



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

JOINT INDEPENDENT AUDIT COMMITTEE

9th March 2022 10.00am to 12.30pm

Microsoft Teams virtual meeting

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

* * * * *

Public Meeting of the Joint Independent Audit Committee				Time
Public meeting of the Joint Audit Committee				
1	Welcome and Apologies for non- attendance			10:00
2	Declarations of Interests			10:05
3 (pg 5)	Meetings and Action log 15 th December 2021	HK/KO	Reports	10.10
4	JIAC self assessment	AB/ KO	Verbal	10.15
5a (pg11)	Internal Auditor Progress Reports PCC & CC	Mazars	Reports	10.25
5b (pg30)	NCFRA	DW/ JF		
6a (pg38)	Internal Audit plans PCC & CC	Mazars	Reports	10.40
6b (pg57)	NCFRA	DW/ JF		
7 (pg 69)	Audit implementation update PFCC & CC	MR	Reports	10.55
8a	External Auditor Report PFCC & CC	EY	Verbal	11.15
8b	NCFRA			
9a (pg122)	Treasury Management Strategy and mid-year update to Q3 PCC & CC	VA	Reports	11.30
9b (pg154)	NCFRA			
10 (pg187)	Enabling Services Update	PB	Report	11.45
11	JIAC workshop – Estates feedback	AB	Verbal	11.55
12	JIAC recruitment update	AB/HK /VA/PB	Verbal	12.00
13 (pg193)	Agenda Plan	KO	Report	12.05
	AOB	Chair	Verbal	
14	Confidential items – any	Chair	Verbal	
15	Resolution to exclude the public	Chair	Verbal	
	<p>Items for which the public be excluded from the meeting:</p> <p>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:</p> <p><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</i></p>			

	<i>descriptions against each item would be disclosed to them”.</i>			
16 (pg196)	HMICFRS update – CC	SN/SJ	Reports	
17 (pg202)	Risk Register Update NCFRA	JO	Report	12:15
18	Internal and External Audit Procurement - Update	HK	Verbal	12:25
19	<p>Future Meetings held in public:</p> <ul style="list-style-type: none"> - 27th July 2022 - 5th October 2022 - 14th December 2022 <p>Future Workshops not held in public:</p>			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.gov.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:

Mrs A Battom (Chair of the Committee)

Mr J Holman

Mrs E Watson

2 vacancies for JIAC members recruiting November 2021

* * * * *

Agenda Item : 3

Joint Independent Audit Committee (JIAC) ACTION LOG –15th December 2021

Attendees: Members: Ann Battom (AB), John Holman (JH), Gill Scoular (GS) , Edith Watson (EW)

Helen King (HK), Mark Lunn (ML), Kate Osborne (KO), Vaughan Ashcroft (VA), Julie Oliver NCFRA Officer (JO), Jacinta Fru (JF), Megan Roberts (MR), Robin Porter (RP); Neil Harris, EY (NH), Simon Nickless (SN), Nick Alexander (NA), Duncan Wilkinson (DW), Mick Stamper (MS)

John Beckerleg (JB), Stephen Mold (SM),

Agenda	Issue	Action	Responsible	Comments
1	Welcome and apologies		Chair	
2	Declarations of Interests		Chair	None
3	Meeting Log and Actions – 6 th October 2021	Action KO & AB Action GS & HK	Chair	<ul style="list-style-type: none"> KO/AB - Self assessment to be brought to next JIAC meeting carry forward HK – check information received from GS about health recruitment to include in Governance framework. HK Response – I have checked and no info was received for this, only a different point.. However, it is not the intention of the CGF to include detailed recruitment policies or processes – they are held separately
4	JIAC recruitment - update			<ul style="list-style-type: none"> AB successful at applying for chair Currently out for recruitment for two new members – currently 11 applications and shortlisting and interviews to take place in January
5	Fraud and Corruption: Control and processes PCC and CC			<ul style="list-style-type: none"> Similar to 2020 paper –Largely same as previous. Code of ethics being revised nationally – although expectation is that not a huge amount will change Section 4 – national fraud initiative. Very little to update as national report is done every 2 years so, nothing raised in latest round of concern. Section 5 – local policies. All in policy library and published on internal websites. Reinforced with PSD and newsletters – including standard published by PSD

				<ul style="list-style-type: none"> • AB – queries about gratuity and hospitality – does policy include gratuities. SN there is a policy available which covers this • Social media – is there an actual policy that covers that? SN – yes – including advice on whatsapp group and social media presence. • Violence Against Women and Girls (VAWG) – internal plan internally to cover PSD, vetting, county corruption lead, upstander not bystander. Leads into equality and diversity plan. • Whistleblowing policy – yes should be included. And compliant with employment law. There is a bad apple system. But also looking at developing an app. For people who have concerns within the organisation. Cross over to fairness and grievances are joint up. • Section 6 – governance and controls – CGF has been reviewed. Not a lot changed but it is in an easier to read format. • AB- how has WFH affected this? is it more difficult? – VA – we have adapted so little impact. Control mechanisms are still carried out and are unchanged as a result from WFH. • SN – health check back regarding security. 365 roll out has helped with security. • Section 8 – continue to make improvements but legitimacy line regarding fraud and corruption was good. • AB – 8.5 – positive – AB beware complacency
6a	Internal Auditor Progress report 2020/21 PFCC & CC			<ul style="list-style-type: none"> • ML – relatively short paper. • 2021 – still collaboration work force planning in draft – is being actively chased – awaiting meeting early January. • Priority 3 recommendation • 2021/22 – 1 final report issued (governance) since last meeting • Work in October and November -delays in access to information due to MFSS • Feedback findings prior to awaiting information • Issues coming out of it but not unexpected. • HK – felt it was important piece of work and so thanks to ML and team for flexibility. But content with extended timeframes to ensure it happens • VA – ensure we have full understanding of the situation within MFSS and give benchmark and learning before moving forwards. So when auditing happens when services move inhouse there is correct procedures and understanding in place

6b	NCFRA		<ul style="list-style-type: none"> • Access to systems, data and staff has caused the delays • Good news – the report will be shared with HK and VA in early 2022 • Data audit began this month and report early in 2022 • Business change audit – scheduled early 2022 • Collaboration audit plan – 1st audit underway. Appendix 4 – dates in Q4 • 1 priority 2 recommendation – clarification around publication requirements – decision making framework – supporting reports requirement. Recommendation aligning publication requirement. • 1 priority 3 – ensuring version control on some of the policies published. • HK – delighted to say able to do the audit. • AB – assume now getting used to working remotely?– ML – definitely pros and cons regarding remote auditing approach • DW – progressing annual audit plan well. Optimistic for timely completion. Thanks to fire staff. • DW – find remote working provides a range of efficiencies. Virtual meeting or document exchange is more efficient, including solving queries. Works well • 3 issues – delayed and deferred audits as requested by fire authority. 25% plan not started. On target for completion. • 2 audits- limited opinions – see report • Largely known issues and Improvements agreed in relation to the issues • Addressed action from previous meeting – included fraud section in report. This relates to national anti-fraud initiative. To date – no issues on concerns in relation to data matches. • AB – going back to recommendations – discussed and known issues and action plan - if they are known when are these going to be addressed? Timeframe. For limited – DW can drop target dates into the reports presented to JIAC • HK – thanks to DW and JF – flexible to move timeframes due to covid and other issues • JH – 1.1 – needs to amend to say Joint Independent audit committee • AB – item 4 – closure – 4 partners involved in delivering shared intel. From 1st April each council will deliver its own in house audit service. Nil impact on fire audit.
----	-------	--	--

7a	<p>Implementation of Internal Audit recommendations – update 2021/22</p> <p>PFCC & CC</p>			<ul style="list-style-type: none"> • NH – external audit plan – sets out planned audit strategy. This is taking place from January onwards. And prep work has been taking place. • Plan of significant audit risks, and also value for money conclusion. • Overview – identified several areas of audit risk and focus. Driven by professional standards of audit • Determining appropriateness of valuers/ asset valuations • Pg 6 – pensions liability – no change in focus • Changes in auditing standard around estimates – have meant additional work around liabilities. • Going concern disclosures consistent with all public sector portfolio but these will be assessed in line with publication of audits. • AB – experts – who is the expert of experts ? NH - all audit firms are looking at this in response to regulatory reviews. • Pg 8 – planned levels of materiality. 2% • Pg 20 – set out outcome of initial planning of value for money arrangements – provide commentary of arrangements with associated recommendations. More extensive reporting will follow • Mint commercial – want to audit this – after the OPFCC has concluded their reports within this. • AB – happy with value for money focus – HK – yes open and transparent. Seems key to examine this. • NH – put a context around audit fee position. – continued dialog with PSAA regarding this. • AB – not happy with level of additional fees – HK – we do have an open and honest dialogue around fees. Felt there are some costs which do and do not need to be included in scale fees. In current environment PSAA are the final decision makers, so hands are tied. • AB – timetable and slippages – is this timetable realistic – NH – not aware of implications of other delays which will impact the timetable. But will keep communicating with team to ensure slippages are avoided as far as possible. • EW – do you feel fully and adequately resourced – NH – full headcount. No gaps. NH feeling best resourced position we have had. Challenge is clearing off the backlog. • JH – value for money audit – hasn't started yet – will that be completed this year? – NH – yes
----	---	--	--	---

7b	NCFRA	HK Action		<ul style="list-style-type: none"> • JH – pg 5 – valuation of property – still highlighted as significant risk. implications if it comes down – significant adjustment. When will we get data on value of property and plant. Risk involved in change of valuer. Challenge of HQ – do management have a view HK? HK change in valuers for 2021 – same as fire – previous valuer was difficult. New valuers good engagement. Property Wootton hall – discrepancies between valuer approaches. Current valuer to do as appropriate with their professional view. They have taken same view as previous valuer. But have asked to use EY approach too. • Is there a difference in value between last year? NA – yes – but the variation isn't materially different between re-valuation over the last 4-5years. Fluctuations are pretty consistent within market values in the area. • JH – method of valuation the issue rather than the value? Yes it would appear as such. • NH – audit results report presented to those charged with governance. • Key message – identified no material amendments or adjustments arising from audit. Made substantial strides on substantive audit procedures. Audit testing is substantially concluding. • Reporting – immaterial diffidence by pension fund. • Key area – appendix c – pg 36 – number of procedures concluding at the moment – review process. Assessment before end of calendar year about remaining questions. • Intention is to conclude during January – asap • Recommendation – sufficient in audit results that assurance given that conclusion is near. If any further adjustments that are material in nature this will need to be circulated to committee – but unlikely to be the case. More likely case is that it will be immaterial. • When opinion issues – Action - HK to circulate to committee • AB – disappointing that EY not where we want to be. Disingenuous to say its up to PSAA. • HK – huge thank you to NA, VA and teams who have worked socks off on fire audit. Excellent audit has improved year on year. Thanks to NH and team too. • HK – timescales – shame not here for December meeting. But this would impact internal teams.
----	-------	-----------	--	--

8	Agenda Plan	KO action 1 & 2		<ul style="list-style-type: none"> • NFRS to present fire risk register at March meeting as missing from agenda plan –Action KO to amend and action accordingly. • February workshop – AB – proposal – could we look at the assurance we get around estates – valuations. JH – nice to bottom this out. – Action KO to look at diaries and book date. • Paul Bullen – positive area to look at. wondering if committee interested in joint estates strategies and assurance around linked governance. • EW – more about approach and satisfied clean and tidy approach and governance.
9	AOB			<ul style="list-style-type: none"> • None
10	Confidential Items			
	Resolution to exclude the public			
11	Risk Register Update CC			<ul style="list-style-type: none"> • Report presented was discussed. • SN emphasised to JIAC that the risks go through the Force Assurance Board for extra scrutiny. • Discussions about risks related to recent crime reports. SN reassured board these risks were discussed with neighbouring forces and the most appropriate action was taken. • CR 22 – should there be a responsible person – VA would be that person and March the date
12	MINT update	Action HK Action HK, VA and ML		<ul style="list-style-type: none"> • Action HK will keep JIAC updated as appropriate. • ML – was a planned internal audit of MINT – Action HK and VA to meeting with ML to discuss, together with Nottighamshire.

Police, Fire & Crime Commissioner for
Northamptonshire & Northamptonshire
Police

Internal Audit Progress Report

Presented to JIAC: 9th March 2022

Contents

01 Summary	3
02 Current progress	4
03 Performance	6
A1 Plan overview	7
A2 Reporting Definitions	8
A3 Summary of Reports	9
A4 Statement of Responsibility	17
Contacts	19

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 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

We are pleased to confirm that the Collaboration Workforce Planning audit has been issued as final, see Appendix A3 for full details.

2021/2022

Since the last meeting of JIAC we are pleased to inform the committee that the final report for Core Financials has been issued, see Appendix A3 for full details. In addition, the draft reports for Data Management, Business Change & Collaboration: EMSOU Wellbeing have also been issued.

The audit of Health & Safety Follow Up has been scheduled to take place in April, which is unfortunately after the year end however this will still be completed in good time to not impact or delay our annual audit opinion for 2021/22. The IT Audits were requested by the Force to take place during quarter 4, liaison with Mazars has taken place however we are still to confirm the exact date these will take place, it is likely these will have to take place post year end however audit will liaise with management once timing has been agreed as to how they will be treated in respect of 21/22 or 22/23.

There has been a number of amendments to the original internal audit plan for 21/22 as highlighted below, but these have come through regular communication between internal audit and management and reflect the changing environment that the Force & OPFCC have operated in over the financial year. The table below highlights the amendments to the plan:

Northamptonshire 2021/22 Audits	Status
Transfer of Services MFSS & Payroll	Through the scoping of the Core Financials audits we included additional areas of concern to address the transfer
Procurement (MINT)	The decision made to close the service was not made until late in the year. However, the audit has been deferred into 22/23 and is scheduled to take place in April 22
Follow Ups (Procurement & Transport)	The limited assurance on Procurement in 20/21 was due to be followed up however the review of Governance covered the issued raised. The Transport follow up was dependent on a new system being put in place, therefore this has been deferred into the 22/23 plan once it has been established.

New System Implementation	An additional audit has been requested to provide assurance that the control environment remains in place post go live. This has been scheduled for completion in April 22 and is to be included as part of the 21/22 annual assurance.
---------------------------	---

There have also been some amendments to the Collaboration Audit Plan 21/22 following agreement by the regional CFO's. The first amendment is in relation to the proposed audits of EMSOT (East Midlands Special Operations Training Unit). This unit is working towards disbandment by March 2023 and therefore it was agreed to amend the focus of the audit at this unit towards assurance on the project being followed up to this point. Therefore, regional CFO agreed to defer this audit into the 22/23 Plan and to re-adjust the focus of this audit. The second amendment is in relation to three audits – EMSLSDH Governance, EMSOU Risk Management & EMSOU Business Continuity – that were scheduled to be delivered during March 22. Unfortunately, due to a staff leaver at Mazars we have had to reschedule the deliver of these audits to May 22. Again, in agreement with the regional CFO's they have agreed to defer these audits into the 22/23 plan.

Please see Appendix A4 for full details. The draft report for the Collaboration EMSOU Wellbeing audit has been issued and the remaining audits are scheduled to take place across quarter 4. It is unfortunate but due to staff availability we have had to schedule the completion of two of the collaboration audits during early April, whilst this is not ideal we foresee no impact on our ability to issue the Annual Internal Audit Report for 2021/22 in a timely manner.

Northamptonshire 2021/22 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Released Under Investigation	Final	Limited	1	3	2	6
Seized Property	Final	Satisfactory	-	2	1	3
Governance	Final	Satisfactory	-	1	1	2
Core Financials	Final	Satisfactory	-	4	1	5
Data Management	Draft					
Business Change	Draft					
Total			1	10	5	16

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 JIAC	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	Achieved
3	Progress report to the JIAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	83% (5/6)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (4/4)
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% (9/9)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	% (-/-)

A1 Plan overview

2021/2022

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JIAC	Comments
Released Under Investigation	Q1	Jul 21	Aug 21	Sept 21	Final Report Issued
Governance	Q2	Sept 21	Nov 21	Sept 21	Final Report Issued
Seized Property	Q2	Aug 21	Sept 21	Sept 21	Final Report Issued
Core Financials	Q3	Dec 22		Mar 22	Fieldwork underway
Data Management	Q3	Feb 22		Mar 22	To start w/c 6 th Dec
Business Change	Q4	Feb 22		Mar 22	To start w/c 4 th Jan
MFSS Transfer	Q4			Mar 22	See Above
Procurement (MINT)	Q3			Mar 22	Deferred into 22/23
Follow Up Audits	Q4			Jul 22	See Above
Cyber Security	Q4			Jul 22	Scheduled in Q4 per Force request
GDPR	Q4			Jul 22	Scheduled in Q4 per Force request

A2 Reporting Definitions

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Significant Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
Satisfactory Assurance:	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 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 Organisation's objectives at risk.
No Assurance:	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Recommendation Priority	Description
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.

Collaboration Workforce Planning 20/21

Overall Assurance Opinion	Satisfactory
----------------------------------	---------------------

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

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

- Governance arrangements for Workforce Planning are clearly defined, including roles and responsibilities, risk management processes, decision making and reporting arrangements.
- The collaboration has controls in place to ensure resources are prioritised for the current level of demand for the unit and appropriate actions plans are put in place to reallocate resources as required.
- There are robust succession planning processes in place which identify and develop officers and staff 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 collaboration unit regularly undertakes skills analysis to identify any areas of concern, with appropriate action plans put in place to address them.
- The collaboration unit regularly analyses its existing workforce and have a variety of models in place that identify key risks across the workforce
- There is regular communication between the collaboration unit and the respective Forces in regard to any risks associated with the existing workforce and plans are put in place to mitigate the risk.

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

As part of the review, we carried out an audit of the process in place across the region in respect of Workforce Planning within a sample of collaboration units agreed by the CFOs – East Midlands Special Operations Unit – Serious Organised Crime (EMSOU-SOC), East Midlands Special Operations Unit – Forensic Services (EMSOU FS) and East Midlands Collaborative Human Resources Service – Occupational Health Unit (EMCHRS-OHU).

We have raised two priority 3 recommendations of a more housekeeping nature. To provide the JASP with full details of each recommendation and management response these are detailed below:

Recommendation 1 (Priority 3)

To prevent the negative impacts from late cancellation of cohorts on EMCHRS OHU workforce planning.

- Communications between the Force's and OHU should be improved.

	<ul style="list-style-type: none"> Where OHU have to deal with last minute changes, a lesson learned review should take place to prevent reoccurrence.
Finding	<p>During discussions regarding demand planning in the Occupation Health Unit, it was noted that the unit regularly receives notification of cancelled and/or delayed cohorts, notification of new cohorts and receives required information for processing and appointments within short timescales.</p> <p>This impacts the ability of the Unit to properly profile upcoming demand on the Unit and then ensure an appropriate level of resource is in place and allocated in response. Additionally, it can cause an over reliance on bank staff to fill peaks in demand, which does not provide strong value for money where using employed staff is generally a more efficient use of funds.</p> <p>Whilst there is no easy solution to this due to the nature of police recruitment the risks could be further reduced through improved communication between the OHU and Force's. Secondly through reviewing where and why things have gone wrong this will allow continuous improvement to be built into the process.</p> <p>This would minimise the financial impacts of an over reliance on bank staff by making demand profiling less immediate. It would also minimise any impact on the Unit's, and ultimately the Force's, reputation from pulling out of agency employment and staff assignments at short notice – something that has been attributed to high turnover rates in the Unit with Occupation Health Nurses.</p> <p><i>Risk:</i> Unit is unable to appropriately plan and/or profile for service demand.</p>
Response	<p>Communication is already improved and will be maintained as discussed in the meeting with the authors in October 202. (Already Done)</p> <p>If there are issues a lesson learnt review will be instigated as required.</p>
Responsibility / Timescale	<p>Review will be a collaboration with recruitment and OH and facilitated as required. / T Stacey</p>

Recommendation 2 (Priority 3)	<p>EMSOU SOC should ensure that an intranet site and/or SharePoint site is in place for staff and officers to access shared information, including job descriptions and person specification for roles within the unit to allow for workforce planning.</p>
Finding	<p>: As part of the audit review into the identification of key roles and processes for succession planning, audit noted that job descriptions and person specifications were important documents needed for this process.</p> <p>While it was noted that most roles in the units reviewed had job descriptions and person specifications in easily accessible locations, it was noted that there was no such location for EMSOU SOC.</p> <p>It was noted in discussions that job descriptions and person specifications for police staff were held on the Leicestershire Police intranet but that the equivalent for officers were not held on an intranet site.</p> <p>Additionally, while the Leicestershire Police intranet should be accessible for all police staff (who are ultimately employed by the OPCC), officers are still employed by their home force and as such may not have access to this intranet portal.</p> <p><i>Risk:</i> Effective succession planning is not in place for key roles.</p>
Response	<p>There is a piece of work being led by Andrew Price and Jack March on intranet and internet development. The complexities of an EMSOU intranet are being</p>

	scoped. Staff have undertaken a survey in relation to content and further deep dive workshops are being arranged.
Responsibility / Timescale	Andrew Price Apr 22

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 2021/2022 plan.

Core Financials 21/22

Overall Assurance Opinion	Satisfactory
----------------------------------	---------------------

Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	4
Priority 3 (Housekeeping)	1

The objectives of our audit were to evaluate the adequacy and effectiveness of the Core Financial System with a view to providing an opinion on the extent to which risks in this area are managed. In giving this assessment it should be noted that assurance cannot be absolute. The most an Internal Audit Service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. We are only able to provide an overall assessment on those aspects of the Risk Management process that we have tested or reviewed. Testing has been performed on a sample basis, and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.

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

Key control area	March 2021		October 2021	
	Assessment	Level of issue	Assessment	Level of issue
General Ledger				
Journals	Control effective	No issues noted	Control effective	No issues noted
Management Accounts	Control effective	No issues noted	Control effective	No issues noted
Reconciliations	Control effective	No issues noted	Control effective	No issues noted
Cash, Bank & Treasury Management				
Receipts of Cash & Cheques	Control effective	No issues noted	Control effective	No issues noted
Cash Flow	Control effective	No issues noted	Control effective	No issues noted
Investments	Control effective	No issues noted	Control effective	No issues noted
Borrowing	Control effective	No issues noted	Control effective	No issues noted
Payments & Creditors				
New Suppliers	Control effective	No issues noted	Control effective	No issues noted

Key control area	March 2021		October 2021	
	Assessment	Level of issue	Assessment	Level of issue
Supplier Amendments	Control effective	No issues noted	Control effective, except for	Housekeeping
Payments	Control effective	No issues noted	Control effective, except for	Significant
Goods / Service Receipts	Control effective	No issues noted	Control effective	No issues noted
BACS Processing	Control effective	No issues noted	Control effective	No issues noted
Income & Debtors				
New Debtors	Control effective	No issues noted	Control effective	No issues noted
Invoices Raised	Control effective, except for	Housekeeping	Control effective	No issues noted
Other Income Streams	Control effective	No issues noted	Control effective	No issues noted
Credit Notes	Control effective	No issues noted	Control effective	No issues noted
Debt Management	Control effective	No issues noted	Control effective, except for	Significant
Write Offs	Control effective	No issues noted	Control effective	No issues noted
Payroll				
Starters	Control effective	No issues noted	Control effective	No issues noted
Leavers	Control effective	No issues noted	Control effective	No issues noted
Variations	Control effective	No issues noted	Control effective	No issues noted
Deductions	Control effective	No issues noted	Control effective	No issues noted
Expenses	Control effective	No issues noted	Control effective	No issues noted
Overtime	Control effective, except for	Housekeeping	Control effective	No issues noted
Payroll Runs	Control effective	No issues noted	Control effective	No issues noted
Other (Cross Cutting Themes)				
Policies, Procedures & Guidance	Control effective	No issues noted	Control effective	No issues noted
System Access	Control effective, except for	Housekeeping	Control effective	No issues noted
Fraud Prevention	Not tested at this review		Control effective, except for	Significant
MFSS Transfer	Not tested at this review		Control effective	No issues noted

We raised four priority 2 (significant) recommendation and the detailed recommendation, finding and management response are provided below:

Recommendation 1 (Priority 2)	<p>It should be ensured that:</p> <ul style="list-style-type: none"> The correct purchase order number is noted on the invoice itself. <p>The Force should identify and review orders where goods have been received and not paid for, and request to be invoiced by the supplier.</p>
Finding	<p>Audit selected a sample of 15 purchase orders in order to trace the purchase from the raising of the requisition and order to the eventual invoicing and payment.</p> <p>Audit reviewed the individual requisitions, purchase orders, invoices, and goods received notes for 15 purchases and found that:</p> <ul style="list-style-type: none"> 2/15 invoices associated with a specific purchase order number on the system had a different purchase order number noted on the invoice itself. 2/15 purchases orders reviewed on the system were noted as having been delivered and received, however as of the time of the audit the invoices have not been received or paid. <p><i>Risk:</i> Invoices contain incorrect information and cannot be traced back to supporting documentation.</p> <p>The Force receives orders however does not pay for them</p>
Response	<p>This will form part of core training for personnel in the new team.</p> <p>Monthly checks will be undertaken to review receipted orders and chase invoices.</p>
Responsibility / Timescale	<p>Senior Accountant – April 2022</p>

Recommendation 2 (Priority 2)	<p>The Force should ensure that invoices are issued with the correct payment terms, therefore ensuring that recovery actions are being carried out at the correct timings.</p> <p>It should be ensured that supporting documentation, such as the original reminder letters sent to debtors, are made available to the Force in a timely manner.</p>
Finding	<p>MFSS are currently responsible for sending reminder letters (dunning letters) to debtors where they have not paid invoices in a timely manner. The first dunning letter is sent automatically 28 days after the due date of the invoice with a second being sent after a further 7 days.</p> <p>Audit requested evidence that the debt recovery procedures had been followed for a sample of 10 debtor invoices selected from an aged debtor report, however supporting documentation such as the original reminder letters were not provided at the time of the audit.</p> <p>Upon review of the available information, it was found that MFSS issue invoices on immediate terms whereas the Force's approach usually requires invoices to be issued on 30-day payment terms.</p> <p>This misalignment in payment terms affects the aged debt reporting produced at the Force, and therefore the debt recovery processes which are based on this reporting.</p>

	<p>Debt recovery procedures are initiated on the Force's 30-day payment terms and not the terms of the invoice itself, which can lead to the key debt recovery procedure steps such as the issuing of reminder letters appearing to be carried out 30 days late.</p> <p><i>Risk:</i> Recovery action is not taking place in a timely manner.</p> <p>Inconsistent practices in the recovery of debts leading to failure to recover monies owed to the Force.</p>
Response	<p>This is a known issue resulting from system limitations and will be easier to manage in Unit4.</p> <p>The new system and processes will resolve this matter</p>
Responsibility / Timescale	Senior Accountant – April 2022

Recommendation 3 (Priority 2)	The Force should consider what data checks should be included as part of future systems in order to detect and mitigate the risk of fraud
Finding	<p>Through discussions with Force Payroll it was found that fraud detection measures such as the analysis of employee bank details to identify duplicates and the comparison of employee bank details to supplier bank details is not carried out.</p> <p>Audit ran a duplicate analysis of employee bank account information and found that 218 records were duplicated, however, this can also be caused by an employee's spouse or children.</p> <p>Further analysis through filtering duplicates with the same surname found that there were 10 duplicated records with different names. Upon further investigation by the Force it was found that all 10 duplicated records related to employees who were either married or who lived together.</p> <p>Whilst testing identified no issues, embedding appropriate data checks into any new system would help mitigate the risks of fraud moving forward.</p> <p><i>Risk:</i> Fraud goes undetected leading to the Force suffering financial loss.</p>
Response	These checks are being considered as part of the future system as suggested
Responsibility / Timescale	Payroll Manager – April 2022

Recommendation 4 (Priority 2)	The Force should ensure that appropriate controls are built into the new system to ensure effective non PO invoice processing is followed.
Finding	<p>The Force maintains an approved purchase order exemption list, where purchase orders are not required to be raised against an invoice or payment request.</p> <p>When an invoice or payment request is received with no purchase order, the MFSS Accounts Team manually review the exemption list to verify whether it can be processed as a non-PO invoice. If on the list, the invoice is coded in line with the provided instructions and forwarded to the appropriate budget holder for approval. Audit tested a sample of 10 non-purchase order invoices taken from a provided report and were unable to locate 6/10 suppliers on the purchase order exemption list, however, genuine reasons were provided for why a purchase order was not raised for these invoices.</p>

	<i>Risk:</i> Payments are made inappropriately without a purchase order being raised to suppliers not on the purchase order exemption list.
Response	<p>It should be recognised that a PO exemption list will never be exhaustive.</p> <p>The workflow design in the new system ensures that all non-matching invoices are reviewed and approved/rejected appropriately.</p> <p>The in-house transactional team will ensure the exemption list is up to date, if it is determined to still be required.</p>
Responsibility / Timescale	Senior Accountant – April 2022

We also raised one priority 3 recommendation of a more housekeeping nature:

- Supplier Amendment Reporting – there were limitations to this report via the MFSS system therefore Force should review the reporting in this area on the new system to ensure it can provide the Force with quick access to relevant data.

