assurance on the effectiveness of the internal control system. Best use was made of Internal Audit resources during the year to maximise assurance, with Audit resource being applied to providing ongoing assurance over activities and arrangements that contributed to oversight of the control environment. The Audit Plan remained fluid throughout the year with audits being removed or introduced to reflect changing risks - agreed with the Senior management team and Audit Committee. The audit plan year end for NCFRA is 31st March 2021.

3.1.3 The opinion reflects the following positive actions taken by Management during the year, involving the Audit Service, that contributed to the control environment being maintained during the year despite the disruption of the pandemic

- Robust financial management arrangements implemented in line with CIPFA Financial Management Code, including budget monitoring and closer working between Finance, budget managers and Senior Fire Officers.
- For the most part risk management arrangements have been maintained with regular reviews and update of the strategic and operational risk registers and quarterly reports into JIAC and other governance boards.
- Real time review of procurement transactions for assurance that only essential spend was being undertaken, to better manage outgoings, cashflow and supplier payments.

3.1.4 The 2020/21 Internal Audit plan, approved by the Joint Internal Audit Committee in July 2020, was informed by Internal Audit's own assessment of risk and materiality, in addition to consultation with management, to ensure the plan aligned with key risks facing NCFRA.

3.1.5 In preparing the overall opinion, the Chief Audit Executive has reviewed all audit activity carried out during 2021 and noted any issues arising from audits that have carried forward into 2020/21. During the year, audit activity included reviews in the following areas

- Key Financial systems – reviews focused on the systems that have the highest financial risk, recording transactions within the 2020/21 financial year.
- Systems based and probity reviews - focused on those core areas where a high level of compliance is necessary for the organisation to carry out its functions properly and targeted towards key areas of high risk, as identified through consultation with senior management, risk register information, and the Internal Audit risk assessment of the organisation.
- Information Technology – focused on ensuring security over information/data and IT assets.



- Procurement/contracts –*focused on reviewing controls over contracts and procurement activity.*
- Risk and other Consultancy – *strategic support and guidance.*

All audit reviews contain assurance opinions based on the adequacy of the system of internal control in existence at the time of the audit and on the level of compliance with those controls, reflected as:

Adequacy of System	<p>SUBSTANTIAL- Substantial governance measures are in place</p> <p>GOOD - Governance measures are in place with only minor control weaknesses.</p> <p>SATISFACTORY- Systems operate to a moderate level with some control weaknesses</p> <p>LIMITED significant control weaknesses that present a high risk to the control environment.</p> <p>No ASSURANCE fundamental control weaknesses that present an unacceptable level of risk to the control environment.</p>
Compliance with the system	<p>SUBSTANTIAL- the control environment has operated as intended without exception.</p> <p>GOOD -good compliance, although some errors have been detected</p> <p>SATISFACTORY control environment has mainly operated as intended although errors have been detected</p> <p>LIMITED control environment has not operated as intended. Significant errors have been detected</p> <p>NO ASSURANCE control environment has fundamentally broken down</p>

3.1.6 The individual assignment opinion is based on the number of recommendations raised and an assessment as to the likelihood of the risk occurring and the impact to the NCFRA should the risk materialise. Individual recommendations were assessed and categorised as:

- **Essential** –*Action is imperative to ensure objectives for the area under review are met*
- **Important** – *Action is required to avoid exposure to significant risks in achieving the objectives of area under review*
- **Standard** –*Action is recommended to enhance control or improve operational efficiency*

The assurance opinion assigned to the individual audit areas reviewed during the year are as detailed below for information.

Audit type	Nos of Audits completed	System Assurance						Compliance Assurance					
		S	G	SF	L	NA	NO	S	G	SF	L	NA	NO
Key Financial Reviews	5	0	2	3	0	0	0	0	1	2	2	0	0
System Based /Probity reviews	10	0	8	2	0	0	0	0	6	2	2	0	0
Information Technology	1	0	0	1	0	0	0	0	0	1	0	0	0

S=substantial; G=good; SF=satisfactory; L= Limited; NA= no assurance; NO= No Opinion



- 3.1.6 During 2020/21 there were 4 audit reviews where our opinion was a “limited” assurance opinion against the system design or compliance with system controls. Where finalised, these audits have been reported to committee during the year and the number of recommendations raised and their categories were as follows:

Audit Activity	No. of Essential Recs	No. of Important Recs	No of standard Recs	Key Issues
Asset Management	3	10	2	<ul style="list-style-type: none"> No inventory checks Existence not confirmed No action on missing items
Financial Controls Environment	2	0	2	<ul style="list-style-type: none"> Main Bank Account overdrawn Q1-Q3 Reconciliations not completed in time
Procurement & Stock control	3	2	0	<ul style="list-style-type: none"> Separation of duties not evident Items purchased not held by Stores Quotes not always obtained
AP/AR/Payroll 2019/20	3	6	1	<ul style="list-style-type: none"> Retrospective or no Purchase orders Contracts not always in place to support payments Payroll overpayment not recovered

See **Annex A** for the audit assignments and the assurance levels given

3.2. Recommendation Action Status

- 3.2.1 In preparing the overall opinion, the Chief Audit Executive has reviewed the implementation status of recommendations raised during the year as a measure of how the organisation has improved the controls once identified. Full implementation of all agreed actions is essential if the benefits of the control improvements detailed in each individual audit report are to be realised.
- 3.2.2 In line with the current Internal Audit methodology only agreed actions that have been assessed as ‘Essential’ or ‘Important’, and that have reached their agreed target implementation date, are specifically followed up. This involves obtaining managements’ confirmation of implementation together with appropriate evidence to support the implementation.
- 3.2.3 An overview of agreed actions and the implementation of actions in 2020/21 is summarised in Tables 1 and 2, below which shows the status as at 31/5/2021.

Table 1: Total Agreed Management Actions 2020/21 (Final/draft Reports)

	Essential	Important	Standard	Total
Number	11	25	12	48
%	23%	52%	25%	100%



Table 2: Implementation of Agreed Management Actions as at 2020/21 (Final/draft Reports)

	Essential Actions	Important Actions	Standard Actions	Total
Recs open as at 30/04/20	1	0	0	1
Recs agreed during 2020/21	11	25	12	48
TOTAL	12	25	12	49
Implemented	3	2	5	10
Outstanding 30/4/21	9	23	7	39
Recs with revised dates	0	3	3	6
Agreed Implementation date is after 31 st March 2021	9	20	4	33

3.2.4 Where the agreed implementation date for an action is after 31st March 2021, these actions are scheduled to be followed up as part of the 2021/22 Audit Plan and reported within the regular Internal Audit Update reports submitted to Audit Committee. NB For Standard recommendations, Internal Audit receives verbal confirmation, but evidence of this is not sought as a proportionate use of IA resource consistent with best practice.

4. Other Key Issues

- 4.1 In preparing the overall opinion, the Chief Audit Executive has to review Issues having a bearing on 2020/21 opinion, carried forward into 2021/22.
- 4.2 The ongoing financial and other impact of the pandemic crisis that resulted in national lock downs for most of the year has undoubtedly changed the operational landscape and potentially increased the risk profile of NCFRA during 2020/21, and audit resource was dedicated to providing assurance to the Chief Finance Officer on expenditure made during the lockdown . The lock down also impacted on the timing of audits scheduled for 2020-21, which meant Plan work started later than planned.
- 4.3 The Future Northants changes applicable with effect from 1st April 2021 which may have an impact on core financial processes previously provided for NCFRA by the former County Council.

5. Other work and work of other assurance providers

- 5.1 In 2020/21, Internal Audit has continued to maintain a focus on review of financial and other policies and procedures to ensure that these are: up to date; fit for purpose; effectively communicated and routinely complied with across the organisation.
- 5.2 The outcomes from follow up inspections by HMIRC during the year were all positive. The majority of recommendations for improvements made had all been implemented. A follow up inspection from HMIRC is due in June/July 2021 and management are confident of a clean bill of health.



- 5.3 External Audit of NCFRA's 3months accounts for 18/19 and the first full year accounts for 19/20 did not identify any issues or areas of non- compliance. The Authority's Financial Statements for the 19/20 were signed off on 31 March 2021, with unqualified opinions again for the accounts and the VFM. The 2020/21 accounts have been produced but the external audit review is ongoing and its arrangements to secure economy, efficiency and effectiveness in its use of resources - (the value for money conclusion) is yet to be determined.

6. Internal Audit Resources

- 6.1 As a Shared Service, staff within Internal Audit and Risk are expected to occasionally work across partner sites. Throughout 2020/21, there was sufficient resource and the benefits of shared provision working approach was fully exploited with staff being used from across the Partnership, to ensure that the Plan would be delivered soon after year end.

7. Service Performance and Quality

7.1 Plan Delivery

- 7.1.1 The Fire Authority's Internal Audit Plan for 2020/21 was agreed in July 2020 with a target of 95% completion to draft report by 31st March 2021.
- 7.1.2 As at the 31/05/21 76% of planned audits were at final stage with 24% (4 audits) at advance stage of progress with the anticipated completion to draft report for 30/06/2021.
- 7.1.3 As at the end of March 2021, the team's productivity is at 90% in line with the target of 90%.

7.2 Customer Feedback

- 7.2.1 Continuous development in the quality of the internal audit service remains a key objective, particularly following the collaboration with other clients. In order to obtain feedback from the organisation, when final reports are issued, a link to an online Customer Feedback Questionnaire is provided to all officers who receive the final report. Respondents are requested to rate the overall satisfaction with regards to audit, with four options from Excellent – Poor. Respondents also have the opportunity to provide more specific detailed feedback.
- 7.2.2 For the financial year 2020-21, customer surveys were temporarily suspended as a result of the pandemic but issuing of questionnaires will be resumed for final reports for 2021/22.

7.3 Quality Assurance & Service Development

- 7.3.1 The Audit Charter provides a formally defined purpose of Internal Audit for the partners, thus ensuring conflict of interest is avoided. Our code of conduct requires auditors to complete both an annual declaration as well as an assignment declaration for each audit undertaken.



- 7.3.2 The charter and strategy are reviewed annually to ensure they continue to reflect best practice and are approved by the Audit committee. The charter was approved at the meeting of March 2020.
- 7.3.3 Our work is guided by an Audit Manual based on the Public Sector Internal Audit Standards (PSIAS), which references our processes and documents, and working papers are designed to ensure consistency of delivery and adherence to auditing standards.
- 7.3.4 Development needs are identified through monthly one to one meetings with staff and the annual appraisals.

7.4 Compliance with PSIAS

- 7.4.1 PSIAS, with regular internal review of processes and actions taken as appropriate. An internal review of the processes for documenting audit findings identified a need for improvement and options are being explored to address this. All of the improvement actions identified in the external review of 2016/17 were implemented and reported during 2017/18.
- 7.4.2 Throughout 2020/21 the Internal Audit Service worked in line with the Public Sector Internal Audit Standards.
- 7.4.3 An external review of the service is scheduled for 2021/22 consistent with PSIAS requirements. With the implementation of new Audit software as at 1st April 2021 and the changes (still pending) from the shared service issues arising from Future Northants this is scheduled for quarter 3.



ANNEX A

Summary of Reviews Completed 2020-21

The table below summarizes the Internal Audit reviews that were completed during the 2020-21 financial year as at June 2021

AUDIT TITLE	STATUS	Control Environment Assurance	Compliance Assurance	Organisational Impact of findings
Grenfell Action Plan	Final Report	Good	Good	Minor
C19 Spend Analysis	Final Report	Good	Satisfactory	Minor
C19 Contracts payment analysis	Final Report	Good	Satisfactory	Minor
Asset Management	Final Report	Satisfactory	Limited	Moderate
Financial Controls Environment	Final Report	Satisfactory	Limited	Moderate
Procurement & Stock control	Final Report	Satisfactory	Limited	Moderate
Key Policies	Final Report	Good	Good	Minor
ICT Governance Review	Final Report	Satisfactory	Satisfactory	Minor
Organisational Governance	Final Report	Good	Good	Minor
Target Operating Model	Final Report	Good	Good	Minor
Payroll	Draft Report	Good	Satisfactory	Minor
Accounts payable	Draft Report	Good	Satisfactory	Minor
Accounts Receivable	Draft Report	Good	Satisfactory	Minor
MTFP/ Budgetary Controls	Draft Report	Good	Good	Minor
HMIRC – Outcomes	Cancelled	N/A	N/A	
Brought forward –2019-20				
Accounts Payable	Final Report	Good	Limited	Moderate
Accounts Receivable	Final Report	Satisfactory	Satisfactory	Minor
Payroll	Final Report	Satisfactory	Satisfactory	Minor
Target Operating Module	Final Report	Good	Good	Minor
Medium Term Financial Planning	Final Report	Good	Good	Minor





AGENDA ITEM 8A. i

Report to the Joint Independent Audit Committee 28 July 2021

Internal Audit Recommendations Summary Report

RECOMMENDATION

The Committee is asked to note this report.

1 PURPOSE OF THE REPORT

- 1.1 This report provides the Joint Independent Audit Committee (JIAC) with an update on the status of actions arising from recommendations made in internal audit reports.
- 1.2 The report contains actions arising from audits of Northamptonshire Police and the Office of Northamptonshire Police, Fire and Crime Commissioner and East Midlands Collaboration Units.
- 1.3 The attached Summary of Internal Audit Recommendations Report shows details and the current status of all open audit actions.
- 1.4 The Force Assurance Board has oversight of all outstanding audit actions and directs the activities required to complete any actions that have passed their targeted implementation date.

2 NORTHAMPTONSHIRE AUDITS

2.1 Overall Status

- The report shows twenty-eight actions that were open following the last JIAC meeting or have subsequently been added.
- Eleven actions have been completed and are closed.
- Sixteen actions remain ongoing.
- One action has passed its implementation date and is overdue.

3 OVERVIEW

3.1 2019/20 Audits

- Eight audits were completed making twenty recommendations.
- All twenty recommendations made have since been completed and are closed.

3.2 2020/21 Audits

- Eight audits have been completed making twenty-eight recommendations. The most recent audit carried out in June 2021,

relates to Performance Management. Based on the findings, a rating of Substantial Assurance was given, and only recommendation made with a priority level of three. Further details can be found in the attached Summary of Internal Audit Recommendations Report.

- Eleven actions have been completed and are closed.
- Sixteen recommendations have not reached their implementation date and are ongoing.
- One recommendation has passed its implementation date and is overdue. This relates to Health & Safety (4.2), this action has been brought forward within the H&S Action Plan. The Head of Estates and Facilities has already identified some of the standalone policies that are required, of which some are already drafted and to be introduced to the Committee in August. Although this action has passed its initial timescale of May 2021, significant progress has been made to ensure standalone policies are reviewed at the H&S Committee in August.

4 COLLABORATION AUDITS

4.1 2018/19 Audits

- Three audits were completed making thirteen recommendations.
- All thirteen recommendations made have since been completed, the most recent action completed relates to Strategic Financial Planning (4.4). Further details can be found in the attached Summary of Internal Recommendations Report.

4.2 2019/20 Audits

- Two audits were completed making eleven recommendations.
- Only one action remains open which relates to Performance Management (4.3). This recommendation has been partially completed but there are actions which are ongoing or overdue.

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

None

HUMAN RESOURCES IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

None.

ENVIRONMENTAL IMPLICATIONS

None

Author: Megan Roberts,
Strategic Development, Risk and Business
Continuity Advisor

Chief Officer Portfolio Holder: Simon Nickless, Deputy Chief Constable

Background Papers: Quarterly Summary of Internal Audit
Recommendations June 2021

INTERNAL AUDIT RECOMMENDATIONS DASHBOARD**Summary of Audit Outcomes**

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance or Significant Assurance. Some thematic audits are advisory only and not graded. Recommendations are prioritised as Priority 1 (Fundamental), Priority 2 (Significant) or Priority 3 (Housekeeping) to reflect the assessment of risk associated with the control weaknesses.

Northants Audits**2020/21**

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Fleet Management	27 August 2020	Limited Assurance	0	5	2
Procurement	02 December 2020	Limited Assurance	1	2	0
Health & Safety	23 February 2021	Limited Assurance	1	3	1
GDPR Follow Up	10 May 2021	Limited Assurance	1	0	0
IT Security	04 May 2021	Limited Assurance	2	1	1
Core Financials	01 March 2021	Significant Assurance	0	0	3
Workforce Planning	26 April 2021	Satisfactory Assurance	0	4	0
Performance Management	16 June 2021	Significant Assurance	0	0	1

Summary of Audit Recommendations Progress

This table shows a summary of the progress made on new audit recommendations raised at each JIAC during the current year and annual totals for previous years where audit recommendations are still active.

