



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

JOINT INDEPENDENT AUDIT COMMITTEE

13th March 2024 10.00am to 13.00pm

**Microsoft Teams virtual meeting
Walker Room Darby House**

If you should have any queries in respect of this agenda, or would like to join the meeting please contact:

Kate.Osborne@northantspfcc.gov.uk

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

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

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Public Meeting of the Joint Independent Audit Committee				Time
1	Welcome and Apologies for non- attendance			10:00
2	Declarations of Interests			10:10
3 (p 5)	Meetings and Action log 6th December	Chair	Reports	10:20
4 (p12)	Internal Auditor Progress Reports Including 2024/25 Internal Audit plans	Mazars	Report	10:35
5	External Audit update – <u>to follow</u>	EY	Report	10:50
6 (p72)	Audit implementation update of internal audit recommendations PFCC and CC	PB/ RB (Richard Baldwin)	Report	11:05
7 (p103)	HMICFRS update - CC	PB/ SP (Sarah Peart)	Report	11:20
8 (p114) (p137)	Treasury Management Strategy – a. CC and PFCC b. NCFRA	VA/ NA	Report	11:35
9 (p160)	Agenda Plan	VA	Report	11:55
10	AOB	Chair	Verbal	12:00
11	Confidential items – any	Chair	Verbal	12:05
	Resolution to exclude the public	Chair	Verbal	12:10
	<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 descriptions against each item would be disclosed to them”.</i></p>			
12 (p163)	NCFRA Risk Register (including current risk policy as appendix)	RP/ JO	Report	12:15
13	<p>Future Meetings held in public 10am-13.00pm:</p> <ul style="list-style-type: none"> - 17th July 2024 - 4th September 2024 (10:30-13:30) - 4th December 2024 (10:30-13:30) <p>Future Workshops not held in public:</p> <ul style="list-style-type: none"> o Workshop – TBD (was 19th March but needs rearranging due to member availability) 			

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

Ms A Bruce

1 vacancy for JIAC member

* * * * *

Agenda Item : 3

Joint Independent Audit Committee (JIAC) ACTION LOG –6th December 2023

Attendees: Members: Ann Battom (AB), John Holman (JH), Edith Watson (EW), Alicia Bruce (ABR)

Helen King – Chief Finance Officer OPFCC and NCFRA (HK), Vaughan Ashcroft – Chief Finance Officer (Police and Enabling Services) (VA), Paul Bullen - Assistant Chief Officer Enabling Services (PB); Kate Osborne Project Support Officer OPFCC (KO); Julie Oliver – Risk & Business Planning Manager NCFRA (JO); Nick Alexander – Joint Head of Finance (NA); Ro Cutler (RC) - ; Andrew Esson; Roy Cowper – monitoring JIAC attendance

Internal Audit Mazars – Sarah Knowles (SK);

External Audit EY – Elizabeth Jackson (EJ);

Agenda	Issue	Actions	Comments/ actions
1	Welcome and apologies		Apologies - External Audit – Grant Thornton - Laurelin Griffiths (LG) Welcomes -
2	Declarations of Interests		
3	Meeting Log and Actions – 13th September		Discussed and agreed
4	Internal Auditor Progress report		<ol style="list-style-type: none"> 1. Police - finalised business continuity report and IUI assurance report 2. Issued draft report for fleet. 3. Completed field work for payroll and joint core financials. 4. Started the reasonable adjustments 5. Dates agreed for outstanding audits

		<p>Action: SK – add note to detail how over the 10 days reports are.</p>	<ol style="list-style-type: none"> 6. Move grants audit to next year as per officer request. 7. Fire – issued draft for risk management and payroll and core financials same as police 8. Starting the EDI piece of work shortly. 9. AB – pg 19 – 40%?? Need to look at SK – management time constraints have caused this score. Looking at employing additional manager to support the process of 10 day turnaround. Not much over 10 days – 13 and 15 days – so not vastly over the 10 days 10. SK – to add how much over 10 days the reports are to provide additional narrative and therefore assurance. 11. HK – meeting with Mazars Officers recently for status updates – HK and VA feeling assured. 12. SK – pg 25 – collaboration work – across all – finished field work on one and HMICFRS due to start Jan 2024 13. Pg 27 – detail for final reports issued. There are two high priority recommendations and both have been accepted by staff and implementation dates have been signed off for both 14. AB – second date – training completed Jan – October 26 – 15. ABr - Are these new or recommendations not implemented? – SK – when recommendations are re-raised they are listed in the findings. If it is not, they are generally new. 16. JH – pg 22 – are these to be finished by end of financial year? – SK yes all before 31st March. 17. ABr – how quickly will the fundamental ones be followed up – PB – progressing a plan to implement the business continuity plan. Outdated contingency plans have already been addressed and are being presented to force assurance boards. SK – these will be re-assessed/ audit within next year plan. HK – will be addressed in annual governance statement but key that the plan is targeted into the appropriate areas.
5	<p>External Auditor Progress Reports</p> <p>5a PCC & CC</p>	<p>Action: HK to circulate report once signed off</p>	<ol style="list-style-type: none"> 1. EJ – lots of discussion in last couple of weeks with officers 2. As of this morning there is a draft report. 3. Audit is now complete – final checks imminent. Sign next Tuesday 12th December. 4. HK – appreciative of the momentum and happy we are in this place 5. 2022-23 0 DELUC announcement delays – realistically new year now. 6. EY aim is for transition to Grant Thornton as soon as able. 7. HK – will circulate report as soon as were able to members.

	5b NCFRA	Update: Completed - report circulated prior to accounts being signed	<ol style="list-style-type: none"> 8. AB – good news. Does that mean moving forwards it could be smoother? – 9. Value for money work planned in new year – both police and fire. To report to JIAC March 10. Won't be auditing 2021-22, 22-23 Police and 22-23 Fire 11. ABr – concerns about additional costs being passed on.
6	NFRS Internal Audit recommendations implementation update	ACTION: PB – look at how audit progress is presented and possibly review to make clearer.	<ol style="list-style-type: none"> 1. ABR – looks like good progress being made 2. JO – few things pushed back around policies – so they have been pushed back to end dec – tactical leadership meeting in mid December which should move these forwards 3. Safeguarding issues – around DBS – PB – now checking everyone within the organisations and subsequent union conversations which have caused issues 4. 2022-23 audit – pg29 – some have been closed. AB – outstanding table doesn't add up – which of the 12 have passed their overdue? And if they're essential do we need to worry. 5. JO – safeguarding and contract management. 6. AB – safeguarding – why are they red? So there are new dates for Jan Dec pg 45. Should they still be red if there is a plan in place and were nearly then. JO – adopted police way of updating so if completion date changes it will be flagged in red as per the original date. 7. ABr – are you on target for new dates – JO – according to information provided Yes. 8. EW – lots of 31st December. Is there a public sector reason for this? – 9. AB – pg 53 – project management – 1 outstanding action – march 2024 – whole year later? – RC department staffing changing and also reviewed internal policy and internal meetings. With a view of how we move forwards, so more aspects as project. Reviewed policy and implemented significant changes. ACFO – secondment for an area manager from Hertfordshire to review governance processes. We want to have a cycle of assurance about progression of projects 10. JH – how do you work on risks if target dates changes but no assessment of risk of being overdue? How do we capture this? – JO – transferred to risk register if flagged as such. 11. PB – take away and look how this audit progress is presented. 12. HK – these do go through internal fire boards and meetings prior to being presented to JIAC 13. AB – positive report compared to previously, especially if December dates are met.

7	NFRS – HMICFRS recommendations update		<ol style="list-style-type: none"> 1. RC key things to take out of report. Can expect HMICFRS to be back in the new year, this was delayed due to misconduct inspection. 2. RC from ym perspective moving forwards and have good assurance internally. Certain aspects require significant time (particularly around people side) these will need couple of year cycles. (incorporating personnel changes) 3. Engagement – service liaison lead from HMICFRS – she is specifically looking at areas of improvement and causes for concern and looking at forward plans and this will be the basis of the next inspection – expected around March 2024. 4. Thematic review – national – when this does come out will they mention any force by name – no? although they might identify Northants if there is best practise to be shared national. 5. CFO received debrief. They were happy Northants Fire was “Self-aware” 6. AB – pg 64 – bottom “results will be delivered to SLT in October” – yes and delivered to organisations – people and culture board to be presented this next week 7. AB EQIA means? – Equality Impact Assessment 8. AB – “further training to be undertaken” – when? – RC – the view is that it will be continuous as part of professional development. PB – building somethings as EDI training and other forms of training. 9. AB – pg 66 – CRMP – Community Risk Management Plan – CRG – Community Risk Group, RBIP – Risk Based Inspection Programme – 10. AB – pg 67 – upgrade software in line with Date – PB – procurement imminent so likely this time next year for software update 11. RC – HMICFRS looking for progress not completion. 12. EW – how long procurement take? – PB looking at potential partnership work with Warwickshire so this may impact but once decided shouldn’t take long. 13. AB – when they come in March are we optimistic? – RC – yes because we are self aware and improvements in stability and leadership and support of teams across the organisation they seems to be a positive outlook on the direction of service. PB – 1.) when they last inspected there were only four gradings – there is now a fifth 2.) people elements – we can do all of the good but culture takes time.
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8	Policing Fraud and Corruption: Controls and processes		<ol style="list-style-type: none"> 1. Paper done last 3 years so looks familiar 2. Code of ethics will soon be out of date as this nationally will be updated – anticipating January – not changing underlying principles, more simplification to make it more understandable and moving towards culture. 3. National Fraud initiative – every two years refresh – so this has been updated accordingly in this report 4. VA got useful things out of it (NFI) but nothing screamed fraud – 200 items in policing that were highlighted to be looked at. And each is checked. Things like creditors (if we have more than one on the system and appears duplicate), duplicated payments – look at payments through payable that appear the same. There were a couple of genuine duplicates 5. AB – terminology “genuine duplicate” – what was the value? – VA nominal – around £500. VA – for most cases there are safeguards in the system that stops this. 6. VA – Debtors – more than one debtor with same address – all okay 7. VAT discrepancies – miscalculation or dodge – nothing fraudulent but there was an error found which was remedied – value £147.99 – so again not a vast amount. 8. VA – lots of checks on pensions and payroll 9. Section 5 – other checks in place 10. VA – appendices in separate bundle. 11. Listed out policies in place 12. EW – seems to be under very tight control.
9	Mid Term Assurance on IT disaster recovery		<ol style="list-style-type: none"> 1. Previous JIAC requested update 2. PB – those with end of December date are on track 3. If everything else fails this falls to the business continuity plan 4. Hopefully shows things are moving in the right direction 5. EW – understanding programme – what the implementation plan is and 6 month priorities? – PB – Core systems focused in on things we have to do. Priority systems to function as an organisation (e.g. call system, NICHE) 6. EW – concern – testing regime is there a test plan? – PB – one of the recommendations due end December. 7. EW – will we see the plan? – HK – do we need assurance on this? not necessarily as it goes to force assurance board. 8. AB – “processes are not written down yet” – PB moving towards it but this is about the core systems being written down and recorded. 9. EW – suppliers doing own disaster recovery. How can you be satisfied they’re not going to drop you in a hole? – PB tie it within their contracts

10	Agenda plan	ACTION: KO arrange workshop, induction and meeting dates 2024 – SM and Chie Officers to be invited	<ol style="list-style-type: none"> 1. HK – induction for new member tied into an annual member day. 2. KO – induction dates – before March 2023 3. KO – February workshop dates 4. February workshop topic – governance and organisational structure 5. KO – yearly meeting booking
11	AOB		<ol style="list-style-type: none"> 1. New JIAC member currently going through vetting 2. AB – thank HK for all hard work and wish her well 3. VA – interim CFO and NA taking up VA role.
12			Nothing raised
13	Policing Risk Register		<ol style="list-style-type: none"> 1. Annual report 2. During this year upgrade to 4Risk system. March/ April 2023 3. AB – pg96 – critical covid recovery plan – PB force assurance board agenda – HMCTS impact – PB to discuss at next Force Assurance Board to assess need for this risk as we have limited influence. 4. AB – risk 53 – open then closed – PB – confused communications due to regional occ health unit. There is still a risk around occ health in departmental risk register as it is still paper based but it is no longer a corporate risk. 5. Risks now taken to Force executive meeting
14	Benefit realisation		<ol style="list-style-type: none"> 1. Regular update. refers to changes over the last year 2. Disbanded corporate development department. - Lifted and shifted initially then reshuffled to make it work. This has enabled many things including portfolio of change. 3. Understanding what resources are assigned where and the associated benefits of this new process. 4. Benefits realisation manager – imbedded in DDaT team – DDaT also report on efficiencies – table presented in report bundle. 5. AB – pg 101 – paragraph 2 under DDaT – cultural change – PB some elements are. In the past everything was separate 6. EW – in some organisations cultural change is a separate project – 7. JH – presumably the numbers are built up – how do we measure it, the benefits? – PB – that’s the next steps about establishing how the ‘benefits’ have impacted the cost optimisation section. 8. AB – cost cutting – in November 2023 seems massive – VA this is more cost avoidance and challenging supplier.

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Office of the Police, Fire & Crime Commissioner for Northamptonshire, Northamptonshire Commissioner Fire & Rescue Authority and Northamptonshire Police

JIAC – 13 March 2024

Internal Audit Progress Report

Date Prepared: February 2024

mazars

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- 03 Overview of Collaboration Plan 2023/24
- 04 Key Performance Indicators
- 05 Definitions of Assurance Levels and Recommendation Priority Levels
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Disclaimer

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

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



Snapshot of Internal Audit Activity

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



JIAC decisions needed

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

RAG status of delivery of plan to timetable

On Track

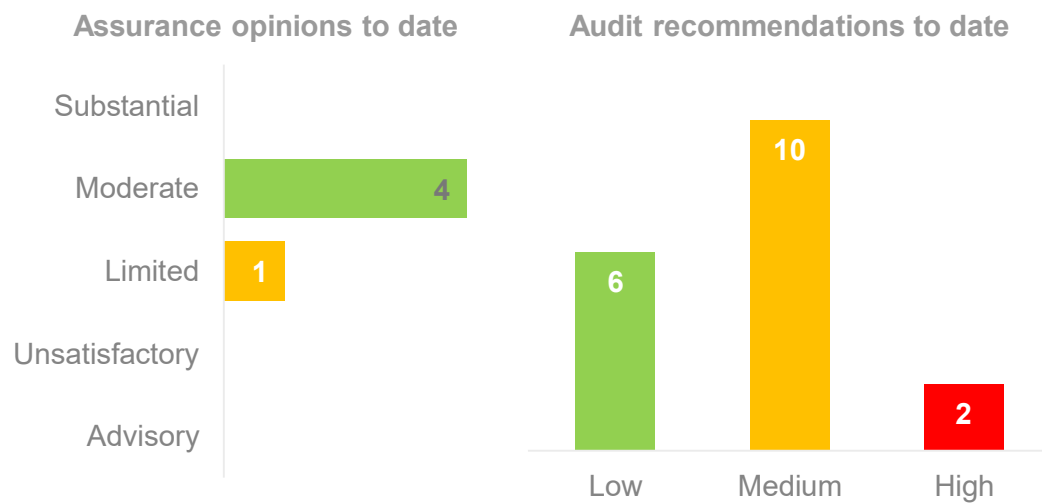
Key updates

Since the last update provided to the committee, we have issued a final report for the Reasonable Adjustments Follow Up and NCFRA Risk Management audits. Draft reports have been issued for the Joint Core Financials audit. Additionally, fieldwork has been concluded for the Vetting, NCFRA Payroll, NCFRA EDI Plan and NCFRA Grievances Policies & Procedures, with fieldwork ongoing for the Payroll audit.

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

Since the last update, the final report for the EMSOU Capital Programme audit has been issued. Fieldwork has concluded for the EMSOU Workforce Planning audit and is ongoing for the EMSOU HMICFRS Action Plan audit.

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



Overview of Internal Audit Plan 2023/24

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

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
Office of the Police, Fire & Crime Commissioner and Northamptonshire Police											
Firearms Licensing	8	8	Bridget Hodgson	Final Report	24-Apr-23	Sep-23	Moderate	2	-	2	-
RUI Follow Up	5	5	Andy Rogers	Final Report	02-Jun-23	Dec-23	Moderate	3	-	1	2
Business Continuity	8	8	Richard Baldwin	Final Report	24-Jul-23	Dec-23	Limited	5	2	3	-
Fleet Follow Up	10	10	Lemuel Freezer	Draft Report	07-Aug-23			-	-	-	-
Payroll	8	8	Sue Fisher	Fieldwork	13-Sep-23						
Reasonable Adjustments Follow Up	6	6	Ali Roberts	Final Report	22-Nov-23	Mar-24	Moderate	5	-	2	3
Vetting	8	8	Kim Jackson	In Review	22-Jan-24			-	-	-	-
Procurement & Supply Chain	10	10		Awaiting management confirmation to start							
OPFCC Grants	8	0		Deferred to 2024/25							
Estates Management	5	0		Deferred to 2024/25							
Joint Audits											
Core Financials	40	40	Vaughan Ashcroft / Nick Alexander	Draft Report	16-Oct-23			-	-	-	-
Identity Management	16	16						-	-	-	-
Asset Management (Legacy)	16	16						-	-	-	-
Totals	148	135					Totals	15	2	8	5

Overview of Internal Audit Plan 2023/24 (Cont.)

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

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
Northamptonshire Commissioner Fire & Rescue Authority											
Payroll	10	10	Nick Alexander	In Review	11-Sep-23			-	-	-	-
Risk Management	8	8	Julie Oliver	Final Report	18-Sep-23	Mar-24	Moderate	3	-	2	1
EDI Plan	8	8	Helen Cook	In Review	14-Dec-23			-	-	-	-
Grievance Policies & Procedures	8	8	Rob Porter	In Review	05-Feb-24			-	-	-	-
New Systems Assurance	8	8	Nick Alexander	ToR Issued	15-Mar-24			-	-	-	-
Totals	42	42					Totals	3	-	2	1

Overview of Collaboration Plan 2023/24

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

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
EMSOU Capital Programme	7	7	Jon Peatling (Derbyshire)	Final Report	04-Sep-23	Mar-24	Moderate	2	-	2	-
EMSOU Workforce Planning	7	7	Paul Dawkins (Leicestershire)	Fieldwork	27-Nov-23			-	-	-	-
EMSOU HMICFRS Action Plan	7	7	Andrew Dale (Derbyshire)	Fieldwork	19-Feb-24			-	-	-	-
Totals	21	21					Totals	2	-	2	-

Key Performance Indicators

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.	29% (2 / 7) *
5	Issue of final report	Within 5 working days of agreement of responses.	100% (5 / 5)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A
7	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	86% (12 / 14)
8	Customer satisfaction (measured by survey) "Overall evaluation of the delivery, quality and usefulness of the audit" – Very Poor, Poor, Satisfactory, Good, Very Good.	85% average satisfactory or above	100% (1 / 1) †

* 20, 25, 29, 35 and 43 days. This was due to annual leave between end of audit and quality review process.

† Only one satisfaction survey response has been received from 5 final report issued.

Key Performance Indicators (Cont.)

Audit	Date of ToR	Start of Fieldwork	Days Notice (10)	Exit Meeting	Draft Report	Time from Close to Draft Report (10)	Management Comments Received	Time to Receive Comments (15)	Final Report Issued	Time Taken to issue Final (5)
Office of the Police, Fire & Crime Commissioner and Northamptonshire Police										
Firearms Licensing	29-Nov-22	24-Apr-23	104	19-May-23	29-Jun-23	29	20-Jul-23	15	21-Jul-23	1
RUI Follow Up	19-May-23	02-Jun-23	10	04-Jul-23	05-Jul-23	1	22-Sep-23	57	26-Sep-23	2
Business Continuity	23-Jun-23	24-Jul-23	21	17-Aug-23	14-Sep-23	20	30-Oct-23	32	01-Nov-23	2
Fleet Follow Up	10-Jul-23	07-Aug-23	20	21-Aug-23	19-Oct-23	43				
Payroll	03-Aug-23	13-Sep-23	29							
Procurement & Supply Chain	27-Sep-23	02-Oct-23	3							
Reasonable Adjustments Follow Up	15-Aug-23	22-Nov-23	71	06-Dec-23	10-Jan-24	25	24-Jan-24	10	24-Jan-24	0
Vetting	23-Jun-23	22-Jan-24	151							
Northamptonshire Commissioner Fire & Rescue Authority										
Payroll	03-Aug-23	11-Sep-23	27							
Risk Management	26-Jul-23	18-Sep-23	38	20-Oct-23	01-Nov-23	8	05-Jan-24	47	11-Jan-24	4
EDI Plan	07-Nov-23	14-Dec-23	27							
Grievance Policies & Procedures	26-Jan-24	05-Feb-24	6							
New Systems Assurance	16-Jan-24	15-Mar-24	43							
Joint Audits										
Core Financials	07-Sep-23	16-Oct-23	27	21-Dec-23	08-Feb-24	35	19-Feb-24	7		

Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels

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

Definitions of Recommendations

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

A1

Final Reports



Reasonable Adjustments Follow Up 23-24

Your One Page Summary

Audit Objective: To provide assurance that the risks associated with Reasonable Adjustments are being appropriately managed.