Management confirmed the new system would address these issues.

A4 Collaboration Audit Plan 2021/22

Collaboration Audit Plan 2021/22

Audit area	Forces	Status
EMSOT Risk Management	Leics, Lincs, Northants	As noted in section 02 EMSOT audits to be adapted and deferred into 22/23
ESMOT Business Plan	Leics, Lincs, Northants	As noted in section 02 EMSOT audits to be adapted and deferred into 22/23
EMSLDH Governance	Derby, Leics, Northants, Notts	Deferred into 22/23 Plan. Scheduled for May 22
EMCJS Performance Management	Leics, Lincs, Northants, Notts	Scheduled for 6 th April
EMSOU - Business Continuity	Five Force	Deferred into 22/23 Plan. Scheduled for May 22
EMSOU - Wellbeing	Five Forces	Draft report has been issued (16 th Feb 22).
EMSOU Risk Management	Five Forces	Deferred into 22/23 Plan. Scheduled for May 22
Asset Management (EMCJS)	Leics, Lincs, Northants, Notts	Scheduled for 6 th April

A5 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.

*where permitted under applicable country laws.

www.mazars.co.uk

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



Internal Audit and Anti-Fraud Progress Update – Q4

DUNCAN WILKINSON, CHIEF INTERNAL AUDITOR

March 2022



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 4- 2021/22 (1 December 2021 – 28 February 2022)
- 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. This report covers progress made on audits within the new plan year that have been started as well as audits brought forward from the previous financial year, where completion was impacted by the Covid 19 pandemic restrictions.

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. **Annex B** (page 9) shows progress made against the audit Plan 2021/22 including audits brought forward from the previous year.
- 2.2 Good progress is being made on delivering the Plan within the target deadline however, the proposed start dates for several audits have been moved to later in the year, at the request of Fire management, to enable staff to accommodate other pressures, including facilitation of HMICFRS. While it is now accepted that this may mean some audits are carried over to be completed early in the following year, the numbers are expected to be few.
- 2.3 Plan Performance as at 28 February 2022:

NCFRA AUDIT PLAN 2021-22	Number of Audits			
	Plan	Draft/Final Report	In Progress	Not Started
Key Financials	5	0	5	0
Strategic Reviews	3	2	1	0
Operational	3	2	1	0
ICT	1	1	0	0
2019-20 Brought Forward Audits	4	4	0	0
TOTAL Audits	16	9	7	0
	100%	56%	44%	0

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 completed and issued to management.

2.4 Since the last Committee meeting, no limited assurance opinions have been issued for reports completed.

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	Final Report	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	Fieldwork In prog	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	Planning	Objective(s) To provide assurance that NCFRA maintains effective monitoring of key performance, controls and target achievement. Risk(s) organisational objectives not achieved
Target Operational Model – Golden Thread’ and the verification of Data Quality and that the ‘right’ data is visible to monitor the achievement of objectives”	Final Report	Objective To provide assurance on the process for ensuring NCFRA’s data is of the required standard and quality to monitor the achievement of objectives and to report externally. Risk Poor delivery leading to reputational and H&S risks
TOM- HMICFRS pre inspection review	Cancelled	Management assurance provided of a positive outcome.
People Culture Strategy - HR Improvement Planning	Draft Report	Objective to provide assurance on the adequacy of arrangements for safeguarding clients/ staff and succession planning Risk Reputational and service continuity impact



Assignment	Status	Objectives and Risk
Equipment Maintenance and Testing	Final Report	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	Fieldwork in progress	Objective(s) To provide assurance over the effectiveness of controls within core financial activities. Risk(s) Reputational and fraud risks
MTFP/Budgetary controls	Planning	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)	Planning	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	Fieldwork in Progress	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 Security – Disaster Recovery Arrangements	Draft Report	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
Risk Management	Workshop Planned	Quarterly review and testing of implementation of actions noted.



3 Counter Fraud Update

Fraud cases are risk assessed, to determine whether detailed investigations are merited or alternative options to progress matters are more appropriate. The Shared Service Counter fraud team have received no reactive referrals during the year. Work on National Fraud Initiative data matches is ongoing.

4 Closure of the Internal Audit Shared Service

The Internal Audit Shared Service is provided as a partnership between West Northants Unitary, North Northants Unitary, Milton Keynes and Cambridgeshire County Councils. The four Partner Councils have agreed to close the shared service and deliver Internal Audit via each individual Council. A target date for this to be completed has been agreed as 31st March 2022, with MKC Internal Audit Team continuing to deliver the Internal Audit Service for NCFRA.

5 External Assessment

PSIAS requires that compliance with its provisions is externally assessed every 5 years. The last review was completed in 2016, and confirmed the service complied with requirements. Annual self-assessments, consistent with PSIAS have also confirmed ongoing compliance. The planned 2021 external assessment was deferred in the light of the decision to close the shared service. Now the target is 31st March it is considered sensible to undertake the required external assessment in summer 2022 within each individual Council after closure of the shared service.



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.
---------------------	---

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.

* Audit progress is measured within several stages

- Unstarted
- Planning ToR
- Fieldwork in Progress
- Fieldwork complete
- Draft Report
- Final Report

Progress is assessed as a percentage of the whole audit



ANNEX B

2021/22 - Audit Plan for NCFRA as at 20 February 2022

AUDIT TITLE	STATUS	PROGRESS	Quarter Work Allocated	Assurance Rating System Compliance	
Plan 2020/21					
Medium Term financial Planning	Final Report	100% complete	N/A	Good	Good
Accounts Payable /Accounts receivable	Final Report	100% complete	N/A	Good	Good
Target Operating module	Final Report	100% complete	N/A	Good	Good
Payroll – HR Transactions	Final Report	100% complete	N/A	Good	Satisfactory
Plan - 2021/22					
TOM operational-Golden thread	Final Report	100% complete	Q2	Limited	Limited
Equipment Maintenance& Testing	Final Report	100% complete	Q2	Good	Satisfactory
ICT Security – Disaster Recovery arrangements	Final Report	100% complete	Q2	Limited	Limited
Corporate Governance	Final Report	100% complete	Q3	Good	Good
People culture Strategy - HR Improvement Planning	Draft Report	50% complete	Q3	Good	n/a
Financial Controls Environment – (key recs/bank/Vat/ Jnls/TM/Pensions)	In progress	70% complete	Q2 -Q4		
Key Policies	In progress	50% complete	Q3		
Payroll	In progress	30%	Q4		
Target operating - performance framework	Planning ToR agreed	15% Complete	Q4		
MTFP/Budgetary controls	Planning	10% Complete	Q4		
Accounting systems (AP/AR)	Planning	10%	Q4		
Risk Management review	Workshop planned	complete	Q4		
HMICFRS pre inspections	Cancelled	Cancelled	Q1		

Police, Fire & Crime Commissioner for
Northamptonshire & Northamptonshire Police
Internal Audit Operational Plan 2022/23 and
Charter

Prepared by: Mazars LLP

Date: February 2022

Contents

- 1 Introduction
- 2 Internal Audit Operational Plan 2022/22
- 3 Future Considerations
- 4 Internal Audit Charter

Statement of Responsibility

Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of the Police, Fire & Crime Commissioner for Northamptonshire (OPFCC) 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 OPFCC 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, re-interpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility on the final page of this report for further information about responsibilities, limitations and confidentiality.



Section 01:
Introduction



Introduction

41

An annual proposed Internal Audit Operational Plan has been prepared on behalf of the Police, Fire and Crime Commissioner for Northamptonshire and Northamptonshire Police (the OPFCC and Force) for the period 1 April 2022 to 31 March 2023.

As part of fulfilling the Joint Internal Audit Committee's (JIAC) responsibilities, the JIAC require assurance that it is focusing its attention on the key risks to the OPFCC and Force and that it is receiving timely and effective assurance with regards the management of those risks. As Internal Audit is a one source of this assurance, Internal Audit have reviewed the OPFCC / Force Risk Register with the aim of identifying where the OPFCC / Force obtains this assurance and that the Internal Audit plan is suitably focused and aligned with other sources of assurance. The results of this exercise were considered when drawing the audit plan.

The purpose of this document is to provide the JIAC with the proposed 2022/23 Plan for consideration and approval.

In considering the document, JIAC is asked to consider:

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

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

Scope and Purpose of Internal Audit

IA's Role

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

IA Plan

Completion of the internal audits proposed in the 2022/23 Plan should be used to help inform the OPFCC's and Force's Annual Governance Statement.

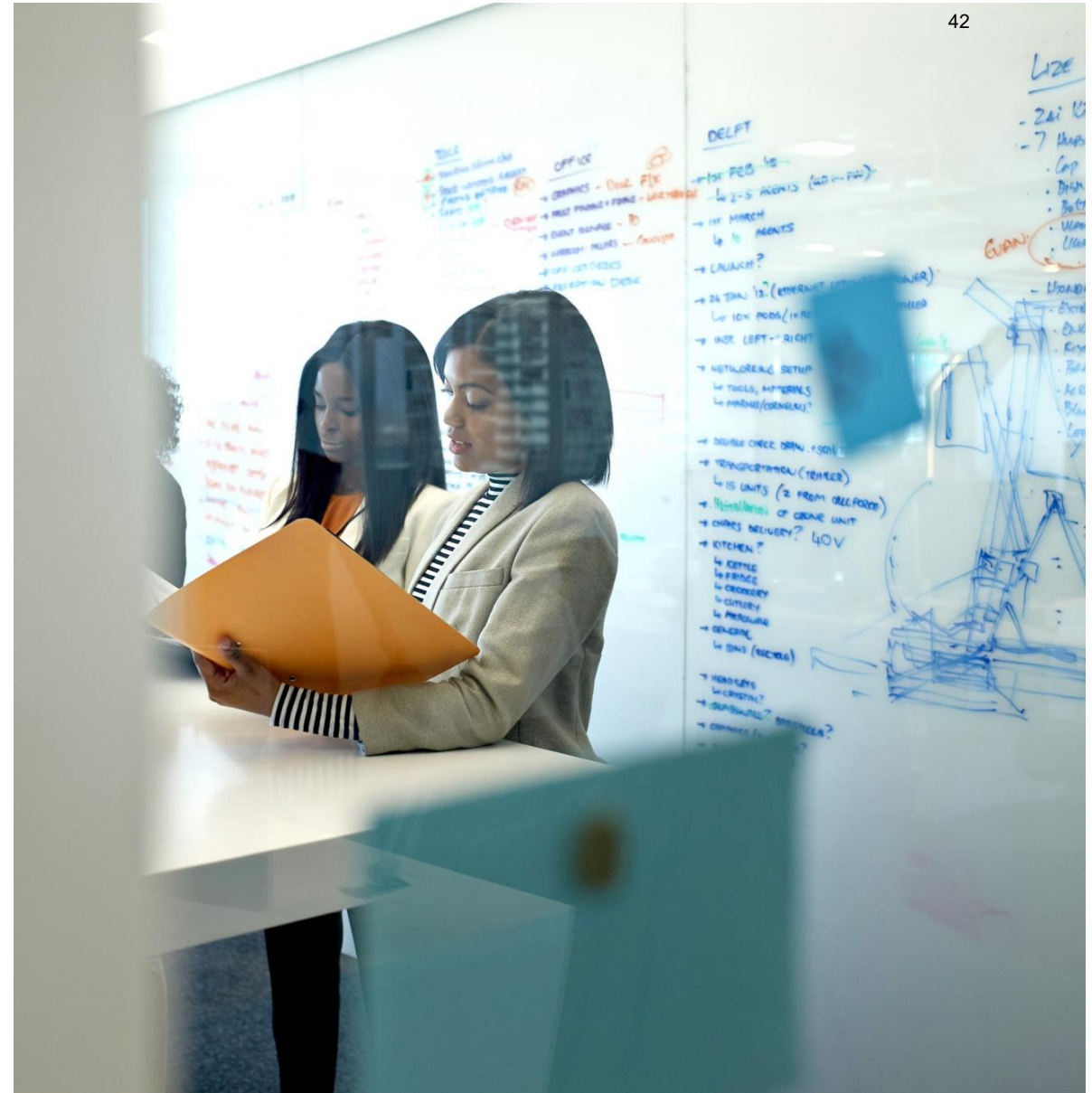
Objective

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

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

Charter

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





Preparing the Operational Plan for 2022/23 & future considerations

43

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

In preparing the Strategy update we have undertaken the following:

- Met with the the Chief Finance Office of the Force & OPFCC and the Strategic Development, Risk & Business Continuity Advisor on 21st January 2022;
- Reviewed the outcomes of historic internal audit work;
- Reviewed the outcomes of 2021/22 internal audit work;
- Considered the latest assessment of risks facing both the OPFCC and the Force as detailed in their respective risk registers;
- Considered areas which are not necessarily high risk (such as core operational controls), but where the work of internal audit can provide a tangible input to assurance; and
- Considered the results of internal audit across our wider client base.
- Considered changes to control environments due to Covid-19

The proposed 2022/23 Plan is included in Section 02. This also includes a proposed high level scope for each review and which will be revisited as part of the detailed planning for each review. Fieldwork dates for each of the audits, including presentation of finalised reports at future dates for JIAC meetings have been proposed for discussion and approval with the OPFCC and Force's management.

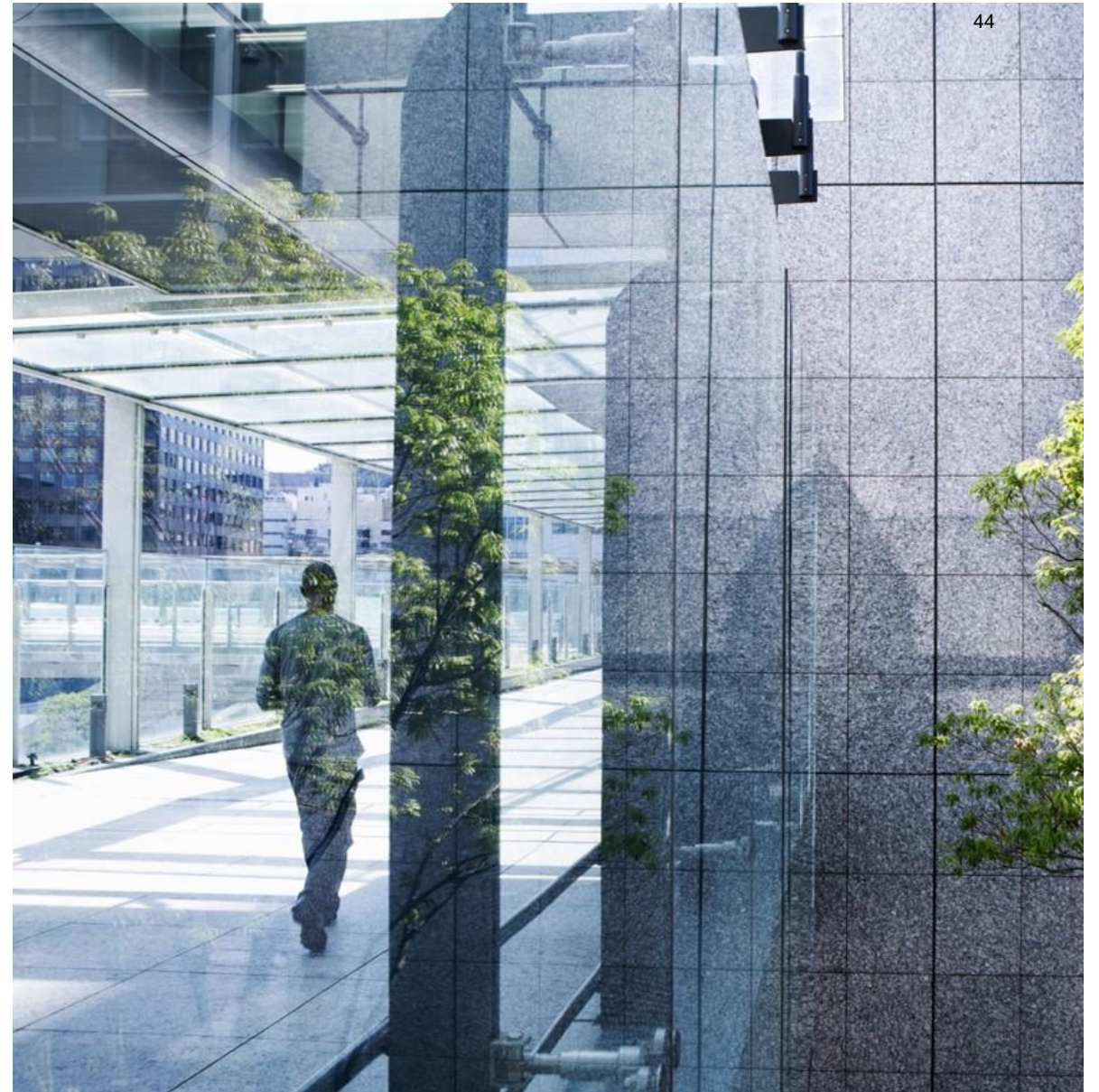
Preparing the Operational Plan for 2022/23 & future considerations (continued)

We have narrowed this list from a wider starting point, which will allow flexibility if there are changes required during the year; we have sought to prioritise against the key risks and for this reason, we can refer to the future considerations to discuss other potential internal audit areas for consideration within Section 02.

Prior to conducting each internal audit, we will undertake a more detailed planning meeting in order to discuss and agree the specific focus of each review. Following the planning meeting, we will produce Terms of Reference, which we will agree with key representatives at the Force and/or OPFCC prior to commencement of the fieldwork.

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

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



02⁴⁵

Section 02:

Internal Audit Operational Plan 2022/23

Internal Audit Operational Plan 2022/23

An overview of the Internal Audit Operational Plan 2022/23 is set out below:

Proposed Summary Operational Plan for Approval				
Audit Area	Days	OPFCC/Force Sponsor	Target Start Date	Target JIAC
Risk Based Considerations				
Core Financials	30	Chief Finance Officers (Force & OPFCC)	Q3	Dec 22
Risk Management	8	OPFCC Director of Delivery / Deputy Chief Constable	Q2	Sep 22
Medium Term Financial Planning	8	Chief Finance Officers (Force & OPFCC)	Q3	Mar 23
Data Quality	8	Deputy Chief Constable	Q4	Mar 23
Positive Action & Recruitment	8	Deputy Chief Constable	Q1	Sep 22
Reasonable Adjustment	8	Deputy Chief Constable	Q2	Dec 22
Firearms Licensing	8	Deputy Chief Constable	Q2	Dec 22
Information Management	10	Deputy Chief Constable	Q3	Mar 23
Estates Management	8	Chief Finance Officers (Force & OPFCC) / Deputy Chief Constable	Q2	Sep 22
Complaints Management	8	Deputy Chief Constable / OPFCC Director of Delivery	Q2	Dec 22
RUI Follow Up	5	Deputy Chief Constable	Q1	Jun 22
Fleet Follow Up	10	Deputy Chief Constable	Q4	Jun 23
MINT	5	Chief Finance Officers (Force & OPFCC) & OPFCC Monitoring Officer	Q1	Jun 22
Information Technology				
Cyber Security	10	Deputy Chief Constable	Q4	Jun 23
Management and Reporting Activities				
Collaboration*	16.5	Chief Finance Officers (Force & OPFCC)	Ongoing	Ongoing
Management	17	Chief Finance Officers (Force & OPFCC)	Ongoing	N/A
Contingency	8		As requested	As requested
Total	175.5			

Internal Audit Operational Plan 2022/23

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2022/23 is detailed below, alongside a indicative high-level scope. Please note that the detailed scope of each audit will be discussed and agreed with the relevant sponsor prior to the commencement of fieldwork. We have listed the associated risks per the OPFCC and Force Risk Registers for each audit where applicable.

Core Financials

To provide assurance with regards the adequacy and effectiveness of the systems of internal control in operation to manage the core financial systems. The scope of the work will include, but not be limited to:

- Policies and procedures
- Access controls
- Amendments to standing data
- Reconciliations
- Authorisation routines
- Reporting

The aim is to complete this audit around six months into the Forces usage of a new financial system.

136 & 137 Uncertainty of Funding

Data Quality

Data Quality is an area of concern across the force and is monitored at Information Assurance Board. Whilst the scope of the audit will be agreed by management it will review the controls for monitoring poor data quality.

CRR 353 File Quality / CRR 17 Information Assurance

MINT

To provide assurance with regards to the project being undertaken to close down the MINT service.

CRR 40 MINT Commercial LLP

Risk Management

A cyclical audit is undertaken to provide assurance that the Force and OPFCC have robust systems in place for the effective management of strategic and operational risks facing the organisation.

Medium Term Financial Planning

A high risk on the Force risk register as financial pressures are being faced across the public sector. The audit will review the MTFP approach and the existing MTFP to provide assurance that effective plans are in place.

CRR 22 Medium Term Financial Plan / 210 Long term financial sustainability

Positive Action & Recruitment

To provide assurance that the policies and procedures for managing the process are appropriate and being complied with consistently

Reasonable Adjustment

To provide assurance that the policies and procedures for managing the process are appropriate and being complied with consistently

Firearms Licensing

Whilst the exact scope of review will be agreed with management the focus will be on providing assurance over any changes to controls during Covid 19, as well as new payment methods.

Information Management

Following on from the review in 2020/21 this audit will focus on the automated decision making processes that are in place.

CRR 17 Information Assurance

Estates Management

To provide assurance that the Force & OPCC have effective processes in place for the management of the estate, this will include consideration of greener ways of working and sustainability factors.

160 Implement Estates Strategy

Complaints Management

To provide assurance that the Force & OPCC have effective processes in place for the management of complaints and these are being consistency applied.

131 New Complaints System

RUI Follow Up

Following a limited assurance opinion in 21/22 the audit will be completed to confirm recommendations have been implemented, embedded and operating effectively.

Transport Follow Up

Following a limited assurance opinion in 21/22 the audit will be completed to confirm recommendations have been implemented, embedded and operating effectively.

CRR 36 Telematics

Cyber Security

This will be completed by our IT specialists and provide assurance how well protected the IT systems at the Force are.

Collaboration

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

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

A detailed 22/23 Collaboration Audit plan will be drafted and shared with the JIAC once agreed by the regional CFO's. It should be noted time includes deferral of audits from 21/22.