2020/21 AUDITS	RECOMMENDATIONS MADE	RED	AMBER	GREEN
Fleet Management	7	0	5	2
Procurement	3	0	1	2
Health & Safety	5	1	2	2
GDPR Follow Up	1	0	1	0
IT Security	4	0	3	1
Core Financials	3	0	0	3
Workforce Planning	4	0	3	1
Performance Management	1	0	1	0
Totals	28	1	16	11

2021/22 AUDITS	RECOMMENDATIONS MADE	RED	AMBER	GREEN

OUTSTANDING RECOMMENDATIONS

Key to Status



Action completed since last report



Action ongoing



Action outstanding and past its agreed implementation date



Action no longer applicable or superseded by later audit action

2020/21

Fleet Management – August 2020

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.1	<p>Tailpipe Emissions Target</p> <p><i>Observation:</i> As part of the Transport Strategy 2017-2021, the Force has set a target to reduce tailpipe emissions by 31% by 2020, in accordance with the Climate Change Act. The Transport Manager is responsible for monitoring this metric. Audit have noted that the Force have not updated the monitoring spreadsheet in place for this since May 2016. Therefore, there is insufficient evidence in place to confirm performance against the target.</p> <p><i>Risk:</i> The Force are unable to demonstrate one of the objectives set out in the Transport Strategy has been met effectively. Failure to reduce emissions in accordance with Climate Change Act.</p>	<p>The Force should ensure that there is a robust monitoring mechanism in place, to monitor the tailpipe emissions for the Force’s fleet. Carbon emission data should be taken into consideration by the Force when procuring new vehicles.</p>	2	<p>Following audit, figures have been put together from management information regarding all aspects of travel rail, flights, fuel etc and we are looking to extrapolate essential mileage from the MFSS system to give us correct figures. I have asked one of our data analysts to put this into a spreadsheet, graph to show our current usage and set a target for 2023. I am currently looking at suitable hybrid vehicles which are feasible for use and Estates are looking at the implementation of charging points across the Force which will enable me to purchase pure electric vehicles for non-response teams.</p> <p>Transport Strategy and Implementation Plan</p> <p>Update 03/12/20 - We currently do not have a mechanism to monitor emissions on our vehicles I have asked for a carbon report to be built within the new FMS and Fuel system, currently we have a manual report which identifies our carbon usage and have asked if this can be put in to graph form.</p>	<p>March 2021 Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>Update 23/03/21 - The Transport Team now have a report that tracks CO2. The fuel ordered is monitored against usage and kept updated monthly as per the fuel reports submissions - The transport manager has also actively removed the majority of the fleet that was registered before 2015. This has increased the overall MPG and reduced the carbon footprint that the Force produces. Moving forwards this will be improved further by the implementation of a Telematics solution.</p> <p>Update 15/06/2021 – No further updates from the last period, most of the requirements will be rectified with the implementation of new Fleet Management system and Telematics which hopefully will be later this year and we will be in a considerably improved position for our next audit.</p>		
4.2	<p>Fleet Availability <i>Observation:</i> Through discussions with the Head of Transport, it was found that the Force has set an informal target of ensuring fleet availability is at 95% at all times. However, there is no internal report that can be generated to provide this figure and audit noted that performance against this target is not reported anywhere. Audit undertook a recalculation of the Force's fleet availability (as at 24th July 2020) and noted the Force's fleet availability stood at 93.7%, which is below the 95% target. <i>Risk:</i> The Force are unable to demonstrate the servicing of vehicles is being scheduled effectively.</p>	<p>The Force should ensure that scheduling of repairs or services of vehicles take into consideration when calculating fleet availability. The Force should ensure that there is effective monitoring of their fleet availability.</p>	3	<p>With the introduction of a fit for purpose up to date Fleet Management system this will enable KPI data and productivity figures within the workshop environment. Also providing improved data integrity.</p> <p>Implementation of new Fleet Management System with agreed KPI's including vehicle availability</p> <p>Update 28/10/20 – Pending the introduction of the new system the force will continue to use the existing Fleet Management System which, while not ideal, does hold details of vehicles, mileage etc.</p> <p>Update 03/12/20 - The FMS is automated there will be no requirement for paper job</p>	March 2022 Theresa Cheney	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>cards to be produced as the technicians will be using tablets and all jobs will be raised and closed on the system reducing the human error aspect and delays from opening/closing job cards which currently is a manual process. With telematics/mileage app feeding via app into the FMS and scheduling module the servicing mileages will be up to date daily.</p> <p>Update 15/06/2021 – No further updates from the last period, most of the requirements will be rectified with the implementation of new Fleet Management system and Telematics which hopefully will be later this year and we will be in a considerably improved position for our next audit.</p>		
4.3	<p>Servicing of Vehicles <i>Observation:</i> There is a schedule in place at the Force that sets the parameters for the interval period at which services are undertaken for vehicles. Audit were advised that mileage of vehicles is tracked and then the mileage dictates when services are due. The interval period depends on the vehicle type, and is as follows:</p> <ul style="list-style-type: none"> • ARV's (Armed Response Vehicles) – serviced every 6,000 miles; • Response Unit's – serviced every 8,000 miles and; • All other vehicles – serviced every 10,000 miles. <p>There has been a change in the interval periods since the previous audit, as the Force has decided to service response units (which were previously serviced every 6,000 miles driven), to now be serviced every 8,000 miles. This is because response units do not undergo the same level of intensity as the ARV's. Whilst these service intervals are set, it is also noted</p>	<p>The Force should ensure the servicing of vehicles is carried out in line with the schedule set out. This should be supported through accurately tracking the mileage of vehicles, and ensuring these are booked in for the required work in a timely manner, particularly for vehicles that the manufacturer stipulates should have their oil changed every 6,000 miles.</p>	2	<p>With the introduction of a new fully automated Fleet Management System connected to a Telematics or Fuel system providing up to date mileages and vehicle check data these issues would be resolved. Our current paper process is outdated and time consuming by using tablets within the workshop environment the updates will be instant and the data integrity will be greatly improved. The service schedules set are a guide and a cushion is built in for additional mileage incurred this has to be done to enable an unforeseen lack of vehicles due to (RTC, Defect which cannot be planned for)</p> <p>Looking to invest in a new telematics solution which will enable direct accurate mileage data from vehicle canbus to Fleet management system.</p>	<p>March 2022 Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>that to ensure manufacturer warranties remain valid, certain work must be completed at set intervals, such as oil changes every 6,000 miles. Audit reviewed a sample of 15 vehicles to ensure the service of the vehicle is being carried out in line with the parameters set in the servicing schedule. From the testing undertaken, audit noted seven vehicles that have not been serviced in line with the servicing schedule, with the following results:</p> <ul style="list-style-type: none"> • Four ARV's which were serviced after the 6,000 mile interval (ranging between 6,900 – 11,600 miles after the previous service); • One ARV which was serviced after approximately 4,000 miles; • One vehicle that was not serviced after the 12 month interval; • One response vehicle being serviced after 8,700 miles after the previous service (as opposed to 8,000) and; • One response vehicle was serviced after approximately 6,800 miles after the previous service (as opposed to 8,000 miles). <p><i>Risk:</i> Non-compliance with the Force's servicing schedule, does not demonstrate value for money for services that are being undertaken before their due date.</p> <p>The Force cannot demonstrate value for money is being achieved for services completed after their due date, as this increases the likelihood of further costs being incurred later in the life of that vehicle.</p> <p>Increased risk to the safety of officers, as a result of delayed services of ARV's.</p>			<p>Update 28/10/20 – As per 4.2</p> <p>Update 04/6/21 – As part 4.2 (Tranman upgrade has been approved and is currently with Mint).</p>		
4.4	<p>TranMan Record</p> <p><i>Observation:</i> A job card is generated for each time a vehicle is repaired/serviced at the Force's workshop. This is a paper copy which lists details pertaining to the vehicle, including the mileage and registration, the reason why the vehicle has been called into the workshop and details of the work undertaken including parts used, their costs and any labour costs. This paper based data then requires manual input into</p>	<p>The Force should ensure the records held on the TranMan system are accurate, as the Force utilises the TranMan system to coordinate the servicing programme. Furthermore, the Force should explore the possibility of moving</p>	2	<p>Due to the current paper based process the timings between closure of job cards and manual input onto the system creates the issue. As per management comments to 4.3 above the new system with tablets will replace this entire process and ensure the Fleet Management System remains accurate and correct.</p>	<p>March 2022 Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>the TranMan system.</p> <p>Audit reviewed a sample of 10 vehicles to ensure the records of vehicles recorded on the TranMan system are up to date and can be reconciled back to the respective job cards.</p> <p>Audit testing found five instances where the record of the vehicle held on TranMan did not reconcile with the information recorded on the physical job card. The discrepancies occurred on the following vehicle records:</p> <ul style="list-style-type: none"> • KX12FKY • VK63RJJ • KX65DOH • FV63EBM • KX12DVF <p>Furthermore, audit noted one vehicle (KS53RYB), which last had a service and MOT completed on 04/02/2020. However, the service and MOT prior to this was completed on 06/12/17 – demonstrating in a delay of over two years. Audit queried this with management and were advised during those two years, this vehicle was being used as a training vehicle and therefore had not left the site. However, audit were not provided with sufficient evidence to support this.</p> <p><i>Risk:</i> Records held in TranMan are not accurate, which could render the servicing and maintenance programme ineffective, as services and MOT's will not be undertaken at the right time.</p> <p>Furthermore, the Force's servicing programme does not represent value for money.</p>	<p>away from an over reliance on physical copies of job cards, thus reducing the risk of human error. This can be done by exploring ways to integrate the process of inputting data of completed services into the fleet management system automatically.</p>		<p>Update 28/10/20 – As per 4.2</p> <p>Update 04/6/21 – As per 4.2 (Tranman upgrade has been approved and is currently with Mint).</p>		
4.5	<p>Jobs raised on TranMan</p> <p><i>Observation:</i> Jobs are raised on the TranMan system when work is required on the vehicle, these are categorised as – Services, MOTs or defect jobs (other types of job). As the use of Physical Job Cards requires manual input into TranMan (see 4.4 above) jobs are only closed when they have been input. Audit reviewed the TranMan dashboard, which provides an overview of any outstanding/upcoming jobs pertaining to the Force's fleet and noted the following results:</p>	<p>The Force should ensure that jobs raised on the TranMan system are accurately categorised with priority level and timescales for completion. This will allow greater clarity of the performance of the technicians, and permit better management of the servicing programme including</p>	3	<p>Unfortunately there is a large cost implication to change the Dashboard configuration but with the introduction of the Fleet Management system the dashboard can be configured accordingly.</p> <p>Update 28/10/20 – As per 4.2</p>	<p>March 2022 Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<ul style="list-style-type: none"> • 167 Services due in the next four weeks • 0 services overdue for more than seven days • 121 defect jobs over seven days • 0 MOTs overdue • 19 MOTs due in the next seven days • 271 jobs over seven days old <p>Audit queried the reason as to why 271 jobs were over seven days old, and were advised this is a result of the following issues:</p> <ul style="list-style-type: none"> • Service jobs and MOT's which have been raised before their due date and therefore cannot be closed until these are completed; and • Service jobs and MOT's which have been completed, but the corresponding record on TranMan has not been updated. <p>The latter issue has been caused because the member of staff responsible for updating the TranMan system has been shielding due to Covid-19 and has only acquired a work laptop in the last three weeks. Furthermore, the use of paper job cards has contributed to the time lag, as these have to be delivered to the member of staff who is shielding at home, after the service or repair job is completed. Audit also queried the existence of 121 defect jobs that are more than seven days old, and noted that these jobs related to minor defects and minor RTC's which will not be rectified until the vehicle is booked in for a service.</p> <p><i>Risk:</i> The scheduling of services and repairs cannot be carried out effectively. Performance reports produced are not accurate.</p>	<p>scheduling services effectively, particularly as the Force rely on manual insertion of data from physical job cards.</p> <p>The TranMan dashboard should be updated to show a clearer picture of outstanding work needed on the Fleet, this should include appropriate prioritisation of the jobs that have been raised.</p> <p>Furthermore, where a defect job relates to a minor RTC, the Force should ensure these are categorised accurately, so as to prevent the convolution of the different defect jobs, all of which warrant different priority levels.</p>		Update 04/6/21 – As per 4.2 (Tranman upgrade has been approved and is currently with Mint).		
4.6	<p>Replacement of Vehicles</p> <p><i>Observation:</i> From a review of the Vehicle Replacement Policy Schedule 2020-21, audit noted there is a guidance document which indicates the replacement interval for each vehicle model, based on the vehicle life and the mileage with no vehicle having a vehicle life beyond 10 years. However the schedule mentions that certain vehicles, namely Response and Neighbourhood vehicles, will be reviewed at 100,000</p>	<p>The Force should clarify their position regarding what their priorities are relating to older vehicles, whether this is to ensure that the maximum utilisation is sourced from the vehicle or whether priority is to be given to the tailpipe</p>	2	<p>The replacement programme is currently based on mileage and age and role of vehicle but emissions will start to factor more prominently in the coming years and this will be part of the replacement programme. After this end of financial year we will be in a much better position with the</p>	<p>March 2021 Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>miles so that it is not necessary that the age of these vehicles will be given priority, as mileage is considered the cost effective parameter.</p> <p>Audit reviewed the list of vehicles that the Force has in the fleet and noted 46 vehicles that were older than 10 years. All 46 vehicles were raised with management, and it has been noted that these are pending replacement.</p> <p>From a review of 23 of these vehicles, it was noted the Force has either replaced, is planning to replace, is salvaging or auctioning 16 of these vehicles. For the remainder of vehicles, the Force had a sound reasoning why vehicles were being retained, including vehicles that are being used as training vehicles but with mileage in excess of 100,000. However per the current guidance retaining vehicles beyond ten years is contrary to the guidance provided in the Vehicle Replacement Policy.</p> <p>Moreover, through discussions with the Head of Transport, it has been noted that the Force intends to replace vehicles pre-2015 due to the changes in the regulations relating to emissions under the Road Vehicle Emission Performance Standards. However this is not currently factored into the existing Vehicle Replacement Policy.</p> <p><i>Risk:</i> The Force are unable to demonstrate alignment to their carbon emission objectives, through the retention of older vehicles.</p> <p>Non-compliance of the guidance provided in the Vehicle Replacement Policy, as the vehicles used for training are over 100,000 miles.</p>	<p>emissions objectives.</p> <p>Once a clear approach has been agreed, a longer term replacement schedule should be drafted to support the future capital requirements to meet the fleet replacement needs.</p>		<p>replacement/removal of older vehicles.</p> <p>The training vehicles are not driven mainly used for searches, prisoner scenarios and would not be cost effective to purchase a vehicle solely for that use as it would use minimal mileage, hence the retention of high mileage/age vehicle which are at end of life.</p> <p>Transport Strategy and Replacement programme will be reviewed to reflect the needs of the Force whilst being mindful of the emissions objectives.</p> <p>Update 03/12/20 - No decision has been made around purchasing the vehicles according to emissions due to the nature of the emergency vehicles. We are currently looking at an EV scoping review to advise on charging infrastructure as without this we are unable to purchase fully electric vehicles.</p> <p>Update 23/03/21 - This has been reviewed and the bulk of the mentioned 2015 vehicles have been removed from the fleet. The new Transport Strategy will include the requirement of the Force to be able to utilise their fleet assets as required by the wider operational needs, such as the ability to retain vehicles past 10 years for training purposes or for use as Ghost vehicles. These usages are an essential operational tool and were missed for the previous Transport Strategy but will be built into the new Fleet Strategy to be in place by the end of 2021.</p> <p>Update 15/06/2021 - No further updates from the last period, most of the requirements will be rectified with the implementation of new Fleet Management</p>		

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				system and Telematics which hopefully will be later this year and we will be in a considerably improved position for our next audit.		
4.7	<p>Lack of Performance Monitoring and Reporting <i>Observation:</i> There are no arrangements in place to monitor performance against the Transport Strategy, and as such the Force is unable to demonstrate adherence to the OPFCC's strategic objectives set out in the Police and Crime Plan 2019-2021, particularly ensuring the service is the most efficient and effective it can be. The performance in the workshop is not monitored due to the ineffectiveness of the TranMan system and the integrity of the data recorded within the system. There is no management information available which robustly monitors performance against the Transport Strategy. This prevents the Force from demonstrating value for money has been achieved in the management of the Transport vehicles. Furthermore, these vehicles are considered to be valuable public assets and the Force are unable to demonstrate robust scrutiny of performance has therefore taken place. <i>Risk:</i> There is an insufficient oversight over Transport, and improvement opportunities are missed through a lack of scrutiny.</p>	<p>The Force should effectively scrutinise the performance of the Transport department, and frequently set performance objectives to ensure the department's operations represent value for money to the Force. This should include the production of performance reports, which monitor a set of KPI's the Force aims to achieve from the fleet. Furthermore, the Force should undertake an exercise to quantify the amount of productive time the Force is losing due to manually inputting data into the TranMan system. This will enable the Force to better understand the additional costs being incurred as a result of the current system. This exercise could also include assessing the cost of holding inaccurate data and the impact this is having on the servicing programme. The result of this will enable the Force to effectively compare the advantages against the disadvantages of the current TranMan system.</p>	2	<p>As noted in comments above - Implementation of new Fleet Management System will enable with agreed KPI's to be set that can be easily reported on.</p> <p>Update 28/10/20 – As per 4.2</p> <p>Update 03/12/20 - The current KPI is 95% availability which we have maintained this year, this again is a manual report and an automated report is being built in to the FMS.</p> <p>Update 04/6/21 – New KPI reports are now in place and monthly / quarterly review packs are being created for release. This combined with the upcoming Tranman upgrade will allow improved monitoring of fleet management and reporting.</p>	March 2022 Theresa Cheney	

Procurement – November 2020

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>Corporate Governance Framework</p> <p><i>Observation:</i> The Corporate Governance Framework is the joint central document for the Force and OPFCC's financial operations and details the systems in place for Procurement activity, in addition to the regulations that the Force and OPFCC must be held accountable to.</p> <p>It has been noted that the Framework was last approved in April 2018 and the framework does not indicate when the next review and updated approval should be.</p> <p>Audit were informed that a review of the Corporate Governance Framework is currently underway.</p> <p><i>Risk:</i> The Framework for the Force and OPFCC is not aligned with working practices, in particular relating to Procurement.</p>	<p>The Corporate Governance Framework and supporting scheme of delegation should be updated.</p> <p>Once updated a regular review of the document should be scheduled, to ensure it remains aligned to Force and OPFCC working arrangements</p>	2	<p>The Joint Policing Corporate Governance Framework had a thorough review in 2018/19 and took into account best practice. It also applied a consistent approach across the region. A review of the Joint CGF commenced in 2020 and has almost been completed. It is anticipated that this review will be finalised and the updated CGF published by 31 March 2021. The CGF will continue to be reviewed regularly, given the size and content it is anticipated that this will be every two years and/or following the appointment of a new PFCC and CC.</p> <p>Update 27/04/21 – The framework is nearly complete but needs some final changes. Anticipated to be complete by the end of May 21.</p> <p>Update 04/06/2021 – A more thorough review is being undertaken by the new Head of Commercial post, which will deliver a more robust and cogent document by end of June 21.</p>	<p>1 April 2021</p> <p>PFCC/CC S151 Chief Finance Officers</p> <p>Based upon the latest update we have acknowledged the due date. Status has been changed to Amber to reflect a new estimated completion date of June 2021.</p>	
4.2	<p>Variation Approval</p> <p><i>Observation:</i> Audit have noted that for contract variations, the approval is subject to the standard procurement thresholds.</p> <p>Furthermore, the Framework states that amendments for Major Projects (exceed £250k) should be referred to the PFCC if there is an increase of the higher of 5% or £5,000.</p> <p>Audit identified one variation for a Major Projects contract (Faithful + Gould), where the initial contract value was for £352,535.00. A subsequent variation</p>	<p>The Force and OPFCC should seek retrospective approval for the Faithful + Gould variation made.</p> <p>The Force and OPFCC should ensure that there is clarity over the process to be followed for a variation to a Major Project.</p> <p>In all instances, the delegated authority limits should be followed in the approval of spend.</p>	1	<p>The Head of Estates and Facilities will be reminded of the delegated responsibilities and that all contractual documentation must be passed through the Procurement Adviser</p> <p>The Head of Estates and Facilities will work with the Procurement Adviser to ensure that a retrospective Contract variation is</p>	<p>January 2021</p> <p>ACO Police & Fire</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>was made for £29,454.50 + VAT, which exceeds 5% of the initial contract value. This means that PFCC approval should have been sought, however this was approved by the Budget Holder for Estates & Facilities. In addition to this, the Framework stipulates for contract variations delegated authority limits must be followed. In this instance, the approval value for this variation exceeded the budget holder's authority limit.</p> <p><i>Risk:</i> The Force & OPFCC breach their Corporate Governance Framework.</p> <p>Variations undermine the original procurement process.</p>			<p>considered by the PFCC in line with proper process.</p> <p>The ACO Police and Fire will discuss these areas with the Head of Estates and Facilities to ensure that the correct processes are followed, and a retrospective approval is sought in this instance.</p> <p>Update 09/02/21 – This work has been delayed and will now be complete by the end of February.</p> <p>Update 28/04/21 – Awaiting completion of Mint's elements before submission to the OPFCC.</p> <p>04/06/2021 – The variation has now been signed by the PFCC and the signed version is now filed on the Crystal record for the contract (CN1002494). Action to be closed.</p> <p>CLOSED</p>		
4.3	<p>Contract Spend Analysis</p> <p><i>Observation:</i> Audit note that there is currently no analysis completed on year on year spend, significant variances or identification of cost saving opportunities that arise.</p> <p>At present, it has been noted that Northamptonshire are currently developing a reporting pack. Through discussions with Management, audit have been advised that incorporating contract spend analysis into this reporting is scheduled to be undertaken.</p> <p><i>Risk:</i> The Force and OPFCC fail to identify opportunities to deliver value for money opportunities. There is a lack of oversight over contract spend.</p>	<p>The Force and OPFCC should complete the production of reporting pack, with inclusion of contract spend analysis.</p>	2	<p>The new procurement structures and arrangements were implemented in October 2020. Contract expenditure and other management information is scheduled for regular production and review under the new arrangements.</p> <p>Update 09/02/21 - the first contract review meeting has been held with Mint and we have re-stipulated the performance information we require.</p> <p>Update 07/06/21 – The Performance Information from Mint has not to date been finalised. However, the new Head of</p>	<p>April 2021</p> <p>CC Chief Finance Officer and Procurement Engagement Partner</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				Commercial has been able to utilise internal information and undertake a spend analysis. This has identified areas where efficiencies and savings could be made. These have been shared with the Eps for discussions with department leads at their next commercial pipeline meetings. Work has also been undertaken to ensure reporting is in place more easily within the new finance system This review shall now be undertaken quarterly by the Head of Commercial Services. Despite the delays with Mint info, we are confident that this action is now complete.		