Audit rationale

Why the Audit is in Your 2023/24 Plan

To provide assurance that Northamptonshire Police and the OPFCC have effective controls in place in respect of Reasonable Adjustments.

Your Strategic / Tactical Objective

Modern services that are fit for the future.

Summary of our opinion

Moderate Opinion
See Appendix A3 for definitions



Summary of Recommendations

High (Priority 1)	-	Actions agreed by you	100%
Medium (Priority 2)	2	High Priority completion	N/A
Low (Priority 3)	3	Overall completion	March 2025

Summary of findings

Examples of good practice

- ✓ Documented and approved policies and procedures
- ✓ Up-to-date and secure repository of TRAA's

Highest Priority Findings

- TRAA template is not aligned to best practice
- KPIs not formally developed

Key root causes

- Lack of understanding of best practice
- Data is not available to support detailed KPIs

Direction of travel

Previous Audit

April 2023

Direction of Travel

⬆ Previous opinion: Limited

Recurring Finding

- See **Appendix A1**

Reasonable Adjustments Follow Up 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	<p>Our initial audit in April 2023 noted significant deficiencies in the Tailored Reasonable Adjustment Assessment template (TRAA) being used by the Force when compared to the College of Policing's guidance.</p> <p>Whilst we note that significant improvement has been made in aligning the updated template to the College of Policing's guidance, there were some requirements outlined in the guidance that had not been incorporated in full into the current template. These were:</p> <ul style="list-style-type: none"> • Details of the passport holder's strengths, experience, skills and knowledge – the focus here is on what the passport holder can do well. • Details of any agreed adjustments to be made and what will be different about the passport holder's working conditions and arrangements as a result. • Data protection – the workplace adjustments passport must include a section clarifying how this information will be stored, how long for, who has access, and how and why they have access. <p>Whilst an updated template was produced during the fieldwork, we note that all outstanding TRAA's have been completed in the previous template, which does not include the above items.</p> <p>The Force should ensure that the TRAA</p>	Medium	<p>The action has been completed. The TRAA has since been updated to include a section which includes the passport holders strengths, experiences, skills, and knowledge. We have also added a section which captures the agreed adjustments made and what will be different about the role. This makes the document compliant with the College of Policing best practice document. We have also included an additional section which assists staff who are going through promotion processes so we can capture any additional requirements. We have also made very clear the storage, timeline, and who has access to the HR Hub where these are securely stored. All personal records are stored in accordance with the Force retention schedule. We have also devised an annual review report which will prompt reminder emails to be sent for annual reviews. We have no plans to refresh all current TRAA's until the required annual review date (or sooner should the passport holder make changes). This means that current TRAA holders prior to January 2024 will have the older version until their review date later this year.</p> <p>Change Manager</p>	Completed

Reasonable Adjustments Follow Up 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	template is updated to include all elements outlined by the College of Policy. All active TRAA's should be updated to reflect the amendments to the template.	Medium		Completed
2	<p>KPIs are a useful tool in ensuring that performance can be monitored and scrutinised. It also supports transparency and accountability.</p> <p>We reviewed a reporting pack, which at the time of the fieldwork was due to be reported to the People and Culture Oversight Board on the 30th November as part of the HR Performance Pack and confirmed that this included a breakdown of Reasonable Adjustment. It also included analysis regarding details included in TRAA's versus that included in Unit4.</p> <p>However, we note that these do not represent performance related KPIs, and as such the Force is not aligned to best practice.</p> <p>As such, we also note that the Force has not developed definitions for its KPIs, nor their calculation method, or a responsibility individual.</p> <p>The Force should develop a comprehensive suite of KPIs, including their definition, calculation methodology and a responsible individual. These should be presented to the People and Culture Oversight Board for scrutiny</p>	Medium	<p>This action has been completed. During the audit process, a suite of HR Reasonable Adjustment KPI's were presented to the governance board, People and Culture board which is chaired by the Assistant Chief Officer of Enabling Services. This was the first time that KPI's were presented, and this was made clear to the auditors that a formal decision would be made regarding the KPI's and if these were sufficient. It was agreed at that meeting that these were suitable and will be continued to be presented at this board on a bi-monthly basis. In addition to the KPI's collated by the HR department there is also a defined suite of KPI's which are collated by the Health and Safety Manager regarding Reasonable Adjustments. This data is presented to the Health and Safety Board and the Force assurance board. This data already includes cost, timeliness, and effectiveness.</p> <p>Workforce Planning Manager</p>	Completed

Reasonable Adjustments Follow Up 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
2	on a regular basis.	Medium		Completed

We have also raised three Low priority recommendations regarding:

- The Force should review all TRAAs annually with the respective individual to ensure that the related reasonable adjustments are appropriate and effective in mitigating any disadvantage.
- Reasonable Adjustments should be presented on a regular basis to the People and Culture Oversight Board, with appropriate scrutiny being applied. An audit trail should be maintained.
- The Force should ensure that benchmarking activity is conducted on a regular basis.

This should be done by comparing the Force against peers, and any organisations producing best practice guidance such as the College of Policing.

NCFRA Risk Management 23-24

Your One Page Summary

Audit Objective: assess the design and effectiveness of the control framework for Risk Management.

Audit rationale

Why the Audit is in Your 2023/24 Plan

To provide assurance that the NCFRA have robust systems in place for the effective management of strategic and operational risks facing the organisation.

Your Strategic Objectives

- Keeping our communities safe and well
- Keeping our staff safe and well
- Making the best use of our resources

Summary of our opinion

Moderate Opinion
See Appendix A1 for definitions



Summary of Recommendations

Priority 1 (High)	-	Actions agreed by you	100%
Priority 2 (Medium)	2	High Priority Completion	N/A
Priority 3 (Low)	1	Overall completion	30/06/2024

Summary of findings

Examples of good practice

- ✓ The risk management framework clearly sets out roles and responsibilities for all levels of staff
- ✓ An appropriate reporting framework is in place for the escalation of risks from the operational to strategic level

Highest Priority Findings

- Action plans have not been included for all risks within the NCFRA strategic risk register and departmental risk registers
- A programme of training for the 4Risk system has not yet been clearly planned out

Key root causes

- NCFRA has moved from the GRACE system to the new 4Risk system

NCFRA Risk Management 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	<p>The NCFRA has a Strategic Risk Register (SRR) in place, as well as Departmental Risk Registers (DRRs). These are currently in the form of a spreadsheet and detail individual risks, controls in place affecting the risk, and action plans for addressing and mitigating the risk further. From review of the SRR, we found that action plans have not been documented for three out of nine risks included within the SRR, and from review of DRRs, we found that controls and/or action plans have not been implemented for some or all risks in six out of nine DRRs reviewed.</p> <p>We also noted that some DRRs are missing information, for example, in some risk register risks, a reason for the residual risk scoring has not been provided and the risk register spreadsheets do not include the date of last review. Additionally, from discussion with the Risk & Business Planning Manager, we were informed that the ICT, Fleet and Facilities DRRs have not had a formal review undertaken since 2021.</p> <p>Risk registers should be reviewed on a quarterly basis, ensuring that all sections of risk registers are fully completed, including controls and/or action plans to reduce risk to an acceptable score and reasoning for risk scores.</p>	Medium	<p>AM Business Services to ensure every department risk and strategic risks should have a full review and update by the risk owners by 31 March 2024. All risks should have a recorded risk treatment. If the risk treatment is 'tolerate', no actions are required. Actions must be assigned to risks that are being treated.</p> <p>ACFO Enabling services to ensure that all risks that relate to Fire or joint Police/Fire within HR, DDaT, Estates & Facilities, Fleet/Transport & Finance should have a full review & update by the risk owners by 31 March 2024. The review should include consideration of Fire risk within each area, if not already done so. All risks should have a recorded risk treatment. If the risk treatment is 'tolerate', no actions are required. Actions must be assigned to risks that are being treated.</p> <p>Review of A30 Assurance and Performance policy by 31 March 2024.</p> <p>Review SAB & QAR ToR to include quarterly risk review by 31 March 2024.</p> <p>Send out comms for Quarterly risk reviews to be held in Quarterly Assurance Reviews from December 2023. These can then feed into or</p>	31 March 2024

NCFRA Risk Management 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1		Medium	be escalated to SAB. Assurance Manager	31 March 2024
2	<p>The NCFRA has recently implemented the risk management system 4Risk, replacing the previous GRACE system. 4Risk includes a strategic dashboard showing all risks and the status of any actions, and also includes departmental risk registers where information on individual risks, controls, actions can be viewed.</p> <p>As of the time of the audit, the Risk & Business Planning Manager had undertaken some training for the 4Risk system which consisted of remote drop in sessions, however, a training programme for all staff who will eventually use the 4Risk system has not yet been planned out with a clear date in place, although a 4Risk User Guide has been produced by Northamptonshire Police.</p> <p>Area Managers (AMs) and Department Managers (DMs) are responsible for communicating with and engaging with staff on the identification and management of risks. However, there does not appear to be a structured training programme for risk management in general for all levels of staff.</p> <p>The training required for the 4Risk system should be determined and a structured training programme should be implemented for staff who use the system, with the training programme</p>	Medium	<p>Deliver basic training on the risk system by 31 January 2024 and consider how new staff will receive this.</p> <p>Continuous Professional Training to be written and delivery by 31 June 2024 included in the management training programme to Middle and senior managers on risk management.</p> <p>Guidance documents for 4Risk published on SharePoint by 31 January 2024.</p> <p>Assurance Manager</p>	30 June 2024

NCFRA Risk Management 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
2	<p>monitored for completion. This training should also include training on the principles of risk management in general.</p> <p>A training plan / matrix should be developed for different levels of staff, which identifies exactly what level of risk management training is required for different levels or roles of staff.</p>	Medium		30 June 2024

We have also raised one Low priority recommendations regarding:

- The Risk Management Policy (A32) should be reviewed and updated.

EMSOU Capital Programme 23-24

Your One Page Summary

Audit Objective: provide assurance that the risks associated with Capital Programme are being appropriately managed.

Audit rationale

Why the Audit is in Your 2023/24 Plan

To provide assurance with regards the control framework at the East Midlands Special Operations Unit (EMSOU) to ensure delivery of the capital programme. This included a review of the capital assigned for fleet replacement.

Summary of our opinion

Moderate Opinion

See Appendix A1 for definitions



Summary of Recommendations

High (Priority 1)	-	Actions agreed by you	100%
Medium (Priority 2)	2	Priority 1 completion	N/A
Low (Priority 3)	-	Overall completion	September 2024

Summary of findings

Examples of good practice

- ✓ Effective budget setting and monitoring processes.
- ✓ Appropriate oversight of EMSOU activity by constituent Forces through the Regional PCC/CC Board and the Regional CFO/FD Board.

Highest Priority Findings

- Over-reliance on reserves, including a planned full utilisation by 2024/25.
- Uncertainty of yearly funding agreement.
- Complicated process for procurement and replacement of vehicles under multiple fleet management approaches.

Key root causes

- Unable to agree three-year funding settlement.
- Management and funding of Force-managed EMSOU fleet replacement split across all five Forces.

EMSOU Capital Programme 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	<p>EMSOU produces a Capital Programme each year as part of the budget setting process, which covers the budget for the upcoming year and a forecast budget for the following 3 years. This covers the expenditure from replacement of assets and the funding from grants, reserves and additional revenue contributions. Funding is then agreed at the PCC/CCs meeting, following recommendation from the CFO/FDs Board, as revenue funding from the Force for the upcoming year in their budgets. Audit has reviewed the current Capital Programme and noted that reserves will be fully utilised by 2024/25 and therefore further funding will be required from the Forces.</p> <p>HMICFRS have also found areas of concern in their PEEL 2021/22 review into Serious and Organised Crime. This noted concerns regarding the funding model for EMSOU as the PCC/CCs meeting couldn't agree on a three-year settlement, therefore leaving the Unit with the uncertainty of yearly funding.</p> <p>The Forces and Unit should develop an uplifted Capital Programme to ensure that any future deficits in capital funding can be met and the Capital Replacement Reserve can be rebuilt. This should align to HM Treasury's three-year funding formula for serious and organised</p>	Medium	<p>A revised Capital Programme will be produced that reflects the future Target Operating Model for the Unit and updated to include any future replacement costs for covert/control room equipment. The Capital Programme will consider the funding requirement, funding options and guidance on any accounting arrangements – this will be built into funding discussions with CFO/FDs and reported back to the regional CC/PCCs Board.</p> <p>EMSOU Head of Finance and Corporate Services</p>	30 September 2024

EMSOU Capital Programme 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	crime.	Medium		30 September 2024
	<p>The Unit uses around 150 vehicles, with about half managed by EMSOU while the remainder are managed by one of the five Forces. This has resulted in different procurement and replacement strategies for the Unit's Fleet - a point that has been raised as part of the HMICFRS' review into EMSOU as part of the PEEL 2021/22 regional reviews into serious and organised crime.</p>		<p>A review of the fleet replacement process will be undertaken to consider any alternative procurement arrangements and whether this would deliver improvement in relation to:</p> <ul style="list-style-type: none"> • Purchase cost of vehicles • Service and maintenance arrangements • Fleet admin processes. 	
2	<p>This identified a cause for concern where it would be more efficient to have a single capital replacement strategy and budget for the Unit, also allowing for savings to be made by adopting a regional approach to the procurement of vehicles and equipment.</p> <p>The Unit should adopt a single fleet management approach to procurement and replacement of vehicles.</p>	Medium	EMSOU Head of Finance and Corporate Services	30 September 2024

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Statement of Responsibility

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

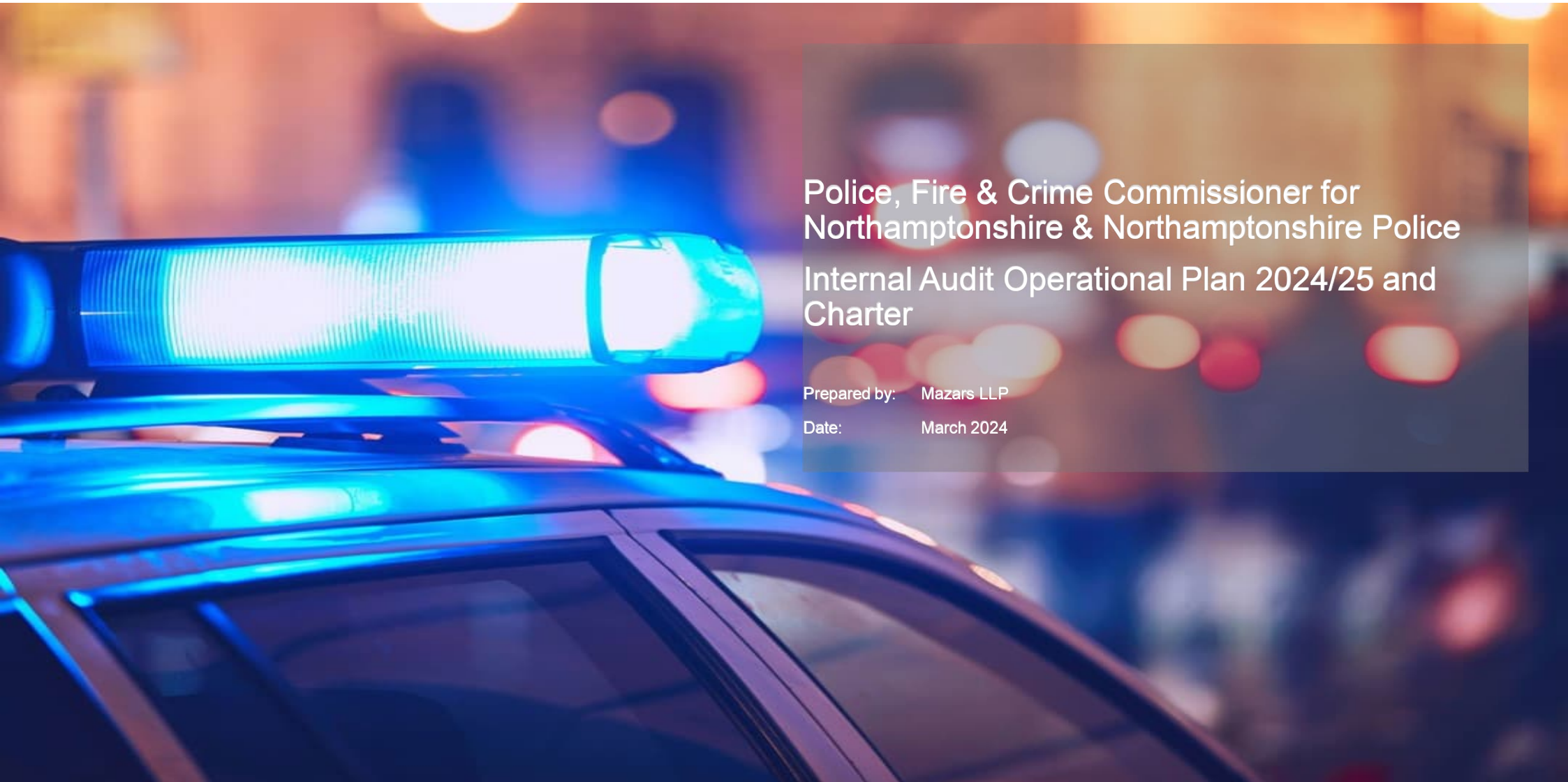
The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy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

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

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

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Police, Fire & Crime Commissioner for
Northamptonshire & Northamptonshire Police
Internal Audit Operational Plan 2024/25 and
Charter

Prepared by: Mazars LLP

Date: March 2024

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- 2 Internal Audit Operational Plan 2024/25
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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, 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 on the final page of this report for further information about responsibilities, limitations and confidentiality.



01

Section 01: Introduction



Introduction

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 2024 to 31 March 2025.

As part of fulfilling the Joint Internal Audit Committee's (JIAC) responsibilities, the JIAC require assurance that the Police, Fire & Crime Commissioner and Chief Constable are focusing their attention on the key risks to the OPFCC and Force and that they are receiving timely and effective assurance with regards to 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 2024/25 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.



Preparing the Operational Plan for 2024/25 & future considerations

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 during February 2024;
- Reviewed the outcomes of historic internal audit work;
- Reviewed the outcomes of 2023/24 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.

The proposed 2024/25 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 2024/25 & future considerations (continued)

We have shortlisted the proposed reviews from a broader population of potential reviews. This 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 Fore and OPFCC's governance, risk management and internal control framework.



02

Section 02:

Internal Audit Operational Plan 2024/25

Internal Audit Operational Plan 2024/25

An overview of the Internal Audit Operational Plan 2024/25 is set out below and the following pages set out the rationale and indicative scope for the internal audits identified.

Proposed Summary Operational Plan for Approval				
Audit Area	Days	Strategic Objectives	Target Start Date	Target JIAC
Risk Based Considerations				
Joint Core Financials	15	OPFCC - Modern services that are fit for the future	Q2	December 2024
Joint Governance	5	OPFCC - Modern services that are fit for the future	Q4	March 2025
Medium Term Financial Planning	10	OPFCC - Modern services that are fit for the future	Q1	July 2024
Workforce Planning	10	People & Culture – Harness the talents of people within the organisation	Q2	September 2024
Wellbeing	10	People & Culture – Support our staff/officers to perform well	Q3	December 2024
OPFCC Grants	10	OPFCC - Protect and support those who are vulnerable	Q1/2	July 2024
Joint Estates Management	10	OPFCC - Effective and efficient response	Q2	December 2024
Joint Asset Management	5	OPFCC - Modern services that are fit for the future	Q1/2	September 2024
Business Continuity Follow Up	5	OPFCC - Effective and efficient response	Q3/4	March 2025
Information Technology				
TBC	15	OPFCC - Modern services that are fit for the future	TBC	TBC
Management and Reporting Activities				
Collaboration	5	OPFCC - Effective Justice	Ongoing	Ongoing
Management	15	Resources for client management, external audit liaison and other needs.	Ongoing	N/A
Contingency	0		As requested	As requested
Total	115			

Internal Audit Operational Plan 2024/25

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2024/25 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.