Management

Resources for client and external audit liaison.

For example, preparation and attendance at JIAC, strategic and operational planning, meetings with Force Chief Officer Team/Chair of JIAC, preparation of the Internal Audit Opinion, Annual Internal Audit Plan and other reports to the JIAC, etc

Contingency

Resources which will only be utilised should the need arise, for example, for unplanned and ad-hoc work requests by management and the JIAC.

Section 03:

Future Considerations 2022/23 Onwards

Future Considerations 2023/24 Onwards

Audit discussed a wide range of possible audits for inclusion within the 2022/23 and through discussion with management agreed upon a priority based approach the audits that are presented in the 2022/23 Internal Audit Operational Plan. Whilst annually the plan will be reviewed audit have listed the audits that have been earmarked for future consideration:

Future Considerations	
Auditable Area	Commentary
Governance	<i>Given the change of Commissioner and establishment of new structures it would be timely to perform this cyclical review.</i>
Procurement	<i>Given the change to an in house service following the closure of the MINT service.</i>
Vetting	<i>Vetting is a topical issue following the recent sentencing of Wayne Couzens, as a force we are generally good at managing the vetting of our workforce. An AFI was made in the last PEEL report regarding monitoring of protected characteristics and ensuring fairness and transparency. We have made good progress in this area, but not enough to meet the standard required. Therefore, it would be a good opportunity to review in 23/24.</i>
Business Continuity	<i>Business Continuity was last audited in 2019-20, one action was identified with an overall assurance rating of Satisfactory Assurance. Business continuity is fundamental to public sector organisations, it is important that we ensure we have effective plans and functions in place. The pandemic has been a real life test, where we have performed extremely well. I intend to introduce a rolling programme of desktop scenarios, along with a large scale event. These scenarios will also include cyber security as an important aspect. This will allow me to implement these changes before reviewing in 23/24.</i>
Stop & Search	<i>Whilst this is an operational area, the recent PEEL report includes an AFI detailing..."The force should improve its external scrutiny processes for its use of force to ensure that it is being used fairly and appropriately". Work has already been identified in this area, for example consulting with West Yorks for insight regarding best practice. It is evident with forces that do well in this, their training and scrutiny is culturally strong. It would be a good opportunity to include this in the audit plan for 23/24, allowing work to progress and new processes to be embedded.</i>

Section 04:
Internal Audit Charter

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

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

Nature and Purpose

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

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

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

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

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

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

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

Authority and Access to Records, Assets and Personnel

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

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

Responsibility

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

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

Internal Audit Charter continued

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

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

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

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

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

Scope of Activities

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

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

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

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

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

Reporting

For each engagement, Internal Audit will issue a report to the appropriate senior management and business risk owner, and depending on the nature of the engagement and as agreed in the engagement's Terms of Reference, with a summary to the Senior/Executive Team and the JIAC. The UK PSIAS require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:

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

Internal Audit Charter continued

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

Independence

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

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

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

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

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

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

External Auditors

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

Internal Audit and external audit will meet periodically to:

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

Due Professional Care

The Internal Audit function is bound by the following standards:

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

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

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

Performance Measures

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

Contacts

David Hoose
Partner, Mazars
david.hoose@mazars.co.uk

Mark Lunn
Manager, Mazars
mark.lunn@mazars.co.uk

We take responsibility to the Office of the Police, Fire & 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 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.

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

Internal Audit of NCFRA

2022/23 Audit Plan



Internal Audit
March 2022

1. STATUTORY BACKGROUND

1.1. The Accounts and Audit Regulations (2015) sets out that:

A relevant authority must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;*
- (b) ensures that the financial and operational management of the authority is effective; and*
- (c) includes effective arrangements for the management of risk.*

And that:

A relevant authority 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.

A relevant authority must, each financial year—

- (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and*
- (b) prepare an annual governance statement*

1.2. For 2022/23, the Internal Audit service will be provided by the Milton Keynes Council Internal Audit, Risk and Counter Fraud service.

1.3. The Public Sector Internal Audit Standards (PSIAS) issued in April 2017 defines the service and professional standards for public sector internal audit services. These include the need for risk-based audit plans to be developed and to receive input from management and the 'Board'.

1.4. Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) is considered a 'relevant authority' under the above provisions. The PSIAS terms 'Board' and 'senior management' are highlighted within PSIAS as needing 'to be interpreted in the context of governance arrangements within each public sector organisation'. In the context of NCFRA:

- The term the 'Board' refers to NCFRA Commissioner and as defined within its terms of reference the Accountability Board
- The term 'Senior Management' refers to the Chief Fire Officer (acting as NCFRA Chief Executive) and other senior officers consistent with the relevant scheme of delegation.

1.5. Key, specific PSIAS provisions include:

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."

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.”*

- 1.6. The MKC Chief Internal Auditor performs the role of the Chief Audit Executive and he/she ensures that internal audit resources are appropriate, sufficient and effectively deployed to achieve the Internal Audit Plan.
- 1.7. Operationally the Chief Internal Auditor shall report to the 151 Officer. Consistent with PSIAS, the Chief Internal Auditor shall have direct reporting access to the Chief Fire Officer, the Chair of Audit Committee and the Commissioner.
- 1.8. An Annual Audit Opinion is provided following year end and aligned to the drafting of the Annual Governance Statement.

2. Approach to Audit Planning

- 2.1 In putting the plan together, the organisation’s risk management arrangements and Corporate Objectives have been considered, to inform Audit’s risk assessment. Relevant senior managers were consulted, to further understand the risk areas where internal audit assurance would be appropriate. The audit plan sets out the number of days required for Internal Audit to adequately review the areas involved and the planned audit assignments reflect areas assessed as medium and high risk.
- 2.2 The overriding objective of this approach is to ensure that the Chief Audit Executive is able to present an annual opinion on the organisation’s overall control environment by directing adequate resources based on the relative risks of operations, resources and services involved.
- 2.3 The audit plan balances the following requirements:
 - The need to ensure the plan is completed in line with the agreed performance targets.
 - The need to ensure the core financial systems are adequately reviewed to provide assurance that management has in place proper arrangements for financial control.
 - The need to appropriately review both strategic risk and operational risk areas.
 - The need to have a sufficient contingency element to deal with unplanned issues and investigations that arise during the year.
 - To enable positive, timely input to assist corporate and service developments.
 - To complement, where possible, the work of the organisation’s external auditors.

Progress in completing the audit plan, plan change proposals as well as any agreed performance targets will be submitted to the NCFRA Audit Committee as part of regular Internal Audit Progress reports.

2.4 The Control Assessment methodology used to form the required Audit Opinion is set out in full at Annex A. In summary it has three key elements:

- 1) Assess and test the CONTROL ENVIRONMENT,
- 2) Test COMPLIANCE with those control systems, and
- 3) Assess the ORGANISATIONAL IMPACT of the area being audited.

2.5 In simple terms, to achieve the above every audit:

- 1) Identifies / documents the agreed objectives of the audited system / service purpose
- 2) Evaluates the control systems / governance arrangements to ensure they:
 - a. align to the delivery of the service purpose
 - b. measure performance effectively
 - c. mitigate the threats to achieving the service purpose
- 3) Tests the adequacy of operation of controls to achieve the agreed objectives / service purpose.

2.6 Audit Reports will be sent to:

- The relevant senior officer responsible for the area audited
- The NCFRA 151 Officer
- The Chief Fire Officer (or their designated deputy)

2.7 Reports concluding less than Satisfactory Opinion will also be sent to the Chair of the Audit Committee and at their request those reports shall be considered, in full, by the Joint Internal Audit Committee.

3 THE 2022-23 PLAN

3.1 The development of the 2022-23 plan is now consistent with the usual cycle of annual auditing aligned to the annual accounts, this its third year since its formation.

3.2 The 2022-23 plan therefore reflects the evolving governance of NCFRA including:

3.2.1 Findings from key audits

3.2.2 Those emerging risks being identified from the Risk Management processes as the organisation evolves, improves and understands its challenges fully

3.2.3 Risks associated with its integration with the Police Force, in the coming year.

3.2.4 Feedback from key stakeholders including Senior Management, the Chair of JIAC.

- 3.3 Key principles / assumptions in developing the plan include:
- 3.3.1 Key Financial and Strategic Audits are now provided within a minimal allocation of audit days. If testing highlights key concerns testing would need to be expanded.
- 3.3.2 Audit findings since the inception of NCFRA have provided, on the whole, a basis to conclude satisfactory controls and governance operate across the organisation or areas of poor control requiring improvement have been found and;
- These were identified by management (eg ICT), and/or
 - An improvement plan agreed / embraced by management
- 3.3.3 This current 'trajectory' should provide a basis to conclude that NCFRA represents a low risk (i.e. stable and well controlled) audit client going forward.
- 3.4 The 22-23 Internal Audit Plan must remain sufficiently flexible to enable assurance over current risk areas, as well as emerging risks, and those risks which are yet to be identified. The plan set out below:
- Identifies the Known Knowns to be audited eg Key Financial Systems
 - Takes account of the Known Unknowns eg Future Northants
 - Can be flexible for the Unknown Unknowns that may arise during the year
- 3.5 The Audit Plan is designed to be flexible if new risks emerge or existing risks significantly reduce.
- 3.6 Progress against the plan will be monitored throughout the year and key issues will be reported to NCFRA Management Board and the NCFRA Joint Internal Audit Committee on a quarterly basis. The Plan targets only those key financial and governance aspects that support the Annual Audit Opinion. Whilst there is a limited ability to replace those audits listed within the draft plan, it can always be discussed in relation to any emerging risks.
- 3.7 The demands of the Covid19 pandemic and the current work towards integration with the Police have undoubtedly changed the operational landscape and potentially increased the risk profile of NCFRA. The 2022-23 proposed plan reflects the findings from 2021-22 that show NCFRA controls / systems etc were found to be operating robustly during the significant disruption caused by C19.
- 3.8 Where NCFRA identify additional work during the year:
- 3.8.1 IA and NCFRA will identify whether any original planned work can be substituted, and/or
- 3.8.2 Additional work undertaken at the agreed daily rate.

- 3.9 In summary the 22-23 draft plan remains at an estimated total of 104 days, unchanged.
- 3.10 The 22-23 fee (applying 5% RPI) is proposed to be £37,000 (21-22 £35,350). The daily rate (eg for other unplanned work if needed) is therefore £356 (£340 21-22).
- 3.11 The table below provides a summary of the proposed IA Annual Plan.

AUDIT AREA	No of audits	Total Days	
Strategic Reviews	3	15	
Operational Services	3	30	
Key Financial Systems	4	30	
Risk Management Support	1	5	
Information Security	2	20	
Audit Management	n/a	4	
TOTAL		104	

- 3.12 A more detailed outline of the audit areas and key issues is provided below and at **Annex B**.

Overall Scope / Risk Profile

The 2022-23 Plan outlines those areas that require annual audit testing (eg key financials) and also those areas that are audited across multiple years. Therefore, whilst these do not represent 'essential' and 'optional' audits respectively, they provide a focus on those audits that:

- Must be tested annually (total 60 days)
 - All Strategic audits – eg Policies etc
 - Key Financials – AP, AR etc
 - ICT
- Reflect changing risks and agreed each year (total 40 days)
 - Operational Audits
 - Risk Management

Strategic Reviews

NCFRA as a separate legal entity should maintain strategic governance arrangements that clearly and formally record its organisational management. This Corporate Governance Framework should provide clearly defined roles, responsibilities and systems of control.

The audit plan therefore aims to audit the strategic controls applicable including:

- Decisions and oversight of key roles including Commissioner, Chief Fire Officer, Accountability Board, Fire Executive Board etc
- A review to confirm key policies and procedures are maintained and compliance with those, and
- Assurance that NCFRA maintains effective monitoring of key performance, controls and target achievement.

These audits anticipate testing in Q4 for the operation of those controls across the financial year.

Operational Services

This area of the plan, seeks to test and provide assurance for those key priority areas of operational performance / improvement. These are agreed each year to ensure wider audit coverage of operational areas is achieved over a 3-5 year period.

Key Financials

- AP (Creditors), AR (Debtors) and Payroll
These are standard audits at minimal levels of testing and provide assurance regarding controls applied to the significant financial transactions of NCFRA. A 22-23 focus within Payroll will be some testing on Right to Work assurance as arising from the UK's departure from EU on 1st Jan 2021.
- Medium Term financial planning (MTFP) / Budget Management
This is a key area of internal audit work designed to provide assurances regarding the operation of financial controls and financial management across NCFRA.
- Financial Controls
This audit review will look at the core financial processes that contribute to the trial balance as the basis for the financial statements.
For 22-23 it will also seek to provide assurance regarding the changes to incorporate the move towards integration with the Police Service that resulted in service delivery being repatriated to inhouse provision during 2021. Key areas of review will include:
 - Reconciliation of key control accounts on the General ledger
 - Bank Account reconciliation
 - Treasury Management
 - General ledger – coding and journal controls.
 - Pension fund monitoring
 - VAT administration

ICT Security

This is an area recognised and targeted by NCFRA for improvement. The detail of audit work in this area will be agreed with relevant ICT senior manager. And reflect that NCFRA ICT Service Improvement Plan

3.3 Plan summary and Risk Register

- 3.3.1 In summary, the Internal Audit Plan maintains a focus on risk based and compliance audits as well as providing assurance over key financial systems to ensure the continued operation of key controls within the organisation's governance arrangements, systems and processes.

3.3.2 In addition, the Plan has been designed to focus on key risk areas and areas that are of specific concern to management. Table C below shows the strategic risks that were considered

Table C-Strategic Risks and risk scores as at January 2022

Ref.	Risk	Risk owner	current risk Score	Unmitigated risk score
SR28	Ability to maintain a resilient and functioning Fire control room/function		15	25
SR22	Deliverability of the agreed capital plan is restricted by affordability. [Agreed as a PFCC risk]		20	25
SR21	Corporate IT provision impacts on our ability to deliver services.” (confidential)		15	25
BS10	Data inaccurate, untimely or unavailable		16	20
RE18	Resourcing of staff to maintain the current firecover model		12	20
SR15	Organisational capacity & succession planning (including the reliance on delivery of enabling services) supports/does not distract from frontline delivery & improvements required [RISK CLOSED]		12	12
SR26	Failure to adequately safeguard members of the community		12	20
SR16	Loss of Staff due to Industrial action (or action short of strike)		12	15
SR29	Loss of in House tactical Firefighting training centre and commercial Firefighting training centre		12	16
SR13	Service unable to demonstrate that staff are maintaining risk critical competences as identified within HMICFRS report		10	20
SR10	Ability to deliver statutory responsibilities and operational priorities within annual approved budget		8	16

SR18	HR capacity is inadequate		6	9
SR27	Managing the additional impact of Covid 19 (pandemic risk currently identifying Covid 19)		4	16

Annex A

Control Assessment Methodology

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.

			ANNEX B		
NCFRA - Draft Annual Audit Plan					
1st Apr 22 to 31st Mar 23					
Audit Area					
	Total Days	Timing	Link to Strategic Risks	Outline Scope	Management Comments
STRATEGIC <ul style="list-style-type: none"> Corporate Governance Framework -Nolan Principles Key Policies and Procedures – Safeguarding end to end review of policies and compliance. Target Operating Model - Performance Monitoring Framework 	15	Q3 Q2 Q4	SR28; SR10 BS10	To test and provide assurance on the strategic governance arrangements, that they clearly and formally record NCFRA organisational management.	Safeguarding is a growing risk operationally.
OPERATIONAL SERVICES <ul style="list-style-type: none"> Project Management Governance (key projects to be confirmed) People & Culture Strategy Implementation: Contract Management – review of monitoring of adequacy of supplier H&S arrangements. 	30	Q3 Q4 Q4	SR15 SR11 SR28	To test and provide assurance for those key priority areas of operational performance / improvement	
KEY FINANCIAL SYSTEMS <ul style="list-style-type: none"> Accounting systems (AP/AR) Payroll 	30	Q4 Q3	SR22; SR10	To provide assurance on the effectiveness of financial management procedures and arrangements to ensure the	To focus on review of Payroll Data Quality in advance of new system in April 23.

<ul style="list-style-type: none"> Budget Management Financial Control Environment (G/L; Bank rec; TM; VAT; Pensions) Including new arrangements with the Police force. 		Q3 Q2-Q4		integrity of the financial statements	To include management of costs of overtime, bank staff etc within Budget Mgmt
RISK MANAGEMENT Attendance at Strategic Risk Register Quarterly meetings. Provision of Risk workshops as requested	5	All			
ICT Systems Security – Cybersecurity arrangements: Network infrastructure security Privileged access control	20	TBA	SR21; SR28	To provide assurance on adequacy of aspects of cybersecurity arrangements.	To include the context of shared infrastructures with Police as future objective. Resilience from attack – link to Bus Continuity / EP arrangements. Restore which systems in what order.
Audit management and reporting	4	All			
TOTAL DAYS	104				



Report to the Joint Independent Audit Committee 09 March 2022

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 in 2020/21 and 2021/22, a total of eleven audits have been completed, making thirty-nine audit recommendations. Of those thirty-nine recommendations:
 - Twenty-nine actions have been completed and are closed.
 - Nine actions remain ongoing.
 - One action has passed its implementation date and is marked as overdue.

3 OVERVIEW

3.1 2020/21 Audits

- Nine audits have been completed making thirty recommendations.
- The most recent audit carried out in November 2021 relates to Governance. Based on the findings, a rating of Satisfactory Assurance was given, and only two recommendations made. Further details can be found in the attached Summary of Internal Audit Recommendations Report.

- Across all nine audits, a total of twenty-one actions have been completed and are closed.
- Since the last JIAC meeting, significant progress has been made towards the completion of audit recommendations. A total of six recommendations have been completed. These actions include Fleet Management 4.7, IT Security 4.2, Released Under Investigation 4.2, Released Under Investigation 4.3, Released Under Investigation 4.4 and Seized Property 4.3.
- Eight recommendations have not reached their implementation date and are ongoing.
- Only one recommendation is marked as overdue, this recommendation relates to Health and Safety 4.2. Following consultation, the General Health and Safety Policy was presented at the Health and Safety Committee Meeting on Tuesday 8th February 2022. Further amendments and consultation with the Federation is required before final approval.

3.2 **2021/22 Audits**

- Two audits have been completed making nine recommendations.
- Of those nine recommendations, eight actions have been completed and are closed.
- One recommendation remains ongoing, this recommendation relates to Released Under Investigation 4.6.
- There are no recommendations marked as overdue.

4 COLLABORATION AUDITS

4.1 **2019/20 Audits**

- Two audits were completed making eleven recommendations.
- Since the last JIAC meeting, only one action remained outstanding. This recommendation relates to Performance Management 4.3 and has since been completed. The Performance Manager is in place, and the team are working with the Qlik team to present performance and management information. A further review will take place to determine if any other tools or capabilities could have been utilised for a quicker resolution.

4.2 **2020/21 Audits**

- The most recent audit carried out in January 2022, relates to Workforce Planning. Based on the findings, a rating of Satisfactory Assurance was given, and only two recommendations made. Further details can be found in the attached Summary of Internal Audit Recommendations Report.
- The recommendations made remain ongoing and are on track for completion in April 2022.

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 Adviser

Chief Officer Portfolio Holder: Simon Nickless, Deputy Chief Constable

Background Papers: Quarterly Summary of Internal Audit
Recommendations February 2022.

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
Governance	05 November 2021	Satisfactory Assurance	0	1	1

2021/22

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Released Under Investigation	16 August 2021	Limited Assurance	1	3	2
Seized Property	07 September 2021	Satisfactory Assurance	0	1	2

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	4	3
Procurement	3	0	0	3
Health & Safety	5	1	0	4
GDPR Follow Up	1	0	1	0
IT Security	4	0	0	4
Core Financials	3	0	0	3
Workforce Planning	4	0	1	3
Performance Management	1	0	0	1
Governance	2	0	2	0
Totals	30	1	8	21


2021/22 AUDITS	RECOMMENDATIONS MADE	RED	AMBER	GREEN
Released Under Investigation	6	0	1	5
Seized Property	3	0	0	3
Totals	9	0	1	8


OUTSTANDING RECOMMENDATIONS

Key to Status

 Action completed since last report

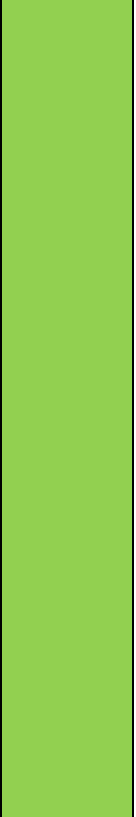
 Action ongoing

 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.</p> <p>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.</p> <p>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.</p> <p>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</p> <p>Theresa Cheney</p>	

OFFICIAL

	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> <p>Update 02/08/2021 – Manual carbon footprint report is ongoing and being updated via fuel usage. The telematics installation began on 19th July 2021 which will give mpg/usage of fuel directly from the vehicles. The older fleet pre-2015 that was due replacement has now been replaced with a ulez compliant vehicle.</p> <p>Update 19/10/2021 – The replacement programme is rationalised across both mileage and age of vehicle not carbon emissions. When the audit was carried out, we had vehicles that should have been replaced due to age but due to budget constraints they had been extended, the majority of these have now been replaced through the replacement programme.</p>		
4.2	Fleet Availability <i>Observation:</i> Through discussions with the Head of	The Force should ensure that	3	With the introduction of a fit for	March 2022	

OFFICIAL

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>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.</p> <p>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.</p> <p><i>Risk:</i> The Force are unable to demonstrate the servicing of vehicles is being scheduled effectively.</p>	<p>scheduling of repairs or services of vehicles take into consideration when calculating fleet availability.</p> <p>The Force should ensure that there is effective monitoring of their fleet availability.</p>		<p>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 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> <p>Update 02/08/2021 – New Fleet Management system is under design and confirmation of implementation date is imminent. Once this is implemented with paperless job cards and Telematics is</p>	Theresa Cheney	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>providing daily up-to-date mileages this will remove the human error and delays inputting manually on to the system and will generate scheduling of services in a timely and scheduled process.</p> <p>Update 18/10/2021 – The Fleet Management System is now in UAT (User Acceptance Testing). Current progress on the install of the new telematics system remains on track and currently has over 160 vehicles fully installed and uploaded to the system. The project remains on schedule and is already beginning to demonstrate real value and insight. We should be fully operational by January 2022, if not earlier.</p> <p>Update 11/01/2022 – Unfortunately, UAT testing has been delayed as NFRS has not been able to access the system. The go live date has been pushed back to March 2022, whilst the problem is rectified and UAT can be completed by both Police and NFRS. Telematics installation is now completed in over 80% of the Fleet and is already providing utilisation evidence and location data.</p> <p>Update 17/02/2022 – 99% fleet is now installed with Telematics and reaching the end of testing phase. Training from the reporting back end is being rolled out to appropriate areas of the business. Policy in draft to cover and audit trail for access being designed by D&T. Fleet Management is in UAT awaiting sign off from NFRS go live date is set for 15/16th March 2022 but additional work will be completed in-house following this.</p>		
4.3	Servicing of Vehicles <i>Observation:</i> There is a schedule in place at the Force	The Force should ensure the	2	With the introduction of a new fully	March 2022	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>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 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 	<p>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>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>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> <p>Update 02/08/2021 – As above.</p> <p>Update 18/10/2021 – As above.</p> <p>Update 11/01/2022 – As above.</p> <p>Update 17/02/2022 – As above.</p>	Theresa Cheney	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>(as opposed to 8,000 miles).</p> <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>					
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 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</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.</p> <p>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>	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>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> <p>Update 02/08/2021 – As above.</p> <p>Update 18/10/2021 – As above.</p> <p>Update 11/01/2022 – As above.</p> <p>Update 17/02/2022 – As above.</p>	<p>March 2022</p> <p>Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>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. Furthermore, the Force's servicing programme does not represent value for money.</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> <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</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 scheduling services effectively, particularly as the Force rely on manual insertion of data from physical job cards. 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. 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>	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>Update 04/6/21 – As per 4.2 (Tranman upgrade has been approved and is currently with Mint).</p> <p>Update 02/08/2021 – As above.</p> <p>Update 18/10/2021 – As above.</p> <p>Update 11/01/2022 – As above.</p> <p>Update 17/02/2022 – As above.</p>	<p>March 2022 Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>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.</p> <p>Performance reports produced are not accurate.</p>					
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 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</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 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>	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 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</p>	<p>March 2021 Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>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>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 system and Telematics which hopefully will be later this year and we will be in a considerably improved position for our next audit.</p> <p>Update 02/08/2021 – As above.</p> <p>Update 19/10/2021 – The replacement programme is rationalised across both mileage and age of vehicle not carbon emissions. When the audit was carried out, we had vehicles that should have been replaced due to age but due to budget constraints they had been extended, the majority of these have now been replaced through the replacement programme.</p> <p>Update 17/02/2022 – Due to delays with delivery of replacement vehicles we have had to extend target replacement mileages on vehicles.</p>		

