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

JOINT INDEPENDENT AUDIT COMMITTEE

15th December 10.00am to 12.30pm

Microsoft Teams virtual meeting
Hill Room Darby House (limited room capacity – please speak to Kate if you would like to attend in person)

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

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

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

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				Time
	Public Meeting of the Joint Independent Audit Committee			10:00
	We will be joined by the PFCC as well as Chief Fire Officer and Chief Constable so there will be a short time before the meeting begins for discussion			
	Public meeting of the Joint Audit Committee			
1	Welcome and Apologies for non- attendance			10:20
2	Declarations of Interests			10:25
3 (pg 5)	Meetings and Action log 6th October 2021	HK/KO	Reports	10:35
4	JIAC recruitment - update	HK	verbal	10:40
5 (pg 13)	Fraud and Corruption: Control and processes PCC and CC	VA	Report	10:50
6a (pg24) 6b (pg 36)	Internal Auditor Progress report 2020/21 PFCC & CC NCFRA	Mazars Duncan	Reports	11:05
7a 7b	External Auditor Report PFCC & CC NCFRA	EY	Report	11:20
8 (pg 46)	Agenda Plan	KO	Report	11:35
9	AOB	Chair	Verbal	11:50
10	Confidential items – any	Chair	Verbal	
	Resolution to exclude the public	Chair	Verbal	
	Items for which the public be excluded from the meeting: In respect of the following items the Chair may move the resolution set out below on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them: *"That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A of the Act of the descriptions against each item would be disclosed to them".*			
11 (pg 49)	Risk Register Update CC	MR	Reports	12:05
12 (pg 72)	MINT update	HK	Report	12:15
13	Future Meetings held in public: - 15th December 2021 - 9th March 2022			12.30

	- 27th July 2022 - 5th October 2022 - 14th December 2022 Future Workshops not held in public:			

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

Ms G Scoular (leaving 31st December 2021)

Mrs E Watson

2 vacancies for JIAC members recruiting November 2021

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Joint Independent Audit Committee (JIAC) ACTION LOG –06th October 2021

Attendees: Members: John Beckerleg (JB), John Holman (JH), Gill Scoular (GS), Ann Battom (AB), 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),

Agenda	Issue	Action	Responsible	Comments
1	Welcome and apologies		Chair	• Vaughan leaving part way due to clash & Paul Bullen joining for his items • Duncan Wilkinson • Simon Nickless • Nicci Marzec
2	Declarations of Interests		Chair	None
3	Meeting Log and Actions – 28th July 2021		Chair	• Actions carried forward from 28/07/2021; many on the agenda • SN – share complaints comparison when national data available • KO/JB - Self assessment to be brought to next JIAC meeting • HK/ DW – add PFCC in fire charter
4 a 4b	External Auditor Report PFCC & CC NCFRA			• 19/20 accounts audit complete and signed off • July committee – EY are prioritising resources to focus on the larger organisations that are within the Whole of Government Accounts. • PFCC has contacted EY raising major concerns around timescales • As a result Fire audit has commenced with the intention of completing it before end of calendar year. • Policing audit is scheduled with the other regional audits – expected early 2022. EY are aware of the need to transfer data from MFSS legacy systems before the MFSS contract ends (no later than Nov 2022) • Working papers were supplied by the due dates.

					• Awaiting update from EY team but technology issues prevented a planned meeting • NH explained that very few audits (out of 180) had been completed by 30 September. HK requested that EY difficulties resourcing audits should not impact on NCFRA and that a 'stop / start' approach should be avoided. • NH committed to the work promised and will continue communicating with HK and VA • NH Police pensions issues – 1.) pensions fund audit done but awaiting audit letters 2.) changes in auditing standards for estimates – included in the audit plan but subjective estimates require further work. (IS19 assurance.) Issues with some controls assurance reports. Currently being considered by PSAA and national audit office. EY addressing this gap by running parallel actuary audit models to ensure data is still within a reasonable range of estimated uncertainty. • EB – concerns over resources issue – do you have enough people to do the work you are required to do? Should you be using specialist teams to replicate the work of others? Can this be done by other agencies? NH - there is no longer an issue of attrition, the audit team was at the necessary 'headcount'; the difficulty is a combination of new recruits needing training plus the backlogs in the sector. Timescales to recover from the delays was not known. • **Action NH** – to come back to committee to explain how gaps in audits are addressed. • JH – length of time it took for EY to respond to HK letter was a concern. NH – discussions had taken place with the organisations prior to the formal response. • AB – disappointed that we don't seem to have moved on with delays and reasons for delays. How committed are EY to meeting new deadlines? NH – agreed with the concern and was equally disappointed. Similar situation in Nottinghamshire due to the September 2022 'cliff edge' deadline (MFSS exit). Exceptional cases will need to be factored in due to reasons such as this for audit planning 2022. • JB – now the Fire audit is underway the Committee would be keen that the intended deadline is met. NH – will keep communication open to keep committee informed of audit progress. • NH – worth reading public accounts report – 25 page report. **Action :HK to circulate to members for information.**

5a	Internal Auditor Progress report 2020/21 PFCC & CC			- ML – annual report issued. Remaining collaboration report related to Occupational Health. The recommendations had now been reviewed and would be resent to the regional CFO meeting later in the month. - New head of OH in post now. - Two final reports presented. Governance audit in draft has been presented and awaiting final comments to finalise report - Core financial audits underway - In good position in terms of progress on overall plan - <u>Seized property audit</u> – currently satisfactory which is an improvement on previous audit opinion – small number of recommendations raised. JB – what was the breadth of Seized property audit? All stores were audited. - GS – brilliant progress on this area of activity. - <u>Released Under investigation audit</u> – issue raised at regional level 2019 national issue. Action plan put in place. This was why it was included on audit plan. Governance structure, policies procedures, compliance, risk mitigation examined. Priority recommendations are measured against risk and lessons learned approach. - AB – priority 1 recommendation– have officers met the timescales quoted here? MR – progress has been made to address the recommendations. Policy roll out aim in October and is in Qlick. - JB – recommendation feels rather fundamental so was surprised that this recommendation was needed? **Action MR** – will pass to DCI Andy Rodgers for comment. - JH – is it a manual process or automated? – ML – required individuals to flag it within the NICHE system – hence training and more information around process in required. - Collaboration Audit Plan - ML – appendix sets out the ToR for audits which have been agreed now. ML needs to contact individual units for dates for these audits. - JB – timescale for reports coming to the JIAC meeting – 3 audits due to come to committee in July 2022 (i.e. the next financial year). Is the programme slipping progressively? ML - Purely timing and managing expectations of JIAC committee HK – good question on timetabling – lots of audits to include each year so never an easy job to fit into the

