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Date: 11 December 2019

Dear Member

JOINT INDEPENDENT AUDIT COMMITTEE

You are requested to attend a meeting of the Joint Independent Audit Committee on Wednesday 18 December 2019 in the Conference Hall, Police Headquarters South, Kidlington at 10.30am.

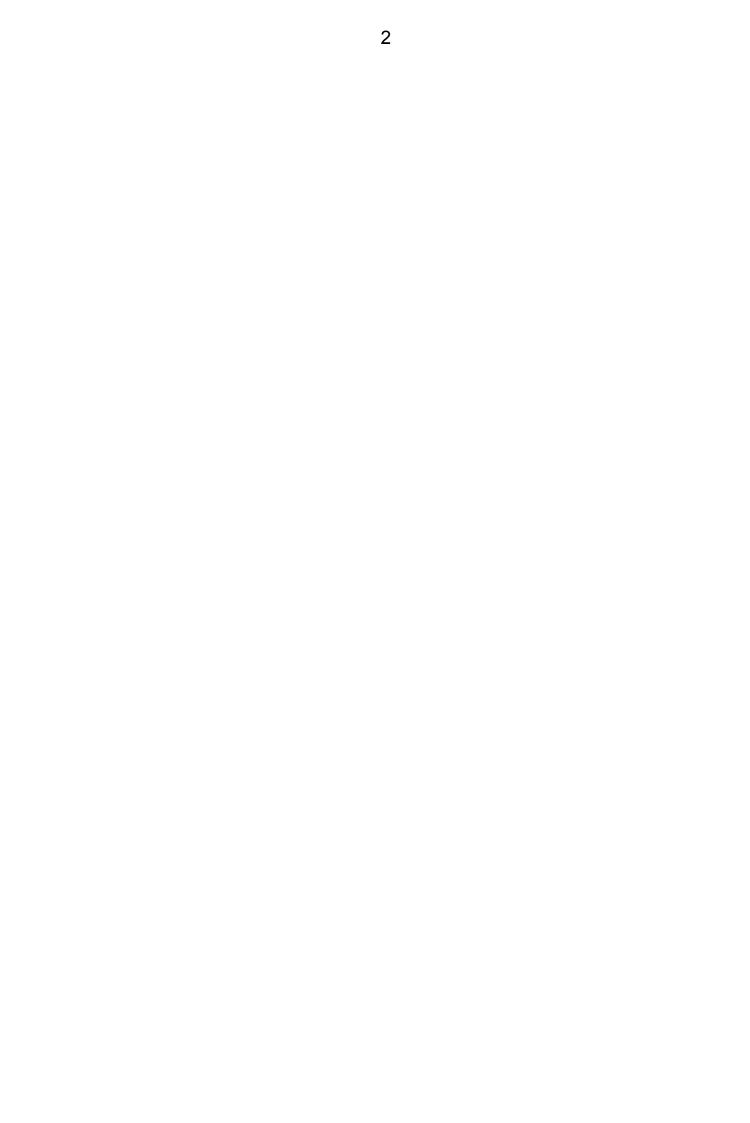
Yours sincerely

Paul Hammond Chief Executive

To: Members of the Joint Independent Audit Committee

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Date of next meeting 16 March 2020 at 10.30am in the Conference Hall, Thames Valley Police Headquarters HQ South



MINUTES OF A MEETING OF THE JOINT INDEPENDENT AUDIT COMMITTEE HELD AT POLICE HEADQUARTERS, KIDLINGTON ON 4 OCTOBER 2019 COMMENCING AT 10.30AM AND CONCLUDING AT 1:50 PM

Committee Members Present:

Dr L Lee (Chairman), Mike Day, Richard Jones, Dr G A Woods

Present:

- J Hogg (Deputy Chief Constable) S Chase (Director of People) P Hammond (Chief Executive, OPCC) I Thompson (Chief Finance Officer, OPCC) L Waters (Director of Finance) S Morrison (Head of Policy & Commissioning, OPCC) C Hemmings (Head of Governance & Service Improvement) M Lattanzio (Head of ICT Department) S Patel (Associate Partner, Ernst & Young) A Balmer (Manager, Ernst & Young) N Shovell (Chief Internal Auditor, TVP & OPCC) A Shearn (Principal, Auditor, TVP & OPCC) M Horne (Governance & Service Improvement) C Roberts (Executive Assistant to the PCC/DPCC, OPCC) **Apologies:**
- J Campbell (Chief Constable) A Stansfeld (Police & Crime Commissioner) M Barber (Deputy Police & Crime Commissioner) R France (Chief Supt.) A Cooper (Director of Information) Alison Phillips OBE (Committee Member)

APOLOGIES

The Chair, Louis Lee (LL) welcomed everyone to the meeting and apologies were given for those who could not attend.

The first issue the Committee wished to raise was the concerns that the PCC and Deputy PCC were both unable to attend today's meeting. There were a number of issues that the Committee wanted them both to hear and to respond to. The Chief Constable had written to the Committee as to his non-attendance at JIAC meetings but it was fair to say, that one-to-one meetings took place between the Committee and the Chief Constable. Deputy Chief Constable Jason Hogg (JH) pointed out that as Deputy, you should never see both the Chief Constable and Deputy together at the same time and therefore (JH) had volunteered to attend all future JIAC meetings from now on. However, on occasions if (JH) was unable to attend, then the Chief Constable would be present.

The second issues was that of the Agenda papers. The papers arrived on time albeit other late papers were sent in dribs and drabs. Fortunately, a completed Agenda had been posted which all Committee members had received but because of the lateness of receiving papers, this had created a lot of work for Charlotte Roberts (CR) at the last minute and was also considered disrespectful to the Committee members. It was felt that additional matters were just thought of at the last minute. Richard Jones (RJ) made it very clear that <u>all</u> papers were to be received one week before the meeting takes place. Standard agenda papers need to be submitted to (CR) on time so that the Committee had time to read them although, they understood that there would always be exception to the rules.

Introductions were then made round the table by all attendees. **1. MINUTES OF THE LAST MEETING HELD ON 12 JULY 2019** (LL) went through the minutes of the meeting held on 12 July 2019. (RJ) particularly noted on page 9 that he had in fact indicated the wording 'actuarial advice' rather than 'legal or statutory advice'. (LL) signed off the minutes from the meeting held on 12 July 2019.

The Committee APPROVED the minutes of the meeting on 12 July 2019.

2. ACTIONS/MATTERS UPDATE FROM 12 JULY 2019

(LL) went through the actions/matters from the 12 July 2019 noting that these were now all complete and had received an update from (JH) as to his action.

The Committee APPROVED the completed actions update from the meeting on 12 July 2019.

3. TVP RISK MANAGEMENT REPORT

Steven Chase (SC) presented an overview of the People Directorate priority activities which was to sustain a valued workforce with the capacity and capability to manage the challenges of modern policing. The Force would focus on the retention, recruitment, development and wellbeing of all officers and staff to tackle the most serious, complex and challenging threats or risks facing the organisation.

There were 5 priority activities which were all assigned to (SC):

- To deliver the strategic objectives of the Recruitment and Retention Programme in support of the Workforce Plan, in particular focussing on detective and investigator recruitment.
- To increase representation and diversity across the workforce and at all levels within the organisation through targeted recruitment and development initiatives.
- To develop the capabilities of managers and supervisors to undertake supportive and intrusive supervision, with regards investigation and performance.
- To deliver wellbeing initiatives centrally and locally and responding to feedback from officers and staff.
- Training on the development of skills in priority areas and the development of capabilities to meet future demand.

Operation Uplift of the 20,000 new officers over a three year period was good news nationally as well as for TVP. This would mean 2000 officers in 2019/20 and a further 6,000 in the following three years. People Directorate continued to carry out assessments and (SC) confirmed the organisation would be over 100 officers over establishment by March 2020. It had been agreed with the College of Policing and with the NPCC that TVP would continue to recruit as they had been doing to achieve targets. TVP were currently in a very strong position although awaited the financial and numerical details so could potentially recruit 200 officers per year. 425 officers had been recruited this year already and TVP were looking to recruit an additional 125 officers.

Mike Day (MD) noted that officers had been poached by other forces in the past and asked for an explanation. (SC) confirmed that TVP always had this issue with officers being poached as the Thames Valley area was an expensive area to live. The organisation would always have this risk which was somewhat hard to predict although, all forces would be recruiting on the uplift mechanism and focussing on the retention of officers. (SC) also spent a lot of time speaking to other forces about this situation. One advantage TVP had was that they had a Strategic Planning Group in place where other forces did not. Deputy Chief Constable Jason Hogg (JH) confirmed that the additional officers was great news for policing but there was still significant issues to deal with. By the New Year, TVP hoped to have clarity on these issues. Linda Waters (LW) pointed out that the basic salary of an officer was an easy cost but it was the ongoing costs that the organisation would have to deal with in more detail.