OFFICIAL

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.7	<p>Lack of Performance Monitoring and Reporting</p> <p><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.</p> <p>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.</p> <p><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.</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. 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 into 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> <p>Update 02/08/2021 – As above.</p> <p>Update 18/10/2021 – As above.</p> <p>Update 17/02/2022 – As above.</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</p>	The Corporate Governance Framework and supporting	2	The Joint Policing Corporate Governance Framework had a thorough review in	1 April 2021	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>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>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>		<p>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>Update 12/08/2021 – The new framework has been scrutinised by the PFCC’s Monitoring Officer and will be finalised in the coming weeks (delayed due to the need to harmonise with the developments of our Commercial Partner, Mint).</p> <p>Update 31/08/2021 – The new framework is now with the OPFCC now and should hopefully be signed off by the PFCC w/c 30/08/2021. Mazars are doing another Governance audit commencing in a couple</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>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>weeks' time, hopefully then this recommendation can officially be closed.</p> <p>Update 02/09/2021 – Action now complete. The revised Corporate Governance Framework was approved on the 31/08/2021 and is now available on the PFCC website.</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. 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. Audit identified one variation for a Major Projects contract (Faithful + Gould), where the initial contract value was for £352,535.00. A subsequent variation 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. Variations undermine the original procurement process.</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>	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 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 – This is now complete.</p> <p>CLOSED</p>	<p>January 2021</p> <p>ACO Police & Fire</p>	
4.3	Contract Spend Analysis		2		April 2021	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<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>		<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 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.</p> <p>CLOSED.</p>	<p>CC Chief Finance Officer and Procurement Engagement Partner</p>	

Health & Safety – February 2021

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>Intranet Page</p> <p>The Force uses the intranet pages to share key documentation, such as policies and procedures with staff.</p> <p>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>	<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.</p>	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> <p>Update 02/08/2021 – Now complete and can be marked as green. Two aspects are due to go to the H&S Committee on the 03/08/2021. Updates to be provided soon.</p>	<p>Estates and Facilities Health and safety Manager to have completed new visible entity by 1 June 2021</p>	
4.2	<p>Policies and Procedures</p> <p>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. 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. The Force do not meet their health and safety objectives. 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 standalone 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</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>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>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>Update 02/08/2021 – As above. The H&S Manual was last reviewed in 2019 and will be reviewed later this year.</p> <p>Update 26/08/2021 – Health and Safety Manual. This has been programmed into the H&S Managers programme for 31 Aug – 1 Sep. It will be re-badged as the General Health and Safety Policy with the current statement, an Organisation section and the General Arrangements covering all aspects of Health and Safety. Daughter policies and procedures will be referenced under each section. An initial draft will be circulated for comment during the first week of September with the aim of having a final draft presented to the next meeting of the Health and Safety Committee scheduled for the 2nd November 2021.</p> <p>Update 18/10/2021 – The Health and Safety Manual has been reviewed and revised. This is currently out for consultation with key stakeholders before being presented to the Health and Safety Committee at the November meeting.</p> <p>Update 17/01/2022 – Following a second targeted consultation of the General Health and Safety Policy, feedback has supported the document, and this is ready for approval at the next Health and Safety Committee Meeting in February.</p>		

OFFICIAL

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				Update 11/02/2022 – Following consultation, the General Health and Safety Policy was presented at the Health and Safety Committee Meeting on Tuesday 8 th Feb 2022. Further amendments and consultation with the Federation required before final sign off.		
4.3	<p>OPFCC Oversight</p> <p>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>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>	<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> <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>	2	<p>Agreed. Terms of reference to be changed</p> <p>Agreed.</p> <p>Agreed</p> <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>Head of Estates and Facilities. To be endorsed at next H&S committee meeting.</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>At the Health and Safety Committee meetings, it has been noted that performance information is only reported on accidents, incidents and near misses. This</p>	<p>The Force should introduce a suite of key performance indicators that provide oversight</p>	2	<p>Agreed. In progress. A new suite of Health and safety KPIs is under consultation at the Health & Safety committee.</p>	<p>Health and safety Committee –</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>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>	of the whole area of health and safety.		Update 14/06/2021 – Key performance indicators have been defined, agreed by the H&S Committee, and will be reported quarterly from August 2021.	To be agreed 13 May 2021. KPIs to be monitored quarterly at the H&S committee	
4.5	<p>Health and Safety Training</p> <p>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 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>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.</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>	1	<p>Agreed.</p> <p>A draft training strategy is being prepared covering Health and Safety training that is 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 was presented to the H&S Committee (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>Update 26/08/2021 – The H&S Training Strategy was approved on 03 August 2021 and has been circulated to the Training Priority Panel and discussions with L&D and HR on how the requirements can be integrated into training programmes booked into calendars. This will require</p>	<p>Health and safety Committee. To 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>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>additional modules to be added into induction training and requirements for promotion at different levels. Fire awareness training will be launched during September as mandatory for every employee, with a refresher after three years. Other courses are being planned for next year, which is likely to include Asbestos Awareness, Fire Warded, Risk Assessor and DSE Assessor. A three-year training plan will be presented to the Health and Safety Committee at the next meeting in November.</p> <p>Update 31/08/2021 – Training plan was presented at August H&S Committee meeting. Implementation and progress to be monitored through quarterly reporting within H&S committee and KPI's.</p>		

GDPR Follow Up – February 2021

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>ICO Action Plan</p> <p>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>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</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<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>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> <p>Update 23/08/2021 – Although the ICO closed their audit for the purpose of returning in September, we have continued to work on the outstanding actions from the original plan. Since the ICO finalised their follow up audit we have locally closed another 17 actions, which have been closed as suitably actioned by DCC Nickless, most of which related to the completion of RoPA and associated works required.</p> <p>The intention was to have all remaining actions closed by September (local deadline of 31/08/21) as we would have intended for the ICO. We have continued to push for this and although some of the remaining actions will be closed, a number will remain open and are likely to remain open for some time due to the added complexities we have found since the original audit in relation to records management, however I would suggest that if the ICO were to return and audit these elements further they would be assured that our ongoing work against</p>	<p>assurance should be provided in full.</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>what we had found in addition to their actions would be evidenced as work in practice and continuous improvement on the original status.</p> <p>For this reason, despite the additional closures and ongoing works, I would suggest that it is appropriate for this RAG to remain at Amber for the time being.</p> <p>Update 17/09/2021 – As above.</p> <p>Update 18/10/2021 – We have continued to work towards the closure of all ICO actions. As work has moved on, we have identified greater needs and therefore prolonged timescales although the original essence of the action remains the work around rectification of the matter has changed. To ensure this work continues, it has been cross-referenced in the ICO action plan with a new action raised in the Information Assurance Action Plan as the greater piece of ongoing work. For the purpose of the internal audit register, I would suggest that the RAG remains as amber as the action remains open.</p> <p>Update 10/01/2022 – No change. Awaiting outcome of current audit and then will reassess.</p> <p>Update 10/02/2022 – As above.</p>		

IT Security – May 2021

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	IT Health Check		2			

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
	<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>	<p>Areas not included in the previous ITHC must be a high priority for this year's testing.</p>		<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>Update 23/08/2021 – We can confirm that any outstanding areas have been included and reported on in the most recent ITHC. We believe this can be closed now.</p> <p>CLOSED.</p>	<p>ISD Senior Operations Manager - Dan Cooper</p> <p>End of July 2021</p>	
4.2	<p>IT Health Check Remediation</p> <p>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>	<p>Vulnerabilities should be addressed as soon as possible.</p>	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>Update 23/08/2021 – An updated remediation plan will be submitted to the ISO and DCC this month (August 2021).</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>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
				<p>Update 17/09/2021 – An updated remediation plan includes all four risk areas. To be submitted to the ISO and DCC for review.</p> <p>Update 18/10/2021 – As above.</p> <p>Update 04/01/2021 – As reported at IAB, the remediation for the 2020 ITHC is mostly completed, and the remaining 3 items have been superseded by the 2021 test. This audit action is recommended for closure on that basis.</p>		
4.3	<p>Policies</p> <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>	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>	ICO Inspector – Vitty Andreoli May 2021	
4.4	<p>Vulnerability Working Party</p> <p>The organisation has a Vulnerability Working Party which is technical in nature and 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 term of reference or what outputs and reporting were expected to be within the wider Information Assurance structure.</p>	A formal term 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.	3	<p>Recommendation accepted.</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>	Joint responsibility for ISD Senior Operations Manager – Dan Cooper, and Information Security Officer – Nikki Butt September 2021	

Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
<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>Update 23/08/2021 – A headline output report from the VWG was submitted to the July IAB meeting. A ToR for the group will be created and submitted for the September IAB meeting.</p> <p>Update 17/09/2021 – The formal ToR is in draft format and has been signed off by the VWG. The ToR just needs to be reformatted and circulated to the group. Action can be closed.</p>		

Core Financials – March 2021

Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
<p>4.1 <u>Approval of Overtime/TOIL claims</u> 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. 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. 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 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.</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
4.2	<p>Invoice Payment Terms</p> <p>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.</p> <p>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.</p> <p>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>Audit tested a sample of user access rights from two teams at MFSS, purchasing and payments, to assess that these levels were appropriate.</p> <p>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.</p> <p>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, 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</p>	V Ashcroft Mar 2021	

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
			to any role changes being made going forwards. CLOSED		

Workforce Planning – April 2021

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>4.1 Workforce Planning Strategy</p> <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>	<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>Update 02/08/2021 – Workforce Strategy agreed and now in place. Also instigated a bi-monthly Workforce Planning Meeting for constant review and ensure deliverables are met. CLOSED.</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</p> <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. 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</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 complete and appropriate for operational purposes. Consideration should be given to producing a formal timetable for completion of this project.</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>Update 18/06/2021 – Project in scope now (delay due to resources capacity).</p> <p>Update 02/08/2021 – Succession planning outline presented to CoT. Talent Successor</p>	<p>Scoping by June 2021. Project plan aligning with Talent Framework to be activated by September 2021.</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>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>project started, with trial on Inspector succession planning in November 2021.</p> <p>Update 15/09/2021 – The Talent Successor Project is running at a pace with the pilot due to go live imminently. A working group has been established and is meeting regularly to work through the implementation. We will be testing the system with those Sergeants that have registered for the NPPF Step 3 Professional Discussion to Inspector rank in November 2021.</p> <p>Update 18/10/2021 – Implementation plan established and on track to pilot with Sgt to Insp promotion in November. Further testing with operational staff and staff areas scheduled before full roll out. Business critical roles to be included by April 2022.</p> <p>Update 17/01/2022 - Ran pilot in November and reviewed results and consulted with Headlight. Identified bug in analytics which has been rectified by Headlight and identified changes required to streamline the process. Further testing with PC – Sgt promotion progress agreed. The intended roll out across Force is scheduled for March 2022.</p> <p>Update 04/02/2022 – Sergeant pilot progressing with access given to candidates and line managers with supporting guidance video clips. Following Sergeant pilot concluding in May, agreed FCR as next area to roll out to.</p>	HR Manager – Leadership and Management	
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</p>	The Force should consider creating a more direct feedback process for requests to the	2	We agree with this recommendation and will update the policy and process to enable this to happen.	June 2021	

OFFICIAL

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>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><i>Risk:</i> Inefficiencies within the vacancy process cause unnecessary delays in recruitment process</p>	<p>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>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>Workforce Planning Manager</p>	
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 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>	

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<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>			Update 03/08/2021 – The Establishment Change Tracker is now fully up to date with finance agreements. Regular meetings are now taking place between the Establishment Officer and Finance Team members to agree true establishment budgets. CLOSED.		

Performance Management – June 2021

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>4.1 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 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.</p> <p><i>Risk:</i> The Force does not maximise Value for Money in its use of Qlik.</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>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</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>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> <p>Update 07/08/2021 – The Chief Constable has agreed to a new set of criteria for selection and prioritisation of requests for QLIK apps. The criteria relate to the need for new apps to inform operational activity as opposed to simple counting of figures. Where a QLIK app is requested to present the nature and volume of demand or activity, this is only adopted if (a) the information will inform improvement activity and (b) the information is not already available in a useable format. There is no lack of applications for QLIK apps and at the time of writing, there is no requirement to publicise it. The Force is about to commence a trial of a data science solution with a view to identifying how QLIK can be used to enhance operational decision making.</p> <p>Update 26/08/2021 – The next step on the roadmap for Qlik is to broaden access to other analysts within Corporate Services and build apps. Initially this will be to support analysis conducted by analysts only and make efficiencies in the process. These are likely to be linked to the force priorities or areas that currently have no Qlik presence. Once established, apps may</p>		

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>then be shared with other users providing they meet the agreed 'look and feel' for existing apps. Widening to other analysts will provide resilience in the force around Qlik and allow analysts to focus on value adding activity as much as possible.</p> <p>Update 16/09/2021 - A plan has now been written to train and develop more analysts to develop QLIK apps. This will increase the number of apps that can be developed and the speed with which this will be done. All senior operational commanders are aware of the criteria for the development of apps (i.e. to support operational decision making) and they are having apps developed as requested. The development of QLIK is now focussed on operational delivery; senior stakeholders are engaged by corporate services to determine their requirements and deliver apps for them. A plan to increase the capacity of corporate services to develop apps is being implemented. The development of QLIK apps is authorised via corporate services tasking to ensure they are prioritised correctly and delivered on time. Chief officers receive an update on the above and a paper on QLIK is being presented to them on the 8th October. In summary, the apps are developed to support operational delivery; stakeholders are involved in the development process; the tasking of developers is controlled, and the number of developers is being increased. It is proposed this action is now complete.</p>		

Governance – November 2021

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>Review of Policies</p> <p>The OPFCC website contains a section dedicated to the publishing of policies. Audit reviewed the following policies:</p> <ul style="list-style-type: none"> • OPFCC Code of Conduct • Equality & Diversity Policy • Record Retention Policy • Anti-Fraud & Corruption Policy • Whistle Blowing Policy <p>These policies indicate that they should be subject to review on an annual basis, however this could not be evidenced by a document control section. Due to this, it is not possible to determine when the document was last reviewed and updated.</p> <p>Through discussions with management, it was identified that the main policies and procedures located on the website are reviewed after each publication of the Police and Crime Plan. The last PCC election was undertaken in 2016 and following the elections in May 2021, in line with legislation, the next Police and Crime Plan will be published in March 2022. The review of the Code of Conduct (published 2016), Anti-Fraud and Corruption Policy and the Whistle Blowing Policy (published 2015) since the date of publishing was not evidenced.</p> <p>It is noted that due to a move of the OPFCC headquarters, the Record Retention Policy has now been updated and published on the website, and in addition to this, the Equality & Diversity Policy was updated in June 2020 however this is not evident from the policy itself.</p> <p><i>Risk:</i> Lack of transparency where it is not possible for the public and/or staff to determine whether the policies located on the OPFCC website are still relevant.</p>	Policies published on the OPFCC website should be updated to contain a document control section indicating the date that the policy was last reviewed and updated.	3	<p>Agreed – a document control section will be added.</p> <p>Update 12/01/2022 – Work is in progress on this recommendation.</p> <p>Update 07/02/2022 – Work is in progress on this recommendation. Mark Stuart has done an awful lot of work on them, so we expect more movement after the March deadline.</p>	<p>March 2022</p> <p>Head of Governance</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.2	<p>Decision Records The Decision Making Framework is included as an Appendix to the Joint Code of Corporate Governance and states:</p> <p><i>All decisions of Significant Public Interest will require the PFCC to sign a Decision Record, which will be published on the PFCC website within 5 working days of the decision. Alongside the publication of the Decision Record, all material information used to make the decisions will be published, including an officer report to the PFCC in the format specified in the "Supporting Report Template" to the Police and Crime Commissioner", as attached to this appendix.</i></p> <p>Audit reviewed a sample of 8 decisions from a total of 40 made in 2021, and it was found that a decision record has been published online for all sampled. In addition to this, at the request of audit, a sufficient level of supporting information was available to justify the decision, however, a supporting officer report had not been published for any of the decisions sampled. Upon review of the remaining 32 decisions published on the OPFCC website, it was also found that none of these were published alongside an officer report.</p> <p>In discussions with management, it was states that the supporting information related to decisions is supplied on request. Furthermore, summaries of every decision are provided to the public meeting of the Police, Fire and Crime Panel where questions are asked and responded to by the PFCC.</p> <p>Management also advised audit that the officer report within the decision-making framework is a template and that certain decisions will be made based on different information. For example, a business case for the purchase of a new building is different to procurement and budgetary information supporting the decision to award a contract extension.</p> <p>A detailed signing report is considered by the PFCC which supports decisions which are made; however,</p>	<p>The OPFCC should clarify their publication requirements for decisions set out within the Decision Making Framework.</p> <p>Once agreed, this should be clearly communicated to relevant staff to ensure compliance.</p>	2	<p>Agreed – the Decision Making Framework will be reviewed and communicated. Update 12/01/2022 – Work is in progress on this recommendation.</p> <p>Update 07/02/2022 – Work is in progress on this recommendation. Mark Stuart has done an awful lot of work on them, so we expect more movement after the March deadline.</p>	<p>March 2022</p> <p>Monitoring Officer/Head of Governance/Chief Finance Officer</p>	

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>this control was introduced after the introduction of the decision making framework and therefore is not referenced within it. Audit were provided with copies of these signing sheets as supporting evidence.</p> <p><i>Risk:</i> Where supporting information related to a decision is not published on the OPFCC website, there is a risk of a perceived lack of transparency leading to reputational damage. The PFCC does not comply with the Decision Making Framework.</p>					

2021/22

Released Under Investigation – August 2021

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>4.1 Governance One of the main governance forums that oversees issues relating to RUI and Bail is the 'EMCJS Strategic Management Board – Bail Management Meeting'. This is a quarterly meeting attended by Bail Managers from each Force in the East Midlands. The meeting is also attended by the Custody Sergeants at Northants. The meeting does allow for comparison between Forces and trends in the data and allows the Forces to discuss any emerging risks or issues being faces. However, audit was informed that from August 2020, the region stopped producing formal minutes due to a lack of capacity. Without an adequate reporting or monitoring mechanism for actions agreed within the meeting, there can only be limited assurance that identified areas of improvement are being implemented appropriately.</p> <p><i>Risk:</i> Identified areas of improvement are not implemented adequately.</p>	The Force should consider how it can most effectively record notes and actions from the Bail Management meeting. For example, through the use of an Actions Tracker.	3	<p>We agree with this recommendation and will introduce an Action Tracker in the aforementioned meeting.</p> <p>The completion date will be the 7th October 2021, this is the date of the next meeting and the request for an Action Tracker has been accepted by the region.</p> <p>Update 12/08/202 – The Action Tracker will capture previous actions alongside being set moving forward.</p> <p>Update 12/09/2021 – This action can be considered for closure. The Action Tracker will be in place by the next meeting and then attached/uploaded onto the HMICFRS Action Planning Cause for Concern – 2.5.</p>	7 th October 2021 DCI Andy Rogers	
<p>4.2 Niche Fix</p>		2		December 2021	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>All RUI processing is completed via the Niche system which requires Officers to complete a number of tasks within the system to process the custody record. An issue has been identified when the case is completed, however the linked custody record is not closed therefore an individual can remain with an outstanding RUI record. The system does not enforce the mandatory completion of the linked custody record prior to the case being closed. Therefore, a preventative control is not in place. A fix designed to automate the process and reduce the amount of work required to correct the RUI with filled occurrences. Updates to Niche are being actioned through the regional Niche team, but these are taking some time to progress.</p> <p><i>Risk:</i> The Force continues to carry a high level of RUI cases.</p>	<p>The Force should continue to pursue the changes to Niche to address the issue identified.</p>		<p>We agree that this Niche fix should be pursued, but the Force only has limited influence with Niche. There is no specific date feasible. The fix in Niche will stop an occurrence being filed if there was an active RUI associated with it.</p> <p>The original date was for it to be in place by Feb 2021. This has slipped and there is no now timescale for implementation. The new business rule was delivered by Niche in the last build; however, it doesn't work right and was preventing all occurrences being filed which had arrest on. Tim Perkins has had it reinstated in our test environment and is undertaking some testing.</p> <p>Update 12/09/2021 – The next Niche build in November will encompass a rule that will prevent occurrences being finalised where a custody disposal is not a 'Final' disposal, for example Charge, NFA, etc. So, in its simplest term, if you have an open RUI/Bail you cannot finalise the respective crime occurrence.</p> <p>This process will ensure that the system is all linked together, ensuring that when a crime occurrence is submitted for filing the respective RUI/Bail will need to be closed. If this is not the case the system will not allow the finalisation of the crime occurrence, thus ensuring that the system itself enforces the mandatory completion of the linked custody record prior to the case being closed.</p> <p>Update 07/10/21 – Action remains live and is showing no update from last month as Niche build is set for November 2021.</p>	<p>DCI Andy Rogers</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>Update 29/12/2021 – This action can be considered for closure. Niche request EM-4490: RUI Complete OEL. The rule prevents occurrences being finalised where a custody disposal is not a 'Final' disposal, for example Charge, NFA, etc. So, in its simplest term, if you have an open RUI/Bail you cannot finalise the respective crime occurrence and enforces the mandatory completion of the linked custody record prior to the case being closed.</p> <p>CLOSED.</p>		
4.3	<p>Longstanding RUIs</p> <p>The Force stated that a primary reason for lowering the number of individuals with a longstanding RUI status was fairness, as it can often hamper individuals involved in employment vetting processes or undergoing DBS checks. Audit noted that in April 2021, there were 139 individuals who had been on RUI for over two years and 328 individuals who had been on RUI for over one year but less than two years. This is a large number of individuals and a lengthy amount of time. Concerns were also raised with an audit that this issue may be worsened by the COVID-affected backlog of court cases. Across East Midlands, Northamptonshire is performing significantly below other Forces when comparing the number of RUI cases that are over two years old. For reference, the highest performing Force has just 11 RUI cases over 2 years old. Therefore, the Force should also look at ways it can further learn from the practice of local forces. Ultimately the Force should consider how it approaches chasing longstanding RUIs and what, more proactive, controls could be implemented.</p> <p><i>Risk:</i> Individuals on RUI not treated fairly leading to reputational damage for the Force.</p>	<p>The Force should undertake a review of individuals who have been on RUI for longer than a year to ensure this option has been used in only exceptional circumstances.</p> <p>The Force should introduce a more proactive monitoring approach to clear ages RUIs, including repeated emails, escalation to line managers etc.</p>	1	<p>We agree with this recommendation and a new 'RUI over 1 year' review will be undertaken immediately. The proactive monitoring will be introduced with a clear policy regarding cases over 1 year.</p> <p>Update 12/08/2021 – The proactive monitoring will be introduced with a clear policy regarding cases over 1 year. The initial process is to be completed w/c 9th August; this is a very manual process. As such a new process is to be developed using a BOXI report or Qlik to ensure this is not a manual process.</p> <p>The proactive monitoring will be introduced with a clear policy regarding cases over 1 year. The automated process will allow clear ownership across the Force.</p> <p>Update 12/09/2021 – Manual review of RUI responses is reaching its conclusion, but support from custody is required. This is set for w/c 20/09/2021 as Ins Britton is off until this date.</p>	<p>Review within 6 weeks, 1st September 2021.</p> <p>Policy on cases over 1-year, full agreement 3 months. 1st October 2021.</p> <p>DCI Andy Rogers</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>On completion, the policy will be rolled out on 01/10/21 to ensure clear ownership of investigations and workflows submitted where applicable. The information is already present on Qlik and boxi report. This now just needs to be formatted into a policy document.</p> <p>Update 07/10/2021 – Completed. Policy/Guidance completed, rolled out to all CI's to digest and cascade across their teams. Document uploaded to <u>HMICFRS Action Planning Cause for Concern – 2.5.</u></p> <p>Update 29/12/2021 – The action is progressing with a small drop of case over two years from 114 to 108. The positive is in relation to cases over 1 year which have fell from 324 to 289 respectively.</p> <p>Update 17/01/2022 – The reviews are completed as per policy every 28 days. The new RUI guidance has been rolled out to all CI's again, where I have re-emphasised the necessity for all reviews to bring value to the investigation, especially those cases over 1 year and where this information can be obtained from Qlik.</p> <p>The use of RUI and its rationale is to be rolled out as part of a new Supervisors template, and I am ultimately seeking to present the RUI data into a Qlik dashboard. This will provide quick time reasons for why suspects are on RUI, rather than a manual email to all officers asking for a rationale.</p>		
4.4	<p>Internal RUI Reporting by Service Unit At present, the Force reports primarily in top-line figures, for example Outstanding RUIs and RUI with filed occurrences. This combines the figures of all the service lines, e.g. CID and Economic Crime. The Force</p>	The Force should ensure that internal reporting breaks down RUI figures by service unit.	3	We agree with this recommendation. To be introduced within 3 months.	1 st October 2021	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>would improve their internal reporting of RUI figures by splitting the total into units. This would enable the Force to gauge where assistance by way of further capacity is most needed. It would also recognise that some RUI will naturally take longer to process than others due to the nature of investigations. The Force indicated that they are able to obtain this information through the data visualisation tool, Qlik. However, this needs to be integrated into performance reporting to ensure a more accurate reflection of RUI is presented.</p> <p><i>Risk:</i> The Force is unable to adequately identify areas of under-performance and address these appropriately.</p>			<p>Update 12/08/2021 – Qlik team to be contacted and requested to review the action. I believe this information will be retrievable via the Qlik application, once confirmed this will be promoted internally and become a key part of the 28-day reviews.</p> <p>Update 12/09/2021 – Qlik data is available and will form part of the RUI policy which will be rolled out 01/10/2021. The daily boxi has the RUI performance data as a total number for the force. It does not add any value to bring it down per department as this information is available within Qlik.</p> <p>A discussion with the Niche team to see if we can add a suspect status for example RUI – CPSD, Digital Data.</p> <p>Update 07/10/2021 – The RUI breakdown is available via Qlik and review forms part of the policy/guidance. An email was sent to the Niche team and a response is pending in relation to RUI – CPSD, RUI Digital data to assist with data quality.</p> <p>Update 20/10/2021 – This action can be closed as the work completed fully covers the external review of RUI.</p>	DCI Andy Rogers	
4.5	<p>RUI Corrections At present, the Detective Chief Inspector carries out a fortnightly review of RUIs looking at high harm cases where the suspect has been RUI'd and not bailed. From this, it is determined whether the 'correct' or 'incorrect' decision has been made. Following on from this, the Officer's Chief Inspectors are notified of where it is believed RUI has been carried out incorrectly and Officers are contacted directly via email. Evidence was provided to support this and where there has been a response from the Officer</p>	<p>When the Detective Chief Inspector sends a correction email, the correction should be recorded in a separate log which can be reviewed periodically to analyse common themes. Communications and training can then be adjusted in accordance with common errors.</p>	2	<p>The Senior Owner and Bail Lead will discuss this recommendation to understand the impact on Bail lead. Whilst the recommendation sounds appropriate, it needs to be a long-term sustainable position.</p> <p>This will be placed onto AFI, through a spreadsheet to identify repeat offenders</p>	<p>1st September 2021</p> <p>DCI Andy Rogers</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
	<p>accepting the findings. Audit believes this control should be strengthened due to the high-risk nature of inappropriately processing suspects in high crimes. The introduction of an action log or audit tracker to identify repeated errors and other trends in the data would enable the Force to build more focused training as a result, and ensure communications are adequately directed.</p> <p><i>Risk:</i> Suspects in high harm crimes incorrectly processed.</p>			<p>and will be managed through respective CI's.</p> <p>Update 12/09/2021 – This now forms part of the fortnightly reviews; the repeat officers are identified and alongside concerns highlighted to the respective CI a list of repeat offenders is provided.</p> <p>Update 29/12/2021 – This action can be closed as it forms part of fortnightly reviews and captured on the AFI. Cause for Concern - 2.5 - All Documents (intranet.police.uk)</p>		
4.6	<p>Training</p> <p>Audit were informed that there are still 293 Officers yet to complete NCALT Bail and RUI training at the time of the audit. This was despite repeated communications from the Detective Chief Inspector Rogers and other senior individuals. Audit were informed that alternative avenues to undertake this training that could be explored, including allowing Sergeants to deliver the training in the daily briefing session. From this, confirmation of completion can be sent to the Training department for the records to be updated. It is key therefore that the Force consider their approach to ensure training compliance is maximised.</p> <p><i>Risk:</i> Officers in the Force are inadequately trained and RUI's are incorrectly processed.</p>	The Force should ensure Officers complete NCALT Bail and RUI training in a timely manner.	2	<p>We agree with this recommendation.</p> <p>Update 12/08/2021 – Names have been identified from the regional NCALT report. These will be taken to the Strategic Justice Board (SJB) on 17/08/2021 for the attention of ACC Blatchly and to request the message to these officers to emanate from ACC Blatchly.</p> <p>Update 12/09/2021 – All officers up to and including the rank of Superintendent have been contacted with clear direction from ACC Blatchly to complete the NCALT training package.</p> <p>Update 20/10/2021 – Action remains live and a further request for figures is set for 25th October 2021.</p> <p>Update 29/12/2021 – 192 officers up to the rank of Superintendent have still not completed the training. A final email to these has been sent to EMCHRS under the name of ACC Blatchly.</p>	<p>Within 6 months of the report publication, 1st January 2021.</p> <p>Senior Owner ACC Simon Blatchly</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
				Update 11/02/2022 – Presently awaiting the final report of officers who have yet to complete the training. These officers will be collated, fed into the ACC's staff officer in order for an email to be sent to them from the ACC's office in order to answer why they have yet to complete the NCALT training.		