Joint 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

Workforce Planning

The Force and OPFCC are facing increasing risks associated with a changing workforce. Whilst the exact scope of the review will be agreed with management the focus will be on the procedures in place to mitigate the risks being faced.

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.

This will cover budget control, reserves strategy and resiliency.

Joint Governance

A new Corporate Governance Framework is in place for the OPFCC, Force and Northamptonshire Commissioner Fire & Rescue Authority (NCFRA). The audit will review the joint governance approach, including the interaction between the bodies, performance reporting and the functions of joint governance bodies (i.e. Accountability Board).

Wellbeing

Following the establishment of the Enabling Services Wellbeing Team and the in-house Occupational Health Unit, the audit will look to provide assurance that an effective control framework has been established for the new functions and that data is being accurately recorded.

OPFCC Grants

An audit was due to be carried out in 2023/24 plan but was deferred to the 2024/25 plan to avoid unintended influence over the OPFCC Elections.

To provide assurance that grants issued by the OPFCC are being utilised for their intended purpose and have been issued in line with relevant policies, procedures and legislation.

Internal Audit Operational Plan 2024/25 (Continued)

Joint Estates Management

There have been multiple national risks regarding estates over the last few years and following the Estates Master Plan, the audit will look to provide assurance over the control framework for Estates, including the inspection and survey of buildings for Reinforced Autoclaved Aerated Concrete (RAAC).

Joint Asset Management

To provide assurance over the processes and controls of portable physical assets (i.e. Body Worn Video, Airwave Radios, Vehicle Radios, Laptops) and vehicles, including the procurement, maintenance and replacement of these assets.

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 24/25 Collaboration Audit plan will be drafted and shared with the JIAC once agreed by the regional CFO's.

Business Continuity Follow Up

Following a limited assurance opinion in 2023/24, this audit will follow up on areas of concern previously raised in this area and also expand to focus on supply chain risk management as well

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.

03

Section 03:

Internal Audit Strategy Update 2024/25 – 2026/27

Future Considerations 2024/25 Onwards

Our Internal Audit Strategy 2024/25 – 2026/27 is provided below and sets out our risk based and other considerations.

Risk Based Considerations					
Strategic Risks	Auditable Area	2024/25	2025/26	2026/27	Notes
CRR0025 – HMCTS Covid Recovery Plan		Not appropriate for Internal Audit			
CRR0013 – Medium Term Financial Planning	Medium Term Financial Planning	✓			
CRR0029 – Out of Support Microsoft Software	IT Audit	✓	✓	✓	
CRR0031 – Police Pension Challenge	Medium Term Financial Planning	✓			
CRR0034 – Force Intelligence System (FIS)		Not appropriate for Internal Audit			
CRR0037 – Digital Forensics Unit		Not appropriate for Internal Audit			
CRR0043 – Cortex 7 & DCS Upgrade	IT Audit	✓	✓	✓	
CRR0044 – PRD Misconduct Hearings	Complaints		✓		
CRR0045 – Firearms Licensing Unit	Firearms Licensing			✓	
CRR0049 – Investigative Capacity	Workforce Planning	✓			
CRR0051 – Response Sergeants	Workforce Planning	✓			
CRR0054 – Evidential Property Store	Seized Property		✓		
	Business Continuity	✓			
Other Considerations Discussed as part of Planning					
Environmental Sustainability			✓		

04

Section 04: Internal Audit Charter

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.

Internal Audit Charter continued

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.
- 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.

Internal Audit Charter continued

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.
- 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:

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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.

Internal Audit Charter continued

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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

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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 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: 30 Old Bailey, London EC4M 7AU, United Kingdom. Registered in England and Wales No 0C308299.

Northamptonshire Commissioner Fire & Rescue Authority

Internal Audit Operational Plan 2024/25 and Charter

Prepared by: Mazars LLP

Date: March 2024

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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, 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 on the final page of this report for further information about responsibilities, limitations and confidentiality.



01

Section 01: Introduction



Introduction

An annual proposed Internal Audit Operational Plan has been prepared on behalf of the Northamptonshire Commissioner Fire & Rescue Authority (NCFRA) for the period 1 April 2024 to 31 March 2025.

As part of fulfilling the Joint Internal Audit Committee's (JIAC) responsibilities, the JIAC require assurance that the Police, Fire & Crime Commissioner is focusing their attention on the key risks to the NCFRA and that they are receiving timely and effective assurance with regards to the management of those risks.

As Internal Audit is a one source of this assurance, Internal Audit have reviewed the NCFRA Risk Register with the aim of identifying where the NCFRA 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 2024/25 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 Fire Officer, through the JIAC with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the NCFRA's agreed objectives.



IA Plan

Completion of the internal audits proposed in the 2024/25 Plan should be used to help inform the NCFRA's Annual Governance Statement.



Objective

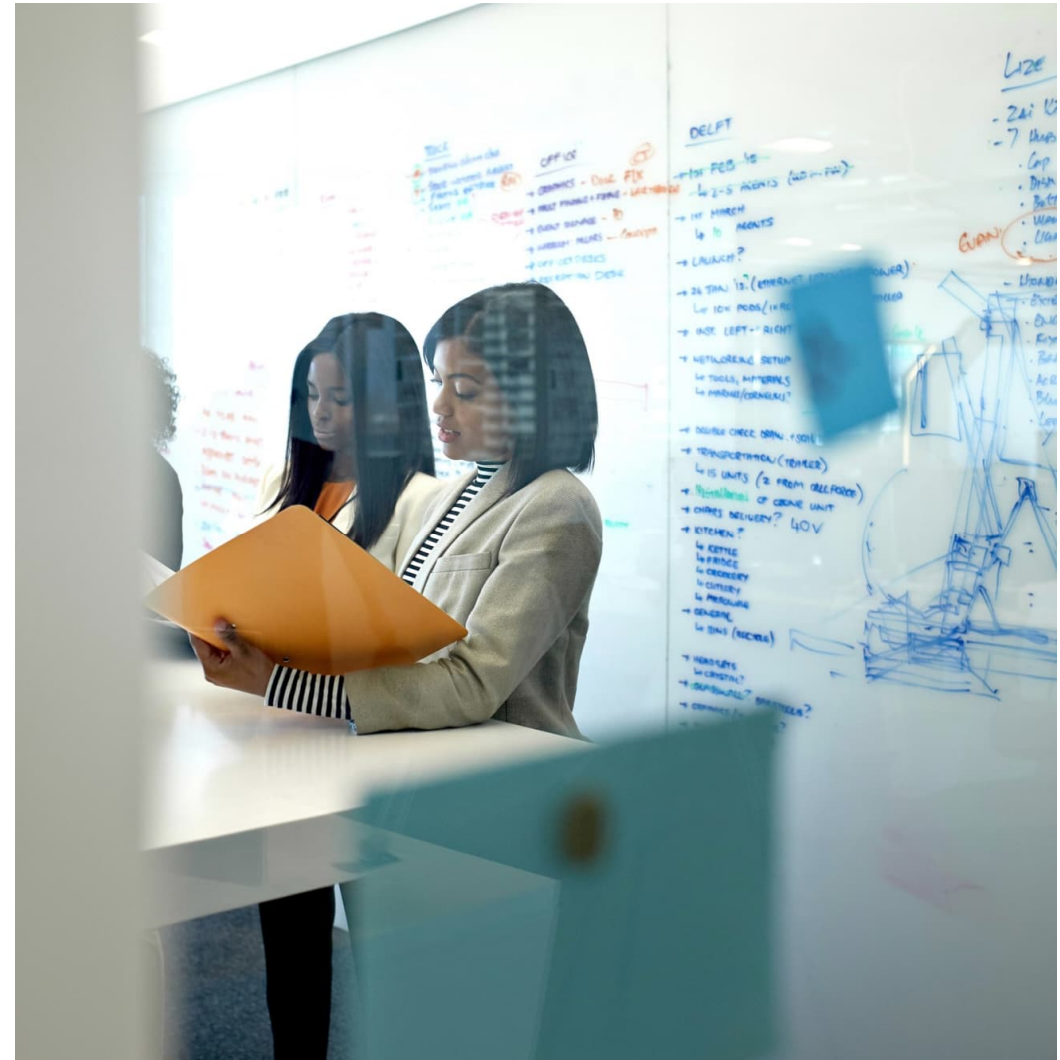
Government accounting standards require Accounting Officers to make provision for internal audit in accordance with accordance with UK Public Sector Internal Audit Standards (PSIAS), as produced by the Internal Audit Standards Advisory Board. Within the NCFRA, the Police, Fire & Crime Commissioner and the Chief Fire Officer 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 NCFRA's 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 2024/25 & future considerations

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 NCFRA Chief Finance Officer, officers from Northamptonshire Fire & Rescue Service (NFRS), Enabling Services and the OPFCC during January 2024;
- Reviewed the outcomes of historic internal audit work;
- Reviewed the outcomes of 2023/24 internal audit work;
- Considered the latest assessment of risks facing NCFRA as detailed in the strategic risk register held by the OPFCC and the operational risk register held by NFRS;
- 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.

The proposed 2024/25 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 NFRS leads and the NCFRA Chief Finance Officer.

Preparing the Operational Plan for 2024/25 & future considerations (continued)

We have shortlisted the proposed reviews from a broader population of potential reviews. This 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 NFRS contacts or the NCFRA Chief Finance Officer 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 NCFRA's governance, risk management and internal control framework.



02

Section 02:

Internal Audit Operational Plan 2024/25

Internal Audit Operational Plan 2024/25

An overview of the Internal Audit Operational Plan 2024/25 is set out below and the following pages set out the rationale and indicative scope for the internal audits identified.

Proposed Summary Operational Plan for Approval				
Audit Area	Days	Strategic Objectives	Target Start Date	Target JIAC
Risk Based Considerations				
Joint Core Financials	15	OPFCC - Modern services that are fit for the future	Q2	December 2024
Payroll	15	NCFRA - Making the best use of our resources	Q3	December 2024
Joint Governance	5	OPFCC - Modern services that are fit for the future	Q4	March 2025
Joint Asset Management	5	NCFRA - Making the best use of our resources	Q1/2	September 2024
Data Quality	10	NCFRA - Making the best use of our resources	Q2	September 2024
Safeguarding	10	NCFRA - Keeping our communities safe and well	Q1	July 2024
Joint Estates Management	10	OPFCC - Effective and efficient response	Q2	December 2024
EDI Plan Follow Up	5	NCFRA - Keeping our staff safe and well	Q3/4	March 2025
Information Technology				
TBC	15	OPFCC - Modern services that are fit for the future	TBC	TBC
Management and Reporting Activities				
Management	15	Resources for client management, external audit liaison and other needs.	Ongoing	N/A
Contingency	0		As requested	As requested
Total	105			

Internal Audit Operational Plan 2024/25

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2024/25 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 NCFRA Risk Registers for each audit where applicable.

Joint 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

Payroll

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

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

Joint Asset Management

To provide assurance over the processes and controls of portable physical assets (i.e. Body Worn Video, Airwave Radios, Vehicle Radios, Laptops) and vehicles, including the procurement, maintenance and replacement of these assets.

Joint Governance

A new Corporate Governance Framework is in place for the OPFCC, Force and Northamptonshire Commissioner Fire & Rescue Authority (NCFRA). The audit will review the joint governance approach, including the interaction between the bodies, performance reporting and the functions of joint governance bodies (i.e. Accountability Board).

Data Quality

Whilst the exact scope of review will be agreed with management, the focus will be on providing assurance over data governance for NCFRA, including performance reporting and the role of the Joint Digital, Data and Technology team.

Safeguarding

Whilst the exact scope of review will be agreed with management, the focus will be on providing assurance over changes to DBS Management, CFRMIS and Safeguarding training.

Internal Audit Operational Plan 2024/25 (Continued)

EDI Follow Up

Following a limited assurance opinion in 2023/24, this audit will follow up on areas of concern previously raised in this area.

Joint Estates Management

There have been multiple national risks regarding estates over the last few years and following the Estates Master Plan, the audit will look to provide assurance over the control framework for Estates, including the inspection and survey of buildings for Reinforced Autoclaved Aerated Concrete (RAAC).

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.

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

03

Section 03:

Internal Audit Strategy Update 2024/25 – 2026/27

Future Considerations 2024/25 Onwards

Our Internal Audit Strategy 2024/25 – 2026/27 is provided below and sets out our risk based and other considerations.

Risk Based Considerations					
Strategic Risks	Auditable Area	2024/25	2025/26	2026/27	Notes
SR16 – Loss of Staff	Workforce Planning		✓		
SR34 – Ability to report on data effectively	Data Quality	✓			
SR26 – Failure to adequately safeguard children and “adults at risk”	Safeguarding	✓			
SR30 – Inability to change culture to embed EDI effectively	EDI Plan	✓			
SR35 – Cyber security & ageing systems	IT Audits	✓	✓	✓	
SR37 – Loss of staff due to Industrial Action (includes Action short of strike)	Workforce Planning		✓		
OPF0001 – Long term sustainability of Northamptonshire Fire and Rescue Service budget	Medium Term Financial Planning			✓	
OPF0002 – Fire pension detriment	Medium Term Financial Planning			✓	
OPF0003 – Cultural risks in Fire and Rescue Service	Grievance Policies & Procedures		✓		
	EDI Plan	✓			
Other Considerations Discussed as part of Planning					
Workforce Planning / Staff Retention			✓		

04

Section 04:
Internal Audit Charter

Internal Audit Charter

The Internal Audit Charter sets out the terms of reference and serves as a basis for the governance of the NCFRA 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 NCFRA ('Head of Internal Audit').

Nature and Purpose

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

- Identification of the significant risks in the NCFRA 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 NCFRA'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 NCFRA 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 NCFRA's business. There are also many assurance providers. The NCFRA 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 NCFRA'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 NCFRA'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 NCFRA 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 NCFRA 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.

Internal Audit Charter continued

Responsibility

The Head of Internal Audit is required to provide an annual opinion to the NCFRA, through the JIAC, on the adequacy and the effectiveness of the NCFRA'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 NCFRA 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.
- Carry out assurance and consulting activities across all aspects of the NCFRA'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.
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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.

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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 NCFRA 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 NCFRA 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 NCFRA's governance, operations and information systems regarding the:

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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 NCFRA'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 NCFRA.

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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 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.

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Agenda Item 6

Report to the Joint Independent Audit Committee 13 March 2024

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 2021/22, 2022/23 and 2023/24 a total of twenty-four audits have been completed, making sixty-seven audit recommendations. Of those sixty-seven recommendations:

- 47 recommendations have been completed and are closed.
- 3 recommendations have been superseded by a subsequent audit and are closed.
- 17 recommendations remain ongoing.

Further details regarding mitigation activity and progress updates can be found within the attached report, Summary of Internal Audit Recommendations for JIAC February 2024.

3 OVERVIEW

3.1 2021/22 Audits

- Seven audits were completed making eighteen recommendations.

- At the September 2023 JIAC seventeen recommendations were reported as completed and closed with one recommendation marked as overdue.
- The remaining one recommendation has since been completed and is closed.

3.2 **2022/23 Audits**

- At the September 2023 JIAC eleven audits had been completed making twenty-nine recommendations. Sixteen of those recommendations were reported as completed and closed with thirteen recommendations ongoing.
- A further two audit reports have subsequently been received making a further five recommendations.
- A further eight recommendations have been completed and are closed.
- Three recommendations have been superceded by a subsequent audit and have been closed.
- Seven recommendations remain ongoing.

3.3 **2023/24 Audits**

- Four audits have been completed making fifteen recommendations.
- Five recommendations have been completed and are closed.
- Ten recommendations remain ongoing.

4 COLLABORATION AUDITS

- No new collaboration audits have been reported as completed since the last JIAC.

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

None

HUMAN RESOURCES IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

None.

ENVIRONMENTAL IMPLICATIONS

None

Author: Richard Baldwin,
Business Continuity and Risk Manager

Chief Officer Portfolio Holder: Paul Bullen, Assistant Chief Officer

Background Papers: Summary of Internal Audit Recommendations for JIAC February 2024.

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

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
Data Management	22 March 2022	Satisfactory Assurance	0	1	1
Business Change	01 March 2022	Limited Assurance	1	2	0
IT Security	22 April 2022	Limited Assurance	1	0	0
GDPR Follow Up	22 April 2022	Significant Assurance	0	0	0
Health & Safety Follow Up	12 July 2022	Satisfactory Assurance	0	2	1

2022/23

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
MINT Closedown Project	17 May 2022	Significant Assurance	0	0	0
Released Under Investigation Follow Up	14 September 2022	Limited Assurance	1	0	2
Complaints Management	03 August 2022	Significant Assurance	0	1	0
Balance Transfer	03 March 2023	Significant Assurance	0	0	0
Positive Action	16 March 2023	Significant Assurance	0	1	0
Reasonable Adjustments	25 April 2023	Limited Assurance	2	3	2
Data Quality	02 May 2023	Satisfactory Assurance	0	2	1

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Risk Management	03 May 2023	Satisfactory Assurance	0	5	2
Information Management	05 May 2023	Satisfactory Assurance	0	1	0
IT Disaster Recovery	09 May 2023	Limited Assurance	1	4	1
MFSS Follow Up	10 May 2023	Significant Assurance	0	0	0
Medium Term Financial Planning	10 May 2023	Significant Assurance	0	0	0
Core Financials	13 June 2023	Satisfactory Assurance	0	2	2

2023/24

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Firearms Licensing	21 July 2023	Moderate Assurance	0	2	0
RUI Follow Up	26 September 2023	Moderate Assurance	0	1	2
Business Continuity & Emergency Planning	01 November 2023	Limited Assurance	2	3	0
Reasonable Adjustments Follow Up	25 January 2024	Moderate Assurance	0	2	3

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.