Health & Safety – February 2021

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>Intranet Page</p> <p><i>Observation:</i> The Force uses the intranet pages to share key documentation, such as policies and procedures with staff. There is a Health & Safety section of the intranet to allow the documentation to be shared. However, through a walkthrough performed of the Force intranet, it was noted that health and safety guidance has not been uploaded in a user friendly manner. The current documents are stored on both the health and safety and policy library sections of the intranet. Therefore, key documentation is not easily accessible. Through discussion with management it was noted that an update to the intranet pages is due to take place in April 2021.</p> <p><i>Risk:</i> Health and Safety is insufficiently promoted at the Force. Staff and Officers are unable to locate health and safety guidance and therefore inconsistent practices are followed.</p>	The Force should ensure that the intranet page has clarity on each element of health and safety. Health and Safety guidance documents should be uploaded in a user friendly method.	3	<p>Agreed. Health & Safety documentation is with the wider Estates and Facilities umbrella at present. Work has been started to create a more dynamic and engaging environment along with visible entity for this topic.</p> <p>Update 14/06/2021 – This site has become live and is being populated with current documents and templates before formally launched.</p>	Estates and Facilities Health and safety Manager to have completed new visible entity by 1 June 2021	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.2	<p>Policies and Procedures</p> <p><i>Observation:</i> The Force have a Health & Safety Manual that is the overarching guidance document. Audit reviewed the manual and it is noted that it does not provide sufficient guidance to staff and officers in processing key tasks, such as the reporting of an accident or an incident.</p> <p>In addition, the manual is not supported by standalone policies and procedures.</p> <p>Furthermore, there is no requirement included for a regular review and updated of the manual.</p> <p><i>Risk:</i> Insufficient guidance is provided to staff and officers in relation to health and safety.</p> <p>The Force do not meet their health and safety objectives.</p> <p>There is non-compliance to the joint health and safety policy statement.</p>	<p>The Force should determine the areas of health and safety where a standalone policy / procedure documents are required. Once these guidance documents have been produced, they should be referenced within the health & safety manual.</p> <p>The Force should ensure that all health and safety policy and procedural guidance documents, including the health and safety manual are subject to regular review. Where appropriate, version control should be utilised within the guidance documents.</p>	2	<p>Agreed. to confirm with H&S committee stand alone policies, and ensuring referencing throughout.</p> <p>Update 14/06/2021 – This action has been brought forward within the H&S Action Plan and the Manual will be reviewed in the third quarter of 2021. A review of the H&S Manual is scheduled for next quarter (July-Sept 21). We have already identified some of the standalone policies that are required and would suggest: Fire Precautions, Asbestos Management, Management of Contractors (draft prepared and to be introduced to the Committee in August, Occupational Driving (final draft to be prepared and investigating where this should be presented). These will be referenced in the H&S Manual as part of the review. Most other areas would be covered by Procedures, as these are more easily developed and reviewed. These would include Accident reporting and investigation, assessment of risks, electrical testing, water quality management and gas servicing.</p>	<p>Head of Estates and Facilities to confirm with H&S committee at May meeting.</p> <p>Referencing to be completed and manual reviewed for ratification at August H&S committee</p>	
4.3	<p>OPFCC Oversight</p> <p><i>Observation:</i> Audit have noted that there is insufficient oversight from the OPFCC over health and safety. One such example is that there is no OPFCC representation at the Health and Safety committee meetings, where the terms of reference state that attendance will be made by the OPFCC.</p> <p>Further to this, Audit have not been able to confirm that OPFCC representatives attend the Force Assurance Board, where health and safety issues are escalated as they have not been included on meeting invitations.</p>	<p>The Force should update the terms of references of the Force Health and Safety Committee meetings to remove the OPFCC representative as an attendee.</p> <p>The Force should ensure that invitations to the Force Assurance Board are made to the OPFCC representative.</p>	2	<p>Agreed. Terms of reference to be changed</p> <p>Agreed.</p> <p>Agreed</p>	<p>Head of Estates and Facilities. To be endorsed at next H&S committee meeting.</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>This has been discussed with management, where it has been noted that the inclusion of an OPFCC representative at the Health and Safety Committee meetings had not been agreed and would be inappropriate to do so, therefore is to be removed. In respect of the Force Assurance Board, an OPFCC representative was previously in attendance, however a change in governance resulted in them not being included in the attendees list. The OPFCC representative should be in attendance and will be included on invites going forwards. It has also been noted that to improve the governance of health and safety, the OPFCC should be presented with a report from the Force at regular intervals to summarise performance.</p> <p><i>Risk:</i> The OPFCC does not have oversight of health and safety performance at the Force.</p>	The PFCC should be presented with a report from the CC in respect of the performance of the health and safety function, at a regular frequency.		<p>Agreed - Health and Safety Reports have now been added as required reports to the PFCC Accountability Board Plan for both Police and Fire Moving forwards.</p> <p>Update 14/06/2021 – The Annual Report from the Chief Constable was presented to PFCC on 07/06/2021. This will be presented annually going forward.</p>	<p>Health and Safety manager through H&S committee to prepare an annual report for CC.</p> <p>To be submitted to the PFCC in May each year</p> <p>Paul Fell Completed</p>	
4.4	<p>Performance Indicators</p> <p><i>Observation:</i> At the Health and Safety Committee meetings, it has been noted that performance information is only reported on accidents, incidents and near misses. This is not sufficient in providing an oversight of performance of Health and Safety at the Force. Performance indicators that should be considered by the Force should include at minimum an oversight of adherence to health and safety training, a summary of risk assessments and workplace adjustments and the number of days lost due to Health & Safety accidents. Where possible, trend analysis should be performed in addition to benchmarking.</p> <p><i>Risk:</i> There is insufficient oversight of performance of the health and safety function.</p>	The Force should introduce a suite of key performance indicators that provide oversight of the whole area of health and safety.	2	<p>Agreed. In progress. A new suite of Health and safety KPIs is under consultation at the Health & Safety committee.</p> <p>Update 14/06/2021 – Key performance indicators have been defined, agreed by the H&S Committee and will be reported quarterly from August 2021.</p>	<p>Health and safety Committee – To be agreed 13 May 2021.</p> <p>KPIs to be monitored quarterly at the H&S committee</p>	
4.5	<p>Health and Safety Training</p> <p><i>Observation:</i> Audit have noted that there is no formal training policy in place at the Force for health and safety, nor is there a clear guide to define the levels of</p>	The Force should approve the training strategy, training at each level should be defined within a	1	<p>Agreed.</p> <p>A draft training strategy is being prepared covering Health and Safety training that is</p>	Health and safety Committee. To	

Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
<p>training required for staff and officers holding various posts.</p> <p><i>Risk:</i> Staff and Officers do not hold the suitable health and safety knowledge to perform their roles. Staff and Officers are at risk when performing health and safety duties.</p> <p>There is reputational risk for the Force as a result of Staff and Officers with insufficient skills.</p>	<p>matrix and thereafter this training should be rolled out for completion.</p> <p>Following the rollout of the training, a process should be in place to monitor the completion of the training by staff and officers.</p>		<p>outside of scope of EMCHRS L&D. EMCHRS L&D provide operational frontline training including (Officer safety training, first aid, public order, driving, taser and Firearms).</p> <p>Follow up to the training strategy will be validated through departmental safety audits (and KPIs).</p> <p>Update 14/06/2021 – The draft training strategy will be presented to the H&S Committee at the next meeting (August) for approval. Already Fire Warden and Risk Assessor training is taking place. Accident investigation and Fire awareness training is planned for later in the year. Monitoring of attendance has been incorporated into the process, which is maintained on a spreadsheet.</p>	<p>be confirmed at August 21 committee meeting.</p> <p>Health and safety Manager. Programme of audits in place.</p> <p>KPIs to be monitored quarterly at H&S committee</p>	

GDPR Follow Up – February 2021

Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
<p>4.1 ICO Action Plan</p> <p><i>Observation:</i> The Force has engaged well with the ICO acknowledging its shortcomings, weaknesses in controls, insufficient resources and dealing with backlogs. To this end the Force has committed to a Data Protection Action Plan following an audit by the ICO in September 2020.</p> <p>The progress of this action plan is regularly assessed both internally and by the ICO with the most recent update being in January 2021.</p> <p>This most recent update demonstrated considerable progress has been made but further work is required to address the remaining outstanding actions.</p> <p>A further review by the ICO is planned for May 2021.</p> <p><i>Risk:</i> The Force is unable to demonstrate progress to the ICO and compliance with regulations, leading to further action including potential fines.</p>	<p>The Force should maintain its focus on the completion of the outstanding actions within the ICO/Data Protection Action Plan.</p>	1	<p>Recommendation accepted and already incorporated into the response being made to the ICO as part of their ongoing 2020 audit covering Accountability & Governance, Records Management and Training & Awareness. Level of assurance will be reported upon by the ICO.</p> <p>Update 07/06/2021 - The ICO have confirmed that they won't be returning in September and have received sufficient assurances to allow them to close the audit with 63% of the actions agreed as completed.</p>	<p>Interim audit was returned in January 2021 which provided acceptance and closure of 30+ actions. The May interim audit has been submitted but is awaiting response. The audit is due to close September 2021 when assurance</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>It is still however the case that we need to complete the remaining actions in good time, and we will be expected to meet the timeframes that we have set for specific pieces of work. It is the case that the outcome of this work will be publicly visible via our website and is therefore available to check by the ICO through open source.</p> <p>One action related to a suite of Infosec policies (action GA05). This has been agreed as completed by the ICO.</p> <p>There are risks that remain and work yet to be completed by the ICO, but the audit will not run to September as previously thought.</p>	should be provided in full.	

IT Security – May 2021

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>IT Health Check</p> <p><i>Observation:</i> Due to COVID, the most recent IT Health Check (ITHC) was not on-site, as a result there were gaps in testing in the following areas:</p> <ul style="list-style-type: none"> • Guest Wi-Fi configuration, which is low risk due to assurance from previous years and significantly less guests visiting sites. This requirement alone was not deemed to warrant a site visit; • Laptops – it was not possible to test the number/percentage normally required due to large numbers of staff working from home, including IT staff who were not available on site to support this testing. The risk is mitigated by the ongoing device refresh linked to NEP. 	Areas not included in the previous ITHC must be a high priority for this year's testing.	2	<p>Recommendation accepted and already incorporated into scope for 2021 ITHC. Will be confirmed by the test report.</p> <p>Update 25/06/2021 – ITHC in progress, Nettitude (CHECK testing company) have confirmed the outstanding areas have been covered. Confirmation will be provided upon final report due in July 2021.</p>	<p>ISD Senior Operations Manager - Dan Cooper</p> <p>End of July 2021</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
	<i>Risk:</i> Failure to fully test the environment may lead to exploitable weaknesses in the environment and failure to maintain GIRR certification.					
4.2	<p>IT Health Check Remediation</p> <p><i>Observation:</i> At the time of the GIRR Submission (following the July 2020 IT Health Check), 55 vulnerabilities were identified in total:</p> <ul style="list-style-type: none"> • 6 Critical; • 14 High; • 23 Medium; • 12 Low. <p>As of February 2021, the latest tracking figures had 22 of the remaining 29 completed with only 6 medium vulnerabilities remaining (but in progress).</p> <p>We were informed during the review that work was ongoing to address outstanding vulnerabilities and they were being actively tracked and monitored, but it was acknowledged that some critical and high issues remained.</p> <p><i>Risk:</i> Vulnerabilities go unresolved presenting risks to the IT security of the organisation.</p>	Vulnerabilities should be addressed as soon as possible.	1	<p>Recommendation accepted. Ongoing activity and progress is now reported in the performance pack to IAB.</p> <p>The 2021 ITHC is being completed in May and will supersede the July 2020 report.</p> <p>Vulnerability Working Group (VWG) manages output from tenable.sc – we are not reliant on ITHC alone to identify and fix vulnerability – it is an ongoing process.</p> <p>Update 25/06/2021 – ITHC will update the vulnerability landscape and verify finding of Tenable.sc internal system. A new remediation plan will be developed following submission of that report in July.</p>	<p>ISD Senior Operations Manager - Dan Cooper</p> <p>End of July 2021</p> <p>(when the May 2021 ITHC remediation action plan supersedes the 2020 plan)</p>	
4.3	<p>Policies</p> <p><i>Observation:</i> We noted relevant IT Policies were under review. This had initially started as a project by the Information Security Officer (ISO) but has since expanded following the ICO's review of Information Assurance and is now taking precedence over the original planned review by the ISO. The completion of these action points should now be the focus of updating and restablising the policy environment.</p> <p><i>Risk:</i> The Force is unable to demonstrate progress to the ICO and compliance with regulations, leading to further action including potential fines.</p>	As referenced in our GDPR Follow Up review, the focus should be on addressing the actions within the ICO Action Plan, in respect of update of the IT Policies, before the next review by the ICO in May 2021.	1	<p>Recommendation accepted.</p> <p>Work on the ICO audit is co-ordinated by an Inspector alongside the Data Protection Officer.</p> <p>Policies required for accreditation (GIRR and NEP) have been prioritised and are already published.</p> <p>Update 18/06/2021 – To be addressed as part of ICO work. Accepted as completed as per ICO return.</p>	<p>ICO Inspector – Vitty Andreoli</p> <p>May 2021</p>	
4.4	<p>Vulnerability Working Party</p> <p><i>Observation:</i> The organisation has a Vulnerability Working Party which is technical in nature and</p>	A formal term of reference should be established for the	3	Recommendation accepted.	Joint responsibility for	

Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
<p>primarily for IT Services to monitor patching levels and other vulnerabilities. Performance and other reporting from this group is shared with the Information Security Officer, although this officer is not a member of the Working Party. There are also discussions ongoing regarding regular reporting to the Information Assurance Board.</p> <p>It was unclear if the group has a defined terms of reference or what outputs and reporting were expected to be within the wider Information Assurance structure.</p> <p><i>Risk:</i> Effective reporting and monitoring of issues/vulnerabilities may not be in place to relevant stakeholders and result in insufficient action being taken to remediate completely and timely.</p>	<p>Vulnerability Working Party. This should also include reporting expectations and a linkage to the Information Assurance Board established.</p>		<p>There is a term of reference in place already and the escalation route and reporting requirements are informally established but need to be formally documented in an amended ToR.</p> <p>Update 18/06/2021 – Formal ToR to include reporting expectations to July IAB. Approval is expected to take longer, with an estimated completion by end of September 2021.</p>	<p>ISD Senior Operations Manager – Dan Cooper, and Information Security Officer – Nikki Butt</p> <p>September 2021</p>	

Core Financials – March 2021

Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
<p>4.1 Approval of Overtime/TOIL claims</p> <p><i>Observation:</i> Payment of overtime and TOIL claims currently take place prior to any approval and most of the other controls (line manager and DMS checks) are retrospective. This allows for false/invalid claims to be made and not picked up until after they have been paid.</p> <p>There are controls in place to prevent duplicate claims within the app and for claims at double time to be reviewed by the planning team. However, all other claims are still able to be paid prior to any review or approval.</p> <p>From our work at other Forces we noted a different way of working using the DMS software. The rates and scenarios for overtime/TOIL are included within the system and this allows for an automatic calculation of</p>	<p>The Force should consider implementing a preventative control for overtime/TOIL authorisations to ensure that these are appropriate and accurate.</p> <p>A simple solution could be to move the current retrospective review by line managers to prior to payment, therefore acting as a preventative approval.</p> <p>[Force]</p>	3	<p>It is felt that there are not any additional controls that would reduce this risk. Given the likelihood and immaterial values involved, it is a risk the Force is willing to accept.</p> <p>CLOSED</p>	V Ashcroft n/a	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
	entitlements based on when employees book on and book off. Then weekly line managers approve the time submitted which acts as approval of the overtime and toil recorded. <i>Risk:</i> Invalid Overtime/TOIL is claimed and paid/awarded.					
4.2	<p>Invoice Payment Terms</p> <p><i>Observation:</i> Our review of aged debtors has noted that invoices are being recorded and issued by MFSS on immediate payment terms. However, the Force's standard approach has indicated they generally issue invoices on 28/30 days payment terms. This misalignment in when debts fall overdue has an impact on the aged debt reporting produced for the Force and therefore the debt recovery processes that are based on this reporting. This has been supported by our testing, as we noted key steps being carried out based upon the Force's payment terms not the terms set out on the invoices issued, leading to these key steps appearing to be carried out 30 days late. Additionally, automated steps (i.e. the issuance of Dunning letters) are being carried out on time but are being issued much earlier than expected under the Force's payment terms.</p> <p><i>Risk:</i> Recovery action is not taking place in a timely manner. Inconsistent practices in the recovery of debts leading to failure to recover monies owed to the Force.</p>	<p>The Force should ensure that MFSS issue invoices with the correct payment terms, therefore ensuring that recovery actions are being carried out at the correct timings.</p> <p>[Force]</p>	3	<p>MFSS will be reminded to ensure the correct payment terms are chosen.</p> <p>Enquiries will also be made as to whether it is possible to update the default menu value to our usual 30 days payment terms.</p> <p>Update 26/04/21 - MFSS are aware and acting as requested. The system will not be updated, as there is a cost implication. This will be remedied completely in our move to Unit4 and is not currently considered a significant risk.</p> <p>CLOSED</p>	V Ashcroft Mar 2021	
4.3	<p>User Access</p> <p><i>Observation:</i> Audit tested a sample of user access rights from two teams at MFSS, purchasing and payments, to assess that these levels were appropriate. One user had been granted the Buyer Role (Purchasing Manager Oracle role) that should only be applicable to purchasing supervisors where the MFSS Buyer role (Purchasing Assistant Oracle role) should have been applied.</p> <p><i>Risk:</i> Inappropriate approval to purchases are given. Financial regulations are not followed.</p>	<p>MFSS should ensure that staff have the appropriate access for roles, as per the shared service's user access matrix. The Force should consider performing an audit of user roles to ensure appropriate access has been applied.</p> <p>[Force/MFSS]</p>	3	<p>MFSS will be asked to be more careful when amending user access roles.</p> <p>An audit of users was last carried out as part of the Fusion migration and will be built in as an annual process when the Force is managing access in Unit4.</p> <p>Update 26/04/21 - MFSS Response: The MFSS Service Support Team carry out daily checks to ensure that any high-risk role combinations are not granted to users,</p>	V Ashcroft Mar 2021	

Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
			<p>these checks have been in place since June 2020. Alongside these checks monthly role audits are also carried out on a rotating basis by the same team. The Service Support Team have also been reminded to ensure that the role matrix is updated prior to any role changes being made going forwards.</p> <p>CLOSED</p>		

Workforce Planning – April 2021

Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
<p>4.1 Workforce Planning Strategy The Force do not currently have an overarching Workforce Planning Strategy document. This is a key document, around which all Workforce Planning Processes should be structured and aligned to. This should also outline key roles and responsibilities, risk management processes, decision making and reporting arrangements. It should be noted that there are a few documents that have already been produced, e.g. the Talent Management Strategy, that aid the Workforce Planning process and would usually form the basis for an overarching strategy. The Force should also consider for future years, assessing prior year performance and lessons that can be learned. <i>Risk:</i> There is no overall direction for Workforce Planning, leading to operation inefficiencies.</p>	<p>The Force should produce a Workforce Planning strategy and set a timeline for its completion against which progress should be reported.</p>	2	<p>We have multiple documents e.g. Culture and People Strategy, FP25, but not a document that brings it together. We agree with this recommendation to produce a Workforce Planning Strategy.</p> <p>Update 18/06/2021 – Workforce planning strategy presented at FEM, feedback received and construction of strategy in progress.</p>	<p>Approved Workforce Planning Strategy to be produced by August 2021, with an annual review and update</p> <p>Head of Joint HR and Workforce Planning Manager</p>	
<p>4.2 Succession Planning The Force are in the process of improving their workforce succession plans. They have purchased a specific programme, 'Talent Successor', for this. However, this is not yet in operational use and the data inputting exercise is still to be undertaken.</p>	<p>Due to the criticality of this process to Force operations, a comprehensive review of this system should be undertaken at a set date to ensure the data is</p>	2	<p>The Talent Successor requires scoping to ensure it meets the requirement of the Force. We agree a project plan is required to implement the Talent Framework.</p>	<p>Scoping by June 2021. Project plan aligning with Talent Framework to be</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>Initial interviews to gather the data have been held with senior stakeholders. Audit reviewed the questions that formed the basis of the interviews and confirmed that they are pointed towards achieving succession planning objectives. However, it is critical for purposes of future planning and gap analysis that this system be fully established soon.</p> <p><i>Risk:</i> The Force is unable to fill key roles sufficiently quickly leading to operational deficiency.</p>	<p>complete and appropriate for operational purposes. Consideration should be given to producing a formal timetable for completion of this project.</p>		<p>Update 18/06/2021 – Project in scope now (delay due to resources capacity).</p>	<p>activated by September 2021.</p> <p>HR Manager – Leadership and Management</p>	
4.3	<p>Vacancy Panel</p> <p>The Force currently convene a bi-weekly Vacancy Panel that has oversight of all police officer vacancies. One of its primary tasks is to make decisions on vacancy requests that have been submitted by departments within the Force. These decisions are logged in the Vacancy Decision record.</p> <p>Audit reviewed the most recent Vacancy Decision record at the time of testing (05/01/2021). This record focuses on 'reason for vacancy' and 'comments from requestor'. There is seemingly only a 'Approved/ Not Approved' decision column from the board and no explanation or reason given. Furthermore, some of the requestor comments only state 'can this be discussed at the next vacancy panel? Many thanks', which is pulled straight from the request form.</p> <p>Through discussions with the Force, it was noted that some requests are made multiple times without amendment leading to repeated rejection. Hiring Managers will often also come to the Workforce Planning HR Manager for explanation. Both issues would be aided by a more direct feedback process. Concerns have also been raised that delays to the recruitment process arising from these inefficiencies could have an operational impact as roles aren't fulfilled sufficiently quickly. The Vacancy Panel process may also benefit therefore from the attendance of Heads of Department when vacancies in their area are being considered. This would allow them to elaborate further and answer any queries over the vacancy request that the panel may have, meaning the request can be agreed or amended sooner.</p>	<p>The Force should consider creating a more direct feedback process for requests to the Vacancy Panel that are rejected and mandating that feedback must be addressed before another request made.</p> <p>The Force should consider creating a process where Heads of Department are specifically invited to pitch Vacancy Requests to the panel.</p>	2	<p>We agree with this recommendation and will update the policy and process to enable this to happen.</p> <p>Update 18/06/2021 – Process in place, all vacancies recorded with decisions. Chief Superintendents attending on behalf of their commands, information received prior to meeting for prep. Staff vacancies process changed to weekly email approval to speed up process, all actions recorded. This action is now complete.</p> <p>CLOSED</p>	<p>June 2021</p> <p>Workforce Planning Manager</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<i>Risk:</i> Inefficiencies within the vacancy process cause unnecessary delays in recruitment process					
4.4	<p>Establishment Officer Log</p> <p>At present, the costs associated with the establishment structure are updated and reconciled with the Finance department through the Establishment Officer, who has responsibility for monitoring and amending establishment data, holding a series of informal meetings with various team leads on an ongoing basis. There are currently no records kept of each meeting.</p> <p>The lack of recorded actions from these meetings creates a resilience risk should any of the key staff involved be unavailable.</p> <p><i>Risk:</i> There is no clear record of decisions that have been taken, leading to insufficient oversight.</p> <p><i>Risk:</i> The Force is unable to ensure consistent practice in the event of staff absence.</p>	<p>The Force should consider how they can efficiently record the agreed actions and other notes from the meetings between the Establishment officer and various departments.</p>	2	<p>We agree with this recommendation and will update policy and process as suggested.</p> <p>Update 18/06/2021 – These meetings were due to take place in May but were postponed due to year end reviews and budget setting for 2021/22. These are now due to take place in June/July.</p>	<p>July 2021</p> <p>Finance and Establishment Officer</p>	

Performance Management – June 2021

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>Qlik Utilisation</p> <p>Qlik is the central data visualisation tool used at Northants. It was introduced in 2017 with a team established in 2019 who were dedicated to Qlik's use. Qlik convenes data from multiple systems into one application, and can present it in a suite of dashboards, charts and tables. At present, visualisations created by Qlik feature primarily in performance packs and other documentation produced by the Performance Management Team which audit reviewed and confirmed reflect and effective and efficient method of presenting information. However, audit was informed that the Force is not yet at a stage where Qlik is able to provide an ongoing operational</p>	<p>The Force should consider undertaking a consultation with key stakeholders to ascertain how Qlik may be orientated more towards operational need.</p> <p>The Force should consider communicating the benefits of utilising Qlik across the organisation to embed the use of the system in daily operations.</p>	3	<p>Before any app is built, the Qlik team speak with the business lead to ascertain the business requirements and make sure there are benefits to be obtained. However, this is not consistently documented and therefore more difficult to evidence and track what the requirements may be. Following the audit results, the senior analyst responsible for Qlik will be implementing a more formal process to capture the requirements and use this to track business benefits.</p>	<p>December 2021.</p> <p>Chief Superintendent Mick Stamper, Head of Corporate Services.</p>	

Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
<p>utility in areas of operational policing where it would reap benefits. Evidence was provided to demonstrate that the Chief Superintendent, Corporate Services broadly supports this view and plans to work towards getting greater benefits from the use of Qlik. Risk: The Force does not maximise Value for Money in its use of Qlik.</p>			<p>During the launch of new apps, the Qlik team have communicated with the stakeholders and interested parties but acknowledge that other parts of the business may also benefit from the apps but may not know about them. Our approach to communicating apps has been inconsistent. We hope to appoint a comms lead shortly within Corporate Communications to assist Corporate Services in promoting the existing apps and help launch new ones when they are deployed.</p> <p>The existing suite of apps does not cover the entire force at present but the Qlik team have been responsive to the needs of the organisation, supporting teams that have posed a business question that Qlik can help with. As the force uses Qlik more and more, the expansion into other parts of the force will be a natural step forward and new apps will be prioritised based on value for money and the interaction from the business.</p>		

Regional Collaboration Audits

2018/19

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Strategic Financial Planning	February 2019	Satisfactory Assurance	0	4	0
Risk Management	February 2019	Satisfactory Assurance	0	3	3
Business Planning	March 2019	Satisfactory Assurance	0	2	1

2019/20

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Performance Management	February 2020	Satisfactory Assurance	0	1	4
Health & Safety (Draft Report)	September 2020	Satisfactory Assurance	0	3	3

2018/19**Strategic Financial Planning**

	Recommendation	Priority	Timescale/ responsibility	Update	Status
4.4	<p>The Resource Board should determine a consistent approach to budget underspends and efficiency savings to ensure each collaboration unit is engaged and incentivised to deliver efficiency savings.</p> <p>Moreover, there should be clarity when savings are being prepared and proposed so that it is understood what type of saving are being proposed and the impact for all stakeholders.</p>	2	<p>CFOs/FDs April 2019</p> <p>(renewed deadline end of April 2021)</p>	<p>This has been discussed but it is subject to a proposal that will be tabled to the Resources Board and then agreed with PCCs/CCs.</p> <p>Is scheduled for discussion at the February Resources Board where a renewed target timescale will be discussed</p> <p>Update - This has been discussed but it is subject to a proposal that will be tabled at the PCC Business Meeting in April 2020.</p> <p>Update - CFOs/FDs still discussing with a view to agreeing a consensus for the Resources Board. Target date for agreement 30/6/20 for application to 2020/21 financial year.</p> <p>Implementation date is subject to change</p> <p>Update - CFOs/FDs have agreed a form of words that will apply for the 2020/21 year-end (with the first trigger point being late Q3). Final write-up was delayed by other CV19 priorities but has been completed.</p>	

2019/20

Performance Management

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.1	<p>Governance <i>Observation:</i> As part of the audit review into the performance management frameworks in place, audit reviewed the terms of reference of the governance forums responsible for managing performance. It was noted at a number of the collaboration units that were reviewed that the terms of reference had not been reviewed for some time or did not contain some key details. Two forums that review performance at EMSOU are the Strategic Governance Group and the Performance Management Group. It was noted that the terms of reference for these groups had not been updated since July and October 2018 respectively. The Board terms of reference for the EMCHRS L&D does not include the Chair, Core Membership, Frequency of Meeting, Key Information Sources, Interdependencies or Administration Support. <i>Risk:</i> Responsibility for managing performance is not clearly stated or carried out effectively.</p>	<p>EMSOU should review and update the Performance Management Group and Strategic Governance Group terms of reference on a regular basis to ensure they remain up to date.</p>	3	<p><u>EMSOU</u> The requirement to review is agreed. A 12 monthly review cycle will be established for both of these meetings.</p> <p>Update Sep 20 - The PMG TOR is currently being reviewed and will be discussed at the next PMG meeting on 2 November 2020. The EMSOU Strategic Governance Board TOR will be reviewed in October and presented to the next planned meeting on 19 November 2020 for agreement.</p> <p>Update Oct 2020 - The PMG TOR has been reviewed and will be discussed/signed off at the next PMG meeting on 2 November 2020. The EMSOU Strategic Governance Board TOR will be reviewed in October and presented to the next planned meeting on 19 November 2020 for agreement</p> <p>Update Nov 2020 - The PMG TOR was reviewed and agreed at the last meeting held on 2 November 2020. The EMSOU Strategic Governance Board TOR will be reviewed at the next meeting on 27 November 2020.</p> <p>Update May 2021 - Completed</p>	<p><u>EMSOU</u> DSU Kirby 12 monthly from May 2020</p>	
4.5	<p>Performance Information versus Management Information <i>Observation:</i> Each unit has a lot of data that it utilises when creating performance packs or reports. However audit noted in a number of instances that there is a separation between management information and</p>	<p>When presenting performance metrics EMCJS, EMCHRS L&D and EMSOU should consider the separation of management information from performance information</p>	3	<p><u>EMSOU</u> The new performance system described above will be able to show demand data and so on, but also data that points towards the effectiveness and efficiency of any given unit. It will be flexible enough to</p>	<p>DSU Kirby June 2020</p>	

OFFICIAL

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>what could be considered pure performance data. For example:</p> <ul style="list-style-type: none"> The EMCJS Regional Scorecard includes a number of different tabs that include demographics of those in custody, number of mental health assessors called etc. Whilst this is important data for the management of the service, these are not performance indicators and therefore could be clearly separated out so a clear list or dashboard of the performance indicators are displayed. The EMCHRS L&D performance pack shows the reasons for non-attendance at the training courses it runs but this is a management information tool not a performance measure. The EMSOU performance packs contain some demand data such as number of reviews done by the regional review unit. <p>To ensure the performance of the unit is clearly presented in management reports the units should review how the information is presented. <i>Risk:</i> Lack of clarity in performance reporting</p>			<p>combine and separate management data and performance data as required. Importantly, performance data can be looked at across departments, which is crucial for the integrated nature of EMSOU’s work. For example, a SOC operation will not be completed by a SOC syndicate alone, the input of the SIU and other teams needs to be understood.</p> <p>Update Sep 20 - In progress: the new performance system will be able to show demand data and so on, but also data that points towards the effectiveness and efficiency of any given unit. It will be flexible enough to combine and separate management data and performance data as required. A proof of concept has been run across SOC and EMSOU are now looking at resources to roll this out across the organisation. The reworking of the PMG as described above will also assist with this.</p> <p>Update Oct 2020 - Funding for resources to take this work forwards has recently been approved (project worker, performance manager, full stack developer). Recruitment is the next stage.</p> <p>Update - 11/05/2021: EMSOU are in the final stages of recruiting a performance manager (interview w/c 17th May) Work continues around the BI tool, including examining the ability to pull data from existing systems. EMSOU record all requests for service into the ROCU via APMIS- extracting data from this system will give a richer picture around performance across the different capabilities, identify any capability gaps and also assist in identifying areas where</p>		

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
			<p>we may need to grow / expand capability in the future.</p> <p>Update 17/06/2021 – Performance Manager recruited with a start date of 19 July 2021. The 11/05/2021 update work is ongoing.</p>		

Health & Safety

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>4.1 EMCHRS OHU: Health & Safety Policy & Procedure</p> <p><i>Observation:</i> Audit were informed that the collaboration unit has adopted Leicestershire Polices' Health and Safety Policy and were operating in line with this. However it was noted that there was no formal record of this adoption of policy by the EMCHRS OHU Management Board. Therefore for clarity it should be formally adopted.</p> <p>Also as the Force policy is reviewed and updated the unit should ensure that the changes do not affect the unit.</p> <p><i>Risk:</i> The responsibilities for health and safety are not understood and are therefore not carried out.</p>	<p>EMCHRS OHU should formally adopt their Health and Safety Policy & Procedure.</p>	3	<p>OHU to attend the Leics Executive Health and Safety committee meeting moving forward.</p> <p>Peter Coogan to check with DCC Nixon about reviewing the Leics Executive Health and Safety Committee terms of reference to include OHU.</p> <p>Update Oct 2020 - This was agreed in principle at the EMCHRS OHU Board. The agreement was that whilst Leicestershire's Policy would be adopted there would also be the need to include Health and Safety Advisors in the host Force should there be a requirement to do so. A recent example of this is that OH in all areas have liaised with H&S advisors with regards to Covid Secure buildings</p> <p>Update May 2021 - Action still to be completed. Guidance is going to be issued to all staff within EMCHRS OHU reminding them that as they are Leicestershire employees, Leicestershire's policy is adopted. They will also receive a copy of the policy for the force at which they are based as the individual forces are</p>	<p>Head of OHU May 2020</p> <p>Chair of the Leics Executive H&S Committee.</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				responsible for the buildings where the OH clinics are located. Update June 2021 – Action now complete.		



AGENDA ITEM 8b i

NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER, NORTHAMPTONSHIRE POLICE and NORTHAMPTONSHIRE FIRE AND RESCUE SERVICE

JOINT INDEPENDENT AUDIT COMMITTEE

28th July 2021

REPORT BY	Business Planning Manager Julie Oliver
SUBJECT	Internal Audit Recommendations Summary Report
RECOMMENDATION	Committee to note report

1 PURPOSE OF THE REPORT

- 1.1 This report provides the Joint Independent Audit Committee (JIAC) with an update on the status of actions arising from recommendations made in internal audit reports.
- 1.2 The report contains actions arising from audits of both Northamptonshire Fire and Rescue Service and the Office of Northamptonshire Police and Crime Commissioner.
- 1.3 This report includes an update on recommendations on all internal audit reports which have been issued as final as at the time of writing the report.

2 OVERALL STATUS

- The report shows 19 actions that have not yet reached their implementation date and remain ongoing.
- 6 actions that have passed their implementation date & are overdue.
- 28 actions have been completed.

3 OVERVIEW

3.1 **2019/20 Audits**

- 3 action have been completed.
- 1 action is outstanding.

3.2 **2020/21 Audits**

- 8 audits have been completed since the July JIAC raising 30 additional recommendations.
- 19 have not yet reached their implementation date and remains ongoing.
- 5 have passed its implementation date and are overdue.
- 25 actions have been completed.

3.3 The attached Summary of Internal Audit Recommendations Report shows details and the current status of all open audit actions.

3.4 The Fire Executive Board has oversight of all outstanding audit actions and directs the activities required to complete any actions that have passed their targeted implementation date.

List of Appendices

Appendix 1: Internal Audit recommendations v5.9

INTERNAL AUDIT RECOMMENDATIONS DASHBOARD

The required Audit opinion for every audit is provided in 3 parts as below:

Control Environment Assurance	
Level	Definitions
Substantial	Minimal control weaknesses that present very low risk to the control environment
Good	Minor control weaknesses that present low risk to the control environment
Satisfactory	Control weaknesses that present a medium risk to the control environment
Limited	Significant weaknesses that present a high risk to the control environment
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment

Compliance Assurance	
Level	Definitions
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although errors have been detected
Satisfactory	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

Summary of Audit Outcomes

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance, Good Assurance or Substantial Assurance for adequacy of system and compliance.

Likelihood	H	S	I	E	The Agreed Actions are categorised on the following basis:	
	M	S	I	E		
	L	S	I			
		L	M	H		
		Impact			Essential	Action is imperative to ensure that the objectives for the area under review are met.
					Important	Requires action to avoid exposure to significant risks in achieving objectives for the area under review.
					Standard	Action recommended enhancing control or improving operational efficiency.