Seized Property – September 2021

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.1	<p>Disposals</p> <p>The disposal process tasks one colleague to identify and mark relevant assets as 'pending disposal' within Niche. In all areas apart from the drugs safe the asset is then moved to a separate area. In the drugs safe, the asset is left in its original position. Two separate colleagues then collect assets for disposal, check them against a 'pending disposal' extract from Niche, disposes of them and enters the disposal method into Niche.</p> <p>We selected a random 'box' from the drug safe that contained 16 seized assets. We compared the assets included within the box to the Niche report for that location. The report contained 15 assets and we identified that one asset (P17148454 "4x wrap of class A") held within the box was marked as 'disposed' within Niche on the 9th March 2021 was not physically disposed of.</p> <p>Furthermore, we identified that the box was audited by an Evidential Property Officer on the 2nd August 2021 where the discrepancy was not identified.</p> <p><i>Risk:</i> Assets are held by the Force that they are unaware of. Assets marked for disposal are not actually disposed of and could be misappropriated.</p>	<p>Staff should be reminded that care needs to be taken when disposing of assets to ensure all items marked as disposed on the Niche system are physically disposed of.</p> <p>Staff should have refresher training about the process of completing an internal audit to ensure discrepancies are identified.</p>	2	<p>The Evidential Property (EP) team audits should always pick up any anomalies, however to add a layer of additional reassurance, we have introduced the process of moving frugs to a pending disposal area, as opposed to pulling straight for disposal, which will address this and ensure a second check is always completed.</p> <p>All EP team members have since the audit received communications and have had conversations with their Team Managers, to refresh them regarding the process.</p> <p>The Team Managers will include refreshers in this area, along with other area audits and processes, as part of the teams ongoing CPD activity and training.</p> <p>Update 10/09/2021 – New process implemented upon audit completion and identification of an issue to avoid reoccurrence. Action now complete. Ongoing CPD activity also updated to</p>	Immediately Evidential Property Manager	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
				include refreshers in this area moving forward.		
4.2	<p>Audit Rota The Central Property Store audit rota was managed by a member of the temporary Backlog Team. On the dissolution of this tea the audit rota was not handed over. As such we could not confirm what areas of the Central Property Store were scheduled to be subject to review.</p> <p>Upon reviewing recently completed audits we have no concerns that the audit process is not fully functioning.</p> <p><i>Risk:</i> Areas within the Central Property Store are missed and not subject to regular audit and review.</p>	The audit rota should be reintroduced at the Central Property Store and should include all areas that need to be reviewed.	3	<p>All audit reports are currently retained within our scan and bin folders by date, but mixed with other material, hence a new folder structure and excel spreadsheet has been created to capture all audit locations and their dates audited, which will be maintained in addition to the scanned reports.</p> <p>Update 10/09/2021 – New spreadsheet implemented and being maintained accordingly. Action now complete.</p>	<p>Immediately</p> <p>Evidential Property Manager</p>	
4.3	<p>Transportation Insurance Cover Upon review of the insurance documents, we raised concerns that the requirements surrounding money carrying may not be abided by the Force.</p> <p>The Evidential Property Manager confirmed that the EP team do not track insurance compliance i.e. record who transported, how much and when, to confirm compliance of potential breach of insurance requirements.</p> <p>Moreover, it was identified that the insurance levels stated in the Property Police Schedule and the Property Damage & Business Interruption Insurance Policy differed.</p> <p><i>Risk:</i> Northamptonshire is in breach of its insurance requirements.</p>	<p>The Force should put in place suitable controls to ensure that the existing insurance covenants are not breached when transporting money.</p> <p>The Force should clarify which of the insurance levels stated in the documentation are correct and then update to ensure they are correctly aligned.</p>	3	<p>Evidential Property will introduce recording the dates, amounts and individuals who transported the funds.</p> <p>I have raised an enquiry with Nick Alexander in the Force to understand the information reflected on 'PBMF010419, Property Damage and Business Interruption Insurance Policy'.</p> <p>Update 10/09/2021 – Evidential property complies with insurance requirements to demonstrate a spreadsheet has been implemented to capture. This part is completed. The variance between the two insurance documents is ongoing, a meeting is planned for 28th September, to discuss with Nick Alexander.</p> <p>Update 07/10/2021 – Meeting went ahead, and Nick Alexander has taken this issue forward directly with the insurance company. The policy will either be</p>	<p>Immediately</p> <p>Evidential Property Manager</p>	

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
			<p>amended, or an alternative suitable policy taken out. No further action for Evidential Property.</p> <p>Update 25/10/2021 – We have received confirmation from the Insurers that the schedule overrides 'PBMF010419 – Property Damage and Business interruption Insurance Policy', hence we are correctly adhering to insurance requirements.</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	September 2020	Satisfactory Assurance	0	3	3

2020/21

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Workforce Planning	January 2022	Satisfactory Assurance	0	0	2

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> <p>Update 25/08/2021 – Performance Manager is now in post. Performance information will be pulled from APMIS will give a much broader picture of performance across the capabilities and show trends, enabling heads of departments to look at how to continually improve the service in their areas of business.</p> <p>Update 19/10/2021 – As above.</p> <p>Update 12/01/2022 – The separation between performance and management information will be clear within the PMG. We now have a Performance Manager in place, and we are working with the Qlik team to present this information. We are also introducing impact assessments at the end of SOC jobs as a performance tool to review whether we could have done anything differently or utilised other capabilities that could have brought about a quicker resolution.</p>		

Health & Safety

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	EMCHRS OHU: Health & Safety Policy & Procedure		3		Head of OHU May 2020	

OFFICIAL

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<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.</p> <p>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>	EMCHRS OHU should formally adopt their Health and Safety Policy & Procedure.		<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 responsible for the buildings where the OH clinics are located.</p> <p>Update June 2021 – Action now complete.</p>	Chair of the Leics Executive H&S Committee.	

2020/21

Workforce Planning

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>OHU cohort requirements</p> <p><i>Observation:</i> During discussions regarding demand planning in the Occupation Health Unit, it was noted that the unit regularly receives notification of cancelled and/or delayed cohorts, notification of new cohorts and receives required information for processing and appointments within short timescales.</p> <p>This impacts the ability of the Unit to properly profile upcoming demand on the Unit and to ensure an appropriate level of resource is in place and allocated in response. Additionally, it can cause an over reliance on bank staff to fill peaks in demand, which does not provide strong value for money where using employed staff is generally a more efficient use of funds.</p> <p>Whilst there is no easy solution to this due to the nature of police recruitment the risks could further reduced through improved communication between the OHU and Force's. Secondly through reviewing where and why things have gone wrong, this will allow continuous improvement to be built into the process.</p> <p>This would minimise the financial impacts of an over reliance on bank staff by making demand profiling less immediate. It would also minimise any impact on the Unit's, and ultimately the Force's reputation from pulling out of agency employment and staff assignments at short notice – something that has been attributed to high turnover rates in the Unit with Occupation Health Nurses.</p> <p><i>Risk:</i> Unit is unable to appropriately plan and/or profile for service demand.</p>	<p>To prevent the negative impacts from late cancellation of cohorts on EMCHRS OHU workforce planning:</p> <ul style="list-style-type: none"> • Communications between the Force's and OHU should be improved. • Where OHU have to deal with last minute changes, a lessons learned review should take place to prevent reoccurrence. 	3	<p>Communication is already improved and will be maintained as discussed in the meeting with the authors in October 2022.</p> <p>If there are issues a lessons learnt review will be instigated as required.</p>	<p>T Stacey. Already in place.</p> <p>T Stacey. Review will be a collaboration with recruitment and OHH and facilitated as required.</p>	
4.2	<p>Access to Job Descriptions and Person Specification</p>	<p>EMSOU SOC should ensure that an intranet site and/or SharePoint</p>	3	<p>There is a piece of work being led by Andrew Price and Jack March on intranet</p>	<p>Andrew Price</p>	

OFFICIAL

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p><i>Observation:</i> As part of the audit review into the identification of key roles and processes for succession planning, audit noted that job descriptions and person specifications were important documents needed for this process.</p> <p>While it was noted that most roles in the units reviewed had job descriptions and person specifications in easily accessible locations, it was noted that there was no such location for ESMOU SOC.</p> <p>It was noted in discussions that job descriptions and person specifications for police staff were held on the Leicestershire Police intranet but that the equivalent for officers were not held on an intranet site.</p> <p>Additionally, while the Leicestershire Police intranet should be accessible for all police staff (who are ultimately still employed by the OPCC), officers are still employed by their home force and as such may not have access to this intranet portal.</p> <p><i>Risk:</i> Effective succession planning is not in place for key roles.</p>	<p>site is in place for staff and officers to access shared information, including job descriptions and person specification for roles within the unit to allow for workforce planning.</p>		<p>and internet development. The complexities of an EMSOU intranet are being scoped. Staff have undertaken a survey in relation to content and further deep dive workshops are being arranged.</p>	<p>April 2022</p>	



AGENDA ITEM: 9a

NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER,

NORTHAMPTONSHIRE POLICE and

NORTHAMPTONSHIRE FIRE AND RESCUE SERVICE

JOINT INDEPENDENT AUDIT COMMITTEE

9 MARCH 2022

REPORT BY	Vaughan Ashcroft, Chief Finance Officer Chief Constable and Helen King, Chief Finance Officer PFCC
SUBJECT	PFCC and CC - Treasury Management Strategy 2022/23 and Mid-Year Update 2021/22
RECOMMENDATION	To consider the report

1. Background

- 1.1 The Treasury Management Strategy for Police has been prepared alongside the Capital Programme, the Revenue Budget and Precept and is attached for consideration.
- 1.2 The Chief Finance Officers are grateful to colleagues in the Joint Finance Team for reviewing and updating the Strategy.
- 1.3 The Treasury Management Strategy for 2022/23 and the Mid-Year Update report were considered by the PFCC on the 14 February 2022 and it is the intention to publish the strategy on the website by the 31 March 2022, after the PFCC considers the feedback from the JIAC meeting.
- 1.4 In line with its Terms of Reference (reviewed and updated July 2021), the JIAC undertakes a key role with regards to the Treasury Management Strategy.

2. Recommendation

- 2.1 It is recommended that the JIAC consider the Strategy and provide comments for the PFCC consideration.

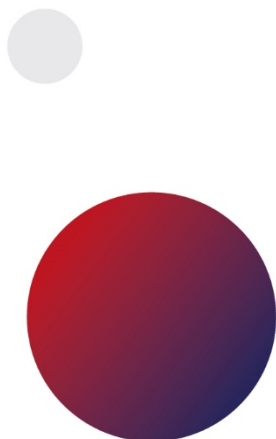


Treasury Management Strategy 2022/23

Northamptonshire Police, Fire & Crime Commissioner (OPFCC)

Author: Joint Finance Team

Version Control: 1



1. Introduction

CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes

- 1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as “the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

CIPFA Prudential Code for Capital Finance in Local Authorities

- 1.2. The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc. and Accounts).
- 1.3. The CIPFA Prudential Code sets out the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.
- 1.4. Police, Fire and Crime Commissioner (PFCC) is required to set and monitor a range of prudential indicators for capital finance covering affordability, prudence, and a range of treasury indicators.

Treasury Management Policy Statement

- 1.5. The PFCC’s Treasury Management Policy Statement is included in Appendix 1. The policy statement follows the wording recommended by the latest edition of the CIPFA Treasury Code.

Treasury Management Practices

- 1.6. The PFCC’s Treasury Management Practices (TMPs) will set out the manner in which the PFCC will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.
- 1.7. The PFCC’s TMPs Schedules will cover the detail of how the PFCC will apply the TMP Main Principles in carrying out its operational treasury activities. They are reviewed annually, and any amendments approved by the PFCC’s Chief Finance Officer.

2. The Treasury Management Strategy

- 2.1. It is a requirement under the Treasury Code to produce an annual strategy report on proposed treasury management activities for the year. The

purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the PFCC's treasury management activity, including the PFCC's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

- 2.2. The PFCC's Treasury Management Strategy is prepared in the context of the key principles of the Treasury Code and incorporates:
 - The PFCC's capital financing and borrowing strategy for the coming year
 - Policy on borrowing in advance of need
 - Policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt
 - The Affordable Borrowing Limit
 - The Annual Investment Strategy for the coming year, including creditworthiness policies
- 2.3. The strategy considers the impact of the PFCC's Medium Term Financial Plan (MTFP), its revenue budget and capital programme, the balance sheet position, and the outlook for interest rates.
- 2.4. The PFCC regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The Treasury Management Scheme of Delegation is detailed within the PFCC's Corporate Governance Framework.

3. Current Treasury Management Position

- 3.1. The PFCC's projected treasury portfolio position at 1st April 2022, with forward projections into future years, is summarised below. Table 1 shows the actual external borrowing (the treasury management operations), against the Capital Financing Requirement (CFR).
- 3.2. The CFR is the total of outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the PFCC's underlying borrowing need.
- 3.3. Any capital expenditure which has not immediately been paid for will increase the CFR. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need over each asset's life.

Table 1: Forecast Borrowing and Investment Balances	2021-22 Forecast £'000	2022-23 Estimated £'000	2023-24 Estimated £'000	2024-25 Estimated £'000	2025-26 Estimated £'000
External Borrowing at 1st April b/fwd	13,300	15,544	29,698	41,837	46,019
Net Borrowing Requirement to fund Capital Programme	3,334	15,401	16,093	9,930	12,445
MRP	(1,091)	(1,247)	(3,954)	(5,748)	(6,662)
CFR - Borrowing at 31 March c/fwd	15,544	29,698	41,837	46,019	51,802
Funds Available for Investment at 1 April b/f	-	-	5,000	5,000	5,000
Change in Funds Available for Investment		5,000			
Investments at 31 March c/fwd	-	5,000	5,000	5,000	5,000
Net Borrowing	15,544	24,698	36,837	41,019	46,802

3.4. There are a number of key indicators to ensure that the PFCC operates its activities within well-defined limits. Among these the PFCC needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding years. This ensures that borrowing is not undertaken for revenue purposes except to cover short term cash flows.

3.5. The Chief Finance Officer does not envisage difficulties complying with these indicators based upon current commitments, existing plans, the proposals in this strategy, the budget report, the Capital Programme and the Medium Term Financial Plan.

4. Prospects for Interest Rates

4.1. The PFCC's assessment of the likely path for bank base rate, investment market rates (The London Interbank Bid Rate - LIBID), and PWLB borrowing rates are set out below:

Table 2: Interest Rate Outlook as at 6th January 2022

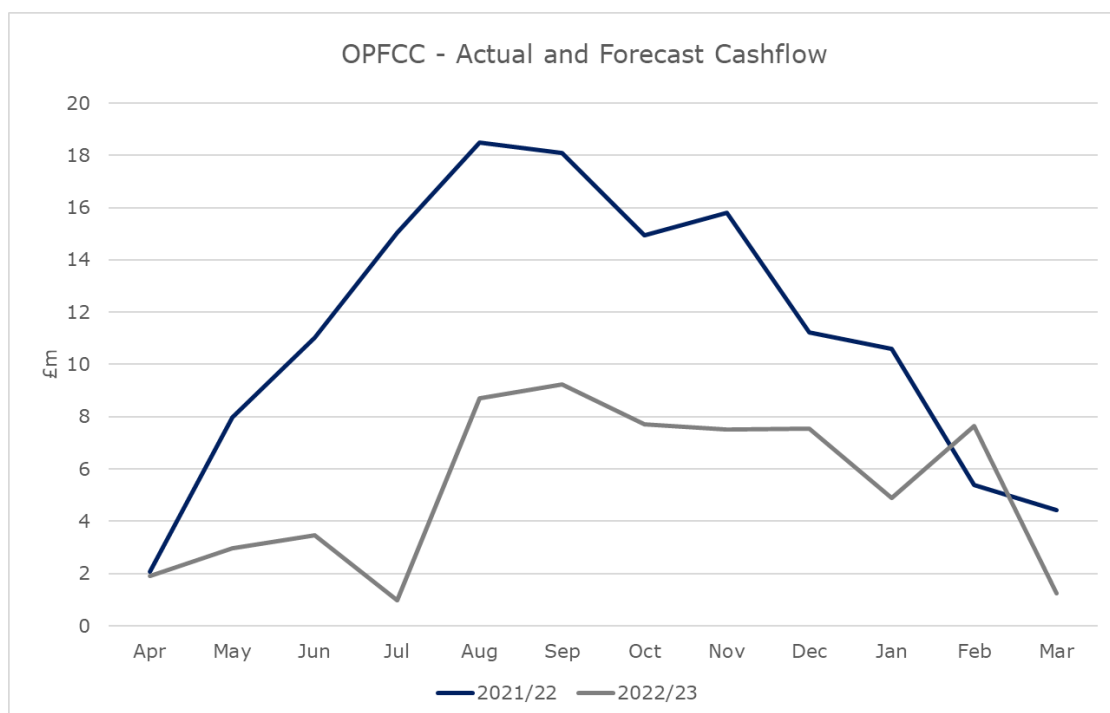
Interest Rate Forecasts								
Bank Rate	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Link	0.25%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%
Cap Econ	0.25%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%
5Y PWLB RATE								
Link	1.50%	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.80%
Cap Econ	1.50%	1.50%	1.60%	1.60%	1.70%	1.80%	1.90%	2.00%
10Y PWLB RATE								
Link	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%
Cap Econ	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%
25Y PWLB RATE								
Link	1.90%	2.00%	2.10%	2.10%	2.20%	2.20%	2.20%	2.30%
Cap Econ	1.80%	1.80%	2.00%	2.00%	2.10%	2.10%	2.20%	2.30%
50Y PWLB RATE								
Link	1.70%	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%	2.10%
Cap Econ	1.60%	1.70%	1.70%	1.80%	2.00%	2.10%	2.20%	2.40%

- 4.2. The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March 2021 to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged in 2021/22, although some forecasters had suggested that a cut into negative territory would happen. However, the Governor of the Bank of England made it clear that he was thinking that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, for 2022/23 there has been a change in the Bank Rate forecast expecting increases in Quarter 4 2021/22. The forecast table above shows the current expected forecasts for 2022/23.
- 4.3. Investment returns are likely to remain exceptionally low during 2022/23 and marginally increase in the following two years.
- 4.4. In March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of PFCC capital expenditure. Following the consultation, the Government published their responses in November 2020 which stated these outcomes:
- PWLB will not lend to a PFCC who intends to buy investment assets primarily for yield
 - Reduction to the interest on borrowing on all standard and certainty rates by 100 basis point which took effect from 26th November.

5. Managing daily cash balances and investing surpluses

- 5.1. In order that the PFCC can maximise income earned from investments, the target for the un-invested overnight balances in our current accounts is usually always lower than £5k. However, if there is an emergency, we are unable to place an investment or it is not prudent or cost-effective to do so, we will maintain any excess balances in the Natwest account in order to safeguard funds.

- 5.2. At any one time, PFCC has between £1m and £17m (depending on the cash flow of both revenue and capital financing) available to invest. This represents income received in advance of expenditure plus balances and reserves. The average cash available to or forecast to invest throughout 2021/22 including a projection of 2022/23 is as follows:



- 5.3. Due to the shortfall between mid-March until the Pensions Top-Up Grant being received in July there will be a need to borrow.
- 5.4. As with most local authorities with a high proportion of employee to Supplies and Services expenditure, PFCC's cash flow is fairly consistent month on month and therefore investable cash balances only significantly deviate when single payments (such as internally funded capital purchases) or large annual income receipts are forecast.
- 5.5. The decline and increase in cash balances represented above occurs with the:
- Receipt of Police Officers Pension Fund (POPF) grant during July
 - The costs associated with the POPF being expended throughout the financial year
 - Repayment of PWLB loans and planned borrowing
 - The receipt of one-off grants, such as the Covid-19 grant and its positive impact in the early part of the financial year or very short term increases in cash following approval to borrow to fund Capital expenditure

6. Borrowing Strategy

- 6.1. The overarching objectives for the PFCC's borrowing strategy are as follows:
- To manage the PFCC's debt maturity profile. This is achieved by monitoring short and long term cash flow forecasts in tandem with balance sheet analysis
 - To maintain a view on current and possible future interest rate movements, and to plan borrowing accordingly. This is achieved by monitoring of economic commentary to undertake sensitivity analysis
 - To monitor and review the balance between fixed and variable rate loans against the background of interest rates and the Prudential Indicators. This is achieved by monitoring of economic commentary to undertake sensitivity analysis
- 6.2. The PFCC is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), will not be fully funded with loan debt as cash supporting the PFCC's reserves, balances and cash flow has been used as a temporary measure.
- 6.3. Against this background and the risks within the economic forecast, caution will be adopted with the 2022-23 treasury operations. The Joint Finance Team will monitor interest rates in financial markets and regularly brief the Chief Finance Officer so the PFCC may adopt a pragmatic approach to changing circumstances. For example:
- If it was felt that there was a significant risk of a sharp FALL of 25% or more in long and short term rates (eg. due to a marked increase of risks around a relapse into recession or of risks of deflation), then long term borrowings may be postponed and potential rescheduling from fixed rate funding into short term borrowing considered (where appropriate);
 - If it was felt that there was a significant risk of a much sharper RISE of 25% or more in long and short term rates than that currently forecast (eg. arising from an acceleration in the start date and rate of increase in central rates in the USA and UK) then the portfolio position will be re-appraised. This may include drawing fixed rate funding whilst interest rates are lower than they are projected to be in the next few years.

7. Prudential & Treasury Indicators

- 7.1. 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.
- 7.2. A full set of Prudential Indicators and Borrowing Limits are shown in Appendix 2.

8. Policy on Borrowing in Advance of Need

- 8.1. The PFCC's policy is to keep cash balances as low as possible and not to borrow in advance of need for capital purposes, whilst ensuring that cash is available to make payments when they become due. However, this will be reviewed should it be prudent to do so.

9. Debt Rescheduling

- 9.1. The PFCC may reschedule debt if it is prudent to do so. The reasons for any rescheduling to take place may include:
- the generation of cash savings and/or discounted cash flow savings
 - helping to fulfil the treasury strategy
 - enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility)
- 9.2. Any rescheduling activity decision must be recommended by the Chief Finance Officer, and reported in the next Treasury Management report following its action.