2021/22 AUDITS	RECOMMENDATIONS MADE	RED	AMBER	GREEN
Released Under Investigation	6	CLOSED		
Seized Property	3	CLOSED		
Data Management	2	CLOSED		
Business Change	3	CLOSED		
IT Security	1	0	0	1
GDPR Follow Up	0	CLOSED		

2021/22 AUDITS	RECOMMENDATIONS MADE	RED	AMBER	GREEN
Health & Safety Follow Up	3	CLOSED		
Totals	18	0	0	18


2022/23 AUDITS	RECOMMENDATIONS MADE	RED	AMBER	GREEN
MINT Closedown	1	CLOSED		
Released Under Investigation Follow Up	3	CLOSED		
Complaints Management	1	CLOSED		
Balance Transfer	0	CLOSED		
Positive Action	1	CLOSED		
Reasonable Adjustments	7	CLOSED		
Data Quality	3	0	3	0
Risk Management	7	CLOSED		
Information Management	1	0	1	0
IT Disaster Recovery	6	0	3	3
MFSS Follow Up	0	CLOSED		
MTFP	0	CLOSED		
Core Financials	4	CLOSED		
Totals	34	0	7	27


2023/24 AUDITS	RECOMMENDATIONS MADE	RED	AMBER	GREEN
Firearms Licensing	2		2	
RUI Follow Up	3	0	3	0
Business Continuity & Emergency Planning	5	0	3	2
Reasonable Adjustments Follow-Up	5	0	2	3
Totals	15	0	10	5

OFFICIAL


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

2021/22

IT Security – April 2022

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.1	<p>IT Health Check Remediation</p> <p><i>Observation:</i> It should be noted that the GIRR is currently expired but has been submitted based on the July 2021 IT Health Check in common with similar forces. Following the July 2021 IT Health Check as of February 2022 the latest tracking figures had the following outstanding issues:</p> <ul style="list-style-type: none"> • 6 Critical • 13 High • 81 Medium • 10 Low <p>We were informed that work was ongoing to address outstanding vulnerabilities, some of which require long term resolution and they were being actively tracked and monitored, but it was acknowledged that some critical and high issues remained.</p> <p><i>Risk:</i> Vulnerabilities go unresolved presenting risks to the IT security of the organisation.</p>	Vulnerabilities should be addressed or further mitigated as soon as possible to support future GIRR accreditation.	1	<p>I am satisfied that this audit report broadly reflects the current position, with some of the specifics having further improved since the Feb data was provided. Submission for GIRR was made in early February; any delay is now outside of our control due to the transition of NPIRMT into PDS. We are now expected to receive a response certificate by the end of May 22. Remaining Critical and High are regularly reviewed but all require significant work, such as major upgrades, but all are being progressed.</p> <p>Update 27/06/2022 – As above.</p> <p>Update 07/09/2022 – The HOB (Home Office Biometrics) CoCo was due to expire 18th August 2022. The Force Position confirmed to HOB we remained in the procurement stage for our ITHC with a date anticipated for end August beginning of September 2022 – leaving the force as non-compliant. NMC within force completes our internal vulnerability scanning. HOB have extended our CoCo certification for a further 6 months to allow the force a timeline to complete our ITHC. We have been advised this has now been procured and we are just awaiting a date.</p>	<p>April 2023</p> <p>Information Security Officer</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>Update 24/11/2022 - The ITHC commenced at the beginning of November and is currently underway, as yet we have no further updates around this</p> <p>Physical security – we had an increase of 1010 reports coming through over recent month with doors remaining open as individuals were leaving buildings. There has been some work with Facilities around this with a push on staff completing ID checks also – design and reprographics have created new posters for around the Force as a whole.</p> <p>Update 13/03/23 – The ITHC is complete. The RAP remains outstanding at this point. A new Vulnerability Working Group has been set up to work through the ITCH with priority focused towards the ITHC RAP.</p> <p>Update 19/07/23 – The Vulnerability Working Group has been reinstated and progress on the ITHC RAP is expected soon.</p> <p>Update 26/09/23 – The RAP is now complete so the actions can be closed.</p>		

2022/23

Reasonable Adjustments – April 2023

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>Completeness of records for TRAAs</p> <p><i>Observation:</i> Where an individual applies for a reasonable adjustment and one is granted, the Force should ensure that a workplace adjustment passport is created, which represents a record of agreed workplace reasonable adjustments. Northamptonshire utilise a</p>	The Force should clearly state in both guidance documents that, as per the Equalities Act 2010, an employer must only make adjustments where they are	1	In both the revised policy and the reasonable adjustments procedure document, it will state that in accordance with the Equality Act 2010 as an employer we can only make	<p>End of June 2023</p> <p>HRBP to update policy document</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>Tailored Reasonable Adjustment Agreement (TRAA) as their workplace adjustment passport, which includes details of the nature of the reasonable adjustments and the reasons for it.</p> <p>All TRAA's (299 at time of audit) are held in a secure folder which audit verified was only accessible by HR. However, through discussions with the HR Business Partner and HR Change Manager, the Force were unable to provide assurance that the list was up to date, complete, and included TRAA's related to only current employees. Audit were advised that this was partly due to individuals having the capacity to download and create TRAA's with their line manager, without the knowledge of HR.</p> <p>From review of the Reasonable Adjustment Guidance and TRAA template, we have noted inconsistent messaging regarding the requirement of individuals to share their TRAA. The Reasonable adjustments Guidance - FAQ states "A copy of the TRAA will be kept by the employee, their line manager and Human Resources.". However, the TRAA template states both "By signing this declaration, I agree to share this information with people deemed necessary which includes HR and any current or future supervision or line management" but also "We encourage individuals to send a copy of their TRAA to HR to support the reasonable adjustment process. The TRAA is stored in a secure folder only accessed by HR Advisors and a RA flag is added to Unit 4 indicating they have a reasonable adjustment in place".</p> <p>Similar findings were recorded in the Force's internal review of reasonable adjustments.</p> <p>As per the Equalities Act 2010, an employer only has to make adjustments where they are aware or should reasonably be aware that you have a disability. The lack of clarity noted in the guidance and TRAA's may leave the Force exposed to litigation where TRAA's are created and not shared with HR.</p> <p><i>Risk:</i> The Force are unaware of the reasonable adjustments that under the Equality Act 2010 they have a duty to enact, leading to reputational damage and potential litigation.</p>	<p>aware, or should reasonably be aware, that an individual has a disability.</p> <p>The Force should ensure that TRAA's cannot be created without HR being notified of their existence.</p> <p>A comprehensive reconciliation activity should immediately be carried out to ensure that all TRAA's are included on record, and that any obsolete TRAA's relating to individuals no longer employed by the Force are removed. This should be conducted on a regular basis following the initial activity.</p>		<p>adjustments where we are aware or reasonably aware that an individual has a disability.</p> <p>In terms of initial activity, the HR Business Support team will reconcile the TRAA forms within the current folder. Obsolete forms will be removed in accordance with the service policy for retention and destruction of records.</p> <p>Update 10/05/23 - The Tailored Reasonable Adjustment form and supporting procedure has been reviewed and refreshed to include clarity over the duty of action as per the Equality Act 2010. College of Policing guidance on best practice for Reasonable Adjustments has been incorporated.</p> <p>A cleansing process is currently underway on existing TRAA forms to ensure these are updated on the new form and forms from staff who have left the Force are destroyed according to the Force's destruction policy.</p> <p>The HR Hub has been set up to ensure that any new or updated TRAA's are allocated a review period when uploaded. This will ensure the Force has a full knowledge of how many TRAA's are active and how many are due for renewal.</p> <p>Update 06/07/23 – Cleanse now completed Agreed for closure at FAB 07/08/23</p>	<p>HR Business Change Manager to update TRAA form and procedure document</p> <p>HR Business Support are tasked to reconcile all TRAA's on record, delete obsolete TRAA's.</p> <p>By end of July 2023 HRBP and HR Business Support</p> <p>HR Business Support will assist in uploading reconciled TRAA's to the hub</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.2	<p>Appropriateness of TRAA's</p> <p><i>Observation:</i> Audit conducted a sample test of 20 TRAA's to confirm that the TRAA's had been appropriately completed, had been reviewed annually as required by the TRAA template and Reasonable Adjustments FAQ, and was aligned to best practice. Our review noted the following exceptions:</p> <ul style="list-style-type: none"> • In one instance a TRAA selected related to an individual who was deceased. • In all instances there was no evidence that an annual review had taken place. • The template used was inconsistent across the 20 TRAA's, and did not include a number of elements noted as best practice (see Sector Comparison), including but not limited to: <ul style="list-style-type: none"> ○ Preferred pronouns ○ Details of the individual's strengths, experience, skills and knowledge ○ A section clarifying how the information will be stored, how long for, who has access, and how and why they have access. <p><i>Risk:</i> Reasonable adjustments are not regularly reviewed to assess whether they are still suitable, leading to unnecessary provision of reasonable adjustments or potential litigation where adjustments are inappropriate for an employee's requirements.</p>	<p>The Force should review all TRAA's annually with the respective individual to ensure that the related reasonable adjustments are appropriate and effective in mitigating any disadvantage.</p> <p>The Force should ensure that a consistent and updated template is used for all TRAA's. This template should be aligned to best practice outlined by the College of Policy, or similar reputable body.</p>	1	<p>The force will put in place an annual review of TRAA's in line with COP guidance, ensuring that HR then regularly report on the TRAA's we have in place to the Force Assurance Board in their quarterly meeting.</p> <p>The annual review will ensure that the HR Advisers will write out to the individual and current line manager to review the arrangements in place to ensure that they are appropriate for role and mitigate potential disadvantage.</p> <p>We will use the COP template to ensure that the TRAA covers all recommended best practice.</p> <p>Update 10/05/23 - As above, the TRAA procedure and supporting documentation has been updated in accordance with the College of Policing best practice guidance. With the change in storage location to the HR Hub, a robust reporting function is in place which will allow for better overview and understanding of numbers of TRAA's in date and under review. A report has been devised to send to line managers and individuals to advise of review dates to ensure TRAA's are in date and fit for purpose.</p> <p>Update 06/07/23 - Reasonable Adjustments area under Form 1478 replaced with 5 options covering DSE, Dyslexia, Stress Wellbeing, TRAA and Other requests now live so all RA requests are under one clear section on Forcenet. All old documentation has been removed from Forcenet.</p> <p>Agreed for closure at FAB 07/08/23</p>	<p>HR BP</p> <p>HR Business Support Manager</p> <p>By end of July 2023</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.3	<p>Governance and Reporting</p> <p><i>Observation:</i> The responsibility for processing reasonable adjustments is the HR department. It was noted that within the management of reasonable adjustments there is no regular monitoring or oversight of operations.</p> <p>The Force operate three streams of reasonable adjustments; Dyslexia, Display Screen Equipment (DSE), and all other matters, which includes stress, flexible working, and mental health.</p> <p>Whilst evidence was provided to support reporting to the Force Assurance Board regarding DSE and Dyslexia related reasonable adjustments, the HR Business Partner advised that no reporting occurred regarding the 'other' reasonable adjustments. However, there is no regular monitoring of the issues facing reasonable adjustments management.</p> <p><i>Risk:</i> Roles and responsibilities regarding reasonable adjustments is unclear, leading to ineffective management of the function.</p> <p>The Force lack oversight regarding the performance of reasonable adjustments, inhibiting the capacity to identify and resolve areas of poor performance.</p>	<p>The Force should ensure that, on a regular basis, HR related reasonable adjustments are discussed at an appropriate governance group and included as a regular item on the agenda.</p> <p>Regular reporting packs regarding the performance of HR related reasonable adjustments should be presented to an appropriate governance group on a regular basis, these should be appropriately scrutinized, with an appropriate audit trail maintained.</p>	2	<p>Reporting is not currently in place in relation to Reasonable Adjustments.</p> <p>We are working towards some KPI's as part of the ongoing review and ones currently identified are:</p> <ul style="list-style-type: none"> Total number of TRAA's Number of TRAA's under review Number of TRAA's in date <p>The appropriate governance group for HR related reasonable adjustments is to the Force Assurance Board on a quarterly basis.</p> <p>Data can also be provided to the People and Culture Board as part of the HR oversight report.</p> <p>Refreshed corporate comms to be produced in relation to responsibilities of the business in relation to ensuring that processes are followed and adhered to.</p> <p>Update 10/05/23 - The HR department provides an accountability scorecard as part of its monthly reporting to the ACO, Enabling Services. This will be reviewed as part of the overarching Reasonable Adjustment process review to ensure the KPIs supplied are relevant and consistent with the recommendations from Mazars.</p> <p>Reporting function developed with DDaT on the HR Hub. Linked to 4.1 re cleansing of current TRAA's.</p> <p>Update 06/07/23 - TRAA's to be uploaded to HR Hub with assistance of HR Business Support Team. Will further test reporting</p>	<p>By end of July, once TRAA's are uploaded onto the Hub</p> <p>HR Business Support Revised date December 2023</p> <p>Partially implemented - Superceded by recommendation in follow up audit January 2024</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>function when completed - on track for completion end of July 2023.</p> <p>Update from FAB 07/08/23 – Await outcome of further testing before considering for closure.</p> <p>Update - Cleansing has now been completed and a final list will be sent to June Withey to send out a blanket email to those who have TRAA's to be reviewed and updated on the new forms. The end date will now be moved to December due to capacity and other priorities.</p> <p>Update - All TRAA's are now on the HR Data Hub and can be reported on as to due date and other key indicators. A report will be compiled and presented to the People and Culture Board 30th November. This will be a trial on the reports and can be changed to reflect force requirements. Report will also be presented to Force Assurance Board. Depending on comments at People and Culture will determine if this action is closed at end of November 2023</p>		
4.4	<p>Policies and Procedures</p> <p><i>Observation:</i> Audit reviewed the Force's policies and guidance related to reasonable adjustments to ensure that they were clear, consistent and clearly laid out roles and responsibilities. These included the Reasonable Adjustments Procedure, Reasonable Adjustments FAQ, Reasonable Adaptation Procedure, as well as various flow charts and the wider Health and Safety Policy.</p> <p>Whilst we note that these are comprehensive in their detail of the reasonable adjustments process, the large number of overlapping procedures do not create a clear and accessible picture of the process. This is especially important given those requiring information on the process might be those with learning difficulties.</p>	<p>As planned, the Force should develop a single policy that incorporates all details regarding the reasonable adjustments process. The Force should ensure that this is accessible to those with learning disabilities or other limitations that may impact the clarity of the policy.</p> <p>The policy should outline the roles and responsibilities regarding reasonable adjustments and include details regarding the feedback process where</p>	2	<p>A draft single policy for Reasonable Adjustments has been produced. This will be presented to the All Staff Networks meeting in May 2023, with opportunity for comment and feedback.</p> <p>UNISON and the Police Federation will also have sight for comment.</p> <p>The draft policy outlines roles and responsibilities, legislation, processes and feedback process. The conflicting information will be removed from the intranet.</p>	<p>Completed policy in place by end of June 2023</p> <p>HR Business Partner HR Change Manager</p> <p>HR Business Partner July 2023</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>Additionally, the policies do not clearly lay out the roles and responsibilities related to reasonable adjustments.</p> <p>Finally, whilst the process map in place for DSE related reasonable adjustments included a review stage where the adjustment is not resolved following the initial assessment, a feedback process is not outlined for dyslexia or 'other' reasonable adjustments.</p> <p>Within the Force's internal review, the need for a single policy has been noted.</p> <p><i>Risk:</i> The reasonable adjustments procedure is not accessible, leading to inconsistencies in the approach taken and creating difficulties in individuals to access reasonable adjustments for which the Force have a legal duty to provide.</p> <p>A lack of clarity regarding the roles and responsibilities of the reasonable adjustments process leads to an inconsistent and inefficient approach. Individuals do not have the capacity to appeal against their reasonable adjustment, leading to potential litigation where the duty to make an adjustment has not been met.</p>	<p>individuals do not believe the assigned adjustments are appropriate to mitigate their disadvantage.</p>		<p>This will be raised at the All staff network groups for discussion in May.</p> <p>Update 10/05/23 – To be discussed at All Staff Network meeting on 10th May. Feedback will be gathered and any relevant changes made after the meeting.</p> <p>Update 06/07/23 - Policies and procedures updated and published</p> <p>Agreed for closure 07/08/23</p>		
4.5	<p>Key Performance Indicators</p> <p><i>Observation:</i> KPIs are a key tool in ensuring that reasonable adjustments are provided to individuals in a timely manner and ensuring that the responsible team are held accountable for consistent poor performance.</p> <p>We note that whilst a 30-day KPI is tracked and reported on for DSE related reasonable adjustments, for reasonable adjustments that require a TRAA (Dyslexia and "Other"), there is no KPI in place that tracks the timeliness of delivery of reasonable adjustments.</p> <p><i>Risk:</i> The Force are unaware of instances where reasonable adjustments are not provided in a timely manner, leading to reputational damage and potential litigation from individuals.</p>	<p>The Force should develop a KPI related to the timeliness of implementation of reasonable adjustments. This should be reported on to an appropriate governance body on a regular basis.</p>	2	<p>As per 4.3 management response.</p> <p>We have identified KPIs and will develop this as part of the cleansing, with a view to adding this to the enabling services HR scorecard as we as reporting to the Force Assurance Board.</p> <p>Update 10/05/23 - Reporting function developed with DDaT on the HR Hub. Linked to 4.1 re cleansing of current TRAA's.</p> <p>Update 06/07/2 - TRAA's to be uploaded to HR Hub with assistance of HR Business Support Team. Will further test reporting function when completed. Also need to review accountability board scorecard KPI's</p>	<p>End of August 2023.</p> <p>HR Business Support, HR Change Manager</p> <p>Revised date December 2023</p> <p>Partially implemented - Superseded by recommendation in follow up audit January 2024</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>to ensure these include TRAA and Dyslexia information- on track for completion end of August 2023.</p> <p>Update - due to the cleansing of old TRAA's and the updating onto new forms this will be moved back to ensure we have the correct KPI's. Update - due to capacity within HR business support this will be moved back to December and other priorities such as pension re-enrolment.</p> <p>Update - Report is being produced for November People and Culture Board as per 4.3 and dependent on comments this action may close end of November</p>		
4.6	<p>Training</p> <p><i>Observation:</i> Audit reviewed training files delivered by the Health and Safety Manager and noted that these provided appropriate detail regarding the cause of DSE related injuries, methods to improve working environments, as well as how to record risk assessment.</p> <p>However, whilst audit was advised by the HR Business Partner that all supervisors receive management training regarding Health and Safety and the HR process no evidence was provided of the training materials or training completion.</p> <p><i>Risk:</i> Staff involved in the reasonable adjustments process are not operationally competent, leading to inappropriate adjustments being declared, increasing the likelihood of litigation from disadvantaged individuals.</p>	<p>The Force should ensure that all staff involved in the reasonable adjustments process are appropriately trained, and that records of the delivery of this training is maintained.</p>	3	<p>Ensure that the Reasonable adjustments process and policy understanding is covered within the HR section of supervisory and management training.</p> <p>Liaison with the Training and Development team to review information to be added to the Supervisory Handbook and any other relevant management guidance.</p> <p>Update 10/05/23 – Liaison with training team to ensure this is included in HR Sessions.</p> <p>Update 06/07/23 - On track to be completed by end of August 2023</p> <p>Update - drop in sessions completed and presentation now with L&OD for future managerial training session. Now BAU</p>	<p>Senior HR Advisers and training team</p> <p>End of August 2023</p> <p>Complete</p>	
4.7	<p>Benchmarking</p> <p><i>Observation:</i> Benchmarking activities are a useful tool in ensuring that current working practices are</p>	<p>The Force should ensure that benchmarking activity is conducted on a regular basis.</p>	3	<p>Liaison with the Performance and Demand Manager to understand how we might seek to benchmark against other Forces.</p>	<p>End of September 2023</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>consistent with legal and regulatory requirements, as well as being aligned to well performing peers. We note that no such activities are conducted by Northants regarding their reasonable adjustment's activities</p> <p><i>Risk:</i> The Force are unaware of the performance and appropriateness of their reasonable adjustments processes compared to peers and best practice, leading to instances of malpractice.</p>	<p>This should be done by comparing the Force against peers, and any organisations producing best practice guidance such as the College of Policing.</p>		<p>Work towards achieving the disability confident employer level 3. Ensure that we benchmark against the COP guidance.</p> <p>Update 06/07/23 – On track to be completed by end of September.</p> <p>Update - Due to the moving of the KPI and the Reporting, this will be moved to end of March 2024 to ensure we have a full suite of KPI's and understanding of the data we are collating and explore if other forces collate this information. HR Business Partner to link with Head of Strategy and Innovation after HMICFRS PEEL Inspection is completed.</p>	<p>HR Business Partner</p> <p>Senior Equalities Adviser</p> <p>Revised date March 2024</p> <p>Superseded by recommendation in follow up audit January 2024</p>	

Data Quality – May 2023

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>Data Quality Training</p> <p><i>Observation:</i> Data quality is integral to the integrity and validity of information used by the Force and OPFCC in both policing and non-policing operations. Therefore, it is important that all users who can create information are appropriately trained and have appropriate guidance to carry out this function. It has been noted that the training provided to users of specific systems (i.e., Unit4 and NICHE) includes limited inclusion for data quality and does not include any discussion regarding broader data quality issues or any of the impacts of inputting erroneous data. There is also no general training on data quality provided to staff and/or officers to support the limited data quality training provided within specific system training. And, as has been noted below, there only seems to be guidance documentation in place regarding data quality for NICHE and not other systems, such as Unit4. Additionally, within some systems it is possible to link records and previous audits across different Forces and systems have noted that this can lead to data quality issues if not appropriately trained.</p> <p><i>Risk:</i> Incorrect data entry or linkage can lead to errors in operations and damage to reputation and/or finances.</p>	<p>The Force and OPFCC should implement data quality modules as part of key systems training (i.e., NICHE and/or Unit4) that covers general data quality issues, common errors within these systems and the impacts of data entry and/or record linkage errors.</p>	2	<p>The recommendation is accepted.</p> <p>Data quality training and education will be provided on a wider basis. In order to meet this requirement, a plan of activities will be drawn up, with responsibilities for delivery across the organisation</p> <p>Assigned to Mark Manning</p>	<p>Chief Digital Officer</p> <p>December 2023</p> <p>February 2024</p>	
4.2	<p>Data Quality Benchmarking</p> <p><i>Observation:</i> Benchmarking is an important tool for identifying areas of best practice and areas for improvement. Currently the Force engages with the Regional Data Quality team regarding data quality issues within the regional NICHE system and from the national PND Data Quality Dashboard. However, this information is not reported back into the Information Assurance Board to be utilised in the identification of areas of focus and does not inform data quality strategies within the Force.</p> <p><i>Risk:</i> The Force is unaware how it's performing in data quality and cannot identify areas of best practice, areas for improvement or lessons learned.</p>	<p>The Force should ensure that information from the Regional Data Quality team is reported to the Information Assurance Board and any issues are escalated as required to the FAB and/or JIAC.</p> <p>Additionally, any issues, recommendations and/or learning presented should be reviewed by the Information Unit to determine how these can be rectified or</p>	2	<p>Recommendation is accepted.</p> <p>Information received from the Regional Data Quality team will be included in Information Assurance reporting to FAB.</p> <p>Assigned to Sarah Crampton / Trina Kightley-Jones</p>	<p>Chief Digital Officer</p> <p>September 2023</p> <p>February 2024</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
		implemented by the Force and/or OPFCC.				
4.3	<p>Quick Reference Guides</p> <p><i>Observation:</i> Guidance documents provide quick and easy to understand information regarding individual topics. These are excellent formats for providing information regarding complex areas in small chunks, such as data quality for information recorded in NICHE. However, it has been noted that there is little information for other systems, such as Unit4, which could also be significantly impacted by erroneous data and/or poor data quality.</p> <p><i>Risk:</i> Incorrect data entry or linkage can lead to errors in operations and damage to reputation and/or finances.</p>	The Force and OPFCC should create further guidance documents for each system in use to provide quick hints, tips and ""cheat sheets"" for ensuring data quality and integrity is maintained across all systems. This could include how to report data quality issues, how to record transactions in Unit4, etc.	3	<p>Recommendation is accepted.</p> <p>'Cheat Sheets' will be produced as part of the first recommendation.</p> <p>Assigned to Andrew Jones. Linked to Information and Data management risk – Niche 'cheat sheets' R0005.</p>	<p>Chief Digital Officer</p> <p>December 2023</p> <p>July 2024</p>	