2019/20

AUDIT	DATE	Adequacy of System	Compliance	Organisational Impact of findings	Agreed Action plans		
					Essential	Important	Standard
Payroll	September 2019	Good	Good	Minor	0	0	2
Accounts payable	September 2019	Good	Limited	Moderate	3	0	0
Accounts receivable	September 2019	Satisfactory	Satisfactory	Minor	0	1	1
Organisational Governance	October 2019	Good	Good	Minor	0	0	2
Policies & Procedures	October 2019	Good	Satisfactory	Moderate	0	0	1
Scheme of Delegation	October 2019	Good	Limited	Moderate	0	0	0
Target Operating Model	October 2019	Good	Good	Minor	0	0	0
Target Operating Model	June 2020	Good	Good	Minor	0	0	1
MTFP	June 2020	Good	Good	Minor	0	2	1
ICT systems security	February 2020	Limited	Limited	Moderate	1	4	1
Organisational Governance, Scheme of Delegation and Policies and Procedures	July 2020	Good	Satisfactory	Moderate	0	1	0
Accounts Payable, Accounts Receivable and Payroll	September 2020	Good	Limited	Moderate	3	6	1

2020/21

AUDIT	DATE	Adequacy of System	Compliance	Organisational Impact of findings	Agreed Action plans		
					Essential	Important	Standard
Grenfell Tower Fire Inquiry Phase 1 Action Plan	October 2020	Good	Good	Minor	0	0	3
Asset Management	February 2021	Satisfactory	Limited	Moderate	3	10	2
C19 contract and spend analysis	February 2021	Good	Satisfactory	Minor	1	3	0
Financial Controls Environment Q1,2 &3	May 2021	Satisfactory	Limited	Major	2	0	2
Procurement and Stock Control	May 2021	Satisfactory	Limited	Moderate	5	5	0
Key Policies	May 21	Good	Good	Minor	0	2	3
Organisational Governance	June 21	Good	Good	Minor	0	0	1
ICT Governance	June 21	Satisfactory	Satisfactory	Minor	0	5	0
Target Operating model	June 21	Good	Good	Minor	0	0	1
MTFP and Budget Management	June 21	Good	Good	Minor	0	0	1
Accounting systems AP/AR	June 21	Good	Good	Minor	0	0	3
Payroll	TBA						

Summary of Audit Recommendations Progress


This table shows a summary of the progress made on new audit recommendations raised at each JIAC during the current year and annual totals for previous years where audit recommendations are still active.


2019/20 Audits	Reported to JIAC 11 th Dec 2019	Reported to JIAC 11 th March 2020	Reported to JIAC 29 th July 2020	Totals for 2019/20
Recommendations Raised	10	0	10	20
Complete	3	2	6	11
Ongoing	7	5	4	4
Overdue	0	0	5	5


2020/21 Audits	Reported to JIAC 7 th October 2020 (19/20 Audit)	Reported to JIAC 16 th December 2020 (20/21 Audit)	Reported to JIAC 10 th March 2021	Reported to JIAC 28 th July 2021	Totals for 20/21
Recommendations Raised	1	13	19	30	
Complete	2	9	5	28	
Ongoing	1	7	21	19	
Overdue	7	2	2	6	


OUTSTANDING RECOMMENDATIONS

Key to Status

 Action completed since last report


 Action ongoing

 Action outstanding and past its agreed implementation date

 Action no longer applicable or superseded by later audit action

2019/20

MTFP - June 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<p>WEAKNESS: The OPFCC CFO and the Finance Technician raised some concerns relating to not all budget holders having the skills and competencies to manage their budgets under the existing arrangements. This includes being ready for monitoring visits, understanding the reports, the importance of effective and evidenced forecasting and the implications of not managing their budget adequately.</p> <p>RISK: Overspend on budgets, budget volatility prevents effective and informed decision making.</p>	<p>RECOMMENDATION:</p> <p>Ensure all budget holders have the skills and competencies to manage their budgets. Training should be provided as appropriate.</p> <p>MANAGEMENT COMMENTS:</p> <p>Agreed. Delegated budgets are a responsibility and within the existing arrangements, it is essential a budget manager understands their expenditure plans, opportunities and pressures and that accurate forecasting</p>	Important	<p>NA Update 22.9.20 MTFP Rec 2 – Had an initial meeting with the new training manager (Phil Pells) and we have agreed the following course of actions, which will be followed up with another meeting to begin or complete actions in around a fortnight;</p> <p>To revisit group training for all senior managers as a specific agenda items;</p> <p>Allow for individual specific training if any of those managers have not yet received it;</p> <p>We are proposing to set up a section in the promotion training courses, to include a mandatory module on budget management</p> <p>To introduce a basic financial training package for all staff, so that are more financially aware, to include items such as purchasing rules and regulations, the finance system & funding budget view.</p> <p>Due for completion 31.10.20 in line with Payroll 2. 30.11.20 New due date 01.04.21 to ensure all training rolled out and practices embedded.</p> <p>5.1.21 MINT training completed, other training packages and matching guidance due for completion by 1.4.21</p>	<p>Joint Head of Finance and Director of Enabling Services. 30/09/20</p> <p>New due date 01.04.21</p> <p>Revised date 31.7.21</p> <p>Confirmed completed</p>	

				15.2.21. Mint have provided further procurement training this month to assist in ensuring the right processes are run. We are also revising governance so that procurement, instead of the old procurement board, will in effect come through the new Digital Strategy Board or the Fleet and Equipment. On schedule for 01.04.21 4.5.21 NA update meeting with PP booked to embed. New completion date 31.07.2021 17.6.21 Confirmed as completed HK & NA	
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Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p>WEAKNESS: Not all spends are supported by frameworks, contracts or quotations in line with the requirements of the NCFRA CGF or detailed on the Pipeline spreadsheet (See Appendix A).</p> <p>RISK: Paying too much for goods, services or works. Reputational risk or accusations of fraud and corruption.</p>	<p>RECOMMENDATION: All staff involved in raising or authorising a purchase should be reminded of the procurement procedure requirements as outlined at 6.2 of NCFRA CGF and the Processes for Procurement document.</p> <p>A report should be run from ERP each month and reviewed at the Procurement Board meetings. The report should identify spend per Supplier to ensure that quotations and contracts are in place in line with the requirements of the CGF and cross referenced to the Pipeline document to ensure that it is recorded on the spreadsheet. Any anomalies should be identified and appropriate action taken.</p>	Essential	<p>UPDATE 6/11/20: All staff have been reminded of the need to follow the CGF processes.</p> <p>Reports are run by spend by supplier. Anomalies are flagged by procurement to the ACO and via DPBs and the SAB.</p> <p>1.12.20 FEG update, monthly reports are being run, anomalies challenged. The change of behaviours still needs to be embedded.</p> <p>5.1.20 FEG. This work is continuing and due for completion by end of June</p> <p>18.6.21 PB confirmed completed.</p>	<p>Paul Bullen supported by Fleur Winters (EMSCU)</p> <p>30.06.2021 Completed</p>	

Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<p>WEAKNESS: The monitoring of energy bills is not sufficiently robust.</p> <p>RISK: Paying too much for energy bills and possibility for duplicate payments.</p>	<p>RECOMMENDATION: A quarterly reconciliation should be completed when the invoices arrive to identify significant variances. All variances should be thoroughly checked by conducting a meter reading at each station to confirm the accuracy of the charges being made and challenge variances with the energy provider as appropriate. A full audit trail should be retained.</p> <p>MANAGEMENT COMMENTS: Agreed</p>	Important	<p>1.12.20 update. On plan for completion by 31.07.21</p> <p>5.1.20 FEG. Energy manager working towards this timescale.</p> <p>22.2.21 DM Still awaiting ERP access, Energy manager still working towards this timescale</p> <p>7.7.21 DMcl update - still waiting for ERP access. Expected during July. Will take training and bedding in.</p>	<p>David McInally</p> <p>31.07.2021</p> <p>New date 30.9.21</p>	

Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
7	<p>WEAKNESS: There is no formal system currently in place to ensure all income to be collected via an invoice is raised by NCFRA on ERP Gold.</p> <p>RISK: That NCFRA are not collecting all monies due to them, income may not be as expected or budgeted.</p> <p>Reputational.</p>	<p>RECOMMENDATION: The NCFRA CGF states at D2 “Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly in the name of the PFCC”. As part of the holistic review of income collection via invoice, documented processes should be established and communicated to all staff within the organisation with responsibility for processing income due via an invoice to</p>	Important	<p>5.11.20 NA looking at process in place to ensure all monies collected.</p> <p>27.11.20 Looking at historical budget and billing trends to build into BAU.</p> <p>5.1.21 NA on target. Obtain extra Info from LGSS re previous year’s history as covid impact recent data.</p> <p>5.7.21 PB update. Process in place, now BAU. Completed.</p>	<p>Nick Alexander</p> <p>30.06.2021</p> <p>Completed</p>	

		NCFRA to ensure that all monies are collected. MANAGEMENT COMMENTS: This is a major piece of work over a long timescale.				
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2020/21

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	WEAKNESS: The Capital Strategy 2019/20 – 2022/23 at 6.6 details police instead of fire. RISK: Confusion of responsibilities to readers of the Capital Strategy	RECOMMENDATION: The Strategy should be reviewed to ensure that it states Fire as the main service provider. MANAGEMENT COMMENTS: Agreed	Standard	24.3.21 confirmation email from HK this action completed	S151 Officer 1 April 2021 Completed	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	WEAKNESS: There is a typo within Section 6 of the NCFRA CGF – Overview and Control of Assets where it states CC instead of CFO. RISK: Officers may be unclear of their responsibilities	RECOMMENDATION: Update the NCFRA CGF with the correct Statutory officer. MANAGEMENT COMMENTS: Agreed	Standard	24.3.21 confirmation email from HK this action completed	S151 Officer 1 April 2021 Completed	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
3	<p>WEAKNESS: The Workshop Manager advised that the shared fleet management data system is out of date and the workshop have experienced lots of issues with the system going down and losing days of work which can only be resolved by the Police IT team.</p> <p>RISK: Inaccurate recording of assets and maintenance</p>	<p>RECOMMENDATION: The shared fleet management data system should be reviewed to ensure that it is fit for purpose and meets the needs of the services to enable effective and efficient collaborative working.</p> <p>MANAGEMENT COMMENTS: Agreed and already in the planned activity for 21/22</p>	Important	<p>28.4.21 LF update. New Tranman upgrade is currently going through procurement</p> <p>9.7.21 – LF update – Tranman upgrade contract signed and install planned for Nov 21. Current system is supported for the next 12 months.</p> <p>Completed</p>	<p>Head of Joint Transport and Logistics</p> <p>31 July 2021</p> <p>Completed</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4	<p>WEAKNESS: It is unclear how procurement of IT assets is undertaken or when the hardware refresh plan will be drafted and agreed.</p> <p>RISK: Financial and budgetary pressures</p>	<p>RECOMMENDATION: Management to review arrangements for the procurement of IT assets and develop the hardware refresh plan in line with the requirements within the NCFRA CGF and NFRF.</p> <p>MANAGEMENT COMMENTS: Agreed</p>	Important	<p>28.4.21 CC update. Hardware refresh policy / process in place. This will be a year on year action now.</p> <p>Action to be closed.</p>	<p>Joint Chief Digital Officer</p> <p>31 March 2021</p> <p>Completed</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
5	<p>WEAKNESS: It was identified during sample testing that some equipment assets are replaced when spent or broken but the replacement assets are not being recorded on Redkite EMS or issued with a new barcode identification tag.</p> <p>RISK: Inaccurate recording of assets</p>	<p>RECOMMENDATION: Consider a review of asset recording to ensure that replacement items are recorded on Redkite EMS and either the original bar code added or a new bar code identification added.</p> <p>MANAGEMENT COMMENTS: Agreed. A review and plan will be prepared that sets out key dates</p>	Important	28.4.21 LF update. This can now be closed. The stores process has been changed and all new items entering the stores are correctly tagged / labelled and entered onto the Red Kite system before they enter the operation.	<p>Head of Joint Transport and Logistics</p> <p>31 March 2021 Completed</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
6	<p>WEAKNESS: Photographic evidence was not provided to confirm the existence, security marking and location of a number of the sample assets (see Appendix A).</p> <p>RISK: Unable to confirm the assets exist</p>	<p>RECOMMENDATION: Provide evidence to confirm the existence of assets selected for sample testing.</p> <p>MANAGEMENT COMMENTS: Agreed</p>	Essential	<p>16.2.21 Not received photo evidence of all assets. Chasing up, move to 31.03.21</p> <p>28.4.21 SI & PB updated as closed.</p>	<p>ICT Manager</p> <p>31 January 2021 New date 31.03.21 Completed</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
7	<p>WEAKNESS: The Redkite system is currently not manageable as an asset record because it includes consumable low value items.</p> <p>RISK: Valuable items could be missed</p>	<p>RECOMMENDATION: Management to determine the definition of assets and the values of the assets that are required to be recorded on the Redkite system.</p> <p>MANAGEMENT COMMENTS: Agreed. A check of the NCFRA CGF against operational needs will be undertaken and recommendations made on the way forward.</p>	Important	<p>28.4.21 LF update. This is ongoing and part of the wider Red Kite review and change to ways of working</p> <p>9.7.21 – LF update – July 21 FEG has agreed to recruit a new PM to oversee the Red Kite fix. This time line needs realigning with the other Red Kite work for March 22</p>	<p>Head of Joint Transport and Logistics</p> <p>31 July 2021</p> <p>New date March 22</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
8	<p>WEAKNESS It has been unable to be confirmed what controls are in place to ensure that IT assets are signed for/collected on delivery to NCFRA.</p> <p>RISK: That assets may be unaccounted for, held securely or maintained adequately.</p>	<p>RECOMMENDATION: Review processes and controls for the delivery of IT assets.</p> <p>MANAGEMENT COMMENTS: Agreed</p>	Important	<p>28.4.21 CC update. This will be implemented as part of the new service desk software (Ivanti). Procurement working on the purchasing of the software as at 28/4/21. Audit date to be changed to 31 July 2021</p> <p>8.7.21 CC update – Ivanti due to go live 02.08.21. New due date 31 August 21</p>	<p>Joint Chief Digital Officer</p> <p>31 March 2021</p> <p>New date 31 July 2021</p> <p>New date 31 August 21</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
9	<p>WEAKNESS Review of IT assets on Redkite EMS identified that inventory checks are not maintained on the system.</p> <p>RISK: That assets are not held securely or maintained adequately.</p>	<p>RECOMMENDATION: A structured approach to ICT asset management checks should be developed and introduced.</p> <p>MANAGEMENT COMMENTS: Agreed</p>	Essential	<p>28.4.21 CC update. This will be implemented as part of the new service desk software (Ivanti). Procurement working on the purchasing of the software as at 28/4/21. Audit date to be changed to 31 July 2021</p> <p>8.7.21 CC update. Ivanti due to go live 02.08.21. New due date 31 August 2021</p>	<p>Joint Chief Digital Officer 31 March 2021 New due date 31.07.21</p> <p>New due date 31.08.21</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
10	<p>WEAKNESS: Testing of a sample of equipment assets highlighted that Redkite EMS is not always updated when an asset moves location within the service.</p> <p>RISK: That asset location may not be known/accurately recorded on Redkite EMS.</p>	<p>RECOMMENDATION: Consideration to be given to introduction of a system whereby Officers with responsibility for specified asset types are required to review and update/confirm details on the Redkite system on a monthly basis. A report of this review to be submitted to management team.</p> <p>MANAGEMENT COMMENTS: Agreed. To develop a process and plan. Will complete a one off check alongside cleansing and then regular inventory checks.</p>	Important	<p>28.4.21 LF update. Still open - This will come under a much broader review and change to the way NFRS operate Red Kite.</p> <p>4.5.21 LF update. Proposing timeline for RedKite improvements next week. Confirm new due date then.</p> <p>11.5.21 LF. New date 31.3.2022 in line with Redkite review (see action 13)</p> <p>9.7.21 – LF update – July 21 FEG has agreed to recruit a new PM to oversee the Red Kite fix. Action on target for completion date.</p>	<p>Head of Joint Transport and Logistics 31 March 2021</p> <p>New due date 31.03.2022</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
11	<p>ISSUE: There is a note on the PFCC signatory regarding a disposal plan to align with the Capital Programme. It is unclear if this has progressed.</p> <p>RISK: Disposal of assets not in line with agreed processes.</p>	<p>RECOMMENDATION: Management to ensure the disposal plan is developed and introduced widely across the Fire teams</p> <p>MANAGEMENT COMMENTS: Agreed</p> <p>The plan need to be developed separately for each asset type</p>	Important	<p>28.4.21 LF update. The plan need to be developed separately for each asset type. Currently being developed by John Vella.</p> <p>2.7.21 Confirmed closed by L Freezer/N Alexander</p>	<p>Head of Joint Transport and Logistics</p> <p>31 May 2021 completed</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
12	<p>WEAKNESS: A sample of transactions were selected from the withdrawn assets report. One of the items from the sample was for 6.4 m triple X ladder which had been identified as for disposal. Evidence was requested but not provided to identify if the asset had been sold in line with requirements within the NCFRA CGF</p> <p>RISK: Improper operation of asset management and accounting arrangements.</p>	<p>RECOMMENDATION: Management to introduce a process for properly recording and approving all items of stock to be disposed or sold in line with the requirements detailed within the NCFRA CGF.</p> <p>MANAGEMENT COMMENTS: Agreed. Will develop a proposal to mirror disposal within policing</p>	Important	28.4.21 LF update. This can be closed as the process is now in place	<p>Head of Joint Transport and Logistics</p> <p>30 April 2021</p> <p>Completed</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
13	<p>WEAKNESS: There are many assets items that are shown as lost or missing on Redkite EMS with some of these records going back as far as 2010. A sample of transactions were selected from the withdrawn report provided by the Equipment Management. Of those reported as missing/disposed of after audit, their status remains unclear. Additionally, transaction testing of IT assets also highlighted a number of assets that require review to ascertain their status.</p> <p>RISK: Assets are not accurately recorded on the system. Budget challenges.</p>	<p>RECOMMENDATION: Redkite requires a thorough data cleanse to be completed to ensure all assets are recorded fully and accurately. Management to identify items recorded as missing, develop a process and timescale/frame for decision making on updating the status of the item to a permanent resolution.</p> <p>MANAGEMENT COMMENTS: Agreed. A policy decision will be developed to guide the data cleanse and ongoing maintenance of the system in line with the requirements outlined in the NCFRA CGF. Consideration will be given to the value of individual items under £250, over 10 years old and items that cannot be found.</p>	Essential	<p>28.4.21. LF update. This is ongoing and part of the wider Red Kite review and change to ways of working</p> <p>9.7.21 – LF update – July 21 FEG has agreed to recruit a new PM to oversee the Red Kite fix. Action on target for completion date.</p>	<p>Head of Joint Transport and Logistics 31 March 2022</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
14	<p>WEAKNESS: The Equipment Manager advised that Redkite EMS does not have the functionality to update records e.g. when an asset has been reported as lost and then it is found.</p> <p>RISK: Assets are not accurately recorded on the system.</p>	<p>RECOMMENDATION: Redkite requires a thorough data cleanse to be completed to ensure all assets are recorded fully and accurately.</p> <p>MANAGEMENT COMMENTS: Agreed</p>	Important	<p>28.4.21. LF update. This is ongoing and part of the wider Red Kite review and change to ways of working</p> <p>9.7.21 – LF update – July 21 FEG has agreed to recruit a new PM to oversee the Red Kite fix. Action on target for completion date.</p>	<p>Head of Joint Transport and Logistics</p> <p>31 March 2022</p>	