10. Minimum Revenue Provision

- 10.1. The PFCC is required to repay annually an element of its outstanding capital expenditure which has not yet been paid for from either revenue or capital resources (the CFR). This is achieved through a revenue charge known as the Minimum Revenue Provision (MRP). It is also allowed to undertake additional voluntary payments (Voluntary Revenue Provision - VRP).
- 10.2. DLUHC Regulations have been issued which requires the PFCC to approve an MRP Statement in advance of each year. A variety of options are provided so long as there is a prudent provision. The PFCC is recommended to approve the MRP Policy in Appendix 3 which sets out how MRP will be charged against particular asset types or other forms of capital expenditure.

11. Investment Strategy

- 11.1. Government guidance on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the Treasury Management Strategy Statement (TMSS) and the AIS to be combined into one document.
- 11.2. The PFCC's general policy objective is to invest its surplus funds prudently. As such the PFCC's investment priorities, in priority order, are:
- Security of the invested capital
 - Liquidity of the invested capital

- Yield received from the investment

11.3. The PFCC expects to invest all surplus funding and it is forecast over the medium term that interest rate returns are expected to increase, but not return to pre-Covid level. The average cash balances from those is expected to remain consistent with peaks in July following the receipt of grant income with reductions in available levels through to the end of each financial year. The expected income is as follows:

	2021-22 Forecast £'000	2022-23 Estimated £'000	2023-24 Estimated £'000	2024-25 Estimated £'000	2025-26 Estimated £'000
Interest Rate	0.29%	0.50%	0.75%	0.75%	1.00%
Average Investment balance	3,500	5,000	5,000	5,000	5,000
Forecast Income	10	25	38	38	50

11.4. The PFCC's Investment Strategy is shown in Appendix 4.

12. Risk Analysis and Forecast Sensitivity

Risk Management

- 12.1. The PFCC regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the PFCC's approved Treasury Management Practices.
- 12.2. The Schedule of Treasury Management Practices set out the ways in which the PFCC seeks to mitigate these risks. Examples are the segregation of duties (to counter fraud, error and corruption), and the use of creditworthiness criteria and counterparty limits (to minimise credit and counterparty risk). Officers will monitor these risks closely.

Sensitivity of the Forecast

- 12.3. The sensitivity of the forecast is linked primarily to movements in interest rates and in cash balances, both of which can be volatile. Interest rates in particular are subject to global external influences over which the PFCC has no control.
- 12.4. Both interest rates and cash balances will be monitored closely throughout the year and potential impacts on the PFCC's debt financing budget will be assessed. Action will be taken as appropriate, within the limits of the TMP Schedules and the treasury strategy, and in line with the PFCC's risk appetite, to keep negative variations to a minimum. Any significant variations will be reported in the next Treasury Management report.

13. Capital Strategy

13.1. CIPFA's revised 2017 Prudential and Treasury Management Codes requires all local authorities, to have in place a Capital Strategy, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

13.2. The aim of this Capital Strategy is to ensure a full understanding of the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

13.3. The PFCC has a published Capital Strategy which is aligned to the Police and Crime Plan. It will be reviewed in 2022/23 to reflect the Police, Fire and Crime Plan which was published in February 2022 and sets the strategic direction for Fire and Police until 2026

14. Treasury Management Reporting

14.1. The PFCC receives two treasury reports as a minimum each year, with a mid-year update as and when appropriate, which incorporate a variety of policies, estimates and actuals:

a) **Treasury Management Strategy and Prudential and Treasury Indicators (this report – essential report)**

The first report is forward-looking and covers:

- the capital plans, (including prudential indicators)
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators
- an investment strategy, (the parameters on how investments are to be managed)

b) **A mid-year treasury management report** (as required)

This is primarily a progress report and updates on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c) **An annual treasury outturn report (essential)**

This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

15. Treasury Management Budget

15.1. The table below provides a breakdown of the treasury management budget. Minimum Revenue Provision (MRP) charges have been calculated in line with the Policy at Appendix 3:

Table 3: Treasury Management Budget	2021-22 Forecast £'000	2022-23 Estimated £'000	2023-24 Estimated £'000	2024-25 Estimated £'000	2025-26 Estimated £'000
Interest payable on borrowing	268	330	649	1,004	1,248
Minimum Revenue Provision	1,091	1,247	3,954	5,748	6,662
Revenue Contribution to Capital Outlay	1,393	2,272	1,100	1,100	1,100
Total	2,752	3,849	5,703	7,852	9,010

15.2. Budget estimates will be revised during the year reflect the further development of capital programme plans and other relevant strategies.

16. Policy on the use of External Service Providers

16.1. The PFCC recognises that responsibility for treasury management decisions always remains with the organisation. The PFCC also recognises there is value in employing an external provider of treasury management services in order to acquire access to specialist skills and advice to support the treasury management function.

16.2. Treasury Management services are undertaken by the Enabling Services Joint Finance Team and the Treasury Advisor is currently Link Group.

17. Future Developments

17.1. Public bodies are having to consider innovative strategies towards improving service provision to their communities. This approach to innovation also applies to treasury management activities. The Government has already introduced new statutory powers, and regulatory agencies such as CIPFA are introducing policy changes, which will have an impact on treasury management approaches in the future. Examples of such changes are:

17.2. Localism Act

A key element of the Act is the “General Power of Competence”: “A PFCC has power to do anything that individuals generally may do.” The Act opens up the possibility that a PFCC can use derivatives as part of their treasury management operations. The PFCC has no plans to use financial derivatives under the powers contained within this Act.

17.3. Loans to Third Parties

The PFCC may borrow to make grants or loans to third parties for the purpose of capital expenditure. This will usually be to support local economic development, and may be funded by external borrowing.

The PFCC has not lent any funds to third parties and has no plans to do so in the immediate future.

17.4. Proposals to amend the CIPFA Treasury Management and Prudential Codes

CIPFA conducted a review of the Treasury Management Code of Practice and the Prudential Code. This review particularly focused on non-treasury investments and especially on the purchase of property with a view to generating income. Such purchases could involve undertaking external borrowing to raise the cash to finance these purchases, or the use of existing cash balances. Both actions would affect treasury management.

The Capital Strategy will cover non-treasury investments to deal with such purchases, their objectives, how they have been appraised, how they have been financed, and what powers were used to undertake these purchases.

17.5. Impact of International Financial Reporting Standard 9 (IFRS 9)

All public bodies were required to adopt the principles of accounting standard IFRS 9 from 1st April 2018. A key element of this standard is a requirement to set aside financial provision within revenue budgets for losses on financial assets based on potential expected losses (i.e. the likelihood of loss across the asset lifetime). This however does not have a material impact upon the traditional treasury management investments the PFCC will undertake.

18. Training

18.1. The PFCC needs to ensure appropriate training and knowledge in relation to treasury management activities, for officers engaged in treasury activity and those with oversight responsibilities charged with governance of the treasury management function. Treasury management training will be

considered and delivered as required to facilitate best practices, informed decision making and challenge processes.

List of Appendices

- Appendix 1: Treasury Management Policy Statement
- Appendix 2: Prudential & Treasury Indicators
- Appendix 3: Minimum Revenue Provision (MRP) Policy Statement
- Appendix 4: Annual Investment Strategy

Treasury Management Policy Statement

Northamptonshire Police, Fire and Crime Commissioner defines its treasury management activities as:

The management of the PFCC's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The PFCC regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The PFCC acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Prudential and Treasury Indicators

1 The Capital Prudential Indicators

- 1.1 The PFCC's capital expenditure plans are the key driver of Treasury Management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist overview and confirm capital expenditure plans.

Capital Expenditure and Borrowing Need

- 1.2 This prudential indicator shows the PFCC's capital expenditure plans and capital financing requirement as described in the body of the Strategy and summarised in Table 1 (Para 3.3 above).

The Operational Boundary

- 1.3 This is the limit beyond which external borrowing is not normally expected to exceed. All things being equal, this could be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing undertaken as impacted by the level of current and future cash resources and the shape of the interest rate yield curve.

Operational Boundary	2021-22 Forecast £'000	2022-23 Estimated £'000	2023-24 Estimated £'000	2024-25 Estimated £'000	2025-26 Estimated £'000
Total Borrowing	16,000	30,000	42,000	47,000	52,000

- 1.4 The Operational Boundary is calculated here by rounded the CFR for each year up to the nearest £1m. This allows nominal flexibility to account for price variations on capital investment.

The Authorised Limit for external borrowing

- 1.5 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised in line with the PFCC's Corporate Governance Framework. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.
 - The PFCC is asked to approve the following Authorised Limit:

Authorised Limit	2021-22 Forecast £'000	2022-23 Estimated £'000	2023-24 Estimated £'000	2024-25 Estimated £'000	2025-26 Estimated £'000
Total Borrowing	16,800	31,500	44,100	49,350	54,600

1.6 The rising trend of the Authorised Limit reflects that of the CFR and subsequently the Operational Boundary. The level set is at a 5% margin above the Operational Boundary, providing additional headroom for further short-term borrowing should it be required for cashflow purposes, before the legal limit is reached.

2 Treasury Management Limits on Activity

2.1 There are four debt and investment related treasury activity limits. The purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs or improve performance. The indicators for debt are:

- **Upper limits on variable interest rate exposure;** this identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- **Upper limits on fixed interest rate exposure;** this is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- **Maturity structure of borrowing;** these gross limits are set to reduce the PFCC's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

2.2 The interest rate exposure is calculated as a percentage of net debt. Due to the mathematical calculation, exposures could be greater than 100% or below zero (i.e. negative) depending on the component parts of the formula. The formula is shown below:

Fixed rate calculation:

$$\frac{(\text{Fixed rate borrowing} - \text{Fixed rate investments})}{\text{Total borrowing} - \text{Total investments}}$$

Variable rate calculation:

$$\frac{(\text{Variable rate borrowing} - \text{Variable rate investments})}{\text{Total borrowing} - \text{Total investments}}$$

Interest rate Exposures	2021-22	2022-23	2023-24	2024-25	2025-26
	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%
Limits on variable interest rates based on net debt	50%	50%	50%	50%	50%

- 2.3 The indicators above therefore allow for a maximum 100% of borrowing to be undertaken on a fixed interest rate basis, but a maximum of 50% on a variable interest rate basis. This allows flexibility to utilise variable rate instruments for up to half the PFCC's borrowing requirement where prudent to do so, whilst limiting the variable interest rate risk against the PFCC's revenue budget.
- 2.4 The maturity structure of borrowing indicator represents the borrowing falling due in each period expressed as a percentage of total borrowing. These gross limits are set to manage the PFCC's exposure to sums falling due for refinancing or repayment.

Maturity Structure of Borrowing		
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years		50%
2 years to 5 years		50%
5 years to 10 years		95%
10 years and above		100%

- 2.5 The PFCC does not expect to hold any investments that exceed 365 days but may do so in the future if it holds sufficient cash balances and such investments assist in the prudent management of the PFCC's financial affairs.

Affordability Prudential Indicator

- 2.6 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework is an indicator required to assess the affordability of the capital investment plans. This provides an indication of the impact of the capital investment plans on the PFCC's overall finances.

- 2.7 The PFCC is asked to approve the actual and estimates of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream. The estimates of financing costs include current commitments.
- 2.8 This is calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local taxpayers.

Actual and estimate of financing costs to net revenue stream	2021-22	2022-23	2023-24	2024-25	2025-26
Financing costs to net revenue stream	2%	2%	3%	4%	5%

Minimum Revenue Provision Policy Statement

- 1.1 The PFCC is required to repay an element of the accumulated General Fund capital spend each year (Capital Financing Requirement - CFR) through a revenue charge (Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required.
- 1.2 The Department for Levelling Up, Housing and Communities (DLUHC) have issued regulations that requires the PFCC to approve an MRP Statement in advance of each year. A variety of options are provided in the guidance with the underlying principle that a prudent provision is made.

Accumulated Debt Liability

- 1.3 For unsupported capital expenditure, MRP will be charged from the year after the assets funded have become operational and spread over the estimated useful life of the assets using an equal annual instalment method.
- 1.4 Estimated useful life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted. However, the PFCC reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- 1.5 As some types of capital expenditure incurred are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure with substantially different useful economic lives.

Non-operational assets

- 1.6 The PFCC will not charge MRP on non-operational assets. MRP will only be charged in the financial year following the asset becoming operational. This policy will be reviewed annually.

Use of Capital Receipts

- 1.7 The PFCC may use capital receipts in the year in which they are received to reduce the CFR and to offset the MRP charge for that year. Any unapplied capital receipts will be available in future years and will be applied in a prudent manner.

Annual Investment Strategy

1 Investment Policy

- 1.1 DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
- 1.2 The PFCC's appetite for risk must be clearly identified in its strategy report. The PFCC affirms that its investment policies are underpinned by a strategy of prudent investment of funds held on behalf of the local community. The objectives of the investment policy are firstly the security of funds (protecting the capital sum from loss) and then liquidity (keeping money readily available for expenditure when needed). Once approved levels of security and liquidity are met, the PFCC will seek to maximise yield from its investments, consistent with the applying of the agreed parameters. These principles are carried out by strict adherence to the risk management and control strategies set out in the TMP Schedules and the Treasury Management Strategy.
- 1.3 Responsibility for risk management and control lies within the PFCC and cannot be delegated to an outside organisation.

2 Creditworthiness Policy

- 2.1 The PFCC's counterparty and credit risk management policies are set out below. These, taken together, form the fundamental parameters of the PFCC's Investment Strategy.
- 2.2 The PFCC defines high credit quality in terms of investment counterparties as those organisations that are:
 - Minimum strong grade long term credit rating (equivalent to A- / A3 / A from Fitch, Moody's and Standard and Poor's)
 - UK banking or other financial institutions, or are;
 - UK national or local government bodies, or are;
 - Countries with a sovereign rating of -AA or above, or are;
 - Triple-A rated Money Market funds.
- 2.3 The PFCC will assess the credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties will be supplemented with the following overlays:
 - credit watches and credit outlooks from credit rating agencies

- Credit Default Swaps (CDS – a traded insurance policy market against default risk) spreads to give early warning of likely changes in credit ratings
 - Sovereign ratings to select counterparties from only the most creditworthy countries
- 2.4 This approach of combining credit ratings, credit Watches and credit Outlooks along with an overlay of CDS spreads will be used to determine duration for investment. The PFCC will apply these duration limits to its investments at all times, unless otherwise approved by the Chief Finance Officer.
- 2.5 Credit ratings will be monitored on a regular basis. If a rating downgrade results in the counterparty or investment scheme no longer meeting the PFCC's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition, extreme market movements (which may be an early indicator of financial distress) may result in the removal of a counterparty from new investment.
- 2.6 The PFCC will also use market data, financial press and information on any external support for banks to help support its decision making process.
- 2.7 The PFCC recognises that responsibility for treasury management decisions always remains with the organisation and so to enable the effective management of risk in relation to its investments, the Chief Finance Officer shall have the discretion during the year to:
- Strengthen or relax restrictions on counterparty selection
 - Adjust exposure and duration limits
- 2.8 Where this discretionary PFCC is exercised, records will be maintained, and details reported in the next available Treasury Management update report.

3 Banking Services

- 3.1 The PFCC uses NatWest to provides banking services. The PFCC may continue to use its own bankers for short term liquidity requirements if the credit rating of the institution falls below the minimum credit criteria set out in this report, monitored daily. A pragmatic approach will be adopted, and rating changes monitored closely.

4 Investment Position and Use of PFCC's Resources

- 4.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

4.2 Investments will be made with reference to the core balances and cash flow requirements and the outlook for interest rates.

4.3 The PFCC will primarily utilise business reserve accounts, notice accounts, low-volatility money market funds (known as LVNAV class) and short-dated deposits. This strategy will be reviewed and developed in future years.

5 Specified Investments

5.1 The PFCC assesses that an investment is a specified investment if all of the following criteria apply:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- The investment is not a long term investment (ie. up to 1 year).
- The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended].
- The investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
 - The United Kingdom Government.
 - A PFCC in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland.
 - High credit quality is defined as a minimum credit rating as outlined in this strategy.

Instrument	Minimum 'High' Credit Criteria	Maximum Amount
Debt Management Agency Deposit Facility (DMADF)	-	No maximum
Call Accounts with the PFCC's bankers	-	No maximum
Certificate of Deposits	A / A3 / A	£5m per individual/group in total, excluding PFCC own bank
Term Deposits - Banks and Building Societies	A / A3 / A-	
Term Deposits - Local Authorities and Housing Associations	Considered on an individual basis	

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Money Market Funds (CNAV, LVNAV or VNAV)	AAA MMF rating	£2m per individual/group in total

1. Money Market Funds (CNAV, LVNAV or VNAV)	AAA MMF rating	£2m per individual/group in total
---	----------------	-----------------------------------

5.2 The PFCC may enter into forward agreements up to 1 months in advance of the investment commencing. If forward agreements are made, the forward period plus the deal period should not exceed the 1 year to be classified as a specified investment.

5.3 Maximum counterparty limits may be temporarily exceeded by small amounts and for very short periods where interest is compounded by the counterparty to the principal investment amount. In such instances the interest amounts will be withdrawn as soon as reasonably practicable.

6 Non-specified investments

6.1 Non-specified investments are defined as those not meeting the specified investment criteria above (including investments exceeding 1 year).

6.2 At this point in time, the PFCC has no plans to invest in any Non-specified investments.

7 Investments Defined as Capital Expenditure

7.1 The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded from capital or revenue resources and will be classified as 'non-specified investments'.

7.2 Investments in "money market funds" which are collective investment schemes and bonds issued by "multilateral development banks" – both defined in SI 2004 No 534 – will not be treated as capital expenditure.

7.3 A loan, grant or financial assistance provided by this PFCC to another body will be treated as capital expenditure if the PFCC would define the other bodies use of those funds as capital had it undertaken the expenditure itself.

8 Provisions for Credit Related Losses

8.1 If any of the PFCC's investments appear at risk of loss due to default (ie. this is a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the PFCC will make revenue provision of an appropriate amount.

9 End of Year Investment Report

- 9.1 At the end of the financial year, the PFCC will report on its investment activity as part of its Annual Treasury Report.

10 Governance Arrangements

- 10.1 By approving this strategy, the PFCC is setting the framework from which treasury activity will be conducted and reported.
- 10.2 The Chief Finance Officer has delegated powers through approval of this strategy to take the most appropriate form of borrowing from approved sources, and to make the most appropriate form of investments in approved instruments. Paragraph 2.7 above delegates powers to the Chief Finance Officer giving discretion during the year to lift or increase the restrictions on the counterparty lending list and/or to adjust the associated lending limits on values and durations should it become necessary, to enable the effective management of risk in relation to its investments.
- 10.3 The Chief Finance Officer may delegate powers to borrow and invest within the confines of this strategy to members of the Joint Finance Team, who will provide regular updates on treasury activity.
- 10.4 Any other amendments to this strategy must be approved in line with the PFCC's Corporate Governance Framework.

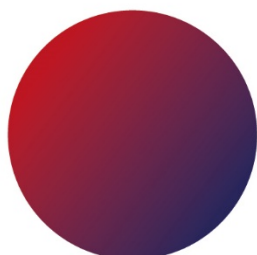


Treasury Management Interim Report 2022/23

Northamptonshire Police, Fire &
Crime Commissioner (OPFCC)

Author: Joint Finance Team

Version Control: 1



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 2021/22 Treasury Interim Report is attached and will also be considered by the Joint Independent audit Committee (JIAC).
- 1.3 The OPFCC have a published Capital Strategy which aligned to the previous Police and Crime Plan. The PFCC has now published a new Police, Fire and Rescue Plan which is available on the PFCC website. The Capital Strategy will be reviewed and updated in line with the new Police, Fire and Crime Plan by the end of 2022/23.

2. Recommendation

- 2.1 To note the contents of the report.

TREASURY MANAGEMENT PERFORMANCE 2021/22

1st April 2021 to 31st January 2022

Report date: 07/02/2022

Purpose of Report

1. To inform the Commissioner of the borrowing, capital financing, lending and cash management activities during the period 1st April 2021 to 31st January 2022.

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 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

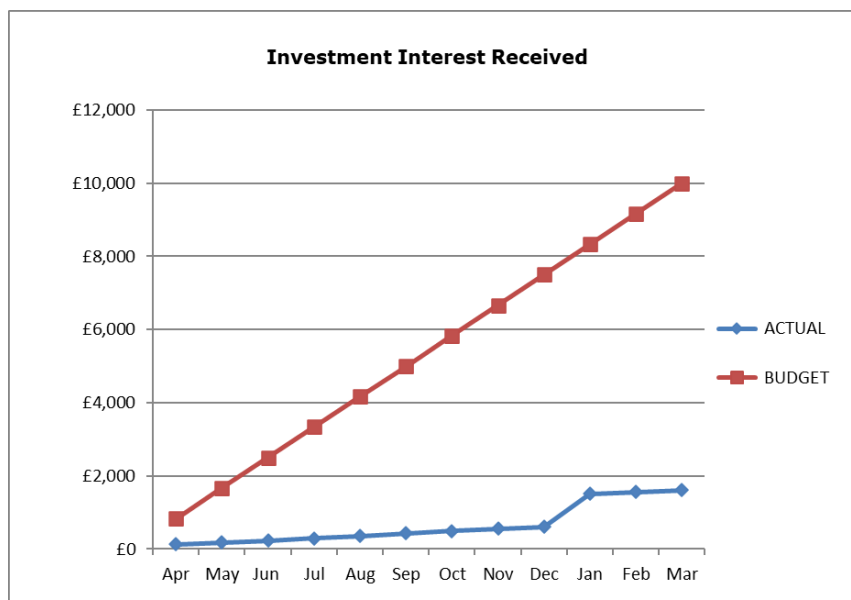
Funds that are temporarily surplus are invested. Funds invested in short-term instant access accounts (referred to as 'overnight' balances) accounts earned 0.01% during the period covered by the report and on longer term deposits earnings ranged from 0.01% up to 0.05%. The interest earned is dependent on both the size and duration of each investment.

In 2021/22, the OPFCC generated £1.6k of investment income against a budget of £10k, resulting in a deficit of £9.4k. 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 January 2022, the following investment balances were held:

End of Month	Outstanding 'Money Market' Investments	Outstanding Call Account Balances
Apr-21	£0.0m	£2.1m
May-21	£0.0m	£8.0m
Jun-21	£0.0m	£8.0m
Jul-21	£0.0m	£15.0m
Aug-21	£0.0m	£13.0m
Sep-21	£0.0m	£18.0m
Oct-21	£0.0m	£14.9m
Nov-21	£0.0m	£15.8m
Dec-21	£0.0m	£11.2m
Jan-22	£0.0m	£12.2m

The following graph demonstrates interest earned (cumulative) during the period against the profiled budget:



The 2021/2022 Home Office Police Pension Fund grant totalling £9.9m was received in early July 2021 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 January 2022):

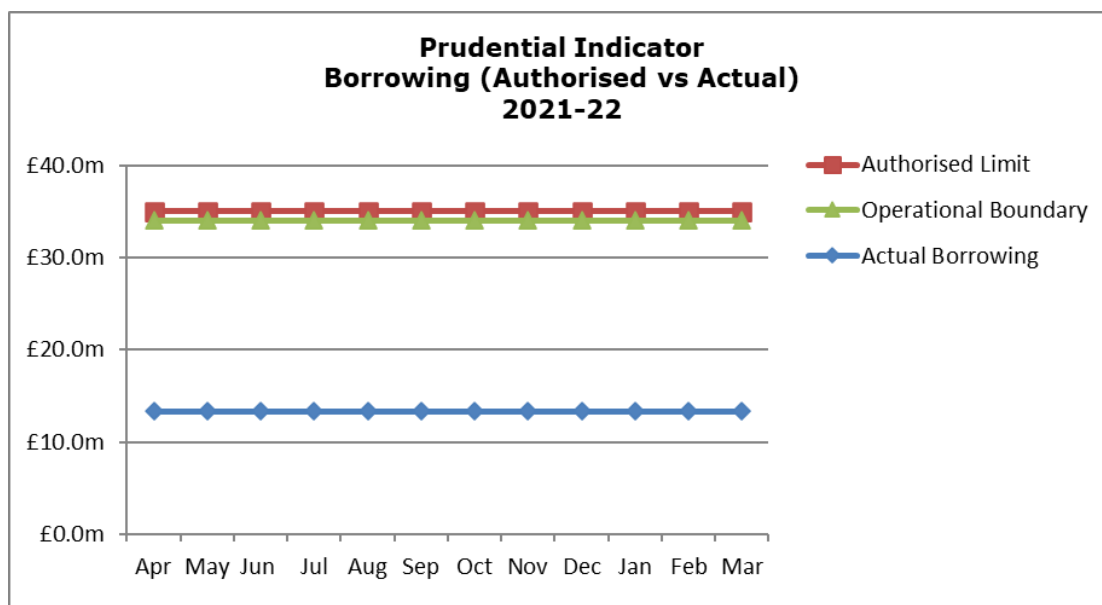
Bank / Building Society	Current Ratings
Royal Bank of Scotland PLC	F1 / A-1 / P-1
Santander UK PLC	F1 / A-1 / P-1
Barclays Bank plc	F1 / A-1 / P-1
Lloyds Bank plc	F1 / A-1 / P-1

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 2021/22 was £35.0m 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 £34.0m which is the maximum level of projected external debt, and was also not exceeded. As demonstrated below:



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. These are set out in the May 2021 revised Treasury Management Strategy to ensure that the limits were sustainable and appropriate for on-going business.

TM Strategy 21/22 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	96%	0%	95%
10 years and above	100%	0%	5%

Following a review by both CFOs for both Fire and Police, the PFCC supported the decision to amend the limits for the 2022/23 Treasury Management Strategy to ensure that the limits are meaningful, reflect

changing circumstances and are 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.