Information Management – May 2023

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.1	<p>Information Assets and Automated Decision Making</p> <p><i>Observation:</i> While we completed our audit and found that controls were in place, adequately designed and effective, it was noted that we had only reviewed a sample of the systems in use at the Force and/or OPFCC; and, that there was little knowledge of automated decision-making processes within information assets, indicating a lack of maturity regarding information assets across the Force and/or OPFCC.</p> <p>One particular issue was the lack of assessment of ADM within the current DPIA processes for new systems/activities within the Force and/or OPFCC. This was noted in the DPIA for the recruitment system which did not include information regarding the automated processing within the eligibility sift. Additionally, Records of Processing Activities (ROPA) processes are used to detail the processing to be undertaken with personal data within systems and ADM is assessed using a single yes/no question and a</p>	The Force and OPFCC should conduct a review of all existing information assets by asset owners, guided by the Information Unit, to ensure that all ADM processes are identified and assessed. Additionally, it should be ensured that DPIAs and ROPAs are reviewed to ensure that the relevant questions are appropriately recorded. Upon completion of the review the Force's and OPFCC's privacy policies should be updated in respect of automated decisions making.	2	<p>Northamptonshire Police to refresh their Asset Owner Register and audit the current RoPA details to identify areas for update and to ascertain any other areas of Automated Decision Making</p> <p>DPIA Templates to be updated to specifically identify automated processes particularly for new projects and business processes.</p> <p>Review and refresh Privacy Notice and policies</p>	<p>Data Protection & Information Unit Manager</p> <p>31/01/2024</p> <p>Data Protection & Information Unit Manager</p> <p>30/11/2023</p> <p>Data Protection & Information Unit Manager</p> <p>30/05/2024</p>	

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>free text box for comments. However, there is no requirement for this question to be answered and in cases reviewed, this reported back as "No Data". These documents are reviewed by the Information Unit and, if these questions are not required to be completed, they should be subject to greater scrutiny regarding this issue to ensure they are completed appropriately. Finally, it was also noted in both the Force's and OPFCC's privacy policies that an explicit assertion was made that no automated decision-making was undertaken on behalf of either organisation, which was clearly incorrect in respect of the recruitment platform. The phrasing also means it may be incorrect regarding automated decision-making undertaken by systems/platforms/processors outside of the Force's/OPFCC's knowledge.</p> <p><i>Risk:</i> Inappropriate processing of data using automated decision-making processes leading to regulatory action.</p>					

IT Disaster Recovery – May 2023

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>4.1 IT Disaster Recovery Procedures</p> <p><i>Observation:</i> There are no explicit procedures or runbooks relating to recovery in different disaster scenarios that may be required in the event DR is invoked. As Digital and Technology support both police and fire IT applications that are hosted on-site and in Azure, it is likely that interfaces between applications may be disrupted causing the corruption of data.</p> <p>Run-books should therefore define not just the technical steps to recovery such as reconfiguring the network and restoring data, but those steps necessary to re-establish the integrity of data and to recover services in an orderly way so as to optimise the speed of recovery.</p> <p>We were informed that Force technicians can perform many recovery tasks such as restoration of data from</p>	<p>Disaster recovery procedures should be developed that set out the overall recovery process, responsibilities and unique activities/considerations that may be required in the event of a disaster, such as resynchronisation of interfaces</p>	1	<p>DR procedures will be developed for core systems in Fire and Police, based on the BCP priorities</p> <ul style="list-style-type: none"> 1. Agree which systems are 'core' 2. Gain business agreement 3. Create delivery plan for development of the procedures <p>Assigned to Dan Cooper</p> <ul style="list-style-type: none"> 1. Agree which systems are 'core' 2. Gain business agreement 3. Create delivery plan for development of the procedures 	<p>C Chambers, Chief Digital Officer</p> <p>July 2023 September 2023 December 2023</p> <p>March 2024 April 2024 July 2024</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	backups; however, there are no procedures to cover those activities that only occur in a disaster. <i>Risk:</i> The IT DR capability may not meet business requirements, which in a real disaster may lead to critical IT services either not being recovered on a timely basis or at all, thus causing significant impacts to Force operations.					
4.2	IT Disaster Recovery Policy <i>Observation:</i> There is no IT DR policy in which governance or supporting frameworks are defined, that provide the requirements for ITDR such as regular testing, and the requirement to monitor the ITDR arrangements for systems provided to the Force by third parties. <i>Risk:</i> In the absence of a defined and governed ITDR policy, the technical recovery capability may not support the Forces BCM programme effectively	The Force should review the content in the Business Continuity Management Policy and include specific guidance on the requirements for IT DR covering topics such as testing and monitoring of third parties. The BCM Policy should be reviewed on an annual basis. The last review date was 16/11/2021.	2	The BC Policy and Procedures will be updated to include this. <i>Update – Policy and Procedures updated and uploaded to Policy Library</i> The BCM Policy and Procedures were reviewed and updated in February 2023. The Policy Library sends reminders for them to be reviewed so this should already happen annually.	Force Risk and Business Continuity Manager and DDaT 31 August 23 Complete	
4.3	Consolidated View of Continuity Objectives <i>Observation:</i> The results of the latest Business Impact Assessment (BIA) included in each department's Business Continuity Plan have not been consolidated into a critical list for review by IT management. The Business Continuity Management Plan for Information Services does not therefore document the results of the Business Impact Assessments across the Force and Fire Service to establish the high-level Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs) to assess whether these are satisfied by the recovery arrangements in place. <i>Risk:</i> The IT Disaster Recovery Plan does not meet the requirements of the Business Impact Analysis and the expectations of the Force	The results of the latest departmental Business Impact Assessment (BIA) should be consolidated and assessed to determine whether the requirements from the Force can be met by the ITDR arrangements. The results of this exercise should be incorporated into an IT Disaster Recovery Plan and overall Business Continuity Plan to establish a "golden thread" between these two documents, and demonstrate that the requirements set out by the business for key processes in the BIA can be met by ITDR arrangements	2	The last BIA was conducted in 2018 so it would make sense to repeat that exercise before considering ITDR requirements. <i>Update – Initial list of systems and recovery time objectives has been extracted from BCPs and forwarded to DDaT.</i>	Risk and Business Continuity Manager November 23	
4.4	Risk Management		2			

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p><i>Observation:</i> Although there is a technology and digital risk register which covers a number of risks that the Information Services Department is likely to encounter, there are no risks related to potential threats to the availability of services and the adequacy of IT resilience / disaster recovery processes.</p> <p><i>Risk:</i> Management awareness of risks in relation to the potential threats to critical IT services may be limited or in relation to the effectiveness of IT DR arrangements, for example because fail-over arrangements have not been tested</p>	<p>The Force's risk register should include additional risks related to events that might trigger a disaster and the severity of their impact. These risks should have formal mitigation plans via controls already in place or the implementation of new controls where required</p>		<p>The Risk and Business Continuity Manager will discuss this with DDaT to complete a risk assessment which will then be shared with the Force Assurance Board for approval to be included on the force risks register</p> <p>Update to FAB 070823 – Strong preventative and monitoring processes are already in place which mitigate most risks to IT services. It is not practical to record risks for every possible scenario that might disrupt services. As and when emerging threats are identified they will be assessed, and a risk recorded on the register if required.</p>	<p>Risk and Business Continuity Manager and DDaT June 23</p>	
4.5	<p>Test Planning</p> <p><i>Observation:</i> The Force do not have a standardised approach to testing. There is no overarching disaster recovery testing strategy in place and no tests have occurred beyond that done for the fire service relocation.</p> <p>We were informed that there is some doubt that Oracle backups could be recovered within the RTO expected by the Force, but this concern has not been validated.</p> <p><i>Risk:</i> The lack of a defined testing strategy could lead to inefficiencies in the recovery process which would in turn lead to inadequacies of the wider Force's business requirements</p>	<p>A strategy for ITDR testing should be developed that reflects the operational challenges of testing DR arrangements while at the same time maintaining operational services.</p> <p>Based on this an annual plan of disaster recovery tests should be maintained that cover all services deemed critical to the Force. The plan should include services supported by failover arrangements as well as those recovered from backup.</p> <p>Tests conducted should verify that services can be recovered within the RTO expected by Force departments.</p> <p>The development of disaster recovery procedures (see 4.1) should accommodate steps to test the failover of systems in an orderly manner so as to minimise disruption to the delivery of these services to Force employees</p>		<p>Strategy for ITDR will be written and taken to relevant governance groups for approval.</p> <p>Assigned to Dan Cooper</p> <p>Annual plan for testing will be drawn up, based on the audit recommendations.</p>	<p>C Chambers, Chief Digital Officer December 2023 March 2024</p> <p>C Chambers, March 2024</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.6	<p>Updates on the status of DR Arrangements</p> <p><i>Observation:</i> There are no formal updates to business continuity stakeholders such as the emergency planning team on the adequacy of disaster recovery arrangements.</p> <p><i>Risk:</i> The wider business are unaware of the Force's disaster recovery arrangements and therefore whether these adequately meet their requirements</p>	The Force should implement formal arrangements to ensure that that business continuity stakeholders such as the emergency planning team are updated upon the adequacy of IT resilience and disaster recovery arrangements.	3	<p>The strategy detailed in the previous recommendation will include formal arrangements for reporting to key stakeholders, ideally via a governance group that is already in existence.</p> <p>Assigned to Dan Cooper</p>	<p>C Chambers, Chief Digital Officer</p> <p>December 2023</p> <p>December 2024</p>	

2023/24

Firearms Licensing – July 2023

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>Delays in Decision Approval and Certificates</p> <p><i>Observation:</i> All grant and renewals applications are required to be appropriately approved, under Section 55 of the Firearms Act, by the Firearms Licensing Manager or Deputy Firearms Licensing Manager. This approval is evidenced in the Force's Enquiry Pack, with a step for the approval, printing and signing of each certificate issued.</p> <p>Audit has reviewed 15 grant applications and 25 renewal application to confirm that appropriate approval has been provided and while this is clearly evidenced, it has been noted that there have been significant delays.</p> <p>Of the 40 applications reviewed, 25 were approved more than 30 days after the Enquiry Pack was completed and submitted by the FEO; 11 were printed more than 5 days after being approved; 17 were printed prior to approval being provided; and 26 were 2signed more than 5 days after being printed.</p> <p>Throughout our audit we have noted a significant backlog of cases within the Unit, which has been the major factor in preventing the timely processing of applications.</p> <p>Whilst there are no statutory timeframes for the processing of firearms license applications, the current</p>	The Force should analyse the firearms license process to identify specific actions to address the current backlog. This should include a root cause analysis of the backlog and identify areas for optimisation.	2	<p>A root and branch review has been carried out by a D/Supt who has been based in the unit, a report was presented to Chief Officers.</p> <p>Peer Review carried out by other force FELU.</p> <p>A demand analysis was also completed, the findings of which were taken into the above review paper.</p> <p>Currently working on a paperless system to support a more efficient process as well as a review of staff roles and responsibilities.</p> <p>Update Jan 24 - This is ongoing and work is underway to restructure some of the roles within FELU to make it more efficient. The process to Digitise the Unit is also progressing at pace and the NICHE module for this is now being tested, with it aiming to be implemented by March 2024/ Further work to single online home and automation / robotics will see further significant performance improvements.</p>	<p>Head of Central Intelligence Services</p> <p>Completed</p> <p>Head of Central Intelligence Services</p> <p>Ongoing</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>level of delays impacts on application satisfaction and Force reputation.</p> <p><i>Risk:</i> Significant delays in the approval of firearms license applications increases the risk of new and changing circumstances not being included within the assessment.</p>			<p>A further review was completed internally which will serve to further improve processes within FELU.</p>		
4.2	<p>Delays in Contacting Applicants and Conducting Home Visits</p> <p><i>Observation:</i> All grant and renewals applications are required to be subject to a home visit and security inspection carried out by a Firearms Enquiry Officer. This is evidenced in the Enquiry Pack through detailed notes taken by the FEO.</p> <p>Audit has reviewed 15 grant applications and 25 renewal application to confirm that clear and appropriate evidence of these inspections has been provided, and while this is clearly evidenced, it has been noted that there have been delays.</p> <p>The delay is occurring while waiting for the FEO to contact the applicant, with 31/40 cases not being contacted within 30 days of an FEO being appointed. The delay in visitation can cause unnecessary work if there is change of circumstance between application and visit as this may require updated or new application information to be recorded and assessed.</p> <p><i>Risk:</i> Delays in conducting home visits may allow for changes in conditions to be unobserved by FEOs or for FEOs to feel pressure to clear applications due to the length of time they have been being processed.</p>	<p>The Force should allocate casework to FEO's on a more timely basis.</p> <p>The Force should communicate expected timeframes for actions to be taken.</p>	2	<p>Casework is allocated to FEOs, however, due to resourcing within FEO team, visits to holders are significantly delayed, resourcing is being reviewed as part of current scrutiny of unit. On line application (SOH) gives indication of timeframes/delays at present.</p> <p>On FEO visit, holders are requested to sign a disclaimer stating there have been no changes in circumstances since they submitted the application, any changes are discussed and noted on enquiry pack. FEOs are not pressured to clear applications, emphasis is placed on thorough and robust enquiries.</p> <p>Recent Mowbray review found that there are no shortcuts in relation to enquiries due to backlog that would increase risk to public safety.</p> <p>Update Jan 2024 - Visits to holders for new grants is progressing including using overtime with funding provided by the OFPCC. This will have a substantial impact on improving the time taken to deal with an initial grant. Further work realigning resources within the department will also reduce time taken.</p>	<p>Head of Central Intelligence Services</p> <p>Continuous Review</p> <p>Cannot be achieved until backlogs are removed.</p>	

RUI Follow Up – September 2024

OFFICIAL

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status												
4.1	<p>Longstanding RUIs</p> <p><i>Observation:</i> As per the previous review, it was identified that it was necessary to prevent longstanding RUIs due to the negative effects they may present to afflicted individuals, particularly for those in the course of undergoing employment or other vetting processes. Although there has been a reduction in the number of longstanding RUIs over time, a large number of individuals still remain RUI for over one year.</p> <p>Below is a summary of the status of longstanding RUIs at the time of our audits:</p> <table border="1"> <thead> <tr> <th></th> <th>RUI 1-2 Years</th> <th>RUI >2 Years</th> </tr> </thead> <tbody> <tr> <td>Apr 21</td> <td>328</td> <td>139</td> </tr> <tr> <td>May 22</td> <td>242</td> <td>113</td> </tr> <tr> <td>Jun 23</td> <td>217</td> <td>86</td> </tr> </tbody> </table> <p>The responsibility for the review of longstanding RUI cases lies with Chief Inspectors, and on a quarterly basis Chief Inspectors are requested to undertake a review of longstanding RUI cases, last taking place in May 2023.</p> <p>The Detective Chief Inspector now holds a meeting every week with Custody to discuss RUI cases. Additionally, RUI cases should be reviewed every 28 days by officers however this is a personal responsibility of officers and is not monitored.</p> <p>We noted that the Force has the capability to actively monitor RUI figures through Niche reports that can be generated, however, these figures are not reported more widely.</p> <p><i>Risk:</i> Individuals on longstanding RUI are not treated fairly and may present a risk of reputational damage to the Force.</p>		RUI 1-2 Years	RUI >2 Years	Apr 21	328	139	May 22	242	113	Jun 23	217	86	<p>The Force should explore how officer's 28-day review of RUI cases can be monitored.</p> <p>The Force should actively monitor and report on longstanding RUIs to ensure that accountability and ownership is in place for individual Chief Inspectors, such as by sending RUI figures reports to a board or committee for review.</p>	2	<p>The force accepts the recommendations.</p> <p>The force will consult on a standardised automation process to assist with monitoring of reviews to identify where further improvements can be made however, RUI's have continued in a downward trend, and I am satisfied that the 28-day review process is sufficient to manage risk in the interim.</p> <p>The Aged RUIs will be reviewed yearly as part of the Senior Officer Review process to drive down the numbers, and individual Chief Inspectors will be sent the data on a quarterly basis.</p> <p>Governance will be via Improving Investigations Board.</p>	6-9 months depending on technical requirement - DCI Andy Rogers	
	RUI 1-2 Years	RUI >2 Years																
Apr 21	328	139																
May 22	242	113																
Jun 23	217	86																
4.2	<p>RUI Concerns</p> <p><i>Observation:</i> As per the recommendation from the September 2022 review, the Force is taking steps to ensure that RUI cases are reviewed.</p> <p>Previously, the Detective Chief Inspector undertook a personal review of RUI cases, however, due to time constraints no longer personally reviews them. A RUI spreadsheet is forwarded to Chief Inspectors on a</p>	<p>The Force should develop standardised categories of error to assist in the identification of common errors and for use in future reporting, communications and training.</p>	3	<p>The force accepts this recommendation.</p> <p>The Chief Inspector will seek to identify a means to standardise categories to prevent misapplication of bail and RUI.</p> <p>Where trends are identified this will be communicated through appropriate channels and via CPD.</p>	Initial phase to identify standardised categories 3 months, with ongoing monitoring for													

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>fortnightly basis to identify if RUI was the correct choice or if bail should have been considered. Chief Inspectors then distribute the cases to their teams who note whether RUI was the correct choice and provide a rationale. If errors have been identified during the review process, the officer reports back to the Detective Chief Inspector with the rationale and these cases are saved into a folder.</p> <p>From discussion with the Detective Chief Inspector, no repeat offenders have been identified so far. However, we did not find that standardised categories of errors are in use as per the previous recommendation.</p> <p><i>Risk:</i> Repeated errors in processing RUI's are not identified and remedied.</p>				compliance - DCI Andy Rogers	
4.3	<p>Training</p> <p>Observation: Subsequent to the September 2022 review the Force have proactively sought to increase the completion rates of NCALT Bail and RUI training by officers.</p> <p>However, changes to the Bail Act in October 2022 have made the previous training obsolete and new pre-charge bail training has been implemented, which will become mandatory from October 2023. Currently, a large number of officers have not yet completed the training:</p> <ul style="list-style-type: none"> • 138/1524 – pre-charge bail e-learning completion • 558/1524 – pre-charge bail video <p>Although it is not yet mandatory, audit believe that it would be best practice to continue proactively increasing the completion rate for training to mitigate the risk of bail and RUI being administered inappropriately.</p> <p><i>Risk:</i> Officers in the Force are inadequately trained and RUIs / bail are incorrectly processed.</p>	The Force should proactively pursue completion of pre-charge bail training.	3	The force accepts this recommendation. This will be part of the training and implementation plan introduced as part of the new Bail Reform Act 2022, being rolled out during October 2023 as stated. Communications to drive improvements in completion rates of training prior to it being mandated will be pursued.	4 months - DCI Rogers	