Asset Management – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
15	<p>WEAKNESS: The current process for the completion and progression of FB027's is not consistently followed across the service. Many FB027 forms are being sent directly to Stores or the Equipment Manager without being signed off by a senior officer at station/service level.</p> <p>RISK: Delays in kit being replaced and a lack of audit trail.</p>	<p>RECOMMENDATION Review the FB027 process, update as appropriate and ensure all staff are made aware/reminded of the need for the FB027 form to be completed accurately and signed appropriately prior to forwarding to Stores or the Equipment Manager.</p> <p>MANAGEMENT COMMENTS: Agreed that that process for reporting lost and damaged assets requires review and updating and subsequently communicated and promulgating.</p>	Important	<p>28.4.21. LF update. This is ongoing and part of the wider Red Kite review and change to ways of working.</p> <p>9.7.21 – LF update – July 21 FEG has agreed to recruit a new PM to oversee the Red Kite fix. This time line needs realigning with the other Red Kite work for March 22</p>	<p>Head of Joint Transport and Logistics</p> <p>31 July 2021</p> <p>New date March 22</p>	

C19 Contract and Spend Analysis – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p>Weakness: There are a number of suppliers with whom NCFRA have completed requisitions during Quarters 1 and 2 that do not have a contract or the contract value has been exceeded. See Appendix C.</p> <p>Risk: Paying too much for goods, services or works. Overspend against contract. Reputational risk or accusations of fraud and corruption.</p>	<p>Recommendation: Officers with responsibility for procurement should be reminded of the need to ensure that expenditure is undertaken as outlined in the financial regulations within the NCFRA CGF and Processes for Procurement. Advice should be sought from the Commercial Engagement Partner where collective spend exceeds the limits prior to raising requisitions to ensure adherence with the aforementioned.</p> <p>Complete a full review of supplier requisitions year to date against the latest version of the contracts register to identify any anomalies. Take appropriate actions to ensure that contracts/frameworks are in place in line with the requirements outlined within the NCFRA CGF.</p> <p>Management Comments: Agreed</p>	Important	<p>Assistant Chief Officer, Northamptonshire Police and Northamptonshire Fire and Rescue Service and Head of Joint Finance – June 2021 – in line with other audit recommendations on training etc.</p> <p>5.7.21 PB update. Action completed as per AP/AP 2020 action 1 above.</p>	<p>Head of Joint Finance</p> <p>30th June 2021 Completed</p>	

C19 Contract and Spend Analysis – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<p>Weakness: IR35 checks were not completed for the associate instructors contracted to deliver the basic fire skills training to check their employment status as required by HMRC.</p> <p>Risk: Fines being levied by HMRC. Having to find funds to pay both employer and employee NI and tax contribution. Reputational.</p>	<p>Recommendation: IR35 checks should be completed and evidence held to support the employment status for each post a contractor working at NCFRA retains. Where a post is identified as employed status, the Contractor should be paid through the payroll system to ensure that appropriate deductions for tax and national insurance are made. For staff working at NCFRA through an agency, NCFRA should ask the agency to confirm that they are paying the worker directly through the PAYE - deducting tax and NI as appropriate (and that they are not paying the worker via an invoice from the worker’s company or an umbrella company.)</p> <p>Management Comments: Agreed. There is an existing process in place to ensure that when suppliers are set up, IR35 checks are completed, however, it is clear that this form hasn’t been fully administered properly, therefore;</p> <ul style="list-style-type: none"> • Work is on-going with LGSS to ensure that there is compliance in fully completing the submitted forms. We will continue to monitor new forms and their completeness through the Service Review process. • Finance, HR & Payroll have been on a PSTax course to ensure that our knowledge of IR35 is up to date, so that when forms are reviewed we have the appropriate knowledge and skills to advise on whether those persons should be payroll or suppliers 	<p>Essential</p>	<p>4.5.21 NA update. Training been carried out. NA to meet with LD to ensure process in place and embedded for 31.07.2021</p> <p>9.7.21 NA Update - The process & training is now complete, any possible IR35 contracts will be marked as IR35 and all due processes will be completed.</p>	<p>Head of HR – July 2021</p> <p>Completed</p>	

C19 Contract and Spend Analysis – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
3	<p>Weakness: It was identified during review of the procurement card transaction spreadsheets that the reconciliation completed by the Service Information Team is populated with detail gross figures in the net column.</p> <p>Risk: Inaccurate budgetary reporting</p>	<p>Recommendation: The Finance Adviser to work with the Service Information Team to amend their data input to show the net value, VAT and gross value on their spreadsheets.</p> <p>Management Comments: Agreed The monthly process is being amended to ensure that upon completion of the reconciliation it is provided to the Centralised Finance team for review before sign off, the finance team will review the completed reconciliation for;</p> <ul style="list-style-type: none"> • appropriateness of VAT claims, • accuracy of VAT coding • any reconciling items; & to • complete an audit of the claims themselves 	Important	29.4.21 CV update. Completed	Head of Joint Finance – April 2021 Completed	

C19 Contract and Spend Analysis – February 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4	<p>Weakness: A review of quarter 1 procurement card transactions were reviewed against the published information on NCFRA website. It was identified that a number of transaction amounts on the website differed from the amounts on ERP and there were 4 transactions missing on the published information list. The Service Information Team</p>	<p>Recommendation: Review Quarter 1 published spend detailed on the NCFRA website and update details/amounts accordingly to ensure information is correctly reported.</p> <p>Management Comments: Agreed. In order to ensure that this administrative error is not repeated, the Service Information Team leader</p>	Important	29.4.21 CV update. Completed	Area Manager Business Services – March 2021. Completed	

<p>Leader advised that the errors were due to an administrative error within the Service Information Team.</p> <p>Risk: Incorrect information on spend in the public arena.</p>	<p>informed that they have updated the return template to Joint Finance to have a 'prepared by' and 'signed off by' fields to ensure that a management check is completed prior to submission.</p>				
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Financial Controls Environment Q1, 2 & 3 – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p>WEAKNESS: The 2019/20 Revenue Budget is showing as the current 'Our Budget' on the NCFRA website and budget details are not published on the NPFCC website.</p> <p>RISK: That financial information is not appropriately published as required by the Fire and Rescue National Framework for England.</p>	<p>RECOMMENDATION: Ensure the 2020/21 budget is published in the same format as it is for Northamptonshire Police on the PFCC website. MANAGEMENT COMMENTS: The 2020/21 and 2021/22 budgets have been published on the PFCC website under the NCFRA financial information link.</p>	Standard	<p>PFCC Chief Finance (S151) Officer</p> <p>Completed 4/3/2021</p>	<p>PFCC Chief Finance (S151) Officer</p> <p>March 2021</p>	

Financial Controls Environment Q1, 2 & 3 – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<p>WEAKNESS: There are delays in the processing of reconciliations within the payroll, pension and VAT control accounts. These include delays in passing reconciling items between differing departmental reconciliations</p>	<p>RECOMMENDATION: Joint Finance Team to liaise with NCC to ensure that timely processing of reconciliations within control and suspense accounts is undertaken. Continue to monitor control and suspense accounts and raise queries as they arise with NCC.</p> <p>MANAGEMENT COMMENTS:</p>	Essential	<p>PFCC Chief Finance (S151) Officer to send letter to NCC.</p> <p>Joint Head of Finance to continue to ensure monthly control account and suspense reconciliations are completed and resolved in a timely manner.</p> <p>Completed 30 April 2021</p>	<p>PFCC Chief Finance (S151) Officer</p> <p>30 April 2021</p> <p>Completed</p>	

	<p>RISK: Inaccurate recording of financial information. Insufficient funds available for business as usual.</p>	<p>This was raised with the relevant teams and discussed at both Service Review Meetings and the Contract Review meeting in 2019/20 and resolved for that year. However, a handful of areas have also experienced delays in 2021.22 and despite liaising with the teams and raising at the Service review meetings in 2020/21 have not yet been resolved. This was formally raised at the Q3 LGSS /NCFRA Contract Review meeting on 4/3/21 and the S151 Officer will ensure a letter will be sent confirming the NCFRA concerns in this regard.</p> <p>This has now been requested to be a standing item at the service review meetings, to ensure it is appropriately reviewed and scrutinised by both parties in a timely basis.</p> <p>Assurance was received in January 2021 on the VAT control accounts that these will be adjusted in March 2021 return and the system has now been changed moving forwards. This will be reviewed in the March VAT return to ensure it is actioned.</p>				
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Financial Controls Environment Q1, 2 & 3 – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
3	<p>WEAKNESS: The bank reconciliation end to end process contacts appendix used by NCC appears to be out of date.</p> <p>RISK: Lack of oversight by responsible officers Standard</p>	<p>Recommendations: The Joint Finance Team should raise this issue with NCC to ensure that the contacts appendix is updated to include all appropriate members of the Joint Finance Team.</p> <p>MANAGEMENT COMMENTS: A copy of the end to end process has been requested from NCC (BA) and will be reviewed to ensure it includes appropriate contacts and controls.</p>	Standard	<p>5.7.21 NA Update - I have now contacted the treasury teams CFO as I am not getting a response & I have also asked for a copy of the original appendix so when I do receive it I can check to see if any other records have been updated during the change.</p> <p>9.7.21 NA Update – The treasury team have confirmed that the appendix referenced to the old member of staff is now been updated to a generic contact information.</p>	<p>Joint Head of Finance</p> <p>31st May 2021</p> <p>Completed</p>	

Financial Controls Environment Q1, 2 & 3 – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4	<p>WEAKNESS: The main bank account has been overdrawn on a number of occasions during Q1 to 3, contrary to financial procedure rules, and has resulted in bank charges being levied</p> <p>RISK: Insufficient funds available for business as usual activities</p>	<p>RECOMMENDATION: This issue should be addressed as a matter of priority with NCC to ascertain the reasons why this has happened and ensure that the main bank account does not enter an overdrawn balance again.</p> <p>MANAGEMENT COMMENTS: This is an area of concern and has been raised at the contract review meeting. Furthermore, the Chief Finance Officer will write to NCC asking for an explanation and</p>	Essential	Confirmed as completed by HK in final report feedback email 6.5.21	<p>PFCC Chief Finance (\$151) Officer</p> <p>Completed March 2021</p>	

	assurances of what processes have been put in place to ensure that this will not occur again. This function will move into the Joint Finance Team from 1 July 2021.			
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Procurement and Stock Control – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p>WEAKNESS: It was identified that a purchase order had been raised and authorised by 2 members of staff that have a personal relationship.</p> <p>RISK: Conflict of interest</p>	<p>RECOMMENDATION: Review procurement procedures to ensure that there are no conflicts of interest. This could be by referring a requisition to the next level of the hierarchy on ERP Gold for approval.</p> <p>MANAGEMENT COMMENTS: New process to be implemented, where personnel with family or other areas that could constitute a “conflict of interests” will require an additional level of approval. If this is not possible through ERP Gold, then email approval will be required for auditable purposes.</p>	Essential	2/7/21 – LF update. All staff have been briefed that those with family connections or other relationships that could constitute a conflict of interests must seek approval from the Head of Joint Transport and Logistics or the Head of Joint Finance before they can approve and where possible this should be avoided. Completed	<p>Head of Joint Transport & Logistics & Head of Joint Finance Northamptonshire Police & Fire</p> <p>30th June 2021</p> <p>Completed</p>	

Procurement and Stock Control – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<p>WEAKNESS: Not all transactions reviewed had been goods receipted by a different person to the person who placed the order.</p>	<p>RECOMMENDATION: Goods receipting should be completed in line with the requirements of the NCFRA CGF which requires that goods receipting should be recorded by someone who did not place the order.</p>	Important	2/7/21 – LF update. Included within the 2021 Stores Audit Practices and Policies Document. Completed	<p>Head of Joint Transport & Logistics Northamptonshire Police & Fire</p> <p>30th June 2021</p>	

	RISK: Conflict of interest	MANAGEMENT COMMENTS: A policy will be written/adhered to for the creator of Purchase Orders not to action any receipting against those orders. This should be actioned immediately with creation of process in writing by June 2021.			Completed	
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Procurement and Stock Control – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
3	<p>WEAKNESS: A number of transaction in the sample from cost centre 18F0013 were for items outside of the remit of store consumables and for some, quotations/contracts were not available/not in place that demonstrate obtaining best value. This includes:</p> <ul style="list-style-type: none"> • GTS Testing – evidence provided • Water dispensers • Rental agreement for the franking machine • Rental for Roller Towels <p>RISK: Lack of budgetary control Potential for overspend on budget</p>	<p>RECOMMENDATION: Ensure the correct cost centre is used for raising purchasing orders on ERP Gold. Evidence of quotations should be obtained in line with the requirements detailed in the NCFRA CGF and should be reviewed by the budget holder prior to authorising orders on ERP Gold.</p> <p>MANAGEMENT COMMENTS: On review the correct budget codes are being used for these items which are part of the historic transfer from NCC. The water dispensers and towels are part of the facilities operation that has a budget line within the stores accounts and the franking machine is currently held by procurement. Management will undertake a full review of the budget ownership of these items to ensure the correct governance and controls are applied, by assigning them to the correct budget area.</p>	Essential	<p>9.7.21 – LF update – July 21 FEG has agreed to recruit a new PM to oversee the Red Kite fix. Action on target for completion date.</p> <p>A full review of these items is being undertaken this year in partnership with Finance and Estates to review which area some items within the stores budget should sit in future years.</p> <p>9.7.21 NA Update – The review will include a full transactional level review of all postings to ensure the integrity of the postings</p>	<p>Head of Joint Transport & Logistics and Head of Joint Finance Northamptonshire Police & Fire</p> <p>31 March 2022</p>	

Procurement and Stock Control – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4	<p>WEAKNESS: Evidence of quotations were not available for all transactions selected for review, it has therefore been unable to be confirmed that the costs of orders represent best value for money, they have been sufficiently reviewed prior to them being authorised on ERP Gold and that procurement has been undertaken in line with the requirements outlined within the NCFRA CGF.</p> <p>RISK: Paying too much for goods, services or works Lack of compliance with NCFRA CG</p>	<p>RECOMMENDATION: Evidence of quotations should be obtained in line with the requirements detailed in the NCFRA CGF and should be reviewed by the budget holder prior to authorising orders on ERP Gold to ensure that they represent best value for money.</p> <p>MANAGEMENT COMMENTS: Many store items are bespoke to single suppliers. To obtain multiply quotations for all items would be resource intensive and would not represent good value for money. Moving forwards on commonly used items that are low value we will annually review the available suppliers and ensure that we are receiving the best market price. This will be reviewed by the Stores Manager and the Head of Transport and Logistics and approval given for this to be the approved supplier for the year ahead. It is worth noting that the above solution is only applicable for low value items that fall under the £10K threshold. With all other items the Stores Manager and the Head of Transport and Logistics will work with our commercial partner to get these suppliers on approved frameworks to ensure best value for NFRS and ensure full compliance.</p>	Essential	<p>9.7.21 – LF update – July 21 FEG has agreed to recruit a new PM to oversee the Red Kite fix. Action on target for completion date.</p> <p>Update NA – The risk is recognised. Therefore moving forwards we will ensure that benchmarking will be undertaken and evidenced value for money to ensure future appropriate purchases are compliant with the CGF.</p>	<p>Head of Joint Transport & Logistics and Head of Joint Finance Northamptonshire Police & Fire</p> <p>31 March 2022</p>	

Procurement and Stock Control – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
5	<p>WEAKNESS: The Stores and Supplies Manager advised that there is no formal process in place for Benchmarking of procurement of stock items.</p> <p>RISK: Paying too much for goods, services and works. Not making the best use of resources.</p>	<p>RECOMMENDATION: Benchmarking of the costs of stock items should be undertaken annually to ensure that NCFRA are procuring quality items from suppliers offering the best value. This will ensure that value for money is achieved. Consideration should be given to which Fire and Rescue Services to benchmark against and contact should be made with the Commercial Engagement Partner for advice and guidance.</p> <p>MANAGEMENT COMMENTS: Process has started with Procurement Partner to understand the requirement within the stores function. Once this is complete the process will be written up and bench marking can begin.</p>	Important	9.7.21 – LF Update – This process has now started and LF will provide the update with supporting evidence. Due for completion by 31 July 21	<p>Head of Joint Transport & Logistics Northamptonshire Police & Fire</p> <p>31 July 2021</p>	

Procurement and Stock Control – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
6	<p>WEAKNESS: The current operational system for write off's of stock items is not being undertaken in accordance with the requirements outlined within the NCFRA CGF.</p> <p>RISK: Lack of oversight and inaccurate financial reporting</p>	<p>RECOMMENDATION: As required within the NCFRA CGF, all write offs/disposals must be approved by the PFCC CFO. Review all amendments to stock levels completed during 2020/21 to ensure that the Joint Finance Team are aware of any write offs/disposals. Moving forward, ensure that the PFCC CFO approves any write offs/disposals in advance of updates to stock levels being made to the Stock Management System.</p> <p>MANAGEMENT COMMENT: Finance and Fleet to work together to draw up write off / disposal process and implement. 2020 – 21 review of disposed items will need to have a report created on Red Kite and evaluated with associated costs added for submission to finance for review.</p>	Essential	<p>9.7.21 – LF Update – This process has now started and LF will provide the update with supporting evidence. Due for completion by 30 Sept 21</p> <p>9.7.21 NA Update – The process has been agreed with Finance & moving forwards Finance will keep a register of Fire write offs delegated under the CGF & will review the write offs with the Head of Joint Transport to review the stock write offs vs costs within the GL.</p>	<p>Head of Joint Transport & Logistics and Head of Joint Finance Northamptonshire Police & Fire</p> <p>30 Sept 2021</p>	