Breaches

8. The £12m loan taken in March 2021 resulted in a breach to the Maturity Structure indicator. As previously reported, the loan was only taken following a process in which a number of options were considered and approved by the PFCC on recommendation by both S151 officers.

It was accepted that the low level of existing debt at this point (£1.3m) effectively skewed this indicator and would inevitably result in the breach. The choice of loan was the most appropriate option. Thus, it was determined that the indicator needed to be reviewed to ensure the limits were meaningful going forward. The revised strategy and rates were published in May 2021.

Investment of Principal Sums

9. 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:	21/22 Approved budget

Background Papers

Treasury Management File

Contact Names

Mrs H King, Chief Finance Officer (OPFCC) – 03000 111 222 344573
Mr V Ashcroft, Chief Finance Officer (OCC) – 03000 111 222 345793



AGENDA ITEM: 9b

NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER,

NORTHAMPTONSHIRE POLICE and

NORTHAMPTONSHIRE FIRE AND RESCUE SERVICE

JOINT INDEPENDENT AUDIT COMMITTEE

9 MARCH 2022

REPORT BY	Vaughan Ashcroft, Chief Finance Officer Chief Constable and Helen King, Chief Finance Officer PFCC
SUBJECT	NCFRA - Treasury Management Strategy 2022/23 and Mid-Year Update 2021/22
RECOMMENDATION	To consider the report

1. Background

- 1.1 The Treasury Management Strategy for Police has been prepared alongside the Capital Programme, the Revenue Budget and Precept and is attached for consideration.
- 1.2 The Chief Finance Officers are grateful to colleagues in the Joint Finance Team for reviewing and updating the Strategy.
- 1.3 The Treasury Management Strategy for 2022/23 and the Mid-Year Update report were considered by the PFCC on the 14 February 2022 and it is the intention to publish the strategy on the website by the 31 March 2022, after the PFCC considers the feedback from the JIAC meeting.
- 1.4 In line with its Terms of Reference (reviewed and updated July 2021), the JIAC undertakes a key role with regards to the Treasury Management Strategy.

2. Recommendation

- 2.1 It is recommended that the JIAC consider the Strategy and provide comments for the PFCC consideration.

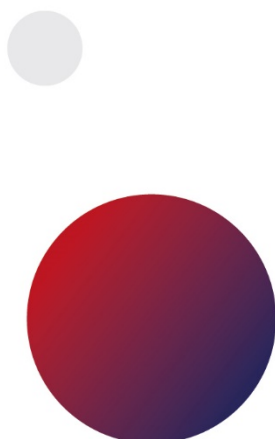


Treasury Management Strategy 2022/23

Northamptonshire Commissioner
Fire & Rescue Authority (NCFRA)

Author: Joint Finance Team

Version Control: 1



1. Introduction

CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes

- 1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as “the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

CIPFA Prudential Code for Capital Finance in Local Authorities

- 1.2. The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc. and Accounts).
- 1.3. The CIPFA Prudential Code sets out the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.
- 1.4. Authorities are required to set and monitor a range of prudential indicators for capital finance covering affordability, prudence, and a range of treasury indicators.

Treasury Management Policy Statement

- 1.5. The Authority’s Treasury Management Policy Statement is included in Appendix 1. The policy statement follows the wording recommended by the latest edition of the CIPFA Treasury Code.

Treasury Management Practices

- 1.6. The Authority’s Treasury Management Practices (TMPs) will set out the manner in which the Authority will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.
- 1.7. The Authority’s TMPs Schedules will cover the detail of how the Authority will apply the TMP Main Principles in carrying out its operational treasury activities. They are reviewed annually, and any amendments approved by the Authority’s Chief Finance Officer.

2. The Treasury Management Strategy

- 2.1. It is a requirement under the Treasury Code to produce an annual strategy report on proposed treasury management activities for the year. The

purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the Authority's treasury management activity, including the Authority's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

- 2.2. The Authority's Treasury Management Strategy is prepared in the context of the key principles of the Treasury Code and incorporates:
- The Authority's capital financing and borrowing strategy for the coming year
 - Policy on borrowing in advance of need
 - Policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt
 - The Affordable Borrowing Limit
 - The Annual Investment Strategy for the coming year, including creditworthiness policies
- 2.3. The strategy considers the impact of the Authority's Medium Term Financial Plan (MTFP), its revenue budget and capital programme, the balance sheet position, and the outlook for interest rates.
- 2.4. The Authority regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The Treasury Management Scheme of Delegation is detailed within the Authority's Corporate Governance Framework.

3. Current Treasury Management Position

- 3.1. The Authority's projected treasury portfolio position at 1st April 2022, with forward projections into future years, is summarised below. Table 1 shows the actual external borrowing (the treasury management operations), against the Capital Financing Requirement (CFR).
- 3.2. The CFR is the total of outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's underlying borrowing need.
- 3.3. Any capital expenditure which has not immediately been paid for will increase the CFR. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need over each asset's life.

Table 1: Capital Financing Requirement	2021-22 Forecast £'000	2022-23 Estimated £'000	2023-24 Estimated £'000	2024-25 Estimated £'000	2025-26 Estimated £'000
External Borrowing at 1st April b/fwd	3,300	4,921	12,372	12,886	12,786
Net Borrowing Requirement to fund Capital Programme	1,650	7,630	865	327	683
MRP	(29)	(179)	(351)	(428)	(529)
CFR - Borrowing at 31 March c/fwd	4,921	12,372	12,886	12,786	12,939
Funds available for Investment at 1 April b/f	1,000	1,000	3,000	3,000	3,000
Change in Funds Available for Investment	-	2,000	-	-	-
Investments at 31 March c/fwd	1,000	3,000	3,000	3,000	3,000
Net Borrowing	3,921	9,372	9,886	9,786	9,939

3.4. There are a number of key indicators to ensure that the Authority operates its activities within well-defined limits. Among these the Authority needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding years. This ensures that borrowing is not undertaken for revenue purposes except to cover short term cash flows.

3.5. The Chief Finance Officer does not envisage difficulties complying with these indicators based upon current commitments, existing plans, the proposals in this strategy, the budget report, the Capital Programme and the Medium Term Financial Plan.

4. Prospects for Interest Rates

4.1. The Authority's assessment of the likely path for bank base rate, investment market rates (The London Interbank Bid Rate - LIBID), and PWLB borrowing rates are set out below:

Table 2: Interest Rate Outlook as at 6th January 2022

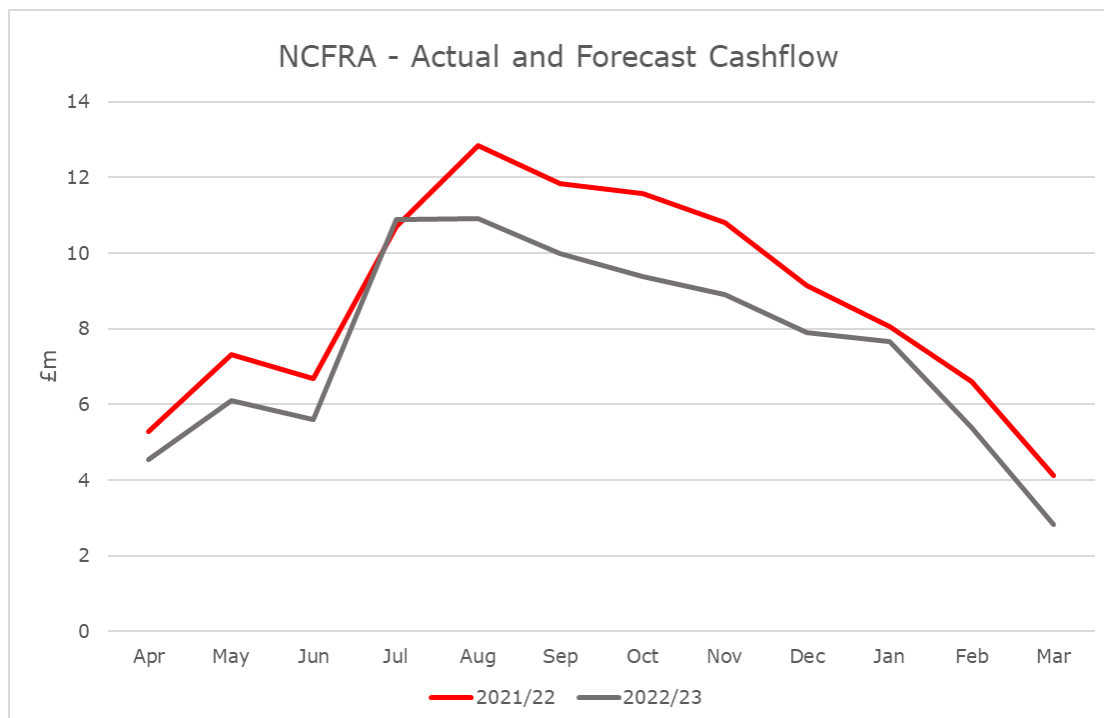
Interest Rate Forecasts								
Bank Rate	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Link	0.25%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%
Cap Econ	0.25%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%
5Y PWLB RATE								
Link	1.50%	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.80%
Cap Econ	1.50%	1.50%	1.60%	1.60%	1.70%	1.80%	1.90%	2.00%
10Y PWLB RATE								
Link	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%
Cap Econ	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%
25Y PWLB RATE								
Link	1.90%	2.00%	2.10%	2.10%	2.20%	2.20%	2.20%	2.30%
Cap Econ	1.80%	1.80%	2.00%	2.00%	2.10%	2.10%	2.20%	2.30%
50Y PWLB RATE								
Link	1.70%	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%	2.10%
Cap Econ	1.60%	1.70%	1.70%	1.80%	2.00%	2.10%	2.20%	2.40%

- 4.2. The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March 2021 to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged in 2021/22, although some forecasters had suggested that a cut into negative territory would happen. However, the Governor of the Bank of England made it clear that he was thinking that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, for 2022/23 there has been a change in the Bank Rate forecast expecting increases in Quarter 4 2021/22. The forecast table above shows the current expected forecasts for 2022/23.
- 4.3. Investment returns are likely to remain exceptionally low during 2022/23 and marginally increase in the following two years.
- 4.4. In March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of Authority capital expenditure. Following the consultation, the Government published their responses in November 2020 which stated these outcomes:
- PWLB will not lend to an Authority who intends to buy investment assets primarily for yield
 - Reduction to the interest on borrowing on all standard and certainty rates by 100 basis point which took effect from 26th November.

5. Managing daily cash balances and investing surpluses

- 5.1. In order that the Authority can maximise income earned from investments, the target for the un-invested overnight balances in our current accounts is usually always lower than £5k. However, if there is an emergency, we are unable to place an investment or it is not prudent or cost-effective to do so, we will maintain any excess balances in the Natwest account in order to safeguard funds.

- 5.2. At any one time, the Authority has between £1m and £13m (depending on the cash flow of both revenue and capital financing) available to invest. This represents income received in advance of expenditure plus balances and reserves. The average cash available to or forecast to invest throughout 2021/22 including a projection of 2022/23 is as follows:



- 5.3. As with most local authorities with a high proportion of employee to Supplies and Services expenditure, Authority's cash flow is fairly consistent month on month and therefore investable cash balances only significantly deviate when single payments (such as internally funded capital purchases) or large annual income receipts are forecast.
- 5.4. The decline and increase in cash balances represented above occurs with the:
- Receipt of Fire Fighter Pension Fund (FFPF) grant during July
 - The costs associated with the FFPF being expended throughout the financial year
 - The receipt of one-off grants, such as the Covid-19 grant and its positive impact in the early part of the financial year or very short term increases in cash following approval to borrow to fund Capital expenditure

6. Borrowing Strategy

- 6.1. The overarching objectives for the Authority's borrowing strategy are as follows:

- To manage the Authority's debt maturity profile; this is achieved by monitoring short and long term cash flow forecasts in tandem with balance sheet analysis
 - To maintain a view on current and possible future interest rate movements, and to plan borrowing accordingly. This is achieved by monitoring of economic commentary to undertake sensitivity analysis
 - To monitor and review the balance between fixed and variable rate loans against the background of interest rates and the Prudential Indicators; this is achieved by monitoring of economic commentary to undertake sensitivity analysis
- 6.2. The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), will not be fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure.
- 6.3. Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Joint Finance Team will monitor interest rates in financial markets and regularly brief the Chief Finance Officer so the Authority may adopt a pragmatic approach to changing circumstances. For example:
- If it was felt that there was a significant risk of a sharp FALL of 25% or more in long and short term rates (eg. due to a marked increase of risks around a relapse into recession or of risks of deflation), then long term borrowings may be postponed and potential rescheduling from fixed rate funding into short term borrowing considered (where appropriate);
 - If it was felt that there was a significant risk of a much sharper RISE of 25% or more in long and short term rates than that currently forecast (eg. arising from an acceleration in the start date and rate of increase in central rates in the USA and UK) then the portfolio position will be re-appraised. This may include drawing fixed rate funding whilst interest rates are lower than they are projected to be in the next few years.

7. Prudential & Treasury Indicators

- 7.1. 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.
- 7.2. A full set of Prudential Indicators and Borrowing Limits are shown in Appendix 2.

8. Policy on Borrowing in Advance of Need

- 8.1. The Authority's policy is to keep cash balances as low as possible and not to borrow in advance of need for capital purposes, whilst ensuring that cash is available to make payments when they become due. However, this will be reviewed should it be prudent to do so.

9. Debt Rescheduling

- 9.1. The Authority may reschedule debt if it is prudent to do so. The reasons for any rescheduling to take place may include:
- the generation of cash savings and/or discounted cash flow savings;
 - helping to fulfil the treasury strategy; and
 - Enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 9.2. Any rescheduling activity decision must be recommended by the Chief Finance Officer, and reported in the next Treasury Management report following its action.

10. Minimum Revenue Provision

- 10.1. The Authority is required to repay annually an element of its outstanding capital expenditure which has not yet been paid for from either revenue or capital resources (the CFR). This is achieved through a revenue charge known as the Minimum Revenue Provision (MRP). It is also allowed to undertake additional voluntary payments (Voluntary Revenue Provision - VRP).
- 10.2. DLUHC Regulations have been issued which requires the Authority to approve an MRP Statement in advance of each year. A variety of options are provided so long as there is a prudent provision. The Authority is recommended to approve the MRP Policy in Appendix 3 which sets out how MRP will be charged against particular asset types or other forms of capital expenditure.

11. Investment Strategy

- 11.1. Government guidance on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the Treasury Management Strategy Statement (TMSS) and the AIS to be combined into one document.
- 11.2. 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
- Yield received from the investment

11.3. The Authority expects to Invest all surplus funding and is forecast over the medium term that interest rate returns are expected to increase, but not return to pre Covid level. The average cash balances from those is expected to remain consistent with peaks in July following the receipt of grant income with reductions in available levels through to the end of each financial year. The expected income is as follows:

	2021-22 Forecast £'000	2022-23 Estimated £'000	2023-24 Estimated £'000	2024-25 Estimated £'000	2025-26 Estimated £'000
Interest Rate	0.70%	0.50%	0.75%	0.75%	1.00%
Average Investment balance	1,000	3,000	3,000	3,000	3,000
Forecast Income	7	15	23	23	30

11.4. The Authority's Investment Strategy is shown in Appendix 4.

12. Risk Analysis and Forecast Sensitivity

Risk Management

- 12.1. The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the Authority's approved Treasury Management Practices.
- 12.2. The TMP Schedules set out the ways in which the Authority seeks to mitigate these risks. Examples are the segregation of duties (to counter fraud, error and corruption), and the use of creditworthiness criteria and counterparty limits (to minimise credit and counterparty risk). Officers will monitor these risks closely.

Sensitivity of the Forecast

- 12.3. The sensitivity of the forecast is linked primarily to movements in interest rates and in cash balances, both of which can be volatile. Interest rates in particular are subject to global external influences over which the Authority has no control.
- 12.4. Both interest rates and cash balances will be monitored closely throughout the year and potential impacts on the Authority's debt financing budget will be assessed. Action will be taken as appropriate, within the limits of the TMP Schedules and the treasury strategy, and in line with the Authority's

risk appetite, to keep negative variations to a minimum. Any significant variations will be reported in the next available Treasury Management report.

13. Capital Strategy

13.1. CIPFA's revised 2017 Prudential and Treasury Management Codes requires all local authorities, to have in place a Capital Strategy, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

13.2. The aim of this Capital Strategy is to ensure a full understanding of the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

13.3. NCFRA have a published Capital Strategy which is aligned to the Fire and Rescue Plan. The PFCC has finalised a new Police, Fire and Rescue Plan which has been published on the PFCC website. The Capital Strategy will be reviewed and updated in line with the new Police, Fire and Crime Plan by the end of 2022/23.

14. Treasury Management Reporting

14.1. The PFCC receives two treasury reports as a minimum each year, with a mid-year update as and when appropriate, which incorporate a variety of policies, estimates and actuals:

a) **Treasury Management Strategy and Prudential and Treasury Indicators (this report – essential report)**

The first report is forward-looking and covers:

- the capital plans, (including prudential indicators)
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators
- an investment strategy, (the parameters on how investments are to be managed)

b) **A mid-year treasury management report** (as required)

This is primarily a progress report and updates on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c) **An annual treasury outturn report (essential)**

This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

15. Treasury Management Budget

15.1. The table below provides a breakdown of the treasury management budget. Minimum Revenue Provision (MRP) charges have been calculated in line with the Policy at Appendix 3:

Table 3: Treasury Management Budget	2021-22 Forecast £'000	2022-23 Estimated £'000	2023-24 Estimated £'000	2024-25 Estimated £'000	2025-26 Estimated £'000
Interest payable on borrowing	67	92	254	230	258
MRP	29	179	351	428	529
Revenue Contribution to Capital Outlay	150	300	150	150	300
Total	246	571	755	808	1,087

15.2. Budget estimates will be revised during the year reflect the further development of capital programme plans and other relevant strategies.

16. Policy on the use of External Service Providers

16.1. The Authority recognises that responsibility for treasury management decisions always remains with the organisation. The Authority also recognises there is value in employing an external provider of treasury management services in order to acquire access to specialist skills and advice to support the treasury management function.

16.2. Treasury Management services are undertaken by the Enabling Services Joint Finance Team and the Treasury Advisor is currently Link Group.

17. Future Developments

17.1. Public bodies are having to consider innovative strategies towards improving service provision to their communities. This approach to innovation also applies to treasury management activities. The Government has already introduced new statutory powers, and regulatory

agencies such as CIPFA are introducing policy changes, which will have an impact on treasury management approaches in the future. Examples of such changes are:

17.2. Localism Act

A key element of the Act is the “General Power of Competence”: “A Authority has power to do anything that individuals generally may do.” The Act opens up the possibility that a Authority can use derivatives as part of their treasury management operations. The Authority has no plans to use financial derivatives under the powers contained within this Act.

17.3. Loans to Third Parties

The Authority may borrow to make grants or loans to third parties for the purpose of capital expenditure. This will usually be to support local economic development, and may be funded by external borrowing.

The Authority has not lent any funds to third parties and has no plans to do so in the immediate future.

17.4. Proposals to amend the CIPFA Treasury Management and Prudential Codes

CIPFA conducted a review of the Treasury Management Code of Practice and the Prudential Code. This review particularly focused on non-treasury investments and especially on the purchase of property with a view to generating income. Such purchases could involve undertaking external borrowing to raise the cash to finance these purchases, or the use of existing cash balances. Both actions would affect treasury management.

The Capital Strategy will cover non-treasury investments to deal with such purchases, their objectives, how they have been appraised, how they have been financed, and what powers were used to undertake these purchases.

17.5. Impact of International Financial Reporting Standard 9 (IFRS 9)

All public bodies were required to adopt the principles of accounting standard IFRS 9 from 1st April 2018. A key element of this standard is a requirement to set aside financial provision within revenue budgets for losses on financial assets based on potential expected losses (i.e. the likelihood of loss across the asset lifetime). This however does not have a material impact upon the traditional treasury management investments the Authority will undertake.

18. Training

18.1. The Authority needs to ensure appropriate training and knowledge in relation to treasury management activities, for officers engaged in treasury activity and those with oversight responsibilities charged with governance

of the treasury management function. Treasury management training will be considered and delivered as required to facilitate best practices, informed decision making and challenge processes.

List of Appendices

- Appendix 1: Treasury Management Policy Statement
- Appendix 2: Prudential & Treasury Indicators
- Appendix 3: Minimum Revenue Provision (MRP) Policy Statement
- Appendix 4: Annual Investment Strategy

Treasury Management Policy Statement

Northamptonshire Commissioner Fire and Rescue Authority defines its treasury management activities as:

The management of the Authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Prudential and Treasury Indicators

1 The Capital Prudential Indicators

- 1.1 The Authority's capital expenditure plans are the key driver of Treasury Management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist overview and confirm capital expenditure plans.

Capital Expenditure and Borrowing Need

- 1.2 This prudential indicator shows the Authority's capital expenditure plans and capital financing requirement as described in the body of the Strategy and summarised in Table 1 (Para 3.3 above).

The Operational Boundary

- 1.3 This is the limit beyond which external borrowing is not normally expected to exceed. All things being equal, this could be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing undertaken as impacted by the level of current and future cash resources and the shape of the interest rate yield curve.

Operational Boundary	2021-22 Forecast £'000	2022-23 Estimated £'000	2023-24 Estimated £'000	2024-25 Estimated £'000	2025-26 Estimated £'000
Total Borrowing	5,000	13,000	13,000	13,000	13,000

- 1.4 The Operational Boundary is calculated here by rounded the CFR for each year up to the nearest £1m. This allows nominal flexibility to account for price variations on capital investment.

The Authorised Limit for external borrowing

- 1.5 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised in line with the Authority's Corporate Governance Framework. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.
 - The Authority is asked to approve the following Authorised Limit:

Authorised Limit	2021-22 Forecast £'000	2022-23 Estimated £'000	2023-24 Estimated £'000	2024-25 Estimated £'000	2025-26 Estimated £'000
Total Borrowing	5,250	13,650	13,650	13,650	13,650

1.6 The rising trend of the Authorised Limit reflects that of the CFR and subsequently the Operational Boundary. The level set is at a 5% margin above the Operational Boundary, providing additional headroom for further short-term borrowing should it be required for cashflow purposes, before the legal limit is reached.

2 Treasury Management Limits on Activity

2.1 There are four debt and investment related treasury activity limits. The purpose of these is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs or improve performance. The indicators for debt are:

- **Upper limits on variable interest rate exposure;** this identifies a maximum limit for variable interest rates based upon the debt position net of investments
- **Upper limits on fixed interest rate exposure;** this is similar to the previous indicator and covers a maximum limit on fixed interest rates
- **Maturity structure of borrowing;** these gross limits are set to reduce the Authority's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits

2.2 The interest rate exposure is calculated as a percentage of net debt. Due to the mathematical calculation, exposures could be greater than 100% or below zero (ie. negative) depending on the component parts of the formula. The formula is shown below:

Fixed rate calculation:

$$\frac{(\text{Fixed rate borrowing} - \text{Fixed rate investments})}{\text{Total borrowing} - \text{Total investments}}$$

Variable rate calculation:

$$\frac{(\text{Variable rate borrowing} - \text{Variable rate investments})}{\text{Total borrowing} - \text{Total investments}}$$

Interest rate Exposures	2021-22	2022-23	2023-24	2024-25	2025-26
	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%
Limits on variable interest rates based on net debt	50%	50%	50%	50%	50%

- 2.3 The indicators above therefore allow for a maximum 100% of borrowing to be undertaken on a fixed interest rate basis, but a maximum of 50% on a variable interest rate basis. This allows flexibility to utilise variable rate instruments for up to half the Authority's borrowing requirement where prudent to do so, whilst limiting the variable interest rate risk against the Authority's revenue budget.
- 2.4 The maturity structure of borrowing indicator represents the borrowing falling due in each period expressed as a percentage of total borrowing. These gross limits are set to manage the Authority's exposure to sums falling due for refinancing or repayment.

Maturity Structure of Borrowing		
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years		50%
2 years to 5 years		80%
5 years to 10 years		80%
10 years and above		100%

- 2.5 The Authority does not expect to hold any investments that exceed 365 days but may do so in the future if it holds sufficient cash balances and such investments assist in the prudent management of the Authority's financial affairs.

Affordability Prudential Indicator

- 2.6 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework is an indicator required to assess the affordability of the capital investment plans. This provides an indication of the impact of the capital investment plans on the Authority's overall finances.
- 2.7 The Authority is asked to approve the actual and estimates of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream. The estimates of financing costs include current commitments.
- 2.8 This is calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local taxpayers.

	2021-22	2022-23	2023-24	2024-25	2025-26
	Forecast	Estimated	Estimated	Estimated	Estimated
Financing costs to net revenue stream	2%	3%	3%	4%	4%

Minimum Revenue Provision Policy Statement

- 1.1 The Authority is required to repay an element of the accumulated General Fund capital spend each year (Capital Financing Requirement - CFR) through a revenue charge (Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required.
- 1.2 The Department for Levelling Up, Housing and Communities (DLUHC) have issued regulations that requires the Authority to approve an MRP Statement in advance of each year. A variety of options are provided in the guidance with the underlying principle that a prudent provision is made.

Accumulated Debt Liability

- 1.3 For unsupported capital expenditure, MRP will be charged from the year after the assets funded have become operational and spread over the estimated useful life of the assets using an equal annual instalment method.
- 1.4 Estimated useful life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted. However, the Authority reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- 1.5 As some types of capital expenditure incurred are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure with substantially different useful economic lives.

Non-operational assets

- 1.6 The Authority will not charge MRP on non-operational assets. MRP will only be charged in the financial year following the asset becoming operational. This policy will be reviewed annually.