Two years ago the organisation saw the first signs of resourcing of officers which was a combination of various things. The summer of 2019 was extremely busy with the new operating model and royal weddings and where financial decisions were taken which then led to the formation of a 'Gold Group'. (SC) had recently formed a Wellbeing Board which was set out on page 24. One big issue for the organisation was absorbing

staff and CCMT had agreed that funding would be available for the next 1½ years for tutoring on specific issues in relation to staffing issues. (SC) invited the Committee to visit the new TVP recruitment website where stories were shared from officers and recruitment opportunities were highlighted for officers and staff.

(JH) confirmed that TVP were running direct entry detective courses under 'Operation Endeavour' to increase the number of detectives. There appeared to be a downturn over the last few years but HMICFRS indicated that this was overall a national crisis. TVP had trialled a special detective route and in November 2019, there would be guidance sent out to all forces. TVP would be launching two direct entry courses which would attract a more diverse work force and were already ahead of their game. One issue that TVP was currently dealing with, was the loss of detectives and holding on to officers within the Counter Terrorism unit. TVP were leading on case investigations (DC equivalent) and were trying to offset shortages where they were able to.

Norma Brown (NB) had given a comprehensive presentation on Wellbeing at a previous JIAC meeting which the Committee noted. (SC) then went on to present the slides relating to Diversity and Inclusion. A new style Diversity and Inclusion Board had been established with Chief Officers leading for each of the equality strands. (SC) led on the age strand and if something emerged, it would be raised at this meeting. The idea was to champion the strand and link into staff networks. A 'positive action team' would be recruited and would be in place with effect from 14 October 2019. The NPCC Diversity, Equality and Inclusion Strategy 2019-2025 was also available on the NPCC website should the Committee wish to have sight of this.

Mike Lattanzio (ML) attended the meeting at 11:15am.

As to Attendance Management, (SC) confirmed a report would be provided in today's agenda of where the organisation was on this.

The final slide was in relation to National and Regional Comparisons. (SC) sat on the Workforce Transformation Board and led on evidence base practice. Martin Hewitt also sat on this board. (SC) also confirmed that he was the police chair for the Centre for Police Research and Learning (Open University). There were 21 forces involved where they all shared learning experiences.

The Committee had several questions for (SC) and asked what was being done about the quality of leadership and management for officers and staff. Conferences had been put in place for officers and staff and workshops for specific supervision. This was an improvement but had been hampered recently due to staff shortages, particularly at sergeant level. (SC) had no evidence of leadership and management not being in place.

There were concerns about frontline supervision and (JH) had been informed how sergeants were operating and were keen to reduce the amount of current sergeants and looking at various options. The front line review would be complete by the next JIAC meeting in December and (JH) would be able to update the Committee then. (LL) asked why the Force were losing PCSO's to become police officers. Was there a recruitment strategy in place for keeping PCSOs for a certain period of period? (SC) confirmed that the organisation could not afford to take the risk of a fixed time period for keeping PCSO's as they would just transfer and go off to another Force and become police officers. PCSO's who wished to become officers still had to undertake further training.

Action: (SC) to circulate a graph to the (CR) for forwarding on to the Committee on expected police officer establishment as by 31 March 2020 TVP would be 100 officers over establishment.

Action: (JH) to update the Committee at the JIAC meeting on 18 December as to the outcome of the frontline review of sergeants.

The Committee NOTED the TVP Risk Management Report.

4. TVP RISK MANAGEMENT & BUSINESS CONTINUITY UPDATE

Cat Hemmings (CH) presented on behalf of Chief Supt. Rob France. During the last JIAC meeting it was discussed how to define agenda items for Part I and Part II. The Committee noted that this time everything in the TVP Risk Management & Business Continuity update had been included in Part I which had confused the Committee. The contents of the update did not contain much 'meat' in it. (CH) confirmed that the Force were trying to keep everything open and in the public domain but took on board the Committee's comments and did not feel that there was anything that needed to go in Part II this time. (LL) felt that the section for ERP contract could have included more details and could have been included in a Part II for an 'open discussion'. (LW) confirmed that she would be giving the Committee a verbal update in Part II in relation to risk as there had been a lot of progress but the risk had not changed. (LL) noted that it had been agreed at the last meeting that this should be in Part II so the Committee and attendees would be more freely to discuss matters further. As of 18 September 2019 there had been a lot more development in the Risk Register. (CH) confirmed the update would continue to be reviewed but that the report was up-to-date but would nevertheless go through this before the next JIAC meeting. CCMT received 'program updates' and this was just the 'risk update' shown in today's paper. (LW) noted that when the program risks are scored, this is actually taken into account when preparing the paper.

Mark Horne (MH) then summarised the risks identified and how they were managed appropriately.

SR81 Emergency Services Mobile Communications Programme (ESMCP) Finance and SR82 ESMCP Technical were highlighted as critical issues.

SR 81 – There were significant delays to the Home Office Emergency Services Mobile Communications Programme resulting in financial exposure to the region. There was financial exposure to the region through having to renew Airwave licences. As a result of the recently announced additional delay to the national ESN programme, the South East Regional Integrated Policing (SERIP) board requested input from the affected forces to create a regional risk register for the project. Delays to the project would create additional financial exposure to the region through having to renew Airwave licences, to extend the use of the project team and manage diminishing resources of radios. TVP were also recruiting a new SRO for the project. The Committee asked that the Force revise the risk to enable this to move forwards.

Action: The Force to revise risk SR81 to move this forwards.

SR82 – The Emergency Services Network (ESN) Programme delivery was complex and a number of key required solutions were not yet in place e.g. ground-to-air details of in-car devices leaving the solution unfit for purpose. The size and complexity of the programme had resulted in further work being required to deliver fit for purpose and cost-effective technical solutions.

(MH) went through the remainder of the active mitigating actions and future planned actions taken from the new format risk register for SR77 Release under Investigation (RUI). The investigation drift was due to RUI resulting in a failure to get cases into court and obtaining positive criminal justice outcomes. Ongoing monitoring of effectiveness of systems that were currently employed were carried out to ensure that risks were not increasing for individual departments due to individual system issues. Operation Endeavour provided a clear scope for the work which would contribute to the mitigating actions with clearly defined ownership of the 12 work areas and agreed timelines.

SR80 Equip/ERP Contractual. (MH) noted failure to agree a re-plan between the Surrey, Sussex and TVP tri-force group (SSTVP) and the project contractors KPMG was a strategic on-going risk which related to the size, scale and complexity of implementing the Equip Programme across the three forces within the revised timescales and the significant resourcing commitment required to ensure full functionality would be achieved.

SR 75 – CMP Delivery Delay. If there was a delay to the delivery of the Contact Management Programme (CMP), then there was a number of on-going impacts operationally, financially and reputational damage to the Force. Crime recording went live on 16 July 2019 and had progressed with minimal issues. However, the full go-live had been further delayed. The CMP Programme Board met on 27 September 2019 to monitor progress and to consider the potential impact of a 31 October Brexit on the new proposed go-live date. The go-live on the Isle of Wight would enable full end-to-end process confirmation prior to the full force rollouts. The delay was not excessive and had not materially impacted on the risk.

The plan was to go live on the Isle of Wight and then live in Hampshire and TVP in that order. However, due to the problems in Hampshire it was agreed that TVP would go-live before Hampshire. There were challenges around the system but these bugs had been addressed and identified. (JH) confirmed that the problems around data recording and activities had now been resolved and would be going-live later this month/early November. However, in the Isle of Wight CMP has gone live on crime recording. (ML) noted that all issues were being addressed by Microsoft and the delays are approximately one week rather than months. TVP cannot press the 'go-live' button if systems do not work correctly. (LL) asked that an update as to the problems in Hampshire would need to be written into the report to indicate what these issues were.