Business Continuity & Emergency Planning – November 2023

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	Annual Testing Programme					

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>Annual Testing Programme <i>Observation:</i> The Force maintain a BCP Exercise Log, which lists all departments across the Force and records when the most recent business continuity exercise was completed. Through conversations with the Risk and Business Continuity Manager, we established that exercises are aimed to be completed annually for each department. Review of the BCP Exercise Log shows that only seven of the 38 departments have completed a business continuity tabletop exercise since roughly 2021, with some exercises dating back to August 2019. We queried this with the Risk and Business Continuity Manager who informed us due to resource implications and being a single-person team, it is often difficult to complete exercises for all departments periodically. Audit notes that the Force do not have an agreed testing schedule in place to clearly record when exercises for each department should be completed. Furthermore, review of the BCP Exercise Log compared to the BCP Management Log identified discrepancies between listed departments. The BCP Exercise Log lists a total of 38 departments, compared to the BCP Management log which only lists 36. The BCP Exercise Log includes the following departments (not included within BCP Management Log): Domestic Abuse Team, M.A.S.H, Protecting Adults and Safeguarding Team. The BCP Management Log includes the following departments (not included with BCP Exercise Log): Covert Intelligence Unit and Protecting Vulnerable People. We also found that an annual test programme is not in place for the OPFCC BCP. Additionally, from review of the BCP, the last recorded test took place on 2 March 2020. <i>Risk:</i> Business continuity plans are not fit for purpose should an incident arise.</p>	<p>The Force and OPFCC should implement an internal annual test programme for its business continuity plans. The Force should ensure the test programme covers all plans over a cyclical period, with those of highest priority tested on a more frequent basis. The Force should perform a reconciliation between the BCP Exercise and BCP Management Log, to ensure the departments listed are consistent with one another.</p>	1	<p>OPFCC - This recommendation is accepted by the OPFCC and an annual testing regime will be established. We will look to align this with the annual refresh of the BCP for ease of updating as required via any learning gained as a result.</p> <p>Update from OPFCC 8th January 2024 – Test regime in place for at least an annual testing of BCP. Last undertaken 17th December 2023 and results are being assessed for learning.</p> <p>Force - The force will reimplement an exercise schedule based on the previously agreed approach of desktop exercises. The frequency of the exercises will be determined by the criticality of the department. The exercise schedule will be presented to the Force Assurance Board in October 2023 for approval.</p> <p>Update – The exercise schedule was approved by FAB in October. Exercising has recommended in December 2023. - Complete</p> <p>As previously explained to the auditor the BCP Management Log was amended shortly before the audit due to a change in the structure of the force and this was not reflected in the Exercise Log due to no exercises having been scheduled for the relevant departments. The Exercise Log has already been updated to reflect the Management Log.</p>	<p>31 December 2023</p> <p>October 2023</p> <p>Already Complete</p>	
4.2	<p>Contingency / Response Plans <i>Observation:</i> The Joint Operations Team (JOT) is responsible for the management of Contingency Plans for sites within Northamptonshire. A Testing &</p>	<p>The Force should review and update its outdated Contingency Plans as soon as possible and</p>	1	<p>The ability of the Joint Operations Team to review effectively the current contingency plans was highlighted in the June 2022</p>	<p>Staffing recruitment now complete.</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
	<p>Exercise Calendar is maintained by JOT, which includes a schedule of planned exercises for 2023 for a number of different exercise categories, such as with the LRF, regionally and the Force. The JOT also audits Contingency Plans and produces a spreadsheet noting when the Plan was last updated, with an audit last taking place in January 2023. We noted that there are approximately 246 in the 'Response Plans' category, and upon further review found:</p> <ul style="list-style-type: none"> • 102/246 – last updated more than two years ago. • 31/246 – last updated between one year and two years ago. • 37/246 – the plan could not be found. <p>We also selected a sample of four Plans in order to confirm whether testing was undertaken recently. In two cases, we were informed that Plan specific exercises and testing have not been undertaken recently, although other exercises carried out covered some aspects of these Plans, such as the mobilisation of resources.</p> <p><i>Risk:</i> Emergency Response and Contingency Plans are outdated and / or not fit for purpose, leading to an ineffective response to emergencies.</p>	<p>determine which Plans should be updated as a priority. Additional resources should be allocated towards locating, reviewing and updating Contingency Plans.</p>		<p>review that saw the recommendation for the uplift in the department of two full time PC's. These have now been recruited and with a change of one other PC who obtained a new role there are now 3 new PC's within JOT who are now undergoing the relevant training in event planning and contingency plan writing and reviewing. A light touch review of plans was undertaken over the last year to ensure contact details and agencies were still relevant but no detailed analysis was undertaken due to Operational Demand and staffing levels. A plan has now been enacted to fully review the current response plans in risk order compared with the National Security Risk Assessment and Northamptonshire Community Risk register. This work will now be ongoing and reviewed every 6 weeks with all staff in the department being allocated individual plans for detailed review. 20 plans have been allocated in the first tranche. The Counter terrorism plans are reviewed on a quarterly rotating cycle led by CT EMSOU via the NAPRAS process. A large number of the documents in the site specific are not owned by Northants Police but will need to be reviewed with the site or partner agency for relevance.</p>	<p>Staffing training complete by January 2024.</p> <p>Plan for allocation of plan reviews in line with risk now complete. Review of all plans estimated timescale 2 years. (Oct 2026)</p>	
4.3	<p>Training and Guidance</p> <p><i>Observation:</i> The Force's Business Continuity Management Policy states that individual Business Continuity Plans (BCPs) will be developed for each department within the Force. Departmental managers are responsible for managing the BCPs for their respective departments. We interviewed the BCP owners from four departments and found that they received no initial or continuous training related to BCPs. Whilst audit acknowledges that informal training is available on</p>	<p>The Force and OPFCC should implement appropriate training programmes for responsible owners of BCPs upon initially becoming responsible, as well as continuously. Awareness of business continuity guidance located on the Force's intranet should be communicated</p>	2	<p>OPFCC – Accepted</p> <p>Update 8th Jan 2024 – We will seek the support of the Force about awareness training and follow guidance as far as possible used by them as the larger organization.</p> <p>Force - Additional BC Awareness guidance and training will be developed to</p>	<p>28th February 2024 Force Business Continuity and Risk Manager November 2023</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
	<p>request and guidance is accessible on the Force's intranet, interviews conducted by the Force highlight that not all responsible owners are aware of the support available to them.</p> <p>From discussions held with the Director of Delivery, we noted that no formal training is in place around the OPFCC's Business Continuity Plan (BCP). We were informed that staff members are made aware that there is a BCP and where it is located, however this has not been formalised such as in the induction process.</p> <p><i>Risk:</i> Responsible individuals do not have sufficient understanding and accountability of the business continuity processes.</p>	<p>to all responsible owners across the Force.</p> <p>It should be ensured that the induction process for new staff members includes training and guidance relating to BCPs.</p>		<p>supplement the existing BCP Guidance. This will be communicated to all staff through Force Orders and Forcenet with additional training offered to those that require it.</p>		
4.4	<p>Business Continuity Action Tracker</p> <p><i>Observation:</i> On the completion of a Business Continuity Exercise/Simulation, the outcomes, recommendations and remedial actions should be documented and tracked to ensure lessons are learned from each test.</p> <p>Whilst Audit verified that the Force and OPFCC identifies lessons learned from internal testing of BCPs, the Force does not currently track remedial actions and outcomes from Force BCP testing and multiagency exercises such as with the LRF.</p> <p>Audit did note through discussions with the Inspector within the Joint Operations Team, that that the Force are considering jointly procuring an operational learning and debriefing system which will assist in tracking actions from these exercises.</p> <p><i>Risk:</i> Outcomes of multiagency testing exercises which may impact the Force are not appropriately tracked leading to a lack of monitoring for continuous improvement purposes.</p>	<p>The Force and OPFCC should ensure outcomes, recommendations and remedial actions are tracked for both Force and OPFCC BCP exercises.</p> <p>The Force should enhance their existing BCP Management Log to include recording and tracking of remedial exercises following departmental BCP exercise completion</p>	2	<p>OPFCC - This is accepted and already forms a part of the OPFCC BCP and the associated template that sits with it in terms of testing regime. Refer to testing recommendations above.</p> <p>Force - The existing Exercise Template already has a section for departments to record any learning points identified during the exercises. A separate tracker will be developed to ensure that these learning points have been incorporated into BCPs which will be verified by the Business Continuity and Risk Manager on review of the amended plans.</p> <p>Update - The tracker has been developed and will be used to record actions from exercises from December 2023. Complete</p>	<p>31st December 2023</p> <p>Force Business Continuity and Risk Manager</p> <p>October 2023</p>	
4.5	<p>Contingency Plans Procedures & Guidance</p> <p><i>Observation:</i> The Joint Operations Team (JOT) has developed a Contingency Plans Procedure. The Procedure notes that the Force response to major incidents is noted within the Multi-Agency Response</p>	<p>The Contingency Plans Procedure should be reviewed annually, and should also be updated to include information such as:</p>	2	<p>The Contingency Plans Policy & Procedure and Operational Order Policy & Procedure ownership have now been transferred from Sergeant ownership within JOT to the</p>	<p>Policy & Procedure reviews</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>Manual (MARM), which is maintained by the LRF and is located on Resilience Direct, and that JOT is responsible for contingency plans relating to Northamptonshire.</p> <p>The Procedure states that there are two main types of plans, Specific Contingency Plans and Area Contingency Plans, and that the purpose of the Procedure is to provide a standard for the format of Area Contingency Plans which are required to follow a common pattern.</p> <p>Upon review of the Procedure, we found that it only provides limited detail on the required format and structure of Area Contingency Plans, and a standard template for plans is not included within the Procedure. We also noted that the Procedure does not include information on how often plans should be reviewed, and how and when exercises and testing should be carried out.</p> <p>We also found that the Procedure only provides limited information on roles and responsibilities of specific staff members. The JOT supervisor is noted as being responsible for signing off plans, however, responsibilities for the wider team and Force is not included.</p> <p>Additionally, we noted that the Procedure was last reviewed on 27 March 2021. However, the Procedure states that it should be reviewed on an annual basis.</p> <p>Upon review of the JOT Contingency Plan audit spreadsheet, we found that it includes a 'library' section and a review of the last updated date for a number of guidance documents. We found the following:</p> <ul style="list-style-type: none"> • 31/65 – last updated more than two years ago. • 4/65 – last updated between one year ago and two years ago. • 29/65 – guidance could not be found. <p>However, it is noted that the majority of these guidance documents are not maintained by the Force or JOT, but outside agencies.</p> <p><i>Risk:</i> Insufficient and outdated guidance on contingency plans leads to an inconsistent approach towards emergency planning.</p>	<ul style="list-style-type: none"> • Contingency plan template (or link to a template). • Specific roles and responsibilities. • How often contingency plans should be reviewed and updated. • How and when exercises and testing of contingency plans should be carried out. • Communication protocols e.g., a list of key contacts. <p>Updated copies of guidance noted within the JOT audit spreadsheet should be obtained, or the guidance removed if no longer relevant.</p>		<p>Inspector for JOT and are now being reviewed.</p> <p>They will contain:</p> <p>A Contingency plan template (and a link to a template).</p> <p>An Operational order plan template (and a link to a template)</p> <p>Specific roles and responsibilities.</p> <p>How often contingency plans and standing Operational Orders should be reviewed and updated.</p> <p>There is now a seconded Police Sergeant based in JOT who is reviewing the testing and exercise program in co-ordination with the LRF partners. A TOR is now under discussion between the LRF partners. This will address how and when exercises and testing of contingency plans should be carried out both single agency (Police) and Multi Agency (with wider LRF partners). A role description is being drafted for consideration of advertising a full time post either seconded from Police or NFRS or recruited internally on a fixed term contract.</p> <p>Ahead of the new JOT Homepage being delivered and as part of the above plan reviews any guidance on the JOT Homepage (no date set) will be removed if no longer relevant or referred to from the relevant plan.</p>	<p>Completion anticipated by December 2023.</p> <p>Testing and training Role and guidance: December 2023.</p> <p>Review of relevant guidance documents on JOT homepage December 2023.</p>	

Reasonable Adjustments Follow Up – January 2024

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
1	<p>TRAA Template Deficiencies</p> <p>Our initial audit in April 2023 noted significant deficiencies in the Tailored Reasonable Adjustment Assessment template (TRAA) being used by the Force when compared to the College of Policing’s guidance. Whilst we note that significant improvement has been made in aligning the updated template to the College of Policing’s guidance, there were some requirements outlined in the guidance that had not been incorporated in full into the current template. These were:</p> <ul style="list-style-type: none"> • Details of the passport holder’s strengths, experience, skills and knowledge – the focus here is on what the passport holder can do well. • Details of any agreed adjustments to be made and what will be different about the passport holder’s working conditions and arrangements as a result. • Data protection – the workplace adjustments passport must include a section clarifying how this information will be stored, how long for, who has access, and how and why they have access. <p>Whilst an updated template was produced during the fieldwork, we note that all outstanding TRAA’s have been completed in the previous template, which does not include the above items.</p> <p><i>Risk and Impact:</i> The Force has not appropriately assessed an individual’s needs and the impact of any reasonable adjustment, leading to potential litigation where adjustments are inappropriate.</p>	<p>The Force should ensure that the TRAA template is updated to include all elements outlined by the College of Policy. All active TRAA’s should be updated to reflect the amendments to the template.</p>	2	<p>The action has been completed. The TRAA has since been updated to include a section which includes the passport holders strengths, experiences, skills, and knowledge. We have also added a section which captures the agreed adjustments made and what will be different about the role. This makes the document compliant with the College of Policing best practice document. We have also included an additional section which assists staff who are going through promotion processes so we can capture any additional requirements. We have also made very clear the storage, timeline, and who has access to the HR Hub where these are securely stored. All personal records are stored in accordance with the Force retention schedule. We have also devised an annual review report which will prompt reminder emails to be sent for annual reviews. We have no plans to refresh all current TRAA’s until the required annual review date (or sooner should the passport holder make changes). This means that current TRAA holders prior to January 2024 will have the older version until their review date later this year.</p>	Completed	
2	<p>Further Development of KPIs</p> <p>As noted in Section 02, KPIs are a useful tool in ensuring that performance can be monitored and scrutinised. It also supports transparency and accountability.</p> <p>We reviewed a reporting pack, which at the time of the fieldwork was due to be reported to the People and Culture Oversight Board on the 30th November as part of the HR Performance Pack, and confirmed that</p>	<p>The Force should develop a comprehensive suite of KPIs, including their definition, calculation methodology and a responsible individual. These should be presented to the People and Culture Oversight Board for scrutiny on a regular basis.</p>	2	<p>This action has been completed. During the audit process, a suite of HR Reasonable Adjustment KPI’s were presented to the governance board, People and Culture board which is chaired by the Assistant Chief Officer of Enabling Services. This was the first time that KPI’s were presented, and this was made clear to the auditors</p>	Complete	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>this included a breakdown of Reasonable Adjustment. It also included analysis regarding details included in TRAA's versus that included in Unit4. However, we note that these do not represent performance related KPIs, and as such the Force is not aligned to best practice, as outlined in Appendix A2.</p> <p>As such, we also note that the Force has not developed definitions for its KPIs, nor their calculation method, or a responsibility individual.</p> <p><i>Risk and Impact:</i> The Force do not have a comprehensive understanding of the performance of the HR department with regards to Reasonable Adjustments, including the timeliness of their provision, their cost, and their effectiveness. This may lead to reputational damage and potential litigation.</p>			<p>that a formal decision would be made regarding the KPI's and if these were sufficient. It was agreed at that meeting that these were suitable and will be continued to be presented at this board on a bi-monthly basis. In addition to the KPI's collated by the HR department there is also a defined suite of KPI's which are collated by the Health and Safety Manager regarding Reasonable Adjustments. This data is presented to the Health and Safety Board and the Force assurance board. This data already includes cost, timeliness, and effectiveness.</p>		
<p>3</p>	<p>Annual Review Process and Reporting</p> <p>Where Reasonable Adjustments are made for an individual, these should be reviewed on an annual basis to ensure they remain relevant and appropriate. Our previous audit report noted that the Force did not have any degree of oversight regarding the annual review timelines of the TRAA's that were in existence at the time.</p> <p>During this audit, we note the development of the HR Hub, a dedicated platform in which the HR department stores all TRAA's in existence at the Force. We note that this includes details of each TRAA, including the date of review and their review status.</p> <p>In addition, we reviewed evidence of an automated weekly email that summarises to the HR Department the number of TRAA's due for review.</p> <p>However, we note that no updated TRAA's have reached the twelve-month requirement to be reviewed, and as such we were unable to confirm that annual reviews had been conducted appropriately.</p> <p>As such, we were unable to confirm that the process in place for annual reviews is appropriate, and therefore cannot provide assurance that the process is effective.</p>	<p>As planned, the Force should review all TRAA's annually with the respective individual to ensure that the related reasonable adjustments are appropriate and effective in mitigating any disadvantage.</p>	<p>3</p>	<p>Since the previous audit we have created a dedicated HR Hub location for the secure storage of the TRAA's. We have cleansed old TRAA's and updated on the new TRAA format. We have limited the access to the TRAA's to the passport holder, current line manager, and HR Advisor. This process was completed in September 2023 therefore there is no current TRAA's that are due for review. However, we are setting up a process to ensure that any TRAA's that are due for review, and this will also mean the HR Business Support Advisor will have access to download the report to enable us to manage the review process. HR Business Support will run a monthly report from the HR Hub and contact passport holders via email to remind them that the TRAA they hold is due for review (or send a reminder if overdue). This process will commence mid 2024 due to the currency of the TRAA's.</p>	<p>December 2024 June Withey, Workforce Planning Manager Alison Roberts, HR Business Partner</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>However, the downgrade of the priority level reflects our assessment of the design of the controls in place with regards to annual reviews.</p> <p><i>Risk and Impact:</i> Reasonable adjustments are not regularly reviewed to assess whether they are still suitable, leading to unnecessary provision of reasonable adjustments or potential litigation where adjustments are inappropriate for an employee's requirements.</p>					
4	<p>Governance and Reporting are Not Formally Established</p> <p>At the time of the planned audit fieldwork dates (20th-22nd November) HR related Reasonable Adjustments had not been presented to a Governance body.</p> <p>However, following the fieldwork completion we confirmed that on the 30th November 2023 a two-slide reporting pack was presented to the People and Culture Oversight Board within the HR Performance Pack. We were advised by the HR Business Partner that at this meeting it was confirmed that Reasonable Adjustments data will be presented at the People and Culture Oversight Board within the HR Performance pack, which will be presented as the first item on the agenda to promote scrutiny of the information.</p> <p>We reviewed the Terms of References of both the People and Culture Oversight Board and the Force Assurance Board and confirm that, based on the membership and responsibilities, the People and Culture Oversight Board is the most appropriate governance body for Reasonable Adjustments to be presented at.</p> <p>However, we were unable to confirm that Reasonable Adjustments had been presented on a regular basis, nor that the information had been appropriately scrutinised and an appropriate audit trail maintained.</p> <p><i>Risk and Impact:</i> Senior Leadership does not have oversight of the Reasonable Adjustments process and cannot provide scrutiny.</p>	<p>As planned, Reasonable Adjustments should be presented on a regular basis to the People and Culture Oversight Board, with appropriate scrutiny being applied. An audit trail should be maintained.</p>	3	<p>This action has been completed. During the audit process, a suite of HR Reasonable Adjustment KPI's were presented to the governance board, People and Culture board which is chaired by the Assistant Chief Officer of Enabling Services. This was the first time that KPI's were presented, and this was made clear to the auditors that a formal decision would be made regarding the KPI's and if these were sufficient. It was agreed at that meeting that these were suitable and will be continued to be presented at this board on a bi-monthly basis. In addition to the KPI's collated by the HR department there is also a defined suite of KPI's which are collated by the Health and Safety Manager regarding Reasonable Adjustments. This data is presented to the Health and Safety Board and the Force assurance board. This data already includes cost, timeliness, and effectiveness.</p>	Complete	
5	<p>Benchmarking Activities are not in Place.</p>		3		March 2025	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>Benchmarking activities are a useful tool in ensuring that current working practices are consistent with legal and regulatory requirements, as well as being aligned to well performing peers.</p> <p>Since our last audit, we were advised by the HR Business Partner that no progress has been made with regards to benchmarking, given the absence of developed KPIs. However, we were further advised that they will engage with the Head of Strategy and Innovation to identify opportunities for benchmarking. This is consistent with the Audit recommendation plan maintained by the Force.</p> <p><i>Risk and Impact:</i> The Force are unaware of the performance and appropriateness of their reasonable adjustments processes compared to peers and best practice, leading to instances of malpractice.</p>	<p>The Force should ensure that benchmarking activity is conducted on a regular basis. This should be done by comparing the Force against peers, and any organisations producing best practice guidance such as the College of Policing</p>		<p>As stated above with regards to the KPI's this is now in process. The HR Business Partner has contacted the Head of Strategy and Innovation and the force is reaching out to others forces to review what data is available and if this is comparable with Northants data. This will further support the ongoing development of the current KPI's and support any development of the reasonable adjustment process.</p>	<p>Alison Roberts, HR Business Partner</p> <p>Sarah Peart, Head of Strategy and Innovation Unit</p>	

Joint Independent Audit Committee:

HMICFRS Recommendations Update

March 2024

Business Lead: Sarah Peart

Senior Lead Sponsor: Colleen Rattigan

Version 1.0

NORTHAMPTONSHIRE
POLICE

Fighting Crime. Protecting People.