Use of Capital Receipts

- 1.7 The Authority may use capital receipts in the year in which they are received to reduce the CFR and to offset the MRP charge for that year. Any unapplied capital receipts will be available in future years and will be applied in a prudent manner.

Annual Investment Strategy

1 Investment Policy

- 1.1 DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
- 1.2 The Authority's appetite for risk must be clearly identified in its strategy report. The Authority affirms that its investment policies are underpinned by a strategy of prudent investment of funds held on behalf of the local community. The objectives of the investment policy are firstly the security of funds (protecting the capital sum from loss) and then liquidity (keeping money readily available for expenditure when needed). Once approved levels of security and liquidity are met, the Authority will seek to maximise yield from its investments, consistent with the applying of the agreed parameters. These principles are carried out by strict adherence to the risk management and control strategies set out in the TMP Schedules and the Treasury Management Strategy.
- 1.3 Responsibility for risk management and control lies within the Authority and cannot be delegated to an outside organisation.

2 Creditworthiness Policy

- 2.1 The Authority's counterparty and credit risk management policies are set out below. These, taken together, form the fundamental parameters of the Authority's Investment Strategy.
- 2.2 The Authority defines high credit quality in terms of investment counterparties as those organisations that are:
 - Minimum strong grade long term credit rating (equivalent to A- / A3 / A from Fitch, Moody's and Standard and Poor's)
 - UK banking or other financial institutions, or are;
 - UK national or local government bodies, or are;
 - Countries with a sovereign rating of -AA or above, or are;
 - Triple-A rated Money Market funds.
- 2.3 The Authority will assess the credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties will be supplemented with the following overlays:
 - credit watches and credit outlooks from credit rating agencies

- Credit Default Swaps (CDS – a traded insurance policy market against default risk) spreads to give early warning of likely changes in credit ratings
 - Sovereign ratings to select counterparties from only the most creditworthy countries
- 2.4 This approach of combining credit ratings, credit Watches and credit Outlooks along with an overlay of CDS spreads will be used to determine duration for investment. The Authority will apply these duration limits to its investments at all times, unless otherwise approved by the Chief Finance Officer.
- 2.5 Credit ratings will be monitored on a regular basis. If a rating downgrade results in the counterparty or investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition, extreme market movements (which may be an early indicator of financial distress) may result in the removal of a counterparty from new investment.
- 2.6 The Authority will also use market data, financial press and information on any external support for banks to help support its decision making process.
- 2.7 The Authority recognises that responsibility for treasury management decisions always remains with the organisation and so to enable the effective management of risk in relation to its investments, the Chief Finance Officer shall have the discretion during the year to:
- Strengthen or relax restrictions on counterparty selection
 - Adjust exposure and duration limits
- 2.8 Where this discretionary Authority is exercised, records will be maintained, and details reported in the next available Treasury Management update report.

3 Banking Services

- 3.1 The Authority uses NatWest to provides banking services. The Authority may continue to use its own bankers for short term liquidity requirements if the credit rating of the institution falls below the minimum credit criteria set out in this report, monitored daily. A pragmatic approach will be adopted, and rating changes monitored closely.

4 Investment Position and Use of Authority's Resources

- 4.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the

revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

- 4.2 Investments will be made with reference to the core balances and cash flow requirements and the outlook for interest rates.
- 4.3 The Authority will primarily utilise business reserve accounts, notice accounts, low-volatility money market funds (known as LVNAV class) and short-dated deposits. This strategy will be reviewed and developed in future years.

5 Specified Investments

- 5.1 The Authority assesses that an investment is a specified investment if all of the following criteria apply:
- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
 - The investment is not a long term investment (ie. up to 1 year).
 - The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended].
 - The investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
 - The United Kingdom Government.
 - An Authority in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland.
 - High credit quality is defined as a minimum credit rating as outlined in this strategy.

Instrument	Minimum 'High' Credit Criteria	Maximum Amount
Debt Management Agency Deposit Facility (DMADF)	-	No maximum
Call Accounts with the Authority's bankers	-	No maximum
Certificate of Deposits	A / A3 / A	£2m for overseas and £5m for UK government guaranteed bodies (in total)
Term Deposits - Banks and Building Societies	A / A3 / A	
Term Deposits - Local Authorities and Housing Associations	Considered on an individual basis	
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
Money Market Funds (CNAV, LVNAV or VNAV)	AAA MMF rating	£2m per individual/group in total

5.2 The Authority may enter into forward agreements up to 1 months in advance of the investment commencing. If forward agreements are made, the forward period plus the deal period should not exceed the 1 year to be classified as a specified investment.

5.3 Maximum counterparty limits may be temporarily exceeded by small amounts and for very short periods where interest is compounded by the counterparty to the principal investment amount. In such instances the interest amounts will be withdrawn as soon as reasonably practicable.

6 Non-specified investments

6.1 Non-specified investments are defined as those not meeting the specified investment criteria above (including investments exceeding 1 year).

6.2 At this point in time, the Authority has no plans to invest in any Non-specified investments.

7 Investments Defined as Capital Expenditure

7.1 The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded from capital or revenue resources and will be classified as 'non-specified investments'.

- 7.2 Investments in “money market funds” which are collective investment schemes and bonds issued by “multilateral development banks” – both defined in SI 2004 No 534 – will not be treated as capital expenditure.
- 7.3 A loan, grant or financial assistance provided by this Authority to another body will be treated as capital expenditure if the Authority would define the other bodies use of those funds as capital had it undertaken the expenditure itself.

8 Provisions for Credit Related Losses

- 8.1 If any of the Authority’s investments appear at risk of loss due to default (i.e. this is a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the Authority will make revenue provision of an appropriate amount.

9 End of Year Investment Report

- 9.1 At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

10 Governance Arrangements

- 10.1 By approving this strategy, the Authority is setting the framework from which treasury activity will be conducted and reported.
- 10.2 The Chief Finance Officer has delegated powers through approval of this strategy to take the most appropriate form of borrowing from approved sources, and to make the most appropriate form of investments in approved instruments. Paragraph 2.7 above delegates powers to the Chief Finance Officer giving discretion during the year to lift or increase the restrictions on the counterparty lending list and/or to adjust the associated lending limits on values and durations should it become necessary, to enable the effective management of risk in relation to its investments.
- 10.3 The Chief Finance Officer may delegate powers to borrow and invest within the confines of this strategy to members of the Joint Finance Team, who will provide regular updates on treasury activity.
- 10.4 Any other amendments to this strategy must be approved in line with the Authority’s Corporate Governance Framework.

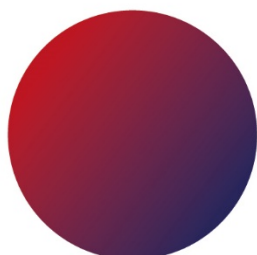


Treasury Management Interim Report 2022/23

Northamptonshire Commissioner
Fire & Rescue Authority (NCFRA)

Author: Joint Finance Team

Version Control: 1



1. Overview

- 1.1 The Police, Fire and Crime Commissioner as responsible for NCFRA 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 2021/22 Treasury Interim Report is attached and will also be considered by the Joint Independent audit Committee (JIAC).

NCFRA have a published Capital Strategy which aligned to the previous Fire and Rescue Plan. The PFCC has now published a new Police, Fire and Rescue Plan which is available on the PFCC website. The Capital Strategy will be reviewed and updated in line with the new Police, Fire and Crime Plan by the end of 2022/23.

2. Recommendation

- 2.1 To note the contents of the report.

TREASURY MANAGEMENT PERFORMANCE 2021/22

1st April 2021 to 31st January 2022

Report date: 07/02/2022

Purpose of Report

1. To inform the Commissioner of the borrowing, capital financing, lending and cash management activities during the period 1st April 2021 to 31st January 2022.

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 Northamptonshire Commission, Fire and Rescue Authority.
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 40-year loan of £3.3m was taken in February 2021 to fund investment in the new Joint Garages facility.

Therefore, external debt at 31st March 2021 entirely comprised of this loan, as follows:

- New loan - £3.3m with an interest rate of 1.98%

This was 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 0.01% during the period covered by the report and on longer term

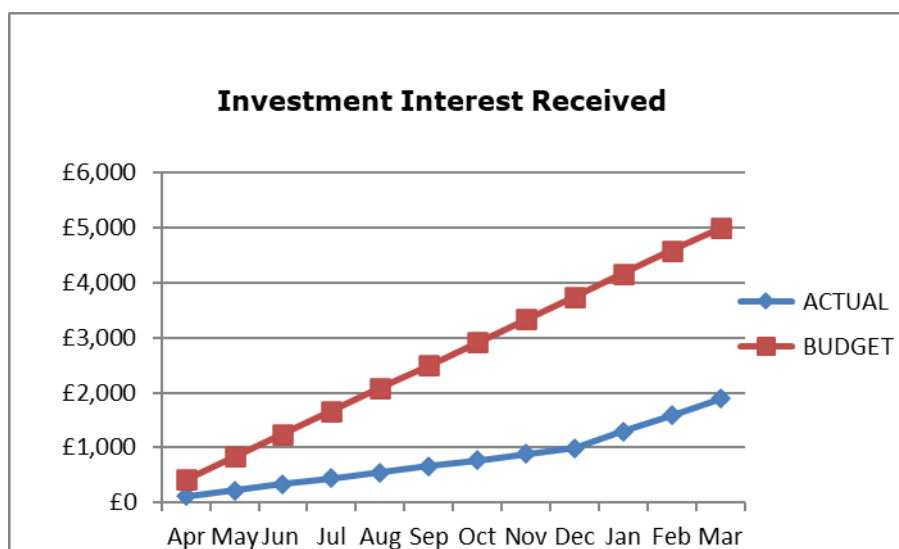
deposits earnings ranged from 0.01% up to 0.05%. The interest earned is dependent on both the size and duration of each investment.

So far in 2021/22, NCFRA have generated £1.3k of investment income against a budget of £5k, with a further forecast of another £0.7k, which results in a deficit of £3k. NCFRA continued to invest with permitted institutions 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 January 2022, the following investment balances were outstanding according to NCFRA's Treasury Management Policy:

End of Month	Outstanding 'Money Market' Investments	Outstanding Call Account Balances
Apr-21	£0.0m	£5.3m
May-21	£0.0m	£7.3m
Jun-21	£0.0m	£6.7m
Jul-21	£0.0m	£10.7m
Aug-21	£0.0m	£12.8m
Sep-21	£0.0m	£11.8m
Oct-21	£0.0m	£11.6m
Nov-21	£0.0m	£10.8m
Dec-21	£0.0m	£9.2m
Jan-22	£0.0m	£9.5m

The following graph demonstrates interest earned (cumulative) during the period against the profiled budget:



The 2021/22 Home Office Fire Fighters Pension Fund grant totalling £5.133m was received in late July 2021 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 NCFRA's cash reserves.

The ratings for each institution (as assessed by Fitch, Standard & Poor's and Moody's respectively) used by NCFRA are as follows (correct as at 31st January 2022):

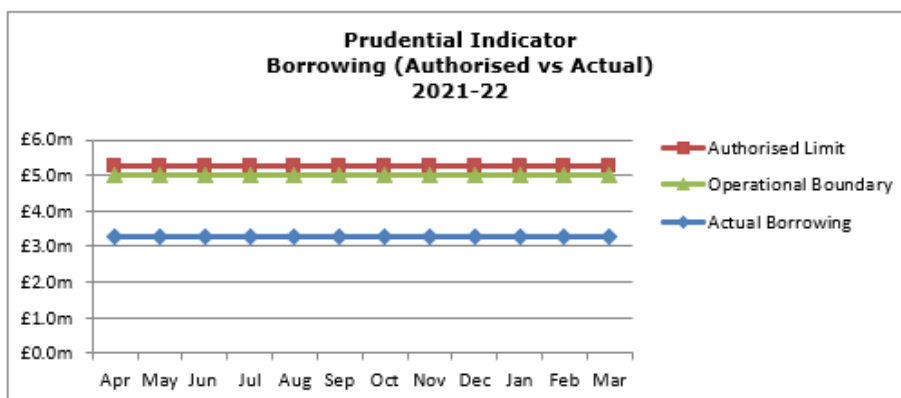
Bank / Building Society	Current Ratings
Royal Bank of Scotland PLC	F1 / A-1 / P-1
Santander UK PLC	F1 / A-1 / P-1
Barclays Bank plc	F1 / A-1 / P-1
Lloyds Bank plc	F1 / A-1 / P-1

The highest potential ratings awarded by each agency over the term used by NCFRA ("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 NCFRA's resources (in this case the cash reserves).

External Debt – Authorised Limits

6. NCFRA's debt is monitored against the 'authorised limit' and 'operational boundary' on a monthly basis. The authorised limit for 2021/22 was £5.25m 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 £5.0m which is the maximum level of projected external debt and was also not exceeded.



Maturity Structure of Debt

7. The Prudential Code recommends that NCFRA sets upper and lower limits for the maturity structure of its fixed rate borrowing.

Maturity Structure of borrowing		
	Lower	Upper
Under 12 months	0%	80%
12 months to 2 years		50%
2 years to 5 years		50%
5 years to 10 years		50%
10 years to 20 years		100%
20 years to 30 years		
30 years to 40 years		
40 years to 50 years		
50 years and above		

The decision was made to borrow on a 40 year basis following professional advice. This was agreed by both CFOs and supported formally by the PFCC.

The relatively low value of existing debt causes the Maturity Structure indicator to be significantly altered by further borrowing. The individual limits have been reviewed in 2021/22 Treasury Management Strategy to ensure that they are meaningful and in line with the approved capital programme and subsequent future borrowing requirements.

The actual values move as fixed maturity dates draw nearer with each advancing year.

Counterparty Limit Breach and Actions

8. Following the transfer of treasury management services to the Enabling Services Joint Finance Team, a full review of cashflow projections was carried out.

The cashflow balance in September 2021 was much healthier than previously envisaged due to:

- significant delays in procurement services for Police and Fire have created a backlog and have delayed projects in the Fire capital programme and other contracts and revenue contracts. Some of these are large amounts
- the receipt of the Fire Pensions Top Up grant in August 2021.

An assessment of investment options was conducted and the most financially beneficial option approved by the S151 officer. As part of this assessment, it was identified that the proposed investments would breach the counterparty limits laid out in the 2021/22 Strategy.

It was determined that the risk of adjusting these limits was negligible, and an amendment to the strategy was therefore recommended and approved by the PFCC to enable the best investment option to be progressed.

The revised counterparty limits (approved and published) are as follows:

Instrument	Minimum 'High' Credit Criteria	Maximum Amount
Debt Management Agency Deposit Facility (DMADF)	N/a	No maximum
Call Accounts with the Authority's bankers	N/a	No maximum
Certificate of Deposits	A / A3 / A	£2m for overseas and £5m for UK government guaranteed bodies (in total).
Term and Call Deposits - Banks and Building Societies	A / A3 / A	
Term Deposits - Local Authorities and Housing Associations	Considered on an individual basis	
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Money Market Funds (CNAV, LVNAV or VNAV)	AAA MMF rating	£2m per individual/group in total

Previously:
"£2m per individual/
group in total"

Investment of Principal Sums

9. 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:	21/22 Approved budget

Background Papers

Treasury Management File

Contact Names

Mrs H King, Chief Finance Officer (OPFCC)
Mr V Ashcroft, Chief Finance Officer (OCC)



AGENDA ITEM 10

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION, NORTHAMPTONSHIRE FIRE AND RESCUE AUTHORITY and NORTHAMPTONSHIRE POLICE

JOINT INDEPENDENT AUDIT COMMITTEE

9 March 2022

REPORT BY	Paul Bullen, Assistant Chief Officer – Police and Fire
SUBJECT	Enabling Services Update
RECOMMENDATION	For the committee to note the report

1. Background

- 1.1 A key underpinning principle within the business case for the PCC to become the Fire and Rescue Authority was that the two organisations (police and fire) would share enabling functions and systems wherever possible.
- 1.2 The Commissioner, Chief Constable and Chief Fire Officer agreed that the enabling services function would be led by a joint Assistant Chief Officer (ACO) and would bring together the key functions of finance, human resources, ICT, estates and facilities and fleet. The ACO took up the post in April 2020.
- 1.3 The Committee received a report in October 2021 on progress with the implementation of the services as well as the vision, ethos and overarching governance of the work. None of these elements have changed and therefore this paper focuses on the progress with implementation of the vision since the last paper.

2 Employment Model

- 2.1 As was outlined in the previous paper, the decision was that the services would be Police employed although delivering services to both organisations as an

integral part of each organisation as opposed to [police being a service provider to the fire and rescue service.

2.2 Since the last paper, the remaining departments (Digital & Technology and Transport & Logistics) have gone through TUPE processes meaning all staff in enabling services are now police-employed.

3 Finance department

3.1 The business case for bringing together a joint finance function for police, fire and rescue and the OPFCC was agreed in early 2020 (pre-ACO appointment).

3.2 Since the last update to JIAC, the following improvements and benefits have been delivered:

- The Future Systems programme (replacing MFSS and the ERP system) has been progressing to plan. Staff to service transactional tasks previously under MFSS are being recruited, with 5 of 7 recruited. The benefits of the new system are very clear to see to the department. This is due to go live in the first weekend of April.
- The in-house payroll team have significantly reduced the amount of pay errors and are ready for implementation of the new system in April 22 as planned.
- Treasury services for Fire, previously with LGSS, are now undertaken in-house. The TreasuryLive system has been implemented and parallel running is taking place. This allows daily cash management, investments and borrowing to be securely recorded, monitored and reported upon. The approach is consistent for Police and Fire (previously using self-built spreadsheets).
- The joint budget strategy was well-received and has been followed to deliver 22/23 budgets and subsequent MTFPs in a timely, robust and professional way.
- Commercial/Procurement services are now undertaken in-house and not by Mint. The team is partly staffed, with final posts awaiting the outcome of vetting. We already have a better understanding and control of the procurement pipeline, can better support the operational business. Backlogs will need to be worked through, but better prioritisation and risk mitigation is now possible.
- Framework management – The new posts to service the commercial framework element of the Mint contract are in vetting. These have the potential to be income generating roles.
- Support to the closure and winding up of Mint is still ongoing.
- Preparatory work for 21/22 closedown is underway and the team aim to deliver statutory accounts for all organisations in a more consistent and efficient way, using learning from audit experience of the Fire accounts. This is not a standard year. At the time of writing, it is closing down 2021/22 at the same time all three 2020/21 external audits are live and in progress. Furthermore, it is closing down at the same time as moving away from MFSS and onto a new finance and payroll system. All of these factors make the process of the 2021/22 closedown much more complex than any standard closedown year.

- The team have recognised these challenges in the timetable and put in place actions to mitigate their impact as far as possible.
- Transfer of the administration of Fire Fighter pensions from LGSS to West Yorkshire Pension Fund was completed, which was overseen by the Joint Finance Team. This was a significant piece of work and whilst it was expected that the majority of the detailed work was to be undertaken by the outgoing and incoming providers, the Joint Head of Finance did some considerable work to ensure the success of project. There would not have been sufficient capacity to do this if the Joint Finance Team had not been in place. The project was completed to expectations very smoothly with minimal disruption.
- A joint Commercial Strategy has been drafted and with the Commissioner for final agreement. This will seek to maximise opportunities to reduce costs and increase income generation.

4 Estates and Facilities

4.1 The agreed business case for the department is now at Phase 3 and this is starting to see facilities elements being more 'joined up' than in the past. This will be added to through a joint IT system that is currently being procured which will enable greater visibility of the workload for the joint department.

4.2 Health and safety are within the same department, but next steps will be to look to bring that together as a single joint function.

4.3 A joint role looking at developer contributions from new developments is in place and starting to progress both current and future opportunities to maximise that source of income generation.

4.4 The estates of the two organisations are largely aged and the fire estate requires significant investment. This is being prioritised and a capital plan is in place to see that the more minor works are being progressed alongside the large projects that the estates team are progressing.

4.5 Future phases of the business case see efficiencies being realised through further realignment of resource, largely driven through natural wastage of staff once the initial embedding of the changes have taken place.

5 Digital and Technology

5.1 The agreement of the new joint business case in June 2021 included an uplift in staffing of c. 35FTE. This is a significant increase (c. 40% increase) and has changes on policy, tools and practice to ensure that the joint function works for both organisations.

- 5.2 Recruitment of the additional staffing is progressing well and ahead of schedule. Many internal resources have taken on new roles whilst other vacancies have now been filled externally (awaiting vetting and notice periods).
- 5.3 A key element of the work is to embed a portfolio way of working and a portfolio tool. This will enable informed decisions on work programmes to be taken cognisant of the available resource. A tool is in the process of being procured and the Head of Portfolio role has been in post since 1st January and is making significant progress towards having 'one version of the truth' for the portfolio.
- 5.4 Fire IT processes are being transitioned to the new ways of working in the larger team. This means specialist roles are taking control of each element of a full technical department.
- 5.5 A new governance model is in place for all digital and technology activity across the organisations. A revised and joint digital strategy is due to be completed by the end of March 2022.
- 5.6 Benefits of the joint department are being captured with over £1.5m of cost avoidance (mainly one off) identified through joint working to date.

6 Human Resources

- 6.1 The vacancies identified in the agreed business case in June 2021 are continuing to be recruited to. Some other vacancies have enabled a re-shaping of some roles and notably two change manager roles are in place for the department (one in role, one to join imminently) and these are helping to manage key HR related projects. Notably this is picking up recruitment of firefighters moving forward, transitioning from previous ways of working.
- 6.2 The vacancies are helping to move the culture of the department to a more agile way of working, although gaps in resources mean there is still more reaction than proactivity currently. It is anticipated that the department will be at full strength by summer 2022.
- 6.3 Fire HR activities continue to be transitioned whilst maintaining support to the police, notably delivering on the Police Uplift Programme (unlike some other forces).
- 6.4 New systems for police, replacing MFSS are on track for delivery in April 2022. Recruitment has already transitioned to being in house, with a new system in place. Feedback from applicants on the new system is overwhelmingly positive with 96% of those who have provided feedback (over 600 applicants to date) finding the system easy to use. This system will be extended to fire by September 2022.

6.5 Wellbeing for fire is currently being developed for transition to HR and discussions remain on going on leadership development, with the PDR system ownership to transition to HR for fire imminently.

7 Transport and Logistics

7.1 The key enabler for a full bringing together of the department will be the joint garage workshops which are due for completion in 2023. In the meantime, where vacancies arise, the opportunity is being taken to recruit different and joint roles.

7.2 The managerial structure is the planned first major change to the structure as the departments come together.

7.3 Joint IT systems are being progressed. An upgraded Tranman system has been developed and will be live for both organisations in March 2022. A new telematics and CCTV system is in place for police and is being installed for fire imminently.

7.4 Benefits, in keeping with other departments, are being tracked. Notably the new structures and systems are enabling a greater level of management information to drive behaviours. Downtime of vehicles has been reduced in both organisations during 2021 as a result.

7.5 Telematics will drive wider organisational benefits. Idle time and fleet utilisation statistics are already suggesting ways that the fleet can be managed differently and more efficiently. For the wider organisation, it supports changes to reduce accidents within the two organisations.

7.6 Financial governance, particularly for fire, has improved markedly with significant reductions in retrospective and open orders during the year. Contract oversight is also improving.

8 Conclusion

8.1 Significant progress has been made in developing the enabling services. Benefits are already being delivered and felt by the frontline and the culture of the departments is changing to be one that seeks to make sure it does all it can do to find solutions for the frontlines.

8.2 Each department is continuing to embed ways of working and to further evolve their structures to be as efficient as possible.

8.3 Further work will start to ensure that the service quality feedback from the frontlines is built into continuous improvement activity in the department.

8.4 Consideration of other aspects to share is underway and will be further considered by the Chief Fire Officer and Chief Constable in April.



Joint Independent Audit Committee

9th March 2022

AGENDA ITEM: 13

REPORT BY	Project Support Officer
SUBJECT	Joint Independent Audit Committee (JIAC) - Agenda Plan – Updated November 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.
- 1.2 Areas highlighted from the JIAC Aims and Objectives and discussions between the S151 Officer and the Chair have been included on the plan in red type for member discussion and consideration.
- 1.3 Due to the two Final Accounts workshops being held in September and JIAC meetings in October and December, it is proposed not to hold a separate November workshop.

DRAFT AGENDA PLAN 2021/22

		frequency required	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			28/01/2022		15/06/2022	19/08/2022		04/11/2022
	Deadline for reports to be submitted			24/02/2022		13/07/2022	22/09/2022		01/12/2022
	Papers to be circulated			01/03/2022		19/07/2022	27/09/2022		07/12/2022
Public	Apologies	every meeting		Apologies		Apologies	Apologies		Apologies
Public	Declarations	every meeting		Declarations		Declarations	Declarations		Declarations
Public	Meetings log and actions	every meeting		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			
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
Public	Internal Auditor reports (progress)	every meeting		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		Internal Audit Plans		Year End Reports			
Public	Update on Implementation of internal audit recommendations	twice a year for NFRS and PCC & CC		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		CC - HMIC update		NFRS – HMIC Update			
Restricted	Risk register update (including current risk policy as an appendix)			NCFRA 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		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		

Public		frequency required Once a Year – dates TBC	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		
Public	Treasury Management Strategy	annually for all		NCFRA, CC and PCC - Treasury Management Strategy and Mid Year Update					
Public	Attendance of PCC, CC and CFO	annually for all							
Restricted	Enabling Services (including new system arrangements)	twice a year		Enabling services update			Enabling services update		
Public	Specific Updates at each meeting throughout the year where appropriate								

RED: Areas Identified following discussion with Chair from 2021/22 JIAC Workplan Objectives