(MH) continued to summarise the updated risks from programmes, projects and local risk registers as to the High Tech Crime Unit Infrastructure Instability and Forensics Suppliers. (MH) noted that there were two courses that 80-90 people had signed up to in order to share risks across the Force. These courses were:

- An Introductory Guide to Risks; and
- Identifying Mitigating Contractual Risks

The Committee noted on page 71 of the update that in the fourth paragraph this needed to be amended as the meeting was now not taking place. (CH) confirmed she would remove the sentence ... *'which is held biannually, and chaired by the Corporate Governance Manager...'*

(MH) went through the incidents that had occurred during 4 April 2019 to 1 September 2019. On 21 August 2019 there was a water leak in the BT premises which caused damage and took down 18 Airwave masts and Abingdon Control Room's ability to take radios for 28 hours and 45 mins. On the 26 August 2019 Radiocom 7 x ICCS terminal failures occurred in Abingdon Control Room resulting in loss of terminals for 3 hours and 30 minutes and on the 1 September 2019 there was a flooding in the Banbury Driving School building which created significant water damage to the building and equipment. Further updates would be given in the next report to the Committee in December. (LW) confirmed that this incident on 1 September would be an insurance claim and would be submitted to the insurers. However, Property Services have full preventative measures in place to undertake risks. (MH) confirmed he would provide an example of what was recorded for an incident, and an example of a business continuity exercise for the Committee to see if they were interested.

The Committee made reference to the two points as to the power outage at Fountain Court on 4 April 2019 and (ML) confirmed that he would report back to the Committee in relation to this although the back-up systems are tested often through failure they are not just carried out through controlled testing.

Action: (LW) and (IT) to meet to discuss which papers needed to go in Part I and Part II before the 18 December JIAC meeting.

Action: (CH) to set out in the next TVP Risk Management and Business Continuity update what were the problems that Hampshire were having as to why they could not go-live with CMP.

Action: (CH) to remove the sentence in the fourth paragraph... *'which is held bi-annually, and chaired by the Corporate Governance Manager...'* set out on page 71.

Action: (MH) to provide an example of what was recorded for an incident, and an example of a business continuity exercise for the Committee.

Action: (ML)/(CH) to report back to the Committee on the points raised by the Committee as to the power outage at Fountain Court on 4 April 2019.

The Committee NOTED the TVP Risk Management & Business Continuity Report update.

9. PROGRESS ON DELIVERY OF AGREED ACTIONS IN INTERNAL AUDIT REPORTS (REFERRING TO 'ATTENDANCE MANAGEMENT' ONLY)

The Committee wished to go through page 149 of the Attendance Management Report with (SC) before he left the meeting. (SC) confirmed that there was an issue but that it was impossible to get all officers and staff trained although felt comfortable taking more time to do this and this had absolutely no impact to the organisation.

Gordon Woods (GW) asked why (SC) had agreed a date for completion if this was not going to happen. (SC) pointed out that things do happen but was surprised by the date that was being given for final completion. The Committee had concerns as to why this was happening in (SC's) area and wanted to support (SC) and his team. The Committee asked whether (SC) was comfortable that people were taking the training seriously. (SC) confirmed that his team had the capability to deliver but sometimes not the capacity but was content that the training was being carried out and was being taken seriously and continued to monitor numbers. (LL) wanted (SC) to be made aware that this was a Priority 2.

(RJ) noted that on page 148 of the overdue actions the Committee would like to see a reduced level of overdue actions. These seemed to have ballooned since the last meeting and asked that CCMT contribute to these targets dates being met or to change the dates so that they are realistic and deliverable.

(SC) left the meeting at 12.00pm.

5. OPCC RISK MANAGEMENT UPDATE

Paul Hammond (PH) summarised an overview of the 6 active risks within the report.

OPCC18 – Funding

'The level of funding is insufficient to maintain the current level of service against increasing demands'. The risk was currently being treated through the normal budgeting processes that were in place.

OPCC19 – Victim Services

'By promoting the Victims First Services the demand for victims' services could exceed the supply available from PCC commissioned contracts/service providers'.

There were no significant changes to the score of this risk and it therefore remained as being 'treated'.

OPCC21 – Specialist Counselling Services

'A review of the OPCC victims 'specialist counselling service' identifies potential weaknesses in internal management controls and administration procedures that require significant investment in OPCC time, resources and cost to rectify'.

The risk was currently being 'treated' through the OPCC.

The Committee felt that this matter was an issue, not a risk and, therefore, should not be on the risk register. (PH) confirmed he would come back to the Committee at the December meeting to give them an update.

Action: (PH) to update the Committee at the 18 December JIAC meeting as to OPCC21.

OPCC23 - New demands on OPCC

'Failure to respond to new additional statutory responsibilities, increased volume provided and/or commissioned by the OPCC'.

The risk was currently being 'treated' through the OPCC.

OPCC24 – Specialist victims' services not in place before April 2020

'The OPCC commissioning process fails and new specialist victims' services are not in place'.

The current specialist service contracts expire on 31 March 2020. Many of the PCC's commissioned services come to an end in March 2020 and re-commissioning is necessary. Planned market engagements took place between November 2018 and April 2019 and attracted significant engagement from providers who were informed of the process and the final specification. Tenders were released in early July 2019 and closed at the end of August. Successful bidders were chosen and contract awards were on track. Mobilisation of contracts anticipated from October 2019 through to the end of March 2020 would replace the existing contracts.

The risk was currently being 'treated' through the OPCC.

OPCC26 – Safeguarding responsibilities in the Victims First Hub

'Failure to meet safeguarding responsibilities in the Victims First Hub resulting in harm to victims and/or reputational damage for the PCC'.

Shona Morrison (SM) confirmed that training for safeguarding, mental health issues, training for callers of threatening suicides were currently being carried out.

The risk was currently being treated through the OPCC.

(ML) left the meeting at 12:20pm.

(MD) referred back to OPCC24 and was surprised that this was 'amber' and not 'green' and asked how lessons had been learned and whether controls had been put in place. (SM) gave (MD) a detailed response to these questions. The in-house service was set up on 1 April and all emphasis was to ensure the service was up and running by them. Unfortunately, the service suffered due to the impact of the Force's Niche system upgrade, which has required a manual transfer of data to the Victims First Hub client management system, but this position was being monitored and with a manual 'workaround' had been implemented to overcome the lack of an electronic automatic interface.

The Committee APPROVED the recommendations in the OPCC Risk Management update.

6. ERNST & YOUNG ANNUAL AUDIT LETTER FOR YEAR ENDED 31 MARCH 2019

Adrian Balmer (AB) from Ernst & Young went through the findings as set out in the Executive Summary on page 104 of the Annual Audit Letter for the year ended 31 March 2019 noting there was nothing specific to report on. The purpose of the annual audit letter was to communicate to members and external stakeholders to include members of the public and the key issues that arose from their work. Ernst & Young had already reported the detailed findings from the audited work in the 2018/19 Audit Results Report to the 12 July 2019 JIAC meeting. (AB) continued with summarising the key issues and purpose of the letter as well as the responsibilities of the Appointed Auditor and the Responsibilities of the PCC.

One significant risk that had been identified in relation to the arrangement concerning the PCC's involvement in the Tri-Force Enterprise Resource Planning (ERP) system was that the ERP implementation programme had experienced significant slippage on the original timetable and incurred additional costs than the original budget. Ernst & Young did not identify any significant weaknesses in the PCC's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people and as a result, there were no matters to report on in the auditor's report in respect of value for money.

It was currently proposed that IFRS 16 would be applicable for local authority accounts from the 2021/21 financial year. Whilst the definition of a lease remained similar to the current leasing standard IAS 17, for local authorities who leased a large number of assets, the new standard would have a significant impact with nearly all current leases being included on the balance sheet. However, it was made clear that the PCC would need to undertake a detailed exercise to identify all of its leases and to capture the relevant information for them. The PCC must therefore ensure that all lease arrangements were fully documented. Ernst & Young noted that there would likely be a deferral on this to 2020/21.

Highlighted in the Audit Fees section on page 118 Ernst & Young were in the process of determining the additional fees in respect of significant risk on the value for money conclusion. Given that this work was undertaken across three Forces, Ernst & Young needed to understand the total cost jointly and would communicate this with senior officers once completed. It was also expected that there would be an impact on fees as a result of the additional work undertaken to audit the pension adjustments arising from McCloud and Guaranteed Minimum Pension Equalisation. Ernst & Young would therefore seek to agree any additional fees firstly with the Chief Financial Officer and then seek approval by Public Sector Audit Appointment (Ltd) before invoicing. Ernst & Young confirmed they had had a meeting this morning with (IT) around the additional work for Equip with the three authorities. (LW) and (IT) had asked for additional information be supplied to them by Ernst & Young.

(LL) noted the excellent co-operation given by Ernst & Young and the organisation to finish that early with the accounts.

Action: The PCC would need to arrange for a detailed exercise to be undertaken to identify all of its leases and to capture the relevant information for them. The PCC to therefore ensure that all lease arrangements were fully documented. Ernst & Young noted that there would likely be a deferral on this to 2020/21.

Action: Ernst & Young to provide (IT) and (LW) with additional information in relation to audit fees.

The Committee NOTED Ernst & Young's Annual Audit Letter for year ended 31 March 2019.