5b	NCFRA			financial year. HK and VA to look at.. **Action VA, HK and ML** to discuss outside meeting. • JF –since last committee the payroll report had been finalised. Internal Audit opinion for payroll audit was 'satisfactory'. Mainly due to contractor service providers. This is now in hand and communications with contractors are taking place. • First responders annual leave has delayed some audits. • Not overly concerned about impact on plan and discussions with management have given confidence about completing the plan and future progress. • Reasons for delay are understandable and no issues that JF feels the committee should be concerned about • AB – really positive report – under 2:1 – complete plan agreed – should this say March 2022? YES • HK – financial controls audit has been delayed to allow for the external audit.. • JB - grateful for elaboration given in progress audits. Title of report – "internal audit and anti-fraud update" – anti-fraud update? JF – this is where shared services investigate possible frauds and report outcomes - JF do this but no fraud has been reported/ referred at this time. **Action JF -** Fraud outcomes (if any) to be included in report at the next meeting.
6a	Implementation of Internal Audit recommendations – update 2021/22 PFCC & CC			• MR – pleased to report since last meeting 8 audit recommendations have been completed • 2 actions currently overdue 1) health and safety 4.2 – final draft due to be presented to Health and Safety committee in November 2.) IT security 4.2 – vulnerabilities should be addressed ASAP – due to be submitted by ICO for review and sign off • MR – most recent audit in September – seized property. Since report submission all the recommendation have been addressed. • Collaboration audits – 1 recommendation outstanding. • JB – thanked MR for update and progress being made – very encouraging. When is the Tranman system to be competed? – installation on track and MR hopeful for better update at December JIAC • MR – pleased with Force approach to auditing.

| 6b | NCFRA | | | JO – 19/20 audits – last outstanding audit is now complete All 202/21 audits have been completed – adding 6 additional recommendations. 15 actions completed since last JIAC – 5 overdue – highlighted previously. VANTI – due to go online October 3 associated with Red Kite – 3rd in draft form but have been pushed back to March 2022 JB - A lot is dependent on Red Kite system – are you content with progress? Currently monitoring and updating and looking at Red Kite data – it is being worked on Recommendations around procurement – benchmarking - did it find NFRA significantly out of line? Slightly higher on some purchases and not others but 'balanced out' nothing in there caused any issues. HK – progress – there is an awful lot to be done with progressing the systems for recording and monitoring assets JH – timescales – revised date from July – March 2022 – is this the start or completion of audit? 3 audits relating to Red Kite – when the initial dates were set there was not a true picture of the requirements and issues. Hopefully when the project manager is in place the majority of audit recommendations will be completed by end of March 2022. There should be a clearer timeline for the next JIAC meeting. AB – timescales reasons? RP – Joint Head of fleet is considering targets and timescales for whole project so the delays to March 2022 give a more realistic and achievable deadline. HK – Carry forward to look at asset management and fleet in further detail. Suggested workshop on new system including Joint Fleet Manager |
| 7 | Budget Plan and MTFP process and plan update and timetable

PFCC & CC & NCFRA | | | VA – summary of the approach to the budget setting and MTFP process One change is that the approach and process is entirely joint between police and fire We have designed and standardised a process since last year – but is now being brought together so only required to do it once. Key principles are as usual. – reference to strategic plans, any key changes or growth areas go through necessary boards and updates through HK and VA MTPF preparation - we scrutinise and set budget, and build that into MTFP and compare to original and changing assumptions. Meetings scheduled to go through this and make decisions about what the |

				assumptions need to be and any change required regarding national or local considerations or whether they need to be different between police and fire • Key risks – funding, business rates (fire in particular). A lot of that hinges on government announcements at the time. • Pressures and savings – savings target required to balance MTFP – policing – efficiencies saving target – both cashable and non-cashable - to demonstrate business is being as efficient as it can be. • Timelines are broadly similar to last year – currently in midst of budgeting process. In the rest of October there will be first line scrutiny across all organisations. VA to brief HK at end of October • AB – good to know that this is being done once for all organisations. 3.6 – devolved budget holders being fully consulted. These should be fully engaged as they are delivering this. How is this going? VA - varying level of engagement but on the whole good engagement. Meetings once a month dependant upon the department. Informal SLAs with business are based on good working relationships with budget holders. The intention is that the Finance team members are good critical friends. • AB – assumptions – uncertainties listed – do you model the possibility that these uncertainties would happen? Is there prioritising of these concerns? – VA – yes assumptions are revised continually during Nov and Dec because there are so many variables. So by end of process the most risky variables are factored in. • HK – thanks given to VA – common process, narrative and understanding – and now fire included – very positive and vastly different from previous experiences. GS – reflected this • JB – capital side of programme? – VA outlined the further improvements on capital budgeting. Now structure in place where police and fire are looked at together. Enabling/ joint services are driving this to ensure joint approach. Agreeing capital programme will help revenue budget planning. This will then feed into treasury management strategy. The budget process is based on integrated financial strategies for capital, treasury and revenue.
8	Corporate Governance Framework update			• Review began before commissioner elections. Little changed due to no change in commissioner. • Old document – have removed areas duplication and put tables in to simplify