Procurement and Stock Control – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
7	<p>WEAKNESS: The 2019/20 stock check was undertaken by staff involved with the daily stock keeping function.</p> <p>RISK: Lack of independence</p>	<p>RECOMMENDATION: As required by the NCFRA CGF, stock takes should be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. Consideration should be afforded to updating the NCFRA CGF to ensure that stock checks are completed to meet operational needs but also include some independent checks.</p> <p>MANAGEMENT COMMENT: Suggestion is for members of the Finance team to provide the independent member for future stock takes. This could be either on an observation role or include a percentage of re-checks to ensure accuracy. Within the workshop stores it is recommended that a move to a continuous stock check model with 10% of stock checked per week. Independent checks of this throughout the year by a nominated finance team member will bring strong oversight.</p>	Essential	<p>9.7.21 – LF Update – LF reviewing all areas of the stores and workshop stocktake. New processes are in place for stores and workshop is under review. On track for completion by 31 March 21</p> <p>9.7.21 NA – The stock count for 20/21 was undertaken under Covid regulations and as such, was a very unusual circumstance. It is agreed that a non stores person should be involved in the count/ re-count and this will be re-implemented for the forth coming stock count.</p>	<p>Head of Joint Transport & Logistics and Head of Joint Finance Northamptonshire Police & Fire</p> <p>31 March 2022</p>	

Procurement and Stock Control – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
8	<p>WEAKNESS: There is currently no formal written process in place or evidence requirements for the administration or authorisations of amendments to the Stock Management System for stock items identified as slow or non moving items and obsolete items.</p> <p>RISK: Lack of oversight and inaccurate financial reporting</p>	<p>RECOMMENDATION: A process and templates should be developed and approved for how to administer and approve/authorise the removal from the Stock Management System of</p> <ul style="list-style-type: none"> • slow or non-moving items and • obsolete items. <p>MANAGEMENT COMMENT: Management to write a process in relation to review of slow/non-moving/obsolete stock lines.</p>	Important	2/7/21 – LF update. Included within the 2021 Stores Audit Practices and Policies Document. Completed	<p>Head of Joint Transport & Logistics Northamptonshire Police & Fire</p> <p>30 June 2021 Completed</p>	

Procurement and Stock Control – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
9	<p>WEAKNESS: It is not clear whether the Stock Management System has the capability to run reports for monitoring of high value items or who would be responsible for undertaking the reviews.</p> <p>RISK: Lack of management oversight</p>	<p>RECOMMENDATION: Review the capabilities of the Stock Management System to identify the reporting capabilities, to include the ordering, stock levels held and the issuing of high value items. A process should be developed detailing management responsibilities for the review of the Stock Management System and exception reporting.</p> <p>MANAGEMENT COMMENT: Creation of Red Kite report to identify high value items – This will need to include owners of these items to allow governance. Once report is available the process can be developed to detail clear ways of working and areas of responsibility.</p>	Important	9.7.21 – LF Update – This process has now started and LF will provide the update with supporting evidence. On track for completion by 30 Sept 21	<p>Head of Joint Transport & Logistics Northamptonshire Police & Fire</p> <p>30 Sept 2021</p>	

Procurement and Stock Control – May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
10	<p>WEAKNESS: It is not clear that there is any independent management oversight/challenge/review of the frequency and the type of requisitions being raised by teams/departments and individuals within NCFRA.</p> <p>RISK: Lack of management oversight.</p>	<p>RECOMMENDATION: A process should be developed detailing management responsibilities for the review of requisitions for business as usual and by exception.</p> <p>MANAGEMENT COMMENT: A process will be written to validate the current Stores BAU as all requisitions to Stores are currently reviewed/ approved/reject/challenged – this process will allow a framework for requisitions to be escalated to stores Manager by stores staff where needed, and again to the budget holder/operational lead where needed. Additional governance will be offered at monthly budget / finance reviews.</p>	Important	2/7/21 – LF update. Included within the 2021 Stores Audit Practices and Policies Document. Completed	<p>Head of Joint Transport & Logistics Northamptonshire Police & Fire</p> <p>30 June 2021 Completed</p>	

Key Policies - May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p>WEAKNESS: The copy of the Equality Impact Assessment for C4 SOP – Safeguarding Children and Young People has not been approved by the Chief Fire Officer/Assistant Chief Fire Officer.</p> <p>RISK: Non-compliance with the SIS Document Framework</p>	<p>RECOMMENDATION: Review the assessment and ensure that evidence is held that it has been appropriately approved.</p> <p>MANAGEMENT COMMENTS: Reviewing documentation and ensure full completion.</p>	Standard	6.7.21 FEG update. EQiA template to be changed by SD to allow any member of FEG to sign off. A1 SIS Document Framework to be reviewed to reflect the change. DD agreed that this has been approved and can be closed as completed.	<p>Prevention, Safeguarding & Partnerships Manager</p> <p>30 June 2021 Completed</p>	

Key Policies - May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<p>WEAKNESS: The Equality Impact Assessment Screen Form FB158 completed for the STP 08 Tactical Ventilation is dated 24 November 2009, 3 years before version 1.0 of the STP was published.</p> <p>RISK: Inconsistent application of the SIS Framework</p>	<p>RECOMMENDATION: Confirm if the reason for this is that the STP 08 was amended/rebranded following the change in governance.</p> <p>MANAGEMENT COMMENTS: Currently investigating the reason for the difference in EQIA completion to first publication to ensure complete audit trail</p>	Standard	<p>Service Training Manager</p> <p>9.7.21 M Layer On track for Sept 21</p>	<p>Service Training Manager</p> <p>31 Sept 2021</p>	

Key Policies - May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
3	<p>WEAKNESS: The first 3 paragraphs of Section 8 of the policy duplicate the wording of section 7 and are not appropriate for section 8 – Claims for meals whilst travelling on business.</p> <p>RISK: Confusion for the reader</p>	<p>RECOMMENDATION: Review the wording of Section 8 to remove the duplicated paragraphs.</p> <p>MANAGEMENT COMMENTS: Reviewing policy to remove any duplication and ensure clarity for the reader</p>	Standard	<p>Service Information Manager confirmed completed on 15.4.21</p> <p>Complete</p>	<p>Service Information Manager</p> <p>Completed 15.4.21</p>	

Key Policies - May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4	<p>WEAKNESS: It was advised that there is no current service-wide assurance in place to confirm that staff have read key policies, it is achieved through checks made by managers.</p> <p>RISK: Staff may not be aware/not following approved policies and procedures</p>	<p>RECOMMENDATION: Consider the feasibility of introducing a system that enables key policies and procedures to be confirmed as read by all NFRS personnel (See 1.5 above).</p> <p>MANAGEMENT COMMENTS: Agreed</p>	Important	9.7.21 KB update - The process for the management and governance of policies & procedures along with information management and communications strategy is currently being reviewed and is expected to be published in Q2. This will work will consider how we ensure all relevant staff receive all relevant information and how this will be assured. On track for Dec 21	Service Information Team Manager 31 Dec 2021	

Key Policies - May 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
5	<p>WEAKNESS: The minutes of the February 2021 Safeguarding Management Group detail that there are Safeguarding gaps which includes:</p> <ul style="list-style-type: none"> • The use of volunteers • DBS checks and the safer recruitment policy <p>RISK: That NCFRA are not complying with requirements for safeguarding as outlined in the Safeguarding Vulnerable Groups Act 2006.</p>	<p>RECOMMENDATION: These issues should be added to the Safeguarding Action Plan and actions taken to address gaps in processes and procedures. Advice should be sought from HR/Enabling Services on how the gaps can be addressed to ensure Safeguarding requirements are adhered to in line with the requirements Adult workforce guide v10 0 030818.pdf</p> <p>MANAGEMENT COMMENTS: Agreed</p>	Important	Prevention, Safeguarding & Partnerships Manager 9.7.21 LB update – On track for Sept 21.	Prevention, Safeguarding & Partnerships Manager 1 st Sept 2021	

Organisational Governance - June 2021

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p>WEAKNESS: The terms of reference for JIAC published on the PFCC website require updating.</p> <p>RISK: Lack of effective formal oversight.</p>	<p>RECOMMENDATION The terms of reference on the PFCC website should be updated to reflect the current terms of reference for the JIAC and updated annually thereafter.</p> <p>MANAGEMENT COMMENT The updated terms of reference are in the JIAC papers, however, the summary page on the website does need updating to ensure it is linked to the most up to date JIAC terms of reference. The CFO will ensure this is completed by the OPFCC colleagues who administer the website.</p>	Standard	<p>5.7.21 JIAC ToR 2020 published on PFCC website. July 2021 JIAC meeting agenda has JIAC 2020/21 annual report which will include ToR.</p> <p>Completed</p>	Chief Finance Officer June 2021 Completed	

ICT Governance – June 21

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p>WEAKNESS: ICT Strategy dated April 2019.</p> <p>RISK: ICT Strategy does not reflect shared ICT arrangements with Police or long-term impacts of Covid pandemic as they relate to ICT.</p>	ICT Strategy should be reviewed and updated. The update should be reflected in the version/date of the document.	Important	<p>The Digital Strategies for Fire and Police will be created as an output of the new joint Digital Team which is awaiting approval.</p> <p>090721 – New Joint Digital team implementation has been approved. High level strategic intention document to be completed by 30 Sept 2021, leading to full strategy by end of March 2022.</p>	Clare Chambers, CDO 31 March 2022	

ICT Governance – June 21

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<p>WEAKNESS: The NCFRA ICT Departmental business action plan 2020/21 is out of date</p> <p>RISK : No current action plan, actions on 20/21 plan may have been achieved as the document predates Covid pandemic.</p>	A 21/22 NCFRA ICT departmental Plan should be produced.	Important	<p>The Business plan for ICT will go to the June 2021 Digital Strategy Board.</p> <p>5.7.21 PB update. Business plan went to DSB last month so this is complete – it is on FEG agenda 6.7.21</p>	<p>Clare Chambers, CDO</p> <p>30 June 2021</p> <p>Complete</p>	

ICT Governance – June 21

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
3	<p>WEAKNESS Reliance on contractor ICT project documentation.</p> <p>RISK lack of independence from contractor and NCFRA project arrangements for governance, budget, dependences etc not reflected in documentation.</p>	NCFRA Project templates should be used for ICT projects and be signed off by a relevant CFRA/Enabling Services member of staff.	Important	<p>Templates for projects will be created by and for the new Digital Team Portfolio Office.</p> <p>New Digital team currently awaiting approval 090721 – New Joint Digital team implementation has been approved. Digital Portfolio office will create new documentation. On track for Dec 21.</p>	<p>Clare Chambers, CDO</p> <p>31 December 2021</p>	

ICT Governance – June 21

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4	<p>WEAKNESS: ICT Scorecard limited in scope to IT defects and requests and attendance data.</p> <p>RISK: Qualitative areas such as whether stakeholder expectations are met are not measured.</p>	ICT Scorecard should be reviewed by management,	Important	<p>KPI reporting will be created as an output of the new digital team implementation.</p> <p>090721 – New Joint Digital team implementation has been approved. Programme of work is being planned currently. On track for Dec 21</p>	<p>Clare Chambers, CDO</p> <p>31 December 2021</p>	

ICT Governance – June 21

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
5	<p>WEAKNESS: Single most significant area of ICT revenue spend, Microsoft Licensing, not included in 20/21 budget. Other ICT budget areas underspent.</p> <p>RISK: ICT budget lacks transparency with areas of significant unbudgeted spend and compensating underspends on other areas.</p>	21/22 ICT budget should be reviewed to ensure it reflects estimated expenditure, including licensing costs.	Important	Agreed. 5.7.21 PB update. The budget has been reviewed – it is reviewed every year, Deanna has been through in detail with Simon and Clare and therefore it is better aligned. I am content it is complete	Clare Chambers, CDO 30 June 2021	

TOM – June 21

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p>WEAKNESS: The latest published monthly performance data on the NCFRA website is not updated on a timely basis. (It was identified during review that it was not updated between December 2020 and March 2021).</p> <p>RISK: Reputational risk</p>	<p>RECOMMENDATION: Ensure that the most recent scrutinised performance data is uploaded on a timely basis on the NCFRA website.</p> <p>MANAGEMENT COMMENTS: Area Manager, Business Services to implement and embed a schedule of reporting between Business Services and Communications for this to ensure regular reporting of NCFRA Performance on the external facing website.</p>	Standard	9.7.21 KB update - On target to meet 31 August 2021 deadline	Area Manager, Business Services 31st August 2021	

MTFP and Budget Management – June 21

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p>The link to the MTFP within the IRMP does not work</p> <p>Risk: Reputational</p>	<p>As the MTFP is regularly reviewed during the time of the IRMP, the document should be referenced rather than linked.</p> <p>Management comments; The MTFP is updated regularly throughout the year and formally each budget cycle, whereas the IRMP is prepared alongside the Fire and Rescue Plan over a longer term timescale, therefore, it would be more appropriate to remove the link and reference the MTFP within the document.</p>	Standard	<p>The Chief Finance Officer will propose to the Chief Fire Officer that in the next IRMP which will be finalised alongside the next Fire and Rescue Plan that the link is removed and reference is made to the MTFP and where it can be found.</p>	<p>After the publication of the next IRMP. Assumed by 31 March 2022.</p>	

Accounting systems AP/AR – June 21

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p>Supplier 1118000562 has had orders raised with them to the value of £36,800.63 during 2020/21 without there being a contract in place.</p> <p>Risk: Inappropriate payments made</p>	<p>Ascertain the reason for this and if procurement is ongoing with this supplier, a contract should be put in place.</p> <p>More generally, the spend per supplier exercise aforementioned should continue to be undertaken regularly to identify contracts that require implementing, review, renewal, extension to ensure compliance with the NCFRA CGF.</p>	Standard	<p>Having reviewed the transactions & discussed them with the Commercial Engagement Partner, I am content that £27k of the expenditure was 'one off' responses to the second Covid peak and the need to deliver further virtual working, meeting facilities & associated technology & they finalised those projects, so would not expect any further expenditure on those arrangements.</p> <p>The largest single purchase within this was for conferencing facilities and associated equipment</p>	<p>Joint Finance Team with ICT Department.</p> <p>31.12.21 (due to procurement timelines).</p>	

				<p>which was £9,788.46 and within the CGF allowances.</p> <p>The remaining £10.5k of expenditure has been discussed with the Chief Digital Officer and whilst all purchases were singularly below £10k, to ensure value for money and appropriate controls around the purchases (ie warranty etc), there is scope to ensure that this category of expenditure is amalgamated planned and captured within a contract across Enabling Services and as such the Force's Procurement Business Partner is working with the ISD Operations Senior Manager to deliver a contract to cover such expenditure moving forwards.</p> <p>090721 – New Joint Digital team implementation has been approved and part of this team is a joint Digital Contracts team, which will deal with all purchasing to ensure compliance with SFIs moving forward. On track for Dec 21.</p> <p>9.7.21 NA Update – This is now on the pipeline as a joint procurement.</p>		
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Accounting systems AP/AR – June 21

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<p>Testing highlighted that there were some transactions that had been raised on ERP Gold without having evidence to support the transactions for both Engineering Services and Training</p> <p>Risk: Inappropriate payments made</p>	<p>Requisitioners within Training and Engineering Services should be reminded of the evidence requirements for obtaining quotations in line with the NCFRA CGF before entering the requisition on ERP Gold.</p>	Standard	<p>The teams have been part of the procurement training and the managers of the function have been told to ensure that the teams are reminded of the requirements of the CGF to ensure appropriate backing information is included.</p> <p>9.7.21 NA confirmed on track for completion by 31.07.21</p>	<p>Joint Finance Team with Training and Engineering Services Departments</p> <p>31 July 2021</p>	

Accounting systems AP/AR – June 21

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
3	<p>Transactions raised by the Training Department had not been entered using the required fields for quantity and unit price</p> <p>Risk: Lack of budgetary control and inappropriate payments made</p>	<p>Refresher training should be undertaken with the Training Department requisitioner and budget holder to ensure requisitions are raised correctly on ERP Gold.</p>	Standard	<p>The teams have been part of the procurement training and the managers of the function have been told to ensure that the teams are reminded of the requirements of the CGF to ensure appropriate backing information is included.</p> <p>9.7.21 NA confirmed on track for completion by 31.07.21</p>	<p>Joint Finance Team with Training Department</p> <p>31 July 2021</p>	



AGENDA ITEM: 10a

**NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER,
NORTHAMPTONSHIRE POLICE and
NORTHAMPTONSHIRE FIRE AND RESCUE SERVICE**

**JOINT INDEPENDENT AUDIT COMMITTEE
JULY 2021**

REPORT BY	Vaughan Ashcroft S151, Helen King S151
SUBJECT	2020/21 Policing Treasury Management Outturn
RECOMMENDATION	To note the report

1. Overview

- 1.1 The Police, Fire and Crime Commissioner is required to review and adopt a Treasury Management Strategy annually alongside the Budget, Precept, Capital Programme and Capital Strategy and publish this prior to the 31 March each year.
- 1.2 The Strategy was considered by the JIAC in March 2021 and is published on the PFCC website. This Strategy was reviewed in May 2021 as set out in the attached report.
- 1.3 The 2020/21 Treasury Outturn Report will be considered by the PFCC at the August 2021 Accountability Board as attached.

2. Recommendation

- 2.1 To note the contents of the report.



TREASURY MANAGEMENT PERFORMANCE 2020/21

1st April 2020 to 31st March 2021

Report date: 13/05/2021

Purpose of Report

1. To inform the Commissioner of the borrowing, capital financing, lending and cash management activities during the period 1st April 2020 to 31st March 2021.

Recommendation

2. To consider the contents of the report.

Background

3. The 'Code of Treasury Management' published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and recommended by the Home Office, has been adopted by the Office of the PFCC for Northamptonshire ("the OPFCC").
4. Comments on specific activities are as follows:-

i) Capital Financing/Long Term Borrowing

In line with advice from our treasury management advisors and the approved strategy, a loan of £9.5m was taken out in March 2020 and repaid in March 2021, which was required to cover the purchase cost of the Darby House building.

A short-term loan of £10m was taken in April 2020 and repaid in October 2020 in order to maintain cash balances throughout the early stages of the pandemic.

A 10-year loan of £12m was taken in March 2021 to fund investment in Darby House (including the costs of its renovation) longer term.

Therefore, external debt at 31st March 2021 was £13.3m, made up of:

- Existing loans - £1.3m with an average interest rate of 4.82%
- New loan - £12.0m with an interest rate of 1.71%

All recent borrowings were made following guidance from Link Asset Services, scrutiny by both CFOs and formal authorisation by the PFCC.

ii) Lending of Surplus Funds

Funds that are temporarily surplus are invested. Funds invested in short-term instant access accounts (referred to as 'overnight' balances) accounts earned 0.05% during the period covered by the report and on longer term deposits earnings ranged from 0.05% up to 0.07%. The interest earned is dependent on both the size and duration of each investment.