7. ERNST & YOUNG POLICE SECTOR AUDIT COMMITTEE BRIEFING

Suresh Patel (SP) from Ernst & Young referred the Committee to page 127 of the Police Sector Audit Committee Briefing for Quarter 3 noting that proposals on charging were changing by way of Value for Money. In July, Ernst & Young would be issuing an Auditor Report with comments by September of any arrangements. If there were any issues to note, these would be incorporated within the report.

Under the 2014 Local Audit and Accountability Act, a review of the Code of Audit Practice is required every 5 years. The Code sets out what local auditors were required to do to fulfil their statutory responsibilities under the Act. This encompasses how audits of a local body's financial statement are conducted, including reporting and how assurance is then gained on a local body's Value for Money arrangements. The current form of the Code came into force on 1 April 2015 so a revised Code would be required to take affect from 1 April 2020 for the audit of local body's financial statements for 2020/21.

(SP) informed the Committee that it would be (AB)'s last JIAC meeting as he had now been promoted. Cheng Sha would now be the new team leader who would be attending in (AB)'s place. The Committee wanted it noted and recorded in the minutes that they wished him every success in his new career and for his hard work over the past 10 years.

The Committee NOTED the Police Sector Audit Committee Briefing.

8. PROGRESS ON 2018/19 INTERNAL AUDIT PLAN DELIVERY AND SUMMARY OF MATTERS ARISING FROM COMPLETED AUDITS TO INCLUDE FINDINGS AND RECOMMENDATIONS IN THE HMICFRS FRAUD REPORT.

The report provided details on the progress made in delivering the 2019/20 Joint Internal Audit Plan on the findings arising from the audits that had been completed.

Neil Shovell (NS) informed the Committee that there had been no changes to the Joint Internal Audit Team's resource plan for 2019/20 with the plan being delivered by the Chief Internal Auditor, Principal Auditor and TIAA Ltd (ICT audit provider).

Changes had been made to the 2019/20 Joint Internal Audit Plan since the previous JIAC meeting in July. These were as follows:

- An audit of the OPCC's Victims Counselling Service Payment Process had been included.
- The only other change had been some minor audit title updates and day allocation alterations.

As to the details set out in Appendix B on page 139, (NS) noted that this contained details on the scope, assurance rating and key findings for the 2019/20 completed audits. Since the previous JIAC meeting and as at 23 September, the following audits had been completed:

- Fraud Investigation and Response reasonable assurance.
- Resourcing and Resilience reasonable assurance.
- Victims Counselling Service Payment Process minimal assurance.

(NS) also drew to the Committee's attention, purely for noting, the PSIAS Update as this had now been reviewed and updated as at April 2019. Following this, a 2019/20 Quality Assurance and Improvement Programme (QAIP) Action Plan had been collated although did not detail any areas that required addressing but instead listed two areas where the risk of partial compliance had been accepted.

Work on the 2018/19 NFI exercise was still ongoing. The data matches had been received and work was progressing to review the information. As at September 2019, there were no issues identified in reviewing the available NFI matches.

The Joint Internal Audit Team liaised with Professional Standards Department (PSD) and Corporate Finance and there had not been any instances of fraud that needed to be notified since the previous JIAC meeting in July 2019. (NS) confirmed that his team were starting to plan the Q3/Q4 audits but this had been pushed back slightly because of delays. (NS) would update the Panel before the December meeting.

Looking at Appendix A set out on page 138, the Committee noted there were not many ticks shown but did not wish this document to be revised in order to push back dates. It was up to the Committee to discover any problems before any HMICFRS audit.

The Committee noted a lot of questions around 'people processors' set out on page 139 of Appendix B which came down to training again. (NS) confirmed that the scale and the amount of training does often slip and is challenged as a priority. (NS) confirmed that he would chase up with the relevant CCMT members and had only this morning received an email in relation to this.

Since the last JIAC meeting, (JH), (NS) and (AS) met and (JH) was reassured how the governance service have oversight but this was more to do with (CH) and the Governance team.

The Committee highlighted three key issues on page 140 arising from the audit these were:

- People Services were currently designing a regular process to obtain feedback on the recruitment process when hiring managers.
- Towards the end of the audit a Think Tank meeting took place to discuss retention issues and potential solutions. This meeting identified four main areas where improvements could be made. Although it was positive to see that the area of retention was being considered and discussed, the work to improve this area had only recently commenced.
- The Recruitment and Retention Programme Board received analysis of recent exit questionnaires. The outcome of the analysis concluded that work was required to improve the effectiveness of the process.

From the bullets points raised (LL) felt that this did not give a positive picture that (SC) had put forward during his presentation. (MD) noted that recruitment and retention was an incredibly challenging area but that the Committee required reality and transparency and these matters needed to be addressed.

In relation to the Victims Counselling Service Payment Process, the Committee felt great disappointment to see 'Minimal assurance'. It stated on page 141 that the actions had previously been followed up as part of the JIAC reporting process and through this process, it had been confirmed that all actions were implemented and robust control processes were in place. However, the latest review was commissioned on the back of concerns raised by the OPCC with regard to certain Counsellor payments and the general system for controlling and paying for Counsellor sessions. The Committee had understood that matters were all good but it seemed that systems were still inadequate and assurances had not been given. (PH) confirmed that he had commissioned the audit and the Committee needed to be made aware of this and even though the service was a totally new service, it was a disappointing situation to be in. Shona Morrison (SM) thought that reassurances and processes to recruit counsellors were in place and recorded. (LL) noted that there were so many bullet points in an audit review and with the service being fairly new, people needed to establish and function in a proper way. The findings of the audit report as presented should never had been allowed to come in and in (LL's) opinion, it was almost like running before you could walk.

(RJ) indicated that assuming fraud had been committed, was this reported to the Police? (SM) confirmed that it had been reported to the Police although whilst it could be demonstrated that fraud had actually been committed, the counsellor in question had presented herself at a higher qualification than she had. The correct people had been notified about the fraudulent representation.

It was noted that as the internal audit was ongoing and identifying weaknesses, the OPCC were taking this extremely seriously. The Committee were looking at two senior managers to ensure assurances were being met. (PH) noted the Committees comments.

Action: (NS) to clarify with the Force whether the training audit will take place and to update the Committee as to the planned Q3/Q4 audits at the December JIAC meeting.

The Committee NOTED the progress and any changes in delivering the 2019/20 Joint Internal Audit Plan and Audit Service for TVP and the OPCC. The Committee also APPROVED the recommendations given in the Internal Audit Plan.

9. PROGRESS ON DELIVERY OF AGREED ACTIONS IN INTERNAL AUDIT REPORTS (CONTINUED)

The report detailed progress made to date and target implementation dates for any current overdue actions. There were currently 28 actions overdue and 1 priority 1 rated overdue action. (GW) reiterated that (AS) had been spending a lot of time chasing the overdue items and if these were not chased, the overall total of overdue actions would increase.

(AB) and (SC) left the meeting at 1.15pm.

(AS) confirmed that the date of 29/02/20 set out on page 161 for Victims First Hub Guidance was in fact correct. (LL) indicated that the Hub Operational Manual which was currently being updated, needed to be done swiftly and would end up having an impact on the staff if this was not updated and read.

The COMMITTEE noted the report and APPROVED the recommendations given.

10. GOVERNANCE ARRANGEMENTS FOR TVP COLLABORATIONS

(PH) went through the Legal Framework for Police Collaborations Police Act 1996 giving an overview of the functions of TVP in developing and addressing what the collaboration arrangements were on performance.

(RJ) referred to page 174 as to the Joint TVP and Hampshire Constabulary (HC) Bi-lateral Collaboration Governance Board meetings and asked how effective these meetings were as at the last meeting on 16 July, the number of attendees was very sparse but noted that the context in the meetings were good. (JH) confirmed that there were a number of collaboration meetings with four priorities, these being:

- Equip
- Transforming Forensics
- Crime Intel System / RMS System
- ESMCP

The Committee NOTED the presentation of the Governance Arrangements for TVP Collaborations.

11. ARRANGEMENTS TO SECURE VALUE FOR MONEY

The Committee's Operating principles were updated last December to ensure compliance with the CIPFA guidance notes audit committee. One of the new requirements under 'Internal Control and Governance Environment was to consider the arrangements to secure value for money and review assurances and assessments of the effectiveness of those arrangements. It was noted that since 2010/11 over £105m had been removed from the annual revenue budget.

The Committee confirmed that the arrangements overall were good and the Force had done extremely well and wished to congratulate them. The Committee noticed a typo on the Executive Summary on page 177 to indicate of £105m and (IT) confirmed that he would amend this figure and to also change the wording in section 2.1 on page 180 where (RJ) highlighted the sentence ... TVP is doing all it can deliver value for money.... (IT) confirmed this sentence would also be amended.