				- Updated roles and titles 1 change with procurement contractual limits - Leanne Hanson did a lot of work to progress this - Review complete in August – not live until 1st October due to procurement arrangements - Fire and rescue will be reviewed by end of financial year. - GS – section on employment to reference recruitment policies? JB – anything similar in health services – **Action GS** to have a look for examples and feedback to HK - JB asked about the factors which drive what is included in the Governance framework (e.g. it covers details of financial delegation but less on HR or IT obligations) HK to consider.
9	JIAC recruitment			- Thanks for expression of interest in Chair's role. These will be considered by PFCC and CC - Pack and timescales updated to be advertised on social media and role specific websites – Deborah Denton to support this. - AB – recruitment done before – are we expecting good interest? HK hope so
10	Agenda Plan			- JB - Treasury management – 1 meeting per year? **Action KO to amend agenda plan -** Strategy and mid-year update considered in March, and outturn in July in time for the AGS and JIAC annual report. - November workshop? – decision made to cancel November workshop due to timescales and other priorities
11	AOB			None
	Confidential Items			
12	Resolution to exclude the public			Moved
13	MINT and Procurement Arrangements update			- Full discussion and consultation of the Business case had taken place prior to the implementation of MINT - Minimal impact scenarios considered to reduce problems and impact.

				• Services for Notts and Northants are not being delivered as anticipated and procurement services are being moved in house. Recruitment underway • The newly appointed Notts PCC has announced intention to leave MINT. As such, as an LLP, both commissioners are looking at what that means and a Board meeting is scheduled shortly to consider this – HK will update in due course • JH – impact of the delays and changeover? - PB the issue has been added to risk registers for both organisations and the implications are being addressed. Aim to bring in additional resource in the short term to overcome the backlog • NH – external audit Value for Money – responsibility to report any risk or examples of significant risk relating to value for money arrangements. • Also the legal implications of MINT continuing once the contract has ceased needs to be considered. PB – these have all been considered where identified • **Action: HK** - To update at next meeting with further developments
14	Internal Audit Tender update			• Ongoing
15	Enabling Services Update			• First formal report on this. • Sets out agreed vision and ethos • Set up as part of both organisations (police and fire) rather than third entity • Internal departments to both • Cultural challenges within 'joint' services • Overarching governance – shared board • Discussions around TUPE arrangements and cultural change programme • **Action PB** – to keep board updated with significant changes
16	New Systems update			• Still on target according to deadline/ timescales • Payroll already in house

Corruption and Fraud Controls and Processes

Update

Author: Vaughan Ashcroft, Chief Finance Officer

Date: December 2021

Version Control: 1

1.   Purpose

1.1.   This report provides updated details of the robust processes and procedures Northamptonshire Police currently has in place to identify and mitigate the likelihood of fraud. These complement and support the national measures that exist for scrutiny of the public sector and managing integrity across Police Forces in England & Wales.

2.   Recommendation

2.1.   To note the content of the report.

3.   National Standards - College of Policing: Code of Ethics

3.1.   The *Code of Ethics 2014* was produced by the College of Policing in its role as the professional body for policing. It sets and defines the exemplary standards of behaviour for everyone who works in policing. As a code of practice, the legal status of the *Code of Ethics* applies to the Police Forces in England & Wales under section 39A of the Police Act 1996 as amended be S. 124 of the Anti-Social Behaviour, Crime and Policing Act 2014. See Appendix 1.

3.2.   The *Code of Ethics* is about self-awareness, ensuring that everyone in policing feels able to always do the right thing and is confident to challenge colleagues irrespective of their rank, role or position.

3.3.   The *Code* begins by clearly laying out the Policing Principles (fig 1) on the basis that:

> "Every person working for the police service must work honestly and ethically. The public expect the police to do the right thing in the right way. Basing decisions and actions on a set of policing principles will help to achieve this."

Policing principles

Accountability
You are answerable for your decisions, actions and omissions.

Fairness
You treat people fairly.

Honesty
You are truthful and trustworthy.

Integrity
You always do the right thing.

Leadership
You lead by good example.

Objectivity
You make choices on evidence and your best professional judgement.

Openness
You are open and transparent in your actions and decisions.

Respect
You treat everyone with respect.

Selflessness
You act in the public interest.

Fig 1

3.4. The *Code*'s Standards of Professional Behaviour (fig 2) begins with:

1. Honesty & Integrity

"I will be honest and act with integrity at all times, and will not compromise or abuse my position."

Standards of professional behaviour

1. Honesty and integrity
I will be honest and act with integrity at all times, and will not compromise or abuse my position.

2. Authority, respect and courtesy
I will act with self-control and tolerance, treating members of the public and colleagues with respect and courtesy.

I will use my powers and authority lawfully and proportionately, and will respect the rights of all individuals.

3. Equality and diversity
I will act with fairness and impartiality. I will not discriminate unlawfully or unfairly.

4. Use of force
I will only use force as part of my role and responsibilities, and only to the extent that it is necessary, proportionate and reasonable in all the circumstances.

5. Orders and instructions
I will, as a police officer, give and carry out lawful orders only, and will abide by Police Regulations.

I will give reasonable instructions only, and will follow all reasonable instructions.

6. Duties and responsibilities
I will be diligent in the exercise of my duties and responsibilities.

7. Confidentiality
I will treat information with respect, and access or disclose it only in the proper course of my duties.

8. Fitness for work
I will ensure, when on duty or at work, that I am fit to carry out my responsibilities.

9. Conduct
I will behave in a manner, whether on or off duty, which does not bring discredit on the police service or undermine public confidence in policing.

10. Challenging and reporting improper behaviour
I will report, challenge or take action against the conduct of colleagues which has fallen below the standards of professional behaviour.

Fig 2

3.5. The expectation is that police employees will act with honesty and integrity at all times. Examples of meeting this standard in relation to fraud include:

- Ensuring decisions are not influenced by improper considerations of personal gain;

- Neither soliciting nor accepting the offer of any gift, gratuity or hospitality that could compromise impartiality.