The purpose of this report is to update the Joint Independent Audit Committee on the Northamptonshire Police's 2023 PEEL Inspection and to update on outstanding thematic and national HMICFRS Recommendations and AFIs.

Introduction:

The Force was subject to an HMICFRS PEEL inspection in 2023. The inspection took place over a few weeks during which the performance of the force was assessed against 9 core inspection PEEL assessment frameworks (PAF). The inspection has found the force to be '**Outstanding**' in one area, '**Good**' in one area, '**Adequate**' in six areas and '**Requires Improvement**' in one area and noted a number of Areas for Improvement (AFI). In addition, the force has been spotlighted as having 6 areas for **Promising / Innovative Practice**. This is an improvement since the previous inspection.

Business Leads have been identified to own and deliver improvements against specific AFIs with a named Chief Officer who has strategic responsibility and oversight. The **tracking of all AFIs** sits within the Strategy and Innovation Unit where information and updates are managed with the Business Leads and the organisation, via a shared portal on the Force Intranet page.

The force continues to work on compliance with current thematic and national report recommendations. There is a formal process embedded whereby all HMICFRS recommendation are tracked by the Strategy and Innovation Unit, working with the business leads. Progress is presented to the Chief Constable or to the Chief Officer Team at the Force Executive Meeting (FEM) and approval sought for sign off as complete.

Northamptonshire Police HMICFRS PEEL Assessment

2021/22

Our judgments

Our inspection assessed how good Northamptonshire Police is in 12 areas of policing. We make graded judgments in 10 of these 12 as follows:

Outstanding	Good	Adequate	Requires improvement	Inadequate
		Preventing crime	Treatment of the public	
		Investigating crime	Responding to the public	
		Supporting victims	Protecting vulnerable people	
		Disrupting serious organised crime	Managing offenders	
			Developing a positive workplace	
			Good use of resources	

Northamptonshire Police HMICFRS PEEL Assessment

2023/24

Our judgements

106

The PEEL inspection cycle for 2023-25 now consists of 9 areas that are assessed; these are not entirely comparable to the previous areas.

Outstanding	Good	Adequate	Requires improvement	Inadequate
Recording data about crime	Police powers and public treatment	Preventing crime	Investigating crime	
		Responding to the public		
		Protecting vulnerable people		
		Managing offenders		
		Developing a positive workplace		
		Leadership and force management		

HMICFRS PEEL AFIs – Governance

AFI	Business Lead	SRO	Governance
The force needs to improve how it records equality data.	Ch Supt Ward / D/Ch Supt Rymarz	DCC	Improving Volume Crime Group
The force needs to consistently record and evaluate day-to-day problem solving and share learning.	Ch Supt Ward	ACC Tuckley	Prevention and Intervention
The force needs to improve the time it takes to answer emergency calls.	Ch Supt Ward / Supt Hillery	ACC Tuckley	Local Policing Performance Board
The force needs to attend calls for service in line with published attendance times and make sure the caller is updated if there are delays.	Ch Supt Ward / Supt Hillery	ACC Tuckley	Local Policing Performance Board
The force should make sure it allocates investigations to officers and teams that have the capability and capacity to carry out timely and thorough investigations.	Ch Supt Ward / D/Ch Supt Rymarz	DCC	Strategic Justice Board
The force isn't always achieving outcomes for victims of crime.	Ch Supt Ward / D/Ch Supt Rymarz	DCC	Strategic Justice Board
The force needs to make sure it is using outcomes appropriately and that these outcomes comply with force and national policies.	D/Ch Supt Rymarz / DSupt Tompkins	DCC	Strategic Justice Board
The force should put reliable processes in place to monitor protective orders and make sure that breaches are prioritised to safeguard the victim.	D/CH Supt Rymarz / Dsupt McBride	DCC	Vulnerability Board

HMICFRS PEEL AFIs – Governance Cont.

AFI	Business Lead	SRO	Governance
Police representatives at multi-agency risk assessment conferences should have sufficient knowledge and experience to agree actions that reduce harm, on behalf of the force.	DCh/Supt Rymarz / DSupt Banfield	DCC	Vulnerability Board
The force should make sure that Violent and Sex offender Register supervisory reviews are of a high quality and that officers raise and complete actions. These reviews should include comprehensive intelligence checks to effectively manage the risk posed by registered sex offenders.	DCh/Supt Rymarz / DSupt Banfield	DCC	Vulnerability Board
The force should make sure it has the capacity and capability to manage the demand in the online child abuse investigations unit to avoid delays in enforcement action being taken. Supervisors should review caseloads and make sure offender managers regularly review available intelligence.	DCh/Supt Rymarz / DSupt Banfield	DCC	Vulnerability Board
The force needs to improve its understanding of why new recruits leave the force.	Suzanne McMinn	ACO Bullen	People and Culture Board
The force needs to do more to support the development and career progression of people from under-represented groups.	Suzanne McMinn	ACO Bullen	People and Culture Board
The force needs to establish processes to regularly review its strategic decisions, policies and processes to check they are effective and provide the intended outcome.	Colleen Rattigan / Sarah Peart	CC Balhatchet	Strategic Planning Board
The force has invested in its IT to provide better access to data. But senior leaders need to provide effective governance to maximise the potential for technology to increase productivity.	ACO Bullen / ACO Rattigan	CC Balhatchet	Strategic Planning Board

Tracking progress of AFIs – process agreed at the force Strategic Planning Board

- As with the previous AFI tracking progress for each, this can sit within Strategy and Innovation Unit.
- There will be a tracking document on Forcenet, accessible to all:

Link to 'PEEL 2023–2025: An inspection of Northamptonshire Police'		NORTHAMPTONSHIRE POLICE		Strategy & Innovation Unit		HMICFRS PEEL REPORT 2023 - AFI tracker				
HMICFRS Category	AFI number	Current AFI Detail	HMICFRS Reference (link to HMICFRS Monitoring portal for those with access)	SRO	Business Lead	Governance	S & I completion level assessment	Force AFI status Assessment		
Force Governance	1	The force needs to improve how it records equality data.	30589	DCC	Ch Supt Ward / Supt Hillery	Crime and Justice Board	0%	In progress		
Prevention & Deterrence	2	The force needs to consistently record and evaluate day-to-day problem solving and share learning.	30590	ACC Tuckley	Ch Supt Ward		0%	In progress		
Responding to the public	3	The force needs to improve the time it takes to answer emergency calls.	30591	ACC Tuckley	Ch Supt Ward / Supt Hillery	Policing Performance Board	0%	In progress		
Responding to the public	4	The force needs to attend calls for service in line with published attendance times and make sure the caller is updated if there are delays.	30592	ACC Tuckley	Ch Supt Ward / Supt Hillery	Policing Performance Board	0%	In progress		
Investigating Crime	5	The force should make sure it allocates investigations to officers and teams that have the capability and capacity to carry out timely and thorough investigations.	30593	DCC	D/Ch Supt Rymarz	Crime and Justice Board	0%	In progress		

- Working with the business, progress will be monitored through the tracker, so information is readily available to the Chief Officer team, senior leaders and for HMICFRS is they require updates.
- This information can be used to feed into the agreed Governance Boards.
- Updates will be provided to FEM on a quarterly basis.

SPOTLIGHT on Promising / Innovative Practice – Force findings

- The community initiative to reduce violence provides early intervention and diversionary opportunities for young people and prevents further criminality
- The force uses a community engagement form to monitor the effectiveness of its neighbourhood policing activities
- The force has a criminal justice centre of excellence for file completion and submission
- The force's initial investigation team manages volume crime effectively and has led to an increase in charge rates for shoplifting, improving outcomes for victims and bringing offenders to justice
- The force uses preventative orders for those suspected of accessing indecent images of children, in lieu of lengthy police bail
- The force has a dedicated well-being and performance sergeant

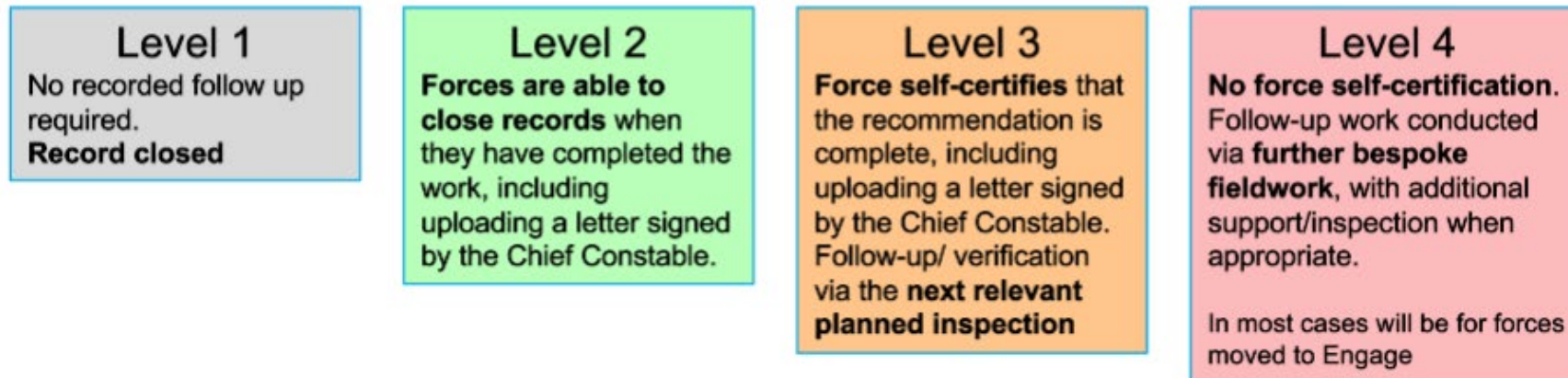
All Force PEEL reports are reviewed within the Strategy and Innovation Unit, and any other Promising or Innovative Practice will be shared with the business and go through the Innovation Working Group for discussion.

Expectations from HMICFRS in updating progress on other thematic and national inspection reports

HMICFRS have documented all AFIs and recommendations, resulting from numerous inspections, on the HMICFRS Monitoring Portal.

In January 2023, the portal and expectations changed; the HMICFRS has introduced a process for forces to be able to evidence completion against each outstanding AFI and recommendation. There are 4 levels.

Follow Up Levels



This approach to signing off AFIs and Recommendations is designed to put the responsibility on forces to provide the necessary evidence via the new portal, with a supporting letter signed by the Chief Constable to outline confidence in all action being taken and the AFI being satisfied. New reports are added to the portal regularly.

There are also historic reports still awaiting finalisation.

- Level 2 AFIs and recommendations will close upon the evidence being uploaded.
 - Closed since March 2023 = 38
 - Outstanding = 89 (27 reports)
- Level 3 AFIs and recommendations will require validation from the HMICFRS Force Liaison Lead before being closed.
 - Outstanding = 91 (10 reports)
 - Submitted for closure since March 2023 = 13
 - 22 relate to the PEEL/CDI 2020/21
- It is anticipated that with the conclusion of the force's PEEL inspection, some of the outstanding recommendations and AFIs will be closed. This is the responsibility of the HMICFRS Force Liaison Lead.



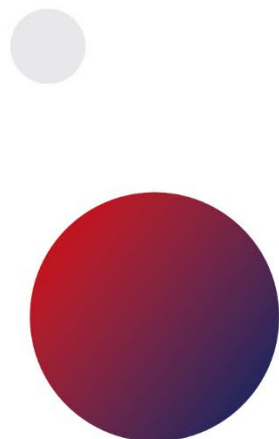


Treasury Management Strategy 2024/25

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. The 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 2024, with forward projections into future years, is summarised below. Table 1 shows the actual forecast 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	2023-24 Expected £'000	2024-25 Estimated £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000
External Borrowing at 1st April b/fwd	22,900	27,421	37,269	40,280	43,683	53,162
Net Borrowing Requirement to fund Capital Programme	6,623	12,529	6,648	7,210	13,616	16,930
MRP	(2,102)	(2,681)	(3,637)	(3,807)	(4,137)	(5,702)
CFR - Borrowing at 31 March c/fwd	27,421	37,269	40,280	43,683	53,162	64,390
Funds Available for Investment at 1 April b/f	5,456	1,180	3,000	3,000	3,000	3,000
Change in Funds Available for Investment	-	-	-	-	-	-
Investments at 31 March c/fwd	5,456	1,180	3,000	3,000	3,000	3,000
Net Borrowing	21,965	36,089	37,280	40,683	50,162	61,390

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 borrowing for investment purposed, nor 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:

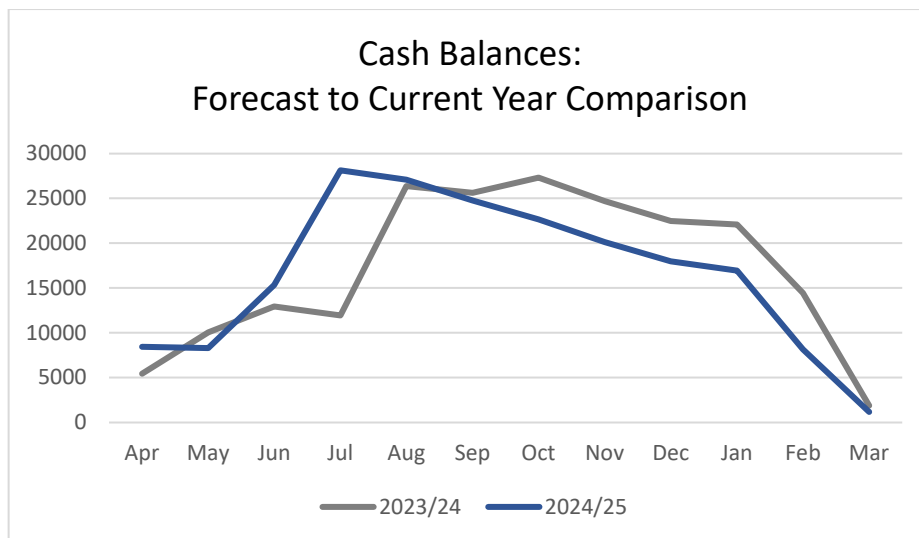
Table 2: Interest Rate Outlook as at 19th February 2024

Bank Rate														
	NOW	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	5.25%	5.25%	5.25%	4.75%	4.25%	3.75%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Capital Economics	5.25%	5.25%	5.00%	4.50%	4.00%	3.50%	3.00%	3.00%	3.00%	-	-	-	-	-
5yr PWLB Rate														
	NOW	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	4.83%	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.80%	3.70%	3.60%	3.60%	3.50%	3.50%	3.50%
Capital Economics	4.83%	4.50%	4.30%	4.10%	4.00%	3.90%	3.80%	3.80%	3.70%	-	-	-	-	-
10yr PWLB Rate														
	NOW	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	4.92%	4.70%	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.90%	3.80%	3.70%	3.70%	3.70%	3.70%
Capital Economics	4.92%	4.60%	4.40%	4.20%	4.10%	4.10%	4.10%	4.10%	4.10%	-	-	-	-	-
25yr PWLB Rate														
	NOW	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	5.40%	5.20%	5.10%	4.90%	4.80%	4.60%	4.40%	4.30%	4.20%	4.20%	4.10%	4.10%	4.10%	4.10%
Capital Economics	5.40%	5.10%	4.80%	4.60%	4.30%	4.40%	4.40%	4.50%	4.60%	-	-	-	-	-
50yr PWLB Rate														
	NOW	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	5.18%	5.00%	4.90%	4.70%	4.60%	4.40%	4.20%	4.10%	4.00%	4.00%	3.90%	3.90%	3.90%	3.90%
Capital Economics	5.18%	4.80%	4.60%	4.50%	4.30%	4.30%	4.30%	4.40%	4.40%	-	-	-	-	-

- 4.2. The current economic situation to the UK after decisions from Government has resulted in a steep interest increase which impacted through 2023/24. In March 2023 the Bank of England base rate increased to 4.25% compared to 0.75% in March 2022. The Bank of England forecasters are expecting base rate to begin to dip in the short term future, falling to 4.25% from 5.25% during the final quarter of 2024/25. The forecast table above shows the current forecast of the PWLB interest rates from our Treasury Advisors.
- 4.3. Investment returns are likely to slightly decrease in 2024/25 from the interest earned in 2023/24 due to the decrease in rates, and then decline slightly as we move through the Medium Term.
- 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 2020.

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 lower than £5k where possible. 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 current account.
- 5.2. At any one time, the PFCC has between £1m and £27m (depending on the cash flow of both revenue and capital financing) available to invest. This represents income received in advance of expenditure including reserves. The average cash available to invest throughout 2024/25 is expected to be £16.6m and the comparison of 2023/24 to 2024/25 is as follows:



5.3. As with most local authorities with a high proportion of employee to Supplies and Services expenditure, the 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.

5.4. 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.
- Precept income being receivable over the first 10 months of the financial year.

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 an alternative measure.

6.3. The sources of borrowing;

- PWLB – the OPFCC will receive a ‘Certainty Rate’ which is reduced by 20 basis points (0.20%) against the PWLB standard rate.
- Local Authorities, particularly for short-term borrowing.
- NCFRA (Fire Funds) – this TMS enables that if there is an instance that either NCFRA or OPFCC (Police) has similar term excess of funds when the other entity has a borrowing need, that borrowing can take place from either party. This must be mutually beneficial and hold minimal risk and to provide additional assurance, approval will be provided by both S151 officers or their deputies, so that both parties interests are demonstrably represented. It ensures that interest rates are competitive to the market and no broker fee is payable (historically 10 basis points of the amount borrowed).

6.4. Caution will be adopted with the 2024/25 treasury operations against this background and the risks within the economic forecast. 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 most recently updated in 2021.

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 policy may be reviewed should it be prudent to do so, subject to support by the Chief Finance Officer.

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 regarding the capitalised asset purchases.
- 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. 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.

An estimate of possible income is as follows, which is higher than the Commissioner's more prudent forecast in the medium term financial plan:

	2023-24 Forecast £'000	2024-25 Estimated £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000
Interest Rate	5.25%	5.25%	4.50%	3.00%	3.00%	3.00%
Average Investment balance	14,110	13,591	3,000	3,000	3,000	3,000
Forecast Income	741	714	135	90	90	90

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 Management 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. The Capital Strategy will be reviewed and updated in line with the new Police, Fire and Crime Plan for 2024/25.

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)**

This 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:

Treasury Management Budget	2023-24 Forecast £'000	2024-25 Estimated £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000
Interest payable on borrowing	496	782	1,269	1,488	1,448	1,675
Minimum Revenue Provision	2,102	2,681	3,637	3,807	4,137	5,702
Revenue Contribution to Capital Outlay	200	1,000	1,000	1,000	1,000	1,000
Total	2,798	4,463	5,906	6,295	6,585	8,377

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 is 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	2023-24 Forecast £'000	2024-25 Estimated £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000
Total Borrowing	28,000	38,000	41,000	44,000	53,000	65,000

- 1.4 The Operational Boundary is calculated here by rounding 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	2023-24 Forecast £'000	2024-25 Estimated £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000
Total Borrowing	30,800	41,800	45,100	48,400	58,300	71,500

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 10% margin above the Operational Boundary, providing additional headroom for further short-term borrowing should it be required for cashflow purposes and changes to short term estimates, 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 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 (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	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Upper	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%	100%
Limits on variable interest rates based on net debt	50%	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%	75%
12 months to 2 years		75%
2 years to 5 years		75%
5 years to 10 years		95%
10 years and above		100%

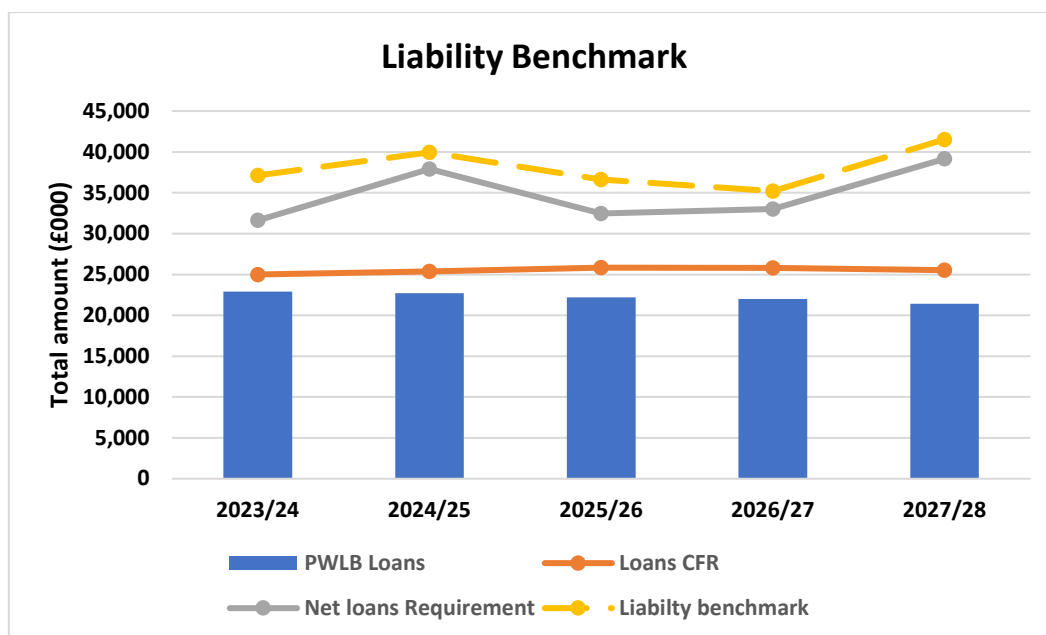
- 2.5 The below shows total of all PWLB loans alongside the repayment profile for future financial years of the maturity loans. It should be noted that the most recent £10m PWLB loan is an EIP (Equal Instalments of Principal) loan, meaning that the principal is paid throughout the loan rather than at the end of the loan term.