Action: (IT) to amend the figure set out on page 177 of the Executive Summary and to also update the sentence in section 2.1 on page 180 as noted by the Committee as typos.

12. AOB

Noting discussed.

Date of next meeting 18 December 2019 at 10.30am The Conference Hall, TVP Headquarters South

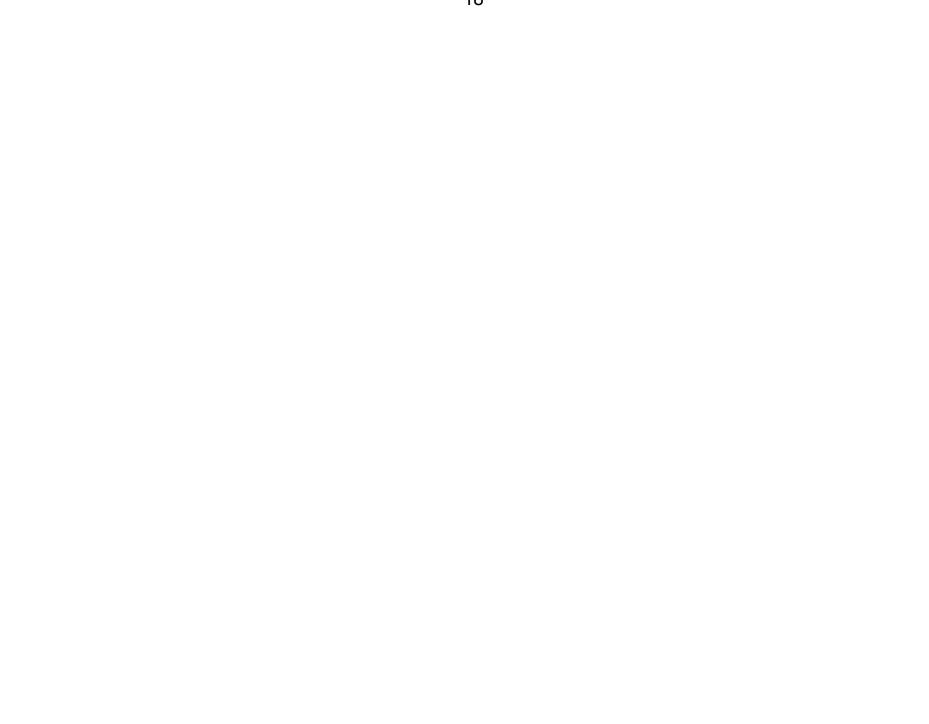


JOINT INDEPENDENT AUDIT COMMITTEE Matters and Actions Arising from 4 October Meeting

Matters Arising from Minutes of 4 October 2019	Lead	Action	Update / Action complete
Agenda item 3 TVP Risk Management Report	Dr Steven Chase	SC to circulate to the Panel via CR a graph to show the expected police officer establishment numbers. By 31 March TVP would be approximately 100 officers over establishment.	Copy of Police Officer WFP 2017-2021 sent to the Panel members by email 19/11/19 and CCMT briefing note for 31 October also sent for the CCMT Strategy Group.
Agenda item 3 TVP Risk Management Report	DCC Jason Hogg	The front line review of sergeants would be completed by the next JIAC meeting in December and (JH) to update the Panel verbally.	An update to be given at the JIAC meeting on 18 December 2019. This has been added to the Agenda for December 2019 meeting.
Agenda item 4 TVP Risk Management and Business Continuity Update	Cat Hemmings/Mark Horne	As to SR81 The Committee wished the Force to revise the risk to enable this to move forwards	ACTION COMPLETE In terms of SR81, there have been Force discussions around the potential impacts of this risk specifically to TVP, and these are reflected in the report to the December meeting and will be expanded in our verbal update. ACTION COMPLETE
Agenda item 4 TVP Risk Management and Business Continuity Update	Ian Thompson and Linda Waters	It was discussed during CH's presentation which papers should be in Part I and which papers should be in Part II before the next meeting on 18 December. (IT) and (LW) to have a meeting to discuss and agree this.	Linda and IT to have a discussion before the December JIAC
Agenda item 4 TVP Risk Management and Business Continuity Update	Cat Hemmings	The issues in Hampshire would need to be addressed and written into the TVP Risk Management and Business Continuity update and to indicate what these problems are.	Having spoken to the project lead, the delay was caused by a period of demand exceeding contact management staff availability within Hampshire. This was due to an initial staffing gap, increased by CMP training and secondments. Hampshire managed this issue through a Gold Group which recommended a staffing uplift. This has had no impact on TVP.
Agenda item 4 TVP Risk Management and Business Continuity Update	Cat Hemmings	Set out on page 71 the sentence, fourth paragraph CH to delete the sentence which is held bi-annually, and chaired by the Corporate Governance Manager from that paragraph.	MH confirmed on 19/11/19 that the sentence has now been

16				
Matters Arising from Minutes of 4 October 2019	Lead	Action	Update / Action complete	
Agenda item 4 TVP Risk Management and Business Continuity Update	Mark Horne	MH to forward to CR for passing on to the Panel an example of what was recorded for an incident, and an example of a business continuity exercise.		
Agenda item 4 TVP Risk Management and Business Continuity	Cat Hemmings/Mike Lattanzio	The Panel made reference to two points as to the power outage at Fountain Court on 4 April 2019 for Mike Lattanzio to respond to.	Email received from Cat Hemmings dated 4 October sent direct to Louis Lee – The actual outage was 1 hour 50 minutes primarily because a power unit needed to be physically replaced. It should also be noted that half the workforce were completely unaffected due to the resilient design in place on that site. ACTION COMPLETE	
Agenda item 5 OPCC Risk Management update	Paul Hammond	(PH) to update the Committee at the December JIAC meeting as to OPCC21 Specialist Counselling Services	An update to be given at the JIAC meeting on 18 December 2019 – this has been added to the December agenda within the OPCC Risk Register. ACTION COMPLETE	
Agenda item 6 Ernst & Young Annual Audit Letter for year ended 31 March 2019	PCC	The PCC would need to arrange for a detailed exercise to be undertaken to identify all of its leases and to capture the relevant information for them. The PCC to therefore ensure that all lease arrangements were fully documented. Ernst & Young noted that there would likely be a deferral on this to 2020/21.	CR passing this information to Vicki Waskett, Governance Manager in the OPCC to note. This is more than likely to be deferred to 2020/21 and therefore this action will be ongoing and added into the Actions until complete. Judi Banks from the OPCC is aware of this and confirmed this is in relation to accounts within the finance department at the OPCC and will be dealing with this when the time comes. ACTION COMPLETE	
Agenda item 6 Ernst & Young Annual Audit Letter for year ended 31 March 2019	Ernst & Young Ian Thompson/ Linda Waters	(LW) and (IT) asked Ernst & Young for additional information to be supplied to them in relation to audit fees as set out on page 118.	ACTION COMPLETE	
Agenda item 8 progress on 2018/19 Internal Audit Plan Delivery and Summary of Matters Arising from Completed Audits	Neil Shovell	(NS) to clarify with the Force whether the training audit will take place and to update the Committee as to the planned Q3/Q4 audits at the December JIAC meeting.	 (NS) to update the Committee at the JIAC meeting on 18 December as to the planned Q3/Q4 audits. This will be discussed during the December meeting and included in the agenda. ACTION COMPLETE 	

17					
Matters Arising	Lead	Action	Update / Action complete		
from Minutes of 4					
October 2019					
Agenda item 11 Arrangements to secure Value for Money	lan Thompson	(IT) to amend the figure of £105m as set out on page 177 of the Executive Summary and to also amend the sentence in section 2.1 on page 180.			





JOINT INDEPENDENT AUDIT COMMITTEE



Annual Assurance Report 2019 from the Joint Independent Audit Committee to the PCC for Thames Valley and the Chief Constable of Thames Valley Police

Introduction

This Annual Assurance Report 2019 explains how the Committee has complied with each of its specific responsibilities, referred to in Appendix 1, during the last twelve months covering the period December 2018 to December 2019.

The Committee's last annual report, presented to the PCC and Chief Constable at the Joint Independent Audit Committee meeting held on 7th December 2018, provided an assurance opinion that the risk management and internal control environment in Thames Valley Police (TVP) and the Office of the Police and Crime Commissioner (OPCC) was operating efficiently and effectively.