3.6. The *Code of Ethics* has been embraced by Northamptonshire Police with its values being mainstreamed throughout the Force. An awareness campaign was
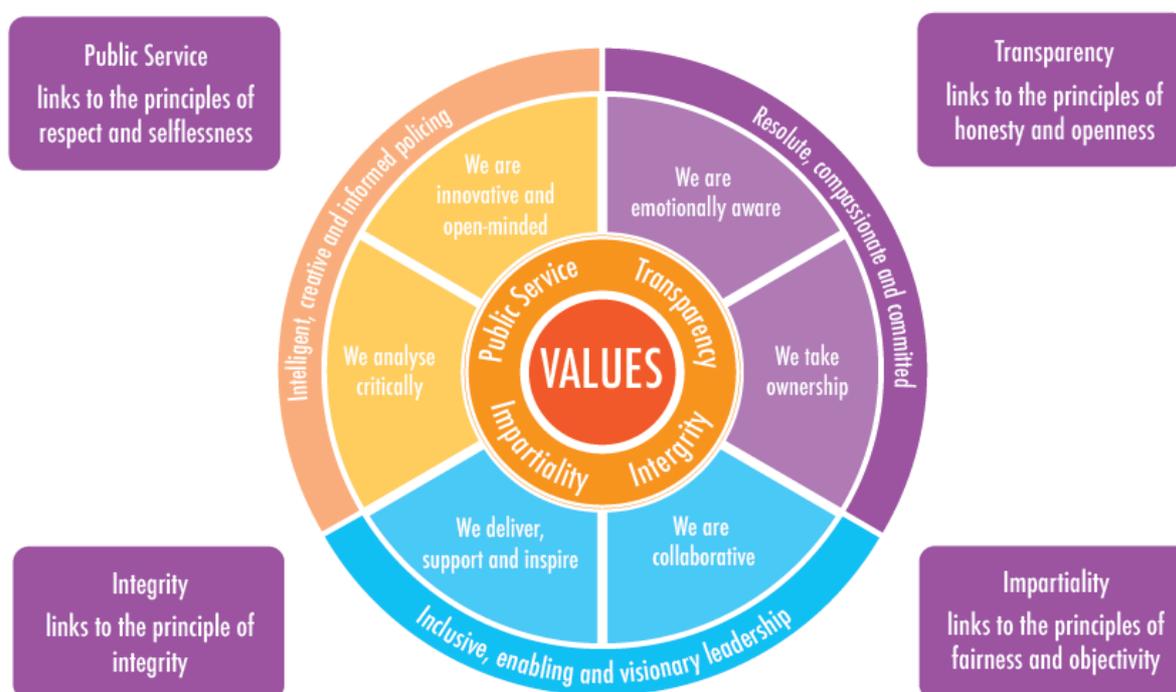
run by the Corporate Communications Department when the *Code* was launched.

3.7.   The *Code* underpins the Force's 'Our Values', laid out in the Culture & People Strategy as follows:

Our Values

Northamptonshire Police has adopted the nationally recognised Competency Values Framework (CVF), which links to the Code of Ethics and sets out the behaviours and values to be upheld by everyone who works in policing.

Northamptonshire Police officers and staff will act with **Integrity**, **Impartiality**, **Transparency** and a **Public Service** ethos.

3.8.   The College of Policing is undertaking a review of the *Code of Ethics*, working with a committee of subject matter experts, academics, and frontline officers and staff. The aim of the review is to:
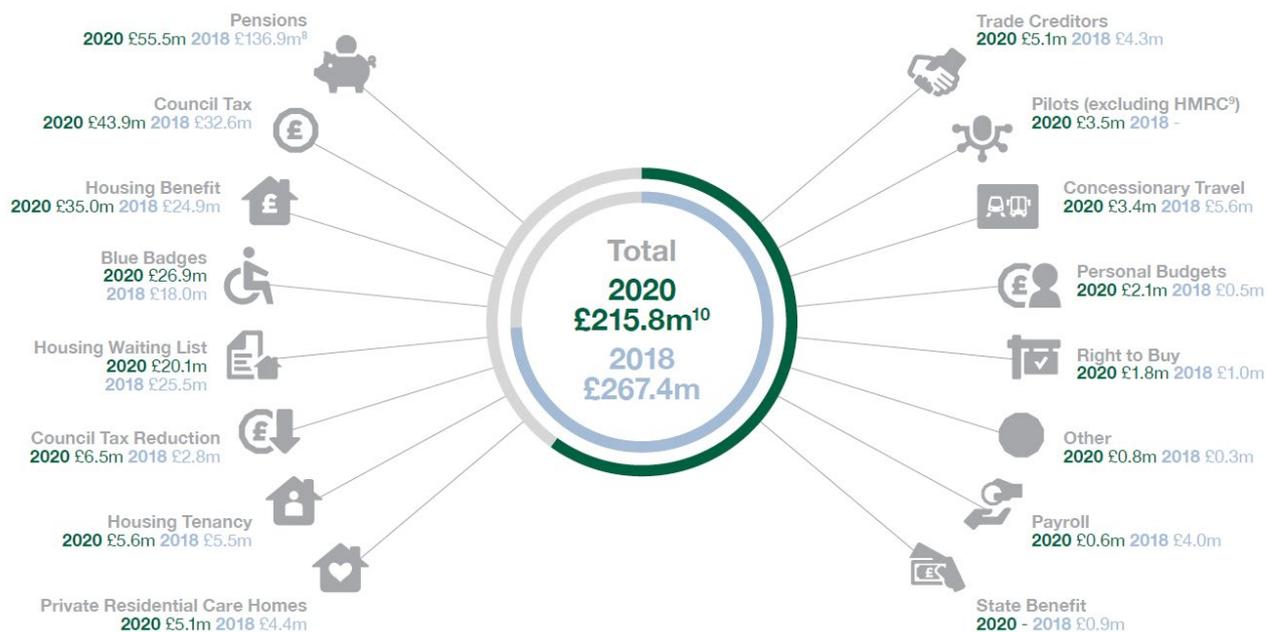
- Review the policing principles to:
  - ➢ Establish whether they reflect the requirements for both contemporary and future policing
  - ➢ Ensure that they are inspirational, befitting and relevant to all in policing

> ➢ Ensure that they provide a strong and practical ethical framework that supports autonomous professional decision-making and learning and development

> ➢ Include 'candour', as per the Hillsborough and Daniel Morgan inquiries

> ➢ Update the explanatory text of the SPBs to reflect recent legislative changes and other contemporary issues in policing

- Provide guidance, recommendations and supporting material to forces, to aid the implementation of ethical decision making at all levels

3.9. This review will not change the status of the Code of Ethics as a code of practice, nor will it seek to change the overall structure of the Code of Ethics in terms of its components (the principles, the SPBs and the supplementary notes).