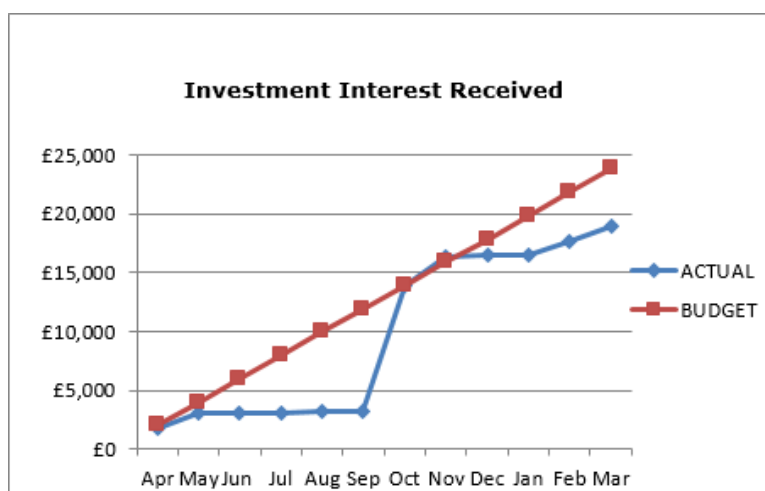
In 2020/21, the OPFCC generated £18.9k of investment income against a budget of £23.8k, resulting in a deficit of £4.8k. The OPFCC continued to invest with permitted institutions (Natwest/RBS, Barclays, Lloyds and Santander) during the year. The lower investment returns are attributable to the reduction in interest rates being offered by the various financial institutions for the year due to the economy changes through Covid 19. The decision to borrow internally for capital purposes also reduced the overall level of cash available for investment.

At each month-end and up to and including 31st March 2020, the following investment balances were outstanding according to the OPFCC's Treasury Management Policy:

End of Month	Outstanding 'Money Market' Investments	Outstanding Call Account Balances
Apr-20	£0.0m	£12.7m
May-20	£0.0m	£10.5m
Jun-20	£0.0m	£9.7m
Jul-20	£0.0m	£23.0m
Aug-20	£0.0m	£23.0m
Sep-20	£0.0m	£23.0m
Oct-20	£0.0m	£12.4m
Nov-20	£0.0m	£10.0m
Dec-20	£0.0m	£9.1m
Jan-21	£0.0m	£9.2m
Feb-21	£0.0m	£7.1m
Mar-21	£0.0m	£5.8m

The following graph demonstrates interest earned (cumulative) during the period against the profiled budget:





The 2020/2021 Home Office Police Pension Fund grant totalling £19.2m was received in early July 2020 which provided a significant increase to surplus funds available to invest. Investment levels will then generally fall towards the end of the financial year.

Credit Ratings of Permitted Institutions

5. The credit ratings for institutions permitted by the Treasury Management Policy have been provided by Link Asset Services and reviewed to assess the security of the OPFCC's cash reserves.

The ratings for each institution (as assessed by Fitch, Standard & Poor's and Moody's respectively) currently used by the OPFCC are as follows (correct as at 31st March 2021):

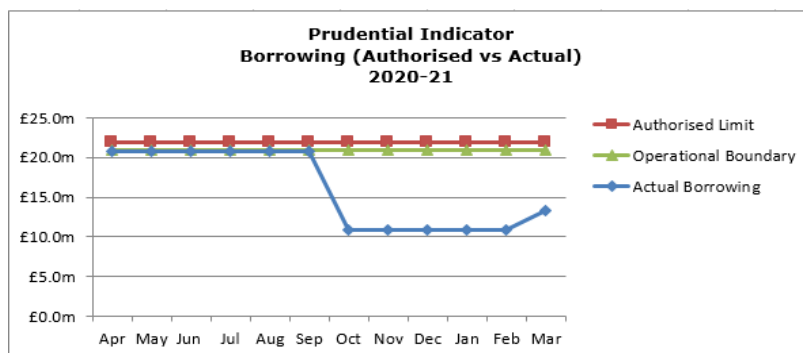
Bank / Building Society	Current Ratings
Royal Bank of Scotland PLC	F1 / A-1 / P-1
Santander UK PLC	F1 / A-1 / P-1
Barclays Bank plc	F1 / A-1 / P-1
Lloyds Bank plc	F1 / A-1 / P-1

The highest potential ratings awarded by each agency over the term used by the OPFCC ("short-term" – i.e. less than 365 days) are F1+ / A-1+ and P-1 respectively. The ratings seen above are, whilst not the top rating, typical of the level awarded to other UK banks.

Overall, the level of risk presented by investing with the above-mentioned institutions is proportionate and does not contravene the overriding principle of protecting the OPFCC's resources (in this case the cash reserves).

External Debt – Authorised Limits

6. The OPFCC's debt is monitored against the 'authorised limit' and 'operational boundary' on a monthly basis. The authorised limit for 2020/21 was £21.9m and is the statutory limit determined under section 3(1) of the Local Government Act 2003. This has not been exceeded. The operational boundary was £20.9m which is the maximum level of projected external debt, and was also not exceeded.



Maturity Structure of Debt

7. The Prudential Code recommends that the OPFCC sets upper and lower limits for the maturity structure of its fixed rate borrowing.

TM Strategy 20/21 Prudential Limits	Upper Limit	Lower Limit	Actual
Under 12 months	33%	0%	0%
12 months and within 24 months	33%	0%	0%
24 months and within 5 years	70%	0%	0%
5 years and within 10 years	70%	0%	95%
10 years and above	100%	0%	5%

The decision was made to borrow on a 12 month basis following professional advice that interest rates would be preferable if any longer-term borrowing was delayed until after PWLB consultation. This was agreed by both CFOs and supported formally by the PFCC, recognising that this prudential indicator would be breached.

The relatively low value of existing debt causes the Maturity Structure indicator to be breached very easily. Following a review by both CFOs, the PFCC supported the decision to amend the limits in 2021/22 Treasury Management Strategy that ensure that the limits are meaningful and in line with the approved capital programme subsequent future borrowing requirements.

The actual values move as fixed maturity dates draw nearer with each advancing year.

Investment of Principal Sums

8. In line with the Treasury Management policy no sums have been invested for more than 364 days.

Implications

Financial:	As described in the report.
Legal:	None.
Equality Impact Assessment:	None identified
Risks and Impact:	As described in the report.
Link to Police and Crime Plan:	20/21 Approved budget

Background Papers

Treasury Management File

Contact Names

Mrs H King, Chief Finance Officer (OPFCC) – (0345) 111 222 344573
Mr V Ashcroft, Chief Finance Officer (OCC) – 03000 111 222 345793





AGENDA ITEM 10b

NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER AND NORTHAMPTONSHIRE POLICE JOINT INDEPENDENT AUDIT COMMITTEE

Report Title	2020/21 NCFRA Treasury Management Outturn
Meeting Date	28 July 2021
Author	Nick Alexander, Deputy S151, Helen King S151

1. Overview

- 1.1 NCFRA are required to review and adopt a Treasury Management Strategy annually alongside the Budget, Precept, Capital Programme and Capital Strategy and publish this prior to the 31 March each year.
- 1.2 The 2021/22 Strategy was considered by the JIAC in March 2021 and published on the PFCC website.
- 1.3 The 2020/21 Treasury Outturn Report will be considered by the Joint Independent Audit Committee (JIAC) in July 2021 as part of their annual plan.

2. Future Developments

- 2.1 Following the Governance transfer from NCC, Treasury Management, VAT and Cashflow monitoring were delivered by Local Government Shared Services (LGSS) and subsequently, Northamptonshire County Council (NCC) at an annual cost of £68,640 per annum. Following the establishment of the two unitary councils in Northamptonshire from April 2021, these services will be delivered by West Northamptonshire council until 30 June 2021.
- 2.2 The Joint Finance team was established for Police and Fire in June 2020 and the Business Case included a phased transfer of responsibilities from finance contractors to the in-

house joint team over time. This is in line with the longer term strategic direction shared with the JIAC for MFSS (Police) and LGSS (Fire).

- 2.3 Treasury/Tax and VAT services will be undertaken by the Joint Finance team with effect from 1 July 2021 and this will bring benefits and consistency across both Fire and Policing.

3. Recommendation

- 3.1 To note the contents of the report.



**NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER,
NORTHAMPTONSHIRE POLICE and
NORTHAMPTONSHIRE FIRE AND RESCUE SERVICE**

Date: 28th July 2021

REPORT BY	Biyi Adegbola, NCC Treasury Manager Nick Alexander, NCFRA Joint Head of Finance
SUBJECT	2020/21 NCFRA Treasury Management Outturn
RECOMMENDATION	To consider report

1 PURPOSE OF THE REPORT

- 1.1 This report provides the Commissioner with an update on Treasury Management activities for NCFRA for the year 2020/21. The report will also be considered by the Joint Independent Audit Committee (JIAC).

2. BACKGROUND

- 2.1 Treasury Management is governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code). The Code has been developed to meet the needs of Local Authorities and its recommendations provide a basis to form clear treasury management objectives and to structure and maintain sound treasury management policies and practices.
- 2.2 The Code was adopted via the Treasury Management Strategy Statement (TMSS), which was approved for the 2020-21 financial year in March 2020. It requires the Authority to produce an annual treasury report and a half yearly report.
- 2.3 The Treasury Management Strategy included an assessment of the potential Capital Programme for NCFRA. Whilst a number of elements in the programme are being progressed, it is very likely that there will be significant slippage in the programme, reducing the need for borrowing in the short term.

3 BORROWING OUTTURN

- 3.1 Treasury Borrowing – In February 2021 the Authority obtained PWLB Borrowings of £3.3m over 40 years.
- 3.2 Borrowing - loans were drawn to fund the net unfinanced capital expenditure.

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£3.3m	Fixed interest rate	1.980%	40 years

This interest rate above compares favourably to the budget assumption of 2.04% for PWLB borrowings.

4 INVESTMENTS

- 4.1 The investment activity during the year conformed to the approved strategy, and the Authority had no liquidity difficulties during the year.
- 4.2 The authority in 2020/21 only holds a saving account and notice accounts. The position from at the end of the financial year is shown in the table below.
- 4.3

Table 1.

INVESTMENT PORTFOLIO	Actual 20/21	Actual
	£000	%
Treasury investments		
Bank – Savings account	2,798	48%
Bank – 95 day notice account	3,000	52%
Others	Nil	Nil
TOTAL TREASURY INVESTMENTS	5,798	100%

- 4.4 The investment outturn during the year is highlighted below:
- The Authority maintained an average balance of internally managed funds of £7.164m during the year.
 - The internally managed funds earned an average rate of return of 0.08%.
 - The interest earned in this year is significantly lower than budget, this is largely due to the economic environment since the pandemic started in the UK in March 2020. Investment returns which had been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. Most local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic bursting onto the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the

national lockdown on large swathes of the economy. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.

- This authority does not have sufficient cash balances to be able to place deposits for more than a month so as to earn higher rates from longer deposits. While the Authority has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis.

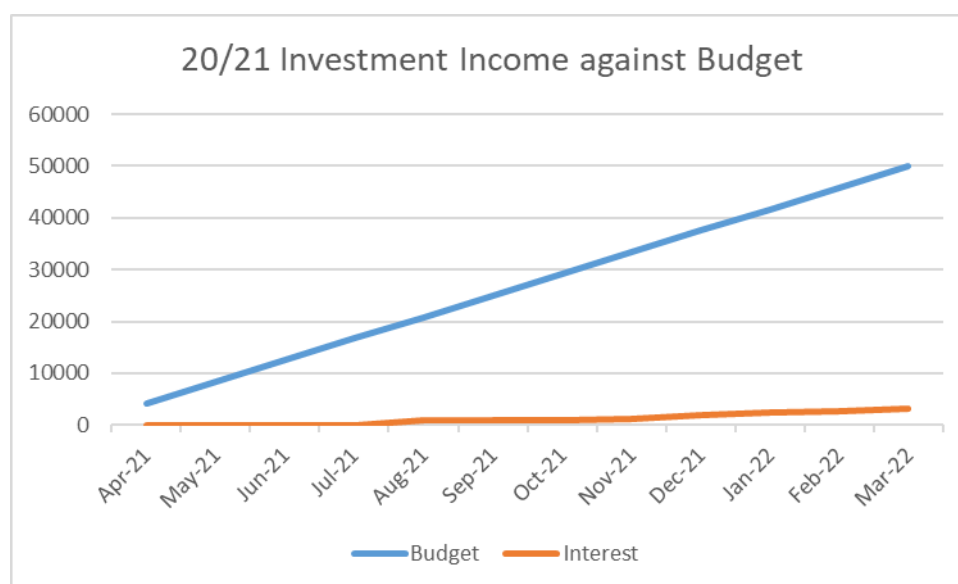
4.5 The Authority's general policy objective is to invest its surplus funds prudently. As such the Authority's investment priorities, in priority order, are:

- security of the invested capital;
- liquidity of the invested capital; and
- the yield received from the investment.

4.6 The Authority has been maintaining a robust cash flow model to understand liquidity requirements before undertaking any investment activity that may expose the Authority to risk.

4.7 Following another year of activity, the Chief Finance officer will review the cash flow modelling to establish any requirement for revised parameters for investment activity going forward including exploring having access to other investment instruments.

4.8 The following graph demonstrates interest earned (cumulative) during the period against the profiled budget;



5 PRUDENTIAL AND TREASURY INDICATORS

- 5.1 There is a requirement under the Local Government Act 2003 for Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. The Prudential Code was recently updated in 2018.
- 5.2 The Prudential Indicators and borrowing limits are shown in Appendix A.

Appendix A
Treasury and Prudential Indicators

Prudential Indicator	20-21 TMSS	2020-21 Actual
Authorised limit for external debt	----- £5.400m -----	-----
Operational boundary for external debt	----- £4.500m -----	-----
Capital Financing Requirement (CFR)	£2.965m	£3.300m
Upper limit of fixed interest rates based on net debt	100%	0%
Upper limit of variable interest rates based on net debt	50%	0%
Principal sums invested > 365 days	£0.000m	£0.000m
Maturity structure of borrowing limits:-		
Under 12 months	Max. 80% Min. 0%	0.0%
12 months to 2 years	Max. 50% Min. 0%	0.0%
2 years to 5 years	Max. 50% Min. 0%	0.0%
5 years to 10 years	Max. 50% Min. 0%	0.0%
10 years and above	Max. 100% Min. 0%	100.0%



Joint Independent Audit Committee
28 July 2021

AGENDA ITEM: 11

REPORT BY	Project Support Officer
SUBJECT	Joint Independent Audit Committee (JIAC) - Agenda Plan – Updated July 2021
RECOMMENDATION	To discuss the agenda plan

1. Background

1.1 The agenda plan incorporates statutory, good practice and agreed scrutiny items and has been updated to reflect the items.

DRAFT AGENDA PLAN JULY 2021 to DECEMBER 2022

		frequency required	Accounts workshop TBC	29th July 2021	6th October 2021	November Workshop TBC	15th December 2021	February 2022 workshop	9th March 2022	Accounts workshop TBC	27th July 2022	5th October 2022	November workshop TBC	14th December 2022
	Confirmed agenda to be circulated			17/06/2021	20/08/2021		05/11/2021		28/01/2022		15/06/2022	19/08/2022		04/11/2022
	Deadline for reports to be submitted			15/07/2021	23/09/2021		02/12/2021		24/02/2022		13/07/2022	22/09/2022		01/12/2022
	Papers to be circulated			21/07/2021	28/09/2021		08/12/2021		01/03/2022		19/07/2022	27/09/2022		07/12/2022
Public	Apologies	every meeting		Apologies	Apologies		Apologies		Apologies		Apologies	Apologies		Apologies

Public	Declarations	frequency required every meeting	Accounts workshop TBC	29th July 2021	6th October 2021	November Workshop TBC	15th December 2021	February 2022 workshop	9th March 2022	Accounts workshop TBC	27th July 2022	5th October 2022	November workshop TBC	14th December 2022
Public	Meetings log and actions	every meeting		Meetings log and actions	Meetings log and actions		Meetings log and actions		Meetings log and actions		Meetings log and actions	Meetings log and actions		Meetings log and actions
Restricted	Meeting of members and Auditors without Officers Present	once per year		Meeting of members and Auditors without Officers Present							Meeting of members and Auditors without Officers Present			
Public	External Auditor reports	every meeting Once a Year – Plan, Once a Year ISA260 and one a Year Annual Audit Letter (timescale Accounts dependent)		External Auditor reports	External Auditor reports		External Auditor reports		External Auditor reports		External Auditor reports	External Auditor reports		External Auditor reports
Public	Internal Auditor reports (progress)	every meeting		Internal Auditor progress reports	Internal Auditor progress reports		Internal Auditor progress reports		Internal Auditor progress reports		Internal Auditor progress reports	Internal Auditor progress reports		Internal Auditor progress reports
Public	Internal Audit Plan and Year End Report	twice a year for NFRS and PCC & CC		Year End Reports					Internal Audit Plans		Year End Reports			

Public	Update on Implementation of internal audit recommendations	frequency required twice a year for NFRS and PCC & CC	Accounts workshop TBC	29th July 2021	6th October 2021	November Workshop TBC	15th December 2021	February 2022 workshop	9th March 2022	Accounts workshop TBC	27th July 2022	5th October 2022	November workshop TBC	14th December 2022
				Audit implementation update NFRS	Audit implementation update PFCC and CC		Audit implementation update NFRS		Audit implementation update PFCC and CC		Audit implementation update NFRS	Audit implementation update PFCC and CC		Audit implementation update NFRS
Public	HMICFRS updates	1 per year per organisation					NFRS - HICFRS update		CC - HMIC update					
Restricted	Risk register update (including current risk policy as an appendix)			NFRS Risk register (including current risk policy as appendix)			CC Risk register (including current risk policy as appendix)				PFCC Risk register (including current risk policy as appendix)			CC Risk register (including current risk policy as appendix)
Public	Fraud and Corruption: Controls and processes	Once a year for NFRS and PCC & CC			NFRS - Fraud and Corruption: Controls and processes		PFCC & CC - Fraud and Corruption: Controls and processes					NFRS - Fraud and Corruption: Controls and processes		PCC & CC - Fraud and Corruption: Controls and processes
Public	Budget plan and MTFP process and plan update and timetable	annually for all			NFRS, CC and PCC - Budget plan and MTFP process and plan update and timetable							NFRS, CC and PCC - Budget plan and MTFP process and plan update and timetable		

Public		frequency required Once a Year – dates TBC	Accounts workshop TBC Statement of Accounts review - NCFRA, PFCC and CC	29th July 2021	6th October 2021	November Workshop TBC	15th December 2021	February 2022 workshop	9th March 2022	Accounts workshop TBC	27th July 2022	5th October 2022	November workshop TBC	14th December 2022
Public	Statement of accounts	annually for all (subject to audit timescales)		Statement of account NCFRA	Statement of accounts PCC and CC						Statement of account NCFRA	Statement of accounts PCC and CC		
Public	Treasury Management Strategy	annually for all							NCFRA, CC and PCC - Treasury Management Strategy					
Public	Attendance of PCC, CC and CFO	annually for all			Attendance of PCC, CC and CFO									
Restricted	Enabling Services (including new system arrangements)	twice a year			Enabling services update				Enabling services update			Enabling services update		

Public	Specific Updates at each meeting throughout the year where appropriate	frequency required	Accounts workshop TBC	29th July 2021	6th October 2021 Mint Update	November Workshop TBC	15th December 2021	February 2022 workshop	9th March 2022	Accounts workshop TBC	27th July 2022	5th October 2022	November workshop TBC	14th December 2022
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