Financial management and reporting

We received and reviewed the separate Statement of Accounts for 2018/19 for the PCC & Group and the Chief Constable at our meeting on 12th July 2019, together with the external auditors 'Audit results report for the year ended 31st March 2019'.

We note with approval that the external auditor, EY, issued an unqualified audit opinion on the financial statements. It was pleasing to hear from EY that they were able to issue their report by the 31 July due to the excellent project planning within and between the OPCC and Force Finance Departments and their effective working relationship with external audit staff.

In respect of the value for money (VFM) conclusion EY identified one significant risk in relation to the PCC and Forces' involvement in the Tri-Force Enterprise Resource Planning (ERP) system. The ERP implementation programme has experienced significant slippage on the original timetable and had incurred additional costs compared to the original budget. Having reviewed this project in some detail EY were able to report, in July, that they had not identified any significant weaknesses in the PCCs arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. As a result they had no matters to report in the auditor's report in respect of VFM.

We received and discussed the Annual Audit Letter on 4th October.

Although EY were able to issue an unqualified VFM opinion in respect of the ERP programme we remain concerned at the financial and operational risk that TVP continues to

carry in respect of this project. We have challenged both the PCC and Force Executive at all quarterly meetings and will continue to be robust in our scrutiny of the project throughout 2020.

In December 2018 we received a draft copy of the Annual Treasury Management Strategy Statement for 2019/20 which we reviewed and scrutinised robustly, before it was formally approved by the PCC in January 2019. We considered and noted the annual treasury report for 2018/19. This report explained how officers had complied with the annual treasury strategy statement. We were reminded that regular progress reports during the year were presented to the PCC and Chief Constable rather than the Committee.

Having considered all the information available to us we are satisfied that both the PCC's Chief Finance Officer and the Force Director of Finance have the necessary capability and capacity to ensure the proper administration of the PCC's and Force's financial affairs. Indeed, the experience and skills of the two individuals concerned, and the teams they lead, have been of real benefit to the PCC and the Force and we commend their efforts and achievements

Internal control and governance environment

In March we received an initial draft of the 2018/19 Annual Governance Statement (AGS) for consideration. Although no significant governance issues had been identified the covering report explained the key issues that had been considered by the Governance Advisory Group before reaching this conclusion. Although we challenged the written explanation for some of these areas we were happy to endorse the accuracy of the AGS for inclusion in the annual Statement of Accounts.

We received an updated AGS for consideration and endorsement at our meeting in July. It was pleasing to note that following a review of the effectiveness of the present governance arrangements there were no significant governance issues that required immediate attention nor were there any potential issues that may have an adverse impact on the internal control environment during 2019/20.

In March we considered and scrutinised the updated Framework for Corporate Governance for 2019/20 which included the Statement of Corporate Governance, the Joint Code of Corporate Governance for the PCC and Chief Constable, and the Scheme of Corporate Governance which included Financial and Contract Regulations. Following a major re-write during 2016, only minor amendments were required this year to ensure that it remained relevant and fit for purpose.

In July we received an annual report from the Director of Information, as the Senior Information Risk Owner (SIRO), which provided a summary across HC and TVP for the information assurance and information governance during 2018/19 to provide assurance that information risks were being managed effectively and highlighted some of the key decisions that had been escalated to the SIRO during the year. In October we received a report which highlighted the arrangements in place to secure value for money. We noted the level of cash savings that have been successfully removed from the base revenue budget over the last 8 years and were pleased to receive the external assurance and assessments from HMICFRS of the effectiveness of these arrangements - through their new integrated Police Effectiveness, Efficiency and Leadership (PEEL) assessment 2018/19 - in which TVP had retained its grading of 'Outstanding' for Efficiency.

In December 2018 we approved the updated Anti-Fraud, Bribery and Corruption Policy. This policy sets out a broad systemic approach to creating the right cultures and practices in the organisation. In October 2019 we received a report which demonstrated the application of that policy to identify, investigate and apply appropriate sanctions and provided specific detail about the effective identification and response to such issues by the Professional Standards Department and the Counter Corruption Unit.

In October 2019 we also received a report and presentation on the governance and assurance arrangements in place for significant partnerships and/or collaborations involving TVP. We are satisfied that these governance and assurances arrangements are adequate and effective for their given purposes.

As and when appropriate during the year we attended meetings of the ICT 2020 Vision Board and the Force Transformation Board to see, for ourselves, the action being taken to ensure that the agreed 5 year ICT strategy, and other key projects and programmes are being managed effectively. We remain an observer on the joint Hampshire/TVP Bilateral Governance Board.

Throughout the year we have sought and received regular written and oral updates on the new Enterprise Resource Planning (ERP) programme which provided information on the technical progress with development and implementation across the three collaborating forces (Surrey, Sussex and TVP), the tri-force programme governance arrangements and recent programme audit findings. As stated above (under Financial Management) we believe this is an area of significant ongoing operational and financial risk for TVP and we will continue to monitor and scrutinise the governance and VFM arrangements closely throughout 2020.

In his Annual Audit Letter, published in September 2019, the external auditor stated 'We are required to consider the completeness of disclosures in the PCC's and CC's annual governance statement, to identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading. We completed this work and did not identify any areas of concern.'

Based on the information provided to the Committee during the last twelve months we can provide assurance that, to the best of our knowledge, the corporate governance framework within Thames Valley is operating efficiently and effectively.

Corporate risk management

In December 2018 we received a project update report on the TVP Contact Management Platform (CMP) programme which explained the history, what CMP aimed to deliver and a summary of the programme benefits. This provided useful context for ongoing discussions on the CMP programme throughout 2019.

We have reviewed regular quarterly updates from both the Force and the Office of the PCC (OPCC) in terms of their strategic risk management systems and processes. This is an area of business we take very seriously, and question and challenge officers on a regular basis to ensure that we are sighted on all significant corporate risks and are satisfied that these risks are being dealt with in a timely, effective and appropriate manner.

The TVP Strategic Risk Register was presented in the non-published part of our papers in July 2019 due to the commercially confidential nature of some of the updates. We noted that whilst CMP failure and delay featured on the risk register the ERP risk did not. We were pleased to note that, in the next update in October, there were three separate but linked risks in connection with the ERP programme.

We have kept the staffing position of the force under review given the vital importance of an effective complement of officers and civilian staff for force effectiveness. We thank the Chief Constable for his openness about the issues of retention and of integrating new recruits, and his clear explanations of the force's approach to these challenges. The Director of People attended our meeting in October and gave a detailed presentation on topical People issues including the force's approach to Operation Uplift, the national initiative to recruit 20,000 additional police officers over the next three years.

With regard to the OPCC Strategic Risk Register, at our meeting in October we were concerned to note the weaknesses identified relating to the internal service and financial management controls and administrative processes affecting the recently introduced Victims First 'Specialist Counselling Service', which resulted in an increased level of assessed risk for that service. Notwithstanding our concerns, we were pleased to receive an assurance from the PCC that the weaknesses were being proactively addressed by his management team. Nevertheless, we will monitor the findings of future audits of this service to obtain independent reassurance as to whether the weaknesses and risks are being remedied successfully.

Based on the information provided to the Committee during the last twelve months it appears that the organisational risks in both the OPCC and Force are being managed effectively and that there is appropriate capability for their respective published goals and objectives to be achieved efficiently and effectively.

Business continuity management

As with risk management we have considered quarterly updates from the Force on business continuity. We have made various recommendations to officers in order to improve the appropriateness and usefulness of these reports and are pleased that these have been acted upon.

TVP have delivered 13 table top business continuity exercises in the last year, working with LPAs, project leads, the OPCC and departments to ensure that all the key areas in TVP have up to date and relevant business continuity plans in place.

We are content that business continuity is treated as a serious issue by senior officers within the Force and that regular and practical exercises are undertaken in order to test business continuity planning and to provide learning opportunities for key staff.

We are satisfied that the business continuity management processes are operating efficiently and effectively in identifying issues and capturing organisational learning and there are no significant issues that we need to draw to your attention.

Internal audit

We received and endorsed the Internal Audit Strategy and Annual Plan 2019/20 at our meeting on 8th March 2019. We noted that that the annual plan included all relevant financial systems, as well as other business critical functional areas and activities. We were pleased to note the wide range of audit activity, looking at high risk functions and operations across both organisations.

Although the resourced audit plan does not include a specific allocation of days for use by the Committee, there is an extant agreement with the CC and PCC that the Committee may, at its discretion, draw on up to 10 audit days for its own specific use. We did not need to use this facility during 2019.