4.   National Fraud Initiative

4.1. Since 1996 the Audit Commission has run the National Fraud Initiative (NFI), an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. This includes Police Forces and OPCCs, Local Probation Trusts and Community Rehabilitation Companies, Fire and Rescue authorities as well as local councils and a number of private sector bodies.

4.2. NFI data matching plays an important role in protecting the public purse against fraud. Northamptonshire Police has run the NFI exercise every two years to help detect and prevent fraud for many years. No matters of fraudulent activity were found to have taken place in the last report.

4.3. Fraudsters often target different organisations at the same time, using the same fraudulent details or identities. The NFI can help tackle this by comparing information held by organisations to identify potential fraud and overpayment.

4.4. A match does not automatically mean fraud. Often, there may be an explanation for a data match that prompts bodies to update their records and to improve their systems.

4.5. Although not mandatory, central government departments, agencies and arm's length organisations are encouraged to submit the following datasets:

- Payroll information
- Trade creditors' payment history and standing data

4.6. The main categories of fraud identified by the NFI in England relate to pensions, council tax single person discounts and housing benefit. The latest national report indicated over £215m of fraud being detection, broken down by risk area as follows. The full report is available in Appendix 2.

Outcomes in England by risk area

Pensions
2020 £55.5m 2018 £136.9m[8]

Council Tax
2020 £43.9m 2018 £32.6m

Housing Benefit
2020 £35.0m 2018 £24.9m

Blue Badges
2020 £26.9m
2018 £18.0m

Housing Waiting List
2020 £20.1m
2018 £25.5m

Council Tax Reduction
2020 £6.5m 2018 £2.8m

Housing Tenancy
2020 £5.6m 2018 £5.5m

Private Residential Care Homes
2020 £5.1m 2018 £4.4m

Total
2020
£215.8m[10]
2018
£267.4m

Trade Creditors
2020 £5.1m 2018 £4.3m

Pilots (excluding HMRC[9])
2020 £3.5m 2018 -

Concessionary Travel
2020 £3.4m 2018 £5.6m

Personal Budgets
2020 £2.1m 2018 £0.5m

Right to Buy
2020 £1.8m 2018 £1.0m

Other
2020 £0.8m 2018 £0.3m

Payroll
2020 £0.6m 2018 £4.0m

State Benefit
2020 - 2018 £0.9m

4.7. Data matching showing little or no fraud and error can provide bodies with assurances about the effectiveness of their control arrangements. It also strengthens the evidence for the body's annual governance statement.

4.8. The use of data for NFI purposes continues to be controlled to ensure compliance with data protection and human rights legislation.

4.9. Since taking part in the NFI, the results have highlighted areas of concern that we have been able to check against Related Parties disclosures. As such, it was reassuring that those areas were picked up and that correct protocol had been followed by all individuals concerned. In previous years, the results also picked up a duplicate supplier payment, which was investigated and found to be an error without fraudulent intent and was subsequently corrected without issue.

4.10. In the last round of NFI results, there was an example where it appeared that one of our officers was also being paid by another police force. This was investigated by the finance team and PSD, and found to be an administrative error on the part of the Metropolitan Police. It was addressed as required and no further action was necessary.

5. Local Strategies – Policies and Procedures

5.1. Strategies, policies and procedures are in place locally to promote and enforce national standards

5.2. A number of local policies and procedures are in place which relate to managing integrity of police officers and staff in Northamptonshire to which all individuals are required to adhere. These include:

- Police Staff Misconduct Policy & Procedure

- Service Confidence Procedure

- Substance and Alcohol Misuse Policy

- Confidential Reporting Policy

- Gifts and Hospitality Policy & Procedure

- Your Personal Finances Policy

- Business Interest Policy

- Procurement Card Policy

- Social Media

- Misconduct Outcomes Publications

- Vetting Policy and Guidance

- Notifiable Associations Policy

5.3. All policies, procedures and guidance are available to staff on the internal website.

5.4. The way we operate has undergone significant change in recent years, particularly in relation to the use and misuse of social media and the impact that this had had on the world in which we live. Social media is a highly effective tool for communicating with the communities we serve albeit there are inherent corruption and fraudulent activity risks associated with its use that could have an impact on the organisation. Regular communications and consistent messaging from Chief Officers is ensuring that these risks are minimised.

5.5. Supporting the Confidential Reporting Policy is the "Bad Apple" initiative, allowing concerns to be reported anonymously via a secure online portal, managed by the Counter Corruption Unit within the Professional Standards Department.

6.   Governance and Controls

6.1. The Corporate Governance Framework clarifies the following:

"C4 PREVENTING FRAUD AND CORRUPTION

Overview and Control

The PFCC and the CC will not tolerate fraud or corruption in the administration of their responsibilities, whether from inside or outside.

There is an expectation of propriety and accountability on officers, staff, volunteers and members at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

The PFCC and the CC also expect that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom they come into contact will act towards the PFCC with integrity and without thought or actions involving fraud or corruption.

Key Controls

The key controls regarding the prevention of financial irregularities are that:

Key Controls: Preventing Fraud and Corruption
There is an effective system of internal control.
The organisation has an effective anti-fraud and corruption policy and maintains a culture that will not tolerate fraud or corruption.
All officers, staff, volunteers and members will act with integrity and lead by example
Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the organisation or who are corrupt.
High standards of conduct are promoted amongst officers, staff, volunteers and members through adherence to codes of conduct.
There is an approved Gifts, Gratuities and Hospitality Policy and procedure that must be followed. This includes the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded.
Whistle blowing policy and procedures are in place and operate effectively.
Legislation including the Public Interest Disclosure Act 1998 and the Bribery Act 2010 is adhered to.