Financial Year	Debt £'000
2025/26	300
2026/27	400
2030/31	12,000
2058/59	600
2071/72	10,000
Total Debt	23,300

- 2.6 The PFCC does hold nor plan to hold investments during 2024/25 that exceed 365 days but may do so if it holds sufficient cash balances and such investments assist in the prudent management of the PFCC's financial affairs.

Liability Benchmark

- 2.7 The PFCC is required to provide a comparison of the existing loan portfolio against the committed borrowing needs. This is to provide evidence that there is a strong grasp of both the existing debt maturity profile and how MRP / LFR (Loan Fund Repayment) and other cashflows affect the future debt requirement.



- 2.8 The current PFCC loans are all held with PWLB. The graph shows the current outstanding amounts and the forecasted CFR loan requirement required to deliver the capital programme. The difference between the net borrowing and liability benchmark (gross loans requirement) represents the excess funds available for the cash flow.

Affordability Prudential Indicator

- 2.9 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.
- 2.10 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.
- 2.11 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:

	2023-24 Forecast	2024-25 Estimated	2025-26 Estimated	2026-27 Estimated	2027-28 Estimated	2028-29 Estimated
Financing costs to net revenue stream	2%	2%	3%	3%	4%	4%

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, it will be spread across the estimated life of each group of assets, with overall asset group principles being applied. 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, including bonds, 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 the 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 decision-making 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 provide day-to-day 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	£8m per UK or £5m for foreign 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): -		
Money Market Funds (CNAV, LVNAV or VNAV)	AAA MMF rating	£2m per single/group in total

- 5.2 The PFCC may enter into forward agreements up to 1 month 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 Outturn 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.

Agenda Item 8b

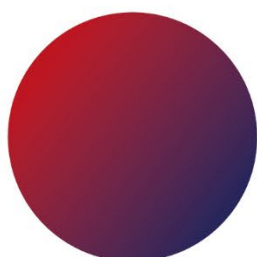


Treasury Management Strategy 2024/25

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. The NCFRA 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 NCFRA’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 NCFRA’s Treasury Management Practices (TMPs) will set out the manner in which the NCFRA will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.
- 1.7. The NCFRA’s TMPs Schedules will cover the detail of how the NCFRA will apply the TMP Main Principles in carrying out its operational treasury activities. They are reviewed annually, and any amendments approved by the NCFRA’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 NCFRA's treasury management activity, including the NCFRA'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 NCFRA's Treasury Management Strategy is prepared in the context of the key principles of the Treasury Code and incorporates:
- The NCFRA'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 NCFRA'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 NCFRA 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 NCFRA's Corporate Governance Framework.

3. Current Treasury Management Position

- 3.1. The NCFRA's projected treasury portfolio position at 1st April 2024, with forward projections into future years, is summarised below. Table 1 shows the actual forecast 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 NCFRA'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	2023-24 Forecast £'000	2024-25 Estimated £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000
External Borrowing at 1st April b/fwd	3,053	4,182	8,505	10,905	14,256	17,578
Net Borrowing Requirement to fund Capital Programme MRP	1,513	4,582	2,770	3,778	3,843	1,384
	(384)	(259)	(370)	(426)	(521)	(609)
CFR - Borrowing at 31 March c/fwd	4,182	8,505	10,905	14,256	17,578	18,353
Funds available for Investment at 1 April b/f	599	1,581	2,000	2,000	2,000	2,000
Change in Funds Available for Investment	-	-	-	-	-	-
Investments at 31 March c/fwd	599	1,581	2,000	2,000	2,000	2,000
Net Borrowing	3,583	6,923	8,905	12,256	15,578	16,353

3.4. There are a number of key indicators to ensure that the NCFRA operates its activities within well-defined limits. Among these the NCFRA 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 NCFRA'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 19th February 2024

Bank Rate														
	NOW	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	5.25%	5.25%	5.25%	4.75%	4.25%	3.75%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Capital Economics	5.25%	5.25%	5.00%	4.50%	4.00%	3.50%	3.00%	3.00%	3.00%	-	-	-	-	-
5yr PWLB Rate														
	NOW	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	4.83%	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.80%	3.70%	3.60%	3.60%	3.50%	3.50%	3.50%
Capital Economics	4.83%	4.50%	4.30%	4.10%	4.00%	3.90%	3.80%	3.80%	3.70%	-	-	-	-	-
10yr PWLB Rate														
	NOW	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	4.92%	4.70%	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.90%	3.80%	3.70%	3.70%	3.70%	3.70%
Capital Economics	4.92%	4.60%	4.40%	4.20%	4.10%	4.10%	4.10%	4.10%	4.10%	-	-	-	-	-
25yr PWLB Rate														
	NOW	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	5.40%	5.20%	5.10%	4.90%	4.80%	4.60%	4.40%	4.30%	4.20%	4.20%	4.10%	4.10%	4.10%	4.10%
Capital Economics	5.40%	5.10%	4.80%	4.60%	4.30%	4.40%	4.40%	4.50%	4.60%	-	-	-	-	-
50yr PWLB Rate														
	NOW	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	5.18%	5.00%	4.90%	4.70%	4.60%	4.40%	4.20%	4.10%	4.00%	4.00%	3.90%	3.90%	3.90%	3.90%
Capital Economics	5.18%	4.80%	4.60%	4.50%	4.30%	4.30%	4.30%	4.40%	4.40%	-	-	-	-	-

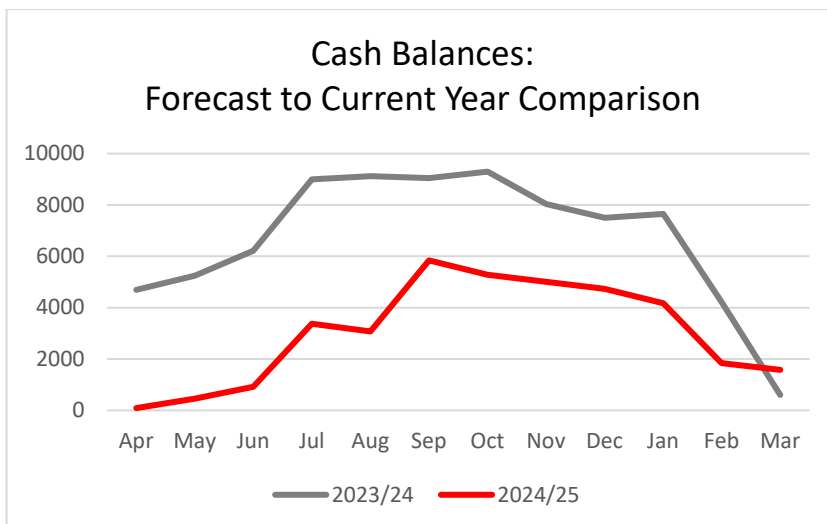
4.2. The current economic situation to the UK after decisions from Government has resulted in a steep interest increase which impacted through 2023/24. In March 2023

the Bank of England base rate increased to 4.25% compared to 0.75% in March 2022. The Bank of England forecasters are expecting base rate to begin to dip in the short term future, falling to 4.25% from 5.25% during the final quarter of 2024/25. The forecast table above shows the current forecast of the PWLB interest rates from our Treasury Advisors.

- 4.3. Investment returns are likely to slightly decrease in 2024/25 from the interest earned in 2023/24 due to the decrease in rates, and then decline slightly as we move through the Medium Term.
- 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 2020.

5. Managing daily cash balances and investing surpluses

- 5.1. In order that the NCFRA can maximise income earned from investments, the target for the un-invested overnight balances in our current accounts is usually always lower than £5k where possible. 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 NCFRA tries to maintain between £2m and £5m (depending on the cash flow of both revenue and capital financing) available to invest. Where this is not possible due to the utilisation of Internal Borrowing to support the costs of the capital programme in order to reduce debt costs, the NCFRA will ensure that positive cash flows are maintained using short term borrowing where necessary. The average cash available to or forecast to invest throughout 2023/24 including a projection of 2024/25 is as follows:



5.3. As with most local authorities with a high proportion of employee to Supplies and Services expenditure, the NCFRA'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 increase and decline 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.
- Repayment of PWLB loans and planned borrowing.
- Precept income being receivable over the first 10 months of the financial year.

6. Borrowing Strategy

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

- To manage the NCFRA'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 NCFRA 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 NCFRA's reserves, balances and cash flow has been used as a temporary measure.

6.3. The sources of borrowing;

- PWLB – the NCFRA will receive a ‘Certainty Rate’ which is reduced by 20 basis points (0.20%) against the PWLB standard rate.
- Local Authorities, particularly for short-term borrowing.
- OPFCC (Police funds) – this TMS enables that if there is an instance that either NCFRA or OPFCC (Police) has similar term excess of funds when the other entity has a borrowing need, that borrowing can take place from either party. This must be mutually beneficial and hold minimal risk and to provide additional assurance, approval will be provided by both S151 officers or their deputies, so that both parties interests are demonstrably represented. It ensures that interest rates are competitive to the market and no broker fee is payable (historically 10 basis points of the amount borrowed).

6.4. Caution will be adopted with the 2024/25 treasury operations against this background and the risks within the economic forecast. The Joint Finance Team will monitor interest rates in financial markets and regularly brief the Chief Finance Officer so the NCFRA 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 most recently updated in 2021.

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 NCFRA’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 policy may be reviewed should it be prudent to do so, subject to support by the Chief Finance Officer.

9. Debt Rescheduling

9.1. The NCFRA 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 regarding the capitalised asset purchases.
- 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 NCFRA 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 NCFRA 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 NCFRA 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 NCFRA's general policy objective is to invest its surplus funds prudently. As such the NCFRA'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 NCFRA expects to invest all surplus funding and is forecast over the medium term that interest rate returns are expected to increase. 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.

An estimate of possible income is as follows, which is higher than the NCFRA's more prudent forecast in the medium term financial plan:

	2023-24 Forecast £'000	2024-25 Estimated £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000
Interest Rate	5.25%	5.25%	5.00%	4.00%	3.25%	3.25%
Average Investment balance	4,718	1,030	2,000	2,000	2,000	2,000
Forecast Income	248	54	100	80	65	65

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

12. Risk Analysis and Forecast Sensitivity

Risk Management

12.1. The NCFRA 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 NCFRA's approved Treasury Management Practices.

12.2. The Schedule of Treasury Management Practices set out the ways in which the NCFRA 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 NCFRA has no control.

12.4. Both interest rates and cash balances will be monitored closely throughout the year and potential impacts on the NCFRA'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 NCFRA'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 for 2024/25.

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)**

This 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

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:

Treasury Management Budget	2023-24 Forecast £'000	2024-25 Estimated £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000
Interest payable on borrowing	60	59	86	93	98	103
Minimum Revenue Provision	384	259	370	426	521	609
Revenue Contribution to Capital Outlay	300	300	300	300	300	300
Total	744	618	756	819	919	1,012

15.1. 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 NCFRA recognises that responsibility for treasury management decisions always remains with the organisation. The NCFRA 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 NCFRA has no plans to use financial derivatives under the powers contained within this Act.

17.3. Loans to Third Parties

The NCFRA 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 NCFRA 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 NCFRA will undertake.

18. Training

- 18.1. The NCFRA 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 NCFRA'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 NCFRA 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 NCFRA 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 NCFRA's capital expenditure plans are the key driver of Treasury Management activity. The output of the capital expenditure plans is 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 NCFRA'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	2023-24 Forecast £'000	2024-25 Estimated £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000
Total Borrowing	5,000	9,000	11,000	15,000	18,000	19,000

- 1.4 The Operational Boundary is calculated here by rounding 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 NCFRA'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 NCFRA is asked to approve the following Authorised Limit:

Authorised Limit	2023-24 Forecast £'000	2024-25 Estimated £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000
Total Borrowing	5,500	9,900	12,100	16,500	19,800	20,900

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 10% margin above the Operational Boundary, providing additional headroom for further short-term borrowing should it be required for cashflow purposes and changes to short term estimates, 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 NCFRA'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	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Upper	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%	100%
Limits on variable interest rates based on net debt	50%	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 NCFRA's borrowing requirement where prudent to do so, whilst limiting the variable interest rate risk against the NCFRA'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 NCFRA's exposure to sums falling due for refinancing or repayment.

Maturity Structure of Borrowing		
	Lower	Upper
Under 12 months	0%	75%
12 months to 2 years		75%
2 years to 5 years		80%
5 years to 10 years		80%
10 years and above		100%

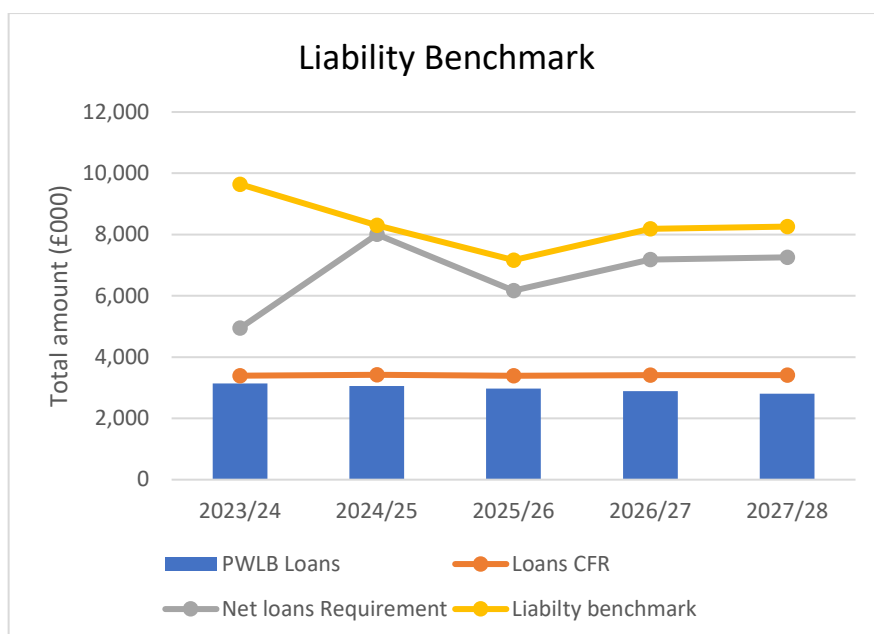
2.5 The type of the current £3.053m PWLB loan is a EIP (Equal Instalments of Principal), meaning that the principal is paid throughout the loan rather than at the end of the loan term.

Financial Year	Debt £'000
2060/61	3,053
Total Debt	3,053

2.6 The NCFRA 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 NCFRA's financial affairs.

Liability Benchmark

2.7 The PFCC is required to provide a comparison of the existing loan portfolio against the committed borrowing needs. This is to provide evidence that it has a strong grasp of both its existing debt maturity profile and how MRP / LFR (Loan Fund Repayment) and other cash flows affect the future debt requirement.



- 2.8 Currently, all the NCFRA's loans are held with PWLB. The graph shows the current outstanding loans and the forecasted CFR loan requirement to deliver the Capital Programme. The decline in the Liability Benchmark (gross loans requirement) from 1st April 23 to 1st April 24 is due to a review of the Capital Programme, and decision re-aligned to the Estates Strategy. The Capital budget had been set in 2024/25 planning cycle.

Affordability Prudential Indicator

- 2.9 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 NCFRA's overall finances.
- 2.10 The NCFRA 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.
- 2.11 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:

	2023-24 Forecast	2024-25 Estimated	2025-26 Estimated	2026-27 Estimated	2027-28 Estimated	2028-29 Estimated
Financing costs to net revenue stream	3%	2%	2%	2%	3%	3%

Minimum Revenue Provision Policy Statement

- 1.1 The NCFRA 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 NCFRA 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, it will be spread across the estimated life of each group of assets, with overall asset group principles being applied. 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 NCFRA 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 NCFRA 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 NCFRA’s appetite for risk must be clearly identified in its strategy report. The NCFRA 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 NCFRA 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 NCFRA and cannot be delegated to an outside organisation.

2 Creditworthiness Policy

- 2.1 The NCFRA’s counterparty and credit risk management policies are set out below. These, taken together, form the fundamental parameters of the NCFRA’s Investment Strategy.
- 2.2 The NCFRA 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, including bonds, or are;
 - Countries with a sovereign rating of -AA or above, or are;
 - Triple-A rated Money Market funds.
- 2.3 The NCFRA 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 NCFRA 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 NCFRA'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 NCFRA 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 NCFRA 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 NCFRA decision-making is exercised, records will be maintained, and details reported in the next available Treasury Management update report.

3 Banking Services

3.1 The NCFRA uses NatWest to provide day-to-day banking services. The NCFRA 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 NCFRA'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 NCFRA 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 NCFRA 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 NCFRA's bankers	-	No maximum
Certificate of Deposits	A / A3 / A	£2m for overseas and £8m 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 NCFRA 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 NCFRA 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 NCFRA to another body will be treated as capital expenditure if the NCFRA 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 NCFRA'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 NCFRA will make revenue provision of an appropriate amount.

9 End of Year Investment Report

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

10 Governance Arrangements

- 10.1 By approving this strategy, the NCFRA 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 NCFRA's Corporate Governance Framework.



Joint Independent Audit Committee
13th March 2024

AGENDA ITEM: 9

REPORT BY	OPFCC/NCFRA Chief Finance Officer
SUBJECT	Joint Independent Audit Committee (JIAC) - Agenda Plan 2024
RECOMMENDATION	To discuss the agenda plan

1. Background

1.1 The agenda plan incorporates statutory, good practice and agreed scrutiny items.

1.2 Dates for the September and December 2024 are currently being discussed with officers and JIAC Chair.

ROLLING AGENDA PLAN 2024

		frequency required	19th March 2024 Workshop governance and organisational structure	13th March 2024	17th July 2024	4th September 2024	4th December 2024
	Confirmed agenda to be circulated			02/02/2024	05/07/2024	24/07/2024	25/10/2024
	Deadline for reports to be submitted			01/03/2024	05/07/2024	21/08/2024	22/11/2024
	Papers to be circulated			06/03/2024	10/07/2024	28/08/2024	27/11/2024
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
	JIAC annual report	Annually			JIAC annual report		
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 – written End Annual report	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 PFCC & CC			Year End Reports 2023/24		
					Internal Audit Plans 2024/25 NCFRA, PFCC and CC		
Public	Update on Implementation of internal audit recommendations	twice a year for NFRS and PFCC & CC		Audit implementation update of internal audit recommendations PFCC and CC	Audit implementation update of internal audit recommendations NFRS	Audit implementation update of internal audit recommendations PFCC and CC	Audit implementation update of internal audit recommendations NFRS
Public	HMICFRS updates	1 per year per organisation		CC - HMICFRS update	NFRS – HMICFRS Update	CC - HMICFRS update	NFRS – HMICFRS Update

		frequency required	19th March 2024 Workshop governance and organisational structure	13th March 2024	17th July 2024	4th September 2024	4th December 2024
Restricted	Risk register update (including current risk policy as an appendix)			NCFRA Risk Register (including current risk policy as an 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	Policing - Fraud and Corruption: Controls and processes
Public	Budget plan and MTFP process and plan update and timetable	annually for all				NFRS, CC and PFCC - Budget plan and MTFP process and plan update and timetable	
Public	Statement of accounts	annually for all (subject to audit timescales)		External Audit Update	External Audit Update	External Audit Update	External Audit Update
Public	Treasury Management Strategy	annually for all		NCFRA, CC and PFCC - Treasury Management Strategy			
Public	Attendance of PCC, CC and CFO	annually for all					
Restricted	Benefits realisation				Benefits realisation (PB)		Benefits realisation (PB)
Restricted	Systems implementation				Verbal update – systems implementation (including review of new finance systems)		