In July we received the annual report from the Chief Internal Auditor. We were pleased to note that all of the planned audits for 2018/19 were completed, subject to any approved in year changes to the originally approved plan. Of the 23 completed audits, 16 (70%) had received reasonable assurance and 7 (30%) had received limited assurance. No audits were given substantial or minimal assurance. It was pleasing to note the results of the additional sources of assurance that had been provided by independent internal functions or external bodies. Of the 14 sources identified 6 (43%) were deemed to provide substantial assurance, 7 (50%) were deemed to provided reasonable and 1 (7%) was deemed to provided limited assurance. No source was deemed to provide Minimal assurance. The one area that received limited assurance was the ERP Programme. This was based on initial feedback from Surrey and Sussex on the 2019 re-planning exercise.

We challenged robustly, with internal auditors and appropriate officers, the reasons for the reported shortcomings in the assurance levels for some reports and the completion of the associated action plans. Based on the reviews completed during the year, the opinion on the organisation's system of internal control was that key controls in place are adequate and effective, such that an assessment of <u>reasonable assurance</u> could be placed on the operation of the organisation's functions. The opinion demonstrates a good awareness and application of effective internal controls necessary to facilitate the achievement of objectives and outcomes. There was, in general, an effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

In March and October 2019 we received updates from the Chief Internal Auditor on progress with delivery of the annual internal audit plan, including a summary of key issues arising from recently completed audits. We continue to receive final audit reports which give us early sight of any key issues arising from completed audits that require management action. This is particularly useful for those few audits where limited or minimal assurance is given.

In March we encouraged the Chief Internal Auditor to write to TIAA regarding their apparent lack of commitment to delivering their ICT contract. This took place and TIAA's response was very positive and proactive, providing the necessary assurances on the outstanding 2018/19 audits, as well as the approach to the 2019/20 and future audits, up to the end of the contract. TIAA's performance over the term of the contract will continue to be closely monitored and any further concerns will be escalated, should they arise

Following the Chief Internal Auditor's update report in October we challenged the OPCC Chief Executive and Head of Commissioning on why the Victims Counselling Service Payment Process control systems had been assessed as providing 'Minimal assurance'. We wanted to know how and why this had happened and what remedial measures were being implemented to redress the problem. We also sought assurance from the Chief Executive that internal control and governance was given a high priority in the OPCC. We noted that this matter had been acknowledged in the OPCC Strategic Risk Register and was being actively addressed by management (see 'Corporate Risk Management', above)

We have received and debated regular update reports each quarter on progress of agreed actions in internal audit reports. We are disappointed that having overseen a gradual and sustained reduction in the number of outstanding actions in recent years that the number quadrupled in October, up from 7 to 28. We hope this is increase a temporary blip and that management is able to demonstrate that it continues to take the implementation of actions arising from internal audit reports very seriously. We shall, however, continue to monitor this situation rigorously in coming years.

We are satisfied that the system of internal audit in Thames Valley is operating efficiently and effectively and there are no specific issues or areas of concern that we would wish to highlight to the PCC and/or Chief Constable.

External audit

In December 2018 the external auditor, EY (previously known as Ernst & Young) presented its joint audit plan for the PCC and Chief Constable for the financial year ending 31st March 2019. This explained the context for the audit, as well as outlining the auditor's process and strategy. EY highlighted the various risks to the financial statements and the one significant VFM risk i.e. New ERP system. We were pleased to note that the combined audit fee for 2018/19 was £13,636 or 23% lower than that payable for 2017/18.

Despite the reduction in the core fee level for 2018/19 we understand that additional fees are being charged in respect of the additional audit work undertaken in respect of the VFM review of the ERP programme and additional work relating to the impact of national pension issues. The actual increase of \pounds 12,651 is proportionate to the work undertaken.

At the meeting on 12th July 2019 the External Auditor presented his Audit Results Report which summarised his audit conclusion in relation to the Group (i.e. PCC and Chief Constable) financial position and results of operations for 2018/19. This audit was designed to express an opinion on the 2018/19 financial statements for the PCC and Chief Constable, reach a conclusion on the PCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources, and address current statutory and regulatory requirements. We were pleased to note that EY had not identified any significant errors or misstatements in the accounts and were able to issue an unqualified audit opinion on the financial statements.

Having identified the new ERP system as being a significant VFM risk at the outset of the audit EY expended a considerable amount of time and effort reviewing this programme across Surrey, Sussex and TVP. In July we were informed that they had finished their work and were able to conclude that the PCC (and TVP) had put in place proper arrangements to secure VFM in its use of resources.

In October the External Auditor issued his Annual Audit Letter for the year ending 31st March 2019 to the PCC and Chief Constable which confirmed that he had issued an unqualified audit opinion in respect of the financial statements, an unqualified value for money conclusion and the audit completion certificate.

In terms of the financial statements and the year-end audit we are very pleased with the final outcome. We welcomed the efforts made by officers to close the accounts early again this year, despite the very late changes arising from the McCloud Pension ruling, which is an excellent achievement. We would also like to express our gratitude to the external auditors for their key role in the effective closedown and early audit sign-off process.

We continue to receive and note the quarterly EY Police Sector Audit Committee briefing. We find this a useful source of timely information on topical police, accounting and audit issues.

Health & Safety

We received the 2018/19 annual report on Wellbeing, Health & Safety Management in July which helped to document the progress being made in the continuous improvement of TVP policies and procedures for the effective management of wellbeing, health and safety. We were pleased to note the 12% drop in the total number of reported accidents and incidents and the 11% reduction in reported RIDDOR incidents compared to the previous financial year. We asked a number of challenging questions and these were answered at the meeting.

We were pleased to note the measures being taken to improve wellbeing in the workplace, in accordance with the national Blue Light Wellbeing Framework. We support the new focus on changing behaviour to change culture.

Equality & Diversity

In July we received the 2018/19 annual report on equality, diversity and inclusion which showcased the achievements from the past 12 months and planned activities for 2019/20. The report covered the following areas: strategic governance, providing a service to diverse communities, BAME representation, recruitment and attraction, retention and attraction, retention and progression, development for women, community and recruitment engagement development, other equality and diversity activity, and future plans.

Inspection and review

Her Majesty's Inspectorate of Constabulary, Fire and Rescue Service (HMICFRS) independently assesses police forces and policing across activity from neighbourhood teams to serious crime and the fight against crime – in the public interest. HMICFRS decides on the depth, frequency and areas to inspect based on their judgements about what is in the public interest.

We understand that the Chief Constable and his management team considers each report in detail, irrespective of whether it relates directly to Thames Valley Police and, where appropriate, agrees an appropriate action plan. We also understand that the PCC is required to consider and publish a response to each HMICFRS report relevant to Thames Valley Police.

The Committee has asked to be provided with copies of the HMICFRS reports and responses of the PCC. None has been received so far.

As far as we know HMICFRS has not issued any report during the last twelve months that has specifically referred to assurance on the internal control environment and/or highlighted governance issues for the PCC and Chief Constable to consider.

Accountability arrangements

For JIAC to complete:

- On a timely basis report to the PCC and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.
- Report to the PCC and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal audit functions.
- On an annual basis to review its performance against its operating principles and report the results of this review to the PCC and the Chief Constable.

Other issues

Environmental management

In July we received the Annual Report on Environmental Management for 2018/19 which explained the range of environmental sustainability work the force had undertaken and gave an overview of relevant performance, focussing on the functional estate. It also provided an outline of the future work programme as part of its quest for continuous improvement.

Complaints, integrity and ethics - Force Oversight arrangements

We continue to attend, as observers, the bi-monthly meetings of the Complaints, Integrity and Ethics Panel to ensure that the Chief Constable's arrangements for, and the PCC's oversight of, the proper handling of complaints made against the Force, and consideration of other integrity, ethics and professional standards issues, are operating effectively in practice. We noted in our last year's annual report that there appeared to have been a broadening of the Panel's considerations, away from its key remit, as laid down in the terms of reference. We note that our observations have been considered carefully by the PCC and new terms of reference, and name for the committee has been considered and adopted by the committee. We endorse the altered terms of reference and believe these provide the basis for the panel to provide effective support to the PCC and CC, especially during the forthcoming changes to the complaint handling arrangements.

General

We are pleased to report that the arrangements agreed five years ago, as set out below, are working effectively:

- Be regularly briefed by the Chief Constable and PCC on the full range of activities falling within our specific responsibilities and attend other relevant internal meetings
- Have direct access to the oversight of professional standards and ethics matters by regularly attending the Complaints, Integrity and Ethics Panel as an observer
- Attend any training and conference events that will ensure members are up to date with the policing landscape and audit requirements
- Attend as an observer the regular Force Performance meetings

Some members attended the CIPFA conference for Police Audit Committee members or a similar conference hosted by Grant Thornton, discussing challenges faced by audit committees and proposed legislative changes that will impact on the work of audit committees.