Responsibilities of the Statutory Officers

Responsibilities of the Statutory Officers: Preventing Fraud and Corruption
To ensure all staff act with integrity and lead by example.
The PFCC and the CC are responsible for preparing an effective anti-fraud and anti-corruption policy and maintaining a culture that will not tolerate fraud or corruption and ensuring that internal controls are such that fraud or corruption will be prevented where possible.
The PFCC and the CC shall prepare a joint policy for the registering of interests and the receipt of hospitality and gifts covering officers and staff. The policy is published as appropriate on its website and the Force's website. A register of interests and a register of hospitality and gifts shall be maintained for staff in a manner to be determined by the PFCC.
The PFCC and the CC shall prepare a whistle blowing policy to provide a facility that enables staff, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity that they are not malicious and that appropriate action is taken to address any concerns identified. The PFCC shall ensure that all staff are aware of any approved whistle blowing policy.
To implement and maintain an adequate and effective internal financial framework clearly setting out the approved financial systems to be followed.
The PFCC and the CC shall notify the PFCC CFO and the CC CFO immediately if a preliminary investigation gives rise to any suspected fraud, theft, irregularity, improper use or

misappropriation of property or resources. This reporting fulfils the requirements of Section 17 of the Crime and Disorder Act 1998. In such instances, the PFCC, the CC, the PFCC CFO and the CC CFO shall agree any further investigative process. Pending investigation and reporting, the PFCC and CC shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

The PFCC and CC may instigate disciplinary procedures where the outcome of an investigation indicates improper behaviour.

6.2. Specific controls include:

- Reliable tendering procedures including checks to ensure legitimacy and integrity of suppliers. The NFI analysis described above will highlight any relationships between employees and suppliers that may need investigation.

- Internal audits commissioned to scrutinise adherence to controls and to highlight areas of concern/improvement. The last procurement audit was carried out in Oct/Nov 2020 and the final report can be found at Appendix 3. Terms of Reference are currently being finalised for another Procurement Audit.

- Regular detailed scrutiny of all expenses/overtime claims and purchase card transactions.

- Regular review of purchase card holders and authorisers, with a focus on reducing the number of cards where possible and checking that purchase limits are appropriate

- Minimal use of cash and rigid cash handling processes in place

- Vetting of all officers/staff which is refreshed on a periodic basis.

6.3. The detailed scrutiny of expenses and purchase card transactions do on occasion identify queries for investigation but none of these have been found to be fraudulent. Examples include:

- Duplicate expense claims submitted in error.

- Claims that were initially thought to be in contravention with policy and/or regulations.

- Expenses where receipts are missing or that indicate suppliers that appear out of the ordinary.

In all cases, corrections were made and advice given.

7.   Internal and external audits

7.1. Internal financial audits which would highlight any potentially fraudulent activity are conducted by Mazars LLP throughout the year on a cyclical basis, looking at different thematic strands.

7.2. External audits which scrutinise the Force's accounting procedures and which would identify and mitigate the likelihood of fraud are conducted by the accountants Ernst & Young annually.

8. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Inspections

8.1. The PEEL inspection is the programme in which HMICFRS draws together evidence from its annual all-force inspections. The evidence is used to assess the effectiveness, efficiency and legitimacy of the service. HMICFRS introduced these assessments so that the public will be able to judge the performance of their Force and policing as a whole. The **effectiveness** of a force is assessed in relation to how it carries out its responsibilities including cutting crime, protecting the vulnerable, tackling anti-social behaviour, and dealing with emergencies and other calls for service. Its **efficiency** is assessed in relation to how it provides value for money. Its **legitimacy** is assessed in relation to whether the force operates fairly, ethically and within the law.

8.2. The legitimacy inspection focused on the extent to which forces develop and maintain an ethical culture to reduce unacceptable types of behaviour among their workforces.

8.3. HMICFRS acknowledged that research tells us that the best way to prevent wrongdoing is to promote an ethical working environment or culture and that police leaders need to promote ethical principles and behaviour and act as role models, in line with the Code of Ethics.

8.4. The HMICFRS PEEL Inspection 2018/19 assessed Northamptonshire as GOOD in relation to Legitimacy - Ethical and Lawful Workforce Behaviour and stated:

 "Northamptonshire Police behaves ethically and lawfully. Effective anti-corruption measures are in place. Leaders publicise their expectations and the force's values well throughout the workforce."

8.5. The 2021 report draws the following positive conclusion:

"Ethical standards are clearly promoted throughout the force

There is strong support for the chief officer team and its communications through regular use of vlogs, particularly from the chief constable. Officers and staff feel valued, included and part of the force. They feel it is now in a better place than it has been for several years and morale is increasing. The ethics committee is a useful forum for discussing challenging ethical issues, and its findings are published. 'Challenging behaviours' meetings have been introduced to improve perceptions of fairness and transparency. Both of these indicate a developing learning culture supported by the professional standards department."

9. Appendix 1 – Code of Ethics

Code_of_Ethics.pdf

10. Appendix 2 – National Fraud Initiative 2020 Report

NFI_report_2020.pdf

11. Appendix 3 – Procurement Internal Audit Report 2020/21

Northants -
Procurement 20-21 - I

Police, Fire & Crime Commissioner for Northamptonshire & Northamptonshire Police

Internal Audit Progress Report

Presented to JIAC: 15th December 2021

Agenda Item 6a

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Disclaimer

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

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

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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 is accordance with the Public Sector Internal Audit Standards (PSIAS).

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02   Current progress

2020/2021

Per the last update to the committee at the September meeting, of the Force and OPCC CFO's, the Collaboration Workforce Planning draft report was discussed and it was decided that the management comments provided were inadequate and therefore these have been returned to the collaboration units to ensure the management comments are correct before finalisation of this report. Unfortunately, the meeting at the OHU where it was to be discussed had to be re-arranged and therefore, we are still awaiting the comments to finalise this work.

2021/2022

We have continued with the delivery of the 21/22 plan and since the last update in September we have issued one final report in respect of Governance. See Appendix A3 for full details.

The fieldwork for the Core Financials audit was carried out across October and November, however unfortunately due to some delays with access to information at MFSS we have been unable to conclude the audit. An informal exit meeting to discuss the issues to date has been held with the Force and OPCC CFO's and their support has been provided to ensure we can complete all areas of the agreed scope.

Moreover, the terms of reference for the Data Management audit has been agreed and the fieldwork is scheduled to take place in early December and the Business Change audit has been planned in to begin in early January 2022.See Appendix 1 for full details.

Per the last update to the committee the agreed Collaboration Internal Audit Plan has now been planned in with the EMSOU Wellbeing Audit fieldwork currently under way, see Appendix 4 for full details.

Northamptonshire 2021/ 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
		Total	1	6	4	11

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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.	66% (2/3)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (3/3)
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% (5/5)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	% (-/-)

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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			Mar 22	Fieldwork underway
Data Management	Q3			Mar 22	To start w/c 6th Dec
Business Change	Q4			Mar 22	To start w/c 4th Jan
MFSS Transfer	Q4			Mar 22	
Procurement (MINT)	Q3			Mar 22	To be jointly arranged with Notts
Follow Up Audits	Q4			Jul 22	
Cyber Security	Q4			Jul 22	Scheduled in Q4 per Force request
GDPR	Q4			Jul 22	Scheduled in Q4 per Force request

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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.

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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 2021/2022 plan.

Governance

Overall Assurance Opinion	Satisfactory

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

Our audit considered the following area objectives:

Governance Framework

- A Code of Corporate Governance is in place between the Commissioner and Chief Constable that complies with relevant legislation and guidance.

- Appropriate Annual Governance Statements are produced on behalf of the Commissioner and Chief Constable that provide assurance that the governance framework is effective.

- The process used for the annual review of the governance framework is sufficiently robust and the implementation of previously identified improvement actions has been effectively monitored.

Policies and Procedures

- The corporate governance framework is supported by policies and procedures such as a decision making framework and scheme of delegation and these have been appropriately communicated and monitored for compliance.

Roles and Responsibilities

- The roles and responsibilities of senior officers and staff within the Force and OPFCC are clearly defined, particularly regarding their decision making responsibilities.

Decision Making

- Decisions are made in accordance with the governance framework in a clear and transparent manner, supported by the appropriate levels of relevant and timely information.

- Decisions made are clearly recorded, communicated, and published where relevant.

The objectives of our audit were to evaluate the adequacy and effectiveness of the Governance 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 Governance 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.

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

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Recommendation 1 (Priority 2)	The OPFCC should clarify their publication requirements for decisions set out within the Decision Making Framework.
	Once agreed this should be clearly communicated to relevant staff to ensure compliance.
Finding	The Decision Making Framework is included as an Appendix to the Joint Code of Corporate Governance and states:
	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.
	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.
	In discussions with management it was stated 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.
	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.
	A detailed signing report is considered by the PFCC which supports decisions which are made; however, 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.
	Risk: 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.
Response	Agreed – the Decision-Making Framework will be reviewed and updated and communicated.
Responsibility / Timescale	Monitoring Officer/Head of Governance/Chief Finance Officer
	March 2022

We raised one priority 3 recommendation of a more housekeeping nature relating to the review of policies:

- 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.

Management accepted the recommendation and confirmed implementation by March 2022.

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A4 Collaboration Audit Plan 2021/22

Audit area	Forces	Progress
EMSOT Risk Management	Leics, Lincs, Northants	Agreed Start Date: 23rd March 2022
ESMOT Business Plan	Leics, Lincs, Northants	Agreed Start Date: 24th March 2022
EMSLDH Governance	Derby, Leics, Northants, Notts	Agreed Start Date: 28th February 2022
EMCJS Performance Management	Leics, Lincs, Northants, Notts	Agreed Start Date: 6th April 2022
EMSOU - Business Continuity	Five Force	Agreed Start Date: 8th March 2022
EMSOU - Wellbeing	Five Forces	Fieldwork is advancing towards conclusion having started in November 21.
EMSOU Risk Management	Five Forces	Agreed Start Date: 27th March 2022
Asset Management (EMCJS)	Leics, Lincs, Northants, Notts	Agreed Start Date: 6th April 2022

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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.

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Agenda Item 6B

Internal Audit and Anti-Fraud Progress Update – Q3

DUNCAN WILKINSON, CHIEF INTERNAL AUDITOR

15 December 2021

1   **INTRODUCTION**

1.1   This progress report provides stakeholders, including the Joint Internal Audit Committee, with a summary of the Fire Authority Internal Audit activity for Quarter 3- 2021/22 (17th September 2021 – 30 November2021)

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.

1.4   During the quarter, it has been agreed with NCFRA management the starting of the following audits will be pushed back to later in the year: Target Operating model- performance monitoring and MTFP/budget monitoring, to allow staff to focus on other priority tasks.

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 30 November 2021

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

TOTAL Audits	16	7	5	4
	100%	44%	31%	25%

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, limited assurance opinions have been issued for the following audits completed and the key weaknesses identified for which improvement actions have been agreed with management are:

Target Operational Model – Golden Thread' and the verification of Data Quality
- The data storage and performance reporting system, BIRT, is no longer useable due to lack of upgrades to the system over the years, impacting on collation, manipulation and production of performance data.
- The current process for producing reports to the Governance boards was found to be resource intensive and there was no continuity arrangement in place at the time of the audit.

IT Disaster recovery arrangements
- The IT Business Continuity Plan (BCP) did not have a business impact analysis process to inform production of a single list of critically ranked infrastructure /applications.
- The IT BCP Annex A did not identify what role each of the named contacts was expected to perform in a disaster recovery event, including back-up for the different roles, owners of key business systems and contact names for suppliers.
- The ICT BCP was not clear as to whether the two systems backup and replication software were managing the risk of corruption or unavailability of data.
- No Disaster Recovery testing had been arranged or undertaken for the new SAN (Storage Area Network).
- The NCFRA BCP did not provide a definition of how much data, the organisation is willing to lose for critical systems, in terms of in time (Recovery point objective) in the event of a disaster.
- There was no evidence that outstanding actions in the lessons learnt report produced following recent incidents, had been completed or that there was a tracked timetable for their completion.

2.5   For the 2021/22 Plan, 3 reports had been progressed to final/ draft report stage with three at various stages of progress -See Annex B.

2.6 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	Planning	**Objective(s)** To provide assurance that the Strategic and Senior governance of NCFRA is effective and it allows statutory obligations to be fulfilled **Risks(s)** Financial and Reputational risk
Compliance with Key Policies	Q3	**Objective(s)** To provide assurance that Key Policies and Procedures for NCFRA are established and operating effective. **Risks(s)** Reputational & Fraud Risks
Target operating model - Performance Monitoring Framework	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	**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	In progress	**Objective** to provide assurance on the adequacy of arrangements for safeguarding clients/ staff and succession planning **Risk** Reputational and service continuity impact
Equipment Maintenance and Testing	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	In progress	**Objective(s)**

Assignment	Status	Objectives and Risk
		To provide assurance over the effectiveness of controls within core financial activities. **Risk(s)** Reputational and fraud risks
MTFP/Budgetary controls	Planning	**Objective(s)** To provide assurance that NCFRAs financial management is effective both over the longer term (ie 3-5 years) and within each financial year **Risk(s)** Reputational and fraud risks
Accounting systems (AP/AR)	Q4	**Objective(s)** To provide assurance on the effectiveness of controls over accounting transactions within procurement and income. **Risk(s)** Inappropriate payments made/ Income due not collected
Payroll	Q4	**Objective(s)** To provide assurance on the robustness of controls within the payroll function that ensures employees of NCFRA are bona fide and are paid the right amount at the right time. **Risk(s)** Inappropriate payments made
ICT 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		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 to date but have been undertaking the National Fraud Initiative (NFI) data matching exercise for NCFRA. Matches were identified from comparison of various data sets and reviewed with the following outcomes:

Data set matched	No of Matches	Review outcome	Status
Pensions Gratuity to DWP deceased list	8	No issues	closed
Pensions to Payroll	16	No issues	closed
Pensions to Injury Benefits list	12	No Issues	closed
Payroll to Payroll	29	No issues	closed
Duplicate Creditor – matched by Name; Address; Bank A/c	10	No issues	closed
Duplicate records – matched by amount & creditor reference	85	78 no issues 7 under review	78 closed 7 open
Duplicate records matched by amounts and invoice number	3	No issues	closed
VAT records - overpaid	8	No issue	closed
TOTAL	171		

Internal Audit were comfortable from processing the data sets that no further actions was necessary for 164 of the 171 data matches identified, with 7 duplicate records match being followed up with the relevant Services.

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 s151 Officers of the four 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 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.

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

Progress is assessed as a percentage of the whole audit

ANNEX B

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

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	Draft Report	100% complete	Q2	Limited	Limited
Financial Controls Environment – (key recs/bank/Vat/ Jnls/TM/Pensions)	In progress	50% complete	Q2 -Q4		
People culture Strategy -HR Improvement Planning	Planning ToR agreed	15% complete	Q3		
Corporate Governance	Planning ToR agreed	15% complete	Q3		
Target operating - performance framework	Planning ToR agreed	15% Complete	Q4		
MTFP/Budgetary controls	Planning	10% Complete	Q4		
Key Policies	Not Started	0%	Q3		
Accounting systems (AP/AR)	Not Started	0%	Q4		
Payroll	Not Started	0%	Q4		
Risk Management review	Not Started	0%	Q2-Q4		
HMICFRS pre inspections	Cancelled	Cancelled	Q1		

Joint Independent Audit Committee

15th December 2021

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	15th December 2021	February 2022 workshop	9th March 2022	Accounts workshop TBC	27th July 2022	5th October 2022	November workshop TBC	14th December 2022
	Confirmed agenda to be circulated		05/11/2021		28/01/2022		15/06/2022	19/08/2022		04/11/2022
	Deadline for reports to be submitted		02/12/2021		24/02/2022		13/07/2022	22/09/2022		01/12/2022
	Papers to be circulated		08/12/2021		01/03/2022		19/07/2022	27/09/2022		07/12/2022
Public	Apologies	every meeting	Apologies		Apologies		Apologies	Apologies		Apologies
Public	Declarations	every meeting	Declarations		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		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		External Auditor reports
Public	Internal Auditor reports (progress)	every meeting	Internal Auditor progress reports		Internal Auditor progress reports		Internal Auditor progress reports	Internal Auditor progress reports		Internal Auditor progress reports
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 NFRS		Audit implementation update PFCC and CC		Audit implementation update NFRS	Audit implementation update PFCC and CC		Audit implementation update NFRS
Public	HMICFRS updates	1 per year per organisation	NFRS - HICFRS update		CC - HMIC update					
Restricted	Risk register update (including current risk policy as an appendix)		CC Risk register (including current risk policy as appendix)				PFCC Risk register (including current risk policy as appendix)			CC Risk register (including current risk policy as appendix)
Public	Fraud and Corruption: Controls and processes	Once a year for NFRS and PCC & CC	PFCC & CC - Fraud and Corruption: Controls and processes					NFRS - Fraud and Corruption: Controls and processes		PCC & CC - Fraud and Corruption: Controls and processes

		frequency required	15th December 2021	February 2022 workshop	9th March 2022	Accounts workshop TBC	27th July 2022	5th October 2022	November workshop TBC	14th December 2022
Public	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		Once a Year – dates TBC								
Public	Statement of accounts	annually for all (subject to audittimescales)					Statement of account NCFRA	Statement of accounts PCC and CC		
Public	Treasury Management Strategy	annually for all			NCFRA, CC and PCC - Treasury Management Strategy					
Public	Attendance of PCC, CC and CFO	annually for all								
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