Over the year we had meetings with the Chief Constable, PCC and senior staff for relevant organisational and functional updates between formal JIAC meetings.

These briefings and invitations to attend internal Force meetings, coupled with the sharing of appropriate CCMT reports of interest, continue to raise our awareness and knowledge of legislative, policy or operational initiatives that are relevant to the Committee's remit, such as

organisational structural changes, service delivery initiatives, and financial and service planning issues. In turn, this is improving our collective understanding of how the Force and OPCC governance arrangements and control environments are operating in practice.

JIAC operating principles

The Committee's current operating principles are shown in Appendix 1. These will be used as part of the member recruitment process in 2020.

Conclusions

The purpose of the Joint Independent Audit Committee is to provide independent assurance to the PCC and Chief Constable regarding the adequacy of the risk management framework and the associated control environment within Thames Valley Police and the Office of the PCC.

Constructive challenges over the past twelve months on a wide range of topics have given us greater access to information and meetings; the positive relationship with the PCC and the Chief Constable and their senior staff has enabled us to contribute to improved audit, risk management and internal controls.

The year ahead (2020) will be a very testing/demanding one when a number of leading edge digital policing developments will be brought into service. No doubt we will continue to seek answers on costs and business benefits. We will continue our scrutiny on force change management, the delivery of force financial performance and operational effectiveness. Given the significance of managing the people risks for the success of TVP, we will continue to keep this area in focus in the year to come.

We will remain alert to the extent to which TVP and the OPCC are exposed to risks, from whatever source that might weaken the control environment or otherwise adversely affect overall performance. The coming months will be extremely challenging.

Based on the information that we have seen collectively or know about individually we can assure the PCC and Chief Constable that the risk management and internal control environment in Thames Valley is operating efficiently and effectively.

We hope that this report with the assurances it contains will enhance public trust and confidence in the governance of TVP and the OPCC.

Three of the longest serving members of JIAC will be retiring in the year ahead and the committee hope that capable replacements will be appointed by the CC and PCC. It is our hope that the newly formed JIAC will continue to enjoy the constructive relationships with the CC, PCC and their respective teams.

Joint Independent Audit Committee

Members:

Dr Louis Lee (Chairman) Mr Michael Day Mr Richard Jones Mrs Alison Phillips OBE Dr Gordon Woods

18 December 2019

Appendix 1

Joint Independent Audit Committee - Operating Principles

Statement of Purpose

- Our Joint Independent Audit Committee is a key component of the PCC and Chief Constable's arrangements for corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- The purpose of the Committee is to provide independent assurance to the PCC and the Chief Constable regarding the adequacy of the risk management framework and the associated control environment within Thames Valley Police and the Office of the PCC. It will consider the internal and external audit reports of both the PCC and Chief Constable and advise both parties according to good governance principles. It has oversight of general governance matters and provides comment on any new or amended PCC polices and strategies with regard to financial risk and probity.
- These operating principles will summarise the core functions of the Committee in relation to the Office of the PCC and the Force and describe the protocols in place to enable it to operate independently, robustly and effectively.

The Committee will report directly to the PCC and the Chief Constable.

Committee Composition and Structure

The Committee will consist of five members who are independent of the PCC and Thames Valley Police. They will be appointed by the Chief Constable and the PCC (or their representatives).

The Chairman will be elected by the Committee on an annual basis.

The Committee will hold four formal meetings a year – in public - although there may be a requirement to hold additional meetings at short notice.

The PCC and Chief Constable will attend or be appropriately represented at formal meetings. Committee meetings will be held at key strategic times of the year to coincide with the budget process and publication of financial management reports and accounts:

- 1. **March** to consider the Internal Auditor's Internal Audit Plan and the External Audit Plan
- 2. **July** to consider the End of Year Reports, the Annual Governance Statement, Annual Statement of Accounts and to receive the Audit Results report
- 3. September to consider mid-year progress reports;
- 4. **December** to receive the Annual External Audit Letter and agree the Annual Assurance Report of the Committee.

The agenda, reports and minutes of all Committee meetings will be published on the PCC and Force websites. However, members of the press and public shall be excluded from a meeting whenever it is likely that confidential information will be disclosed. Confidential information is defined as:

- a) Information furnished to the Committee by a Government department upon terms (however expressed) which forbid the disclosure of the information to the public; and
- b) Information the disclosure of which to the public is prohibited by or under any enactment or by the order of a Court.

Methods of Working

The Committee will:

- Advise the PCC and Chief Constable on good governance principles
- Adopt appropriate risk management arrangements
- Provide robust and constructive challenge
- Take account of relevant corporate social responsibility factors when challenging and advising the PCC and Chief Constable (such as value for money, diversity, equality and health and safety)
- Be regularly briefed by the Chief Constable and PCC on the full range of activities falling within its specific responsibilities and attend other relevant internal meetings
- Have direct access to the oversight of professional standards and ethics matters by regularly attending the Complaints, Integrity and Ethics Panel as an observer
- Attend any training and conference events that will ensure members are kept up to date with the policing landscape and audit requirements
- Provide an annual assurance report to the PCC and Chief Constable

Specific responsibilities

The Committee has the following specific responsibilities:

Financial Management and Reporting

- Provide assurance to the PCC and Chief Constable regarding the adequacy of the arrangements, capacity and capability available to their respective chief finance officers to ensure the proper administration of the Commissioner's and Force's financial affairs.
- Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the PCC and/or the Chief Constable.
- Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements, and to give advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

Internal Control and Governance Environment

- Consider and endorse the local Code of Corporate Governance
- Consider and endorse the Annual Governance Statement (AGS)
- Monitor implementation and delivery of the AGS Action Plan
- Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements
- Consider and comment upon the adequacy and effectiveness of the assurance framework, and the specific governance and accountability polices, systems and controls in place, such as the Corporate Governance Framework; anti-fraud and corruption; whistle-blowing, declarations of interest and gifts and hospitality.
- Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter fraud strategy, actions and resources
- To consider the governance and assurance arrangements for significant partnerships or collaborations

Corporate Risk Management

- Consider and comment upon the strategic risk management processes; and
- Receive and consider assurances that organisational risks are being managed effectively and that published goals and objectives will be achieved efficiently and economically, making recommendations as necessary

Business Continuity Management

- Consider and comment upon business continuity management processes, and
- Receive and consider assurances that business continuity is being managed effectively and that published goals and objectives will be achieved efficiently and economically, making recommendations as necessary

Internal Audit

- Annually review the internal audit charter and resource
- Receive and consider the adequacy and effectiveness of the arrangements for the provision of the internal audit service
- Consider and comment on the Internal Audit Strategy and Plan
- Receive and review internal audit reports and monitor progress of implementing agreed actions
- To consider the Head of Internal Audit's statement on the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN) and the results of the Quality Assurance & Improvement Programme (QAIP) that support the statement
- Consider and comment upon the annual report of the Head of Internal Audit
- Obtain assurance that an annual review of the effectiveness of the internal audit function takes place

External Audit

- Receive and review reports from the external auditors, including the annual audit letter and audit opinion
- Review the effectiveness of external audit
- Consider and comment upon any proposals affecting the provision of the external audit service
- Consider the level of fees charged, and
- At present TVP participates in the national procurement of external audit services through the Public Sector Audit Appointments (PSAA). However, should the PCC and Chief Constable decide that local procurement would be better the Committee would undertake the role of the Independent Audit Panel, as set out in the Local Audit and Accountability Act 2014, including considering and recommending appropriate arrangements for any future appointment of External Auditors

Health & Safety

• Satisfy itself on behalf of the PCC and the Chief Constable that an adequate and effective policy and practice framework is in place to discharge legal duties in relation to health and safety. In particular, having regard to the safety, health and welfare of police officers and police staff, people in the care and custody of Thames Valley Police and all members of the public on police premises or property

Equality and Diversity

• Satisfy itself on behalf of the PCC and Chief Constable that an adequate policy and practice framework is in place to discharge statutory requirements in relation to equalities and diversity

Inspection and Review

• To consider any HMIC report that provides assurance on the internal control environment and/or highlights governance issues for the PCC and/or Chief Constable

Accountability Arrangements

- On a timely basis report to the PCC and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.
- Report to the PCC and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal audit functions.
- On an annual basis to review its performance against its operating principles and report the results of this review to the PCC and the Chief Constable.



JIAC Summary

In accordance with the Operating Principles of the Committee agreed at its first meeting held on 27 March 2013, the Committee has the following responsibilities in respect of business continuity:

- Consider and comment upon strategic risk management and business continuity management processes, and
- Receive and consider assurances that business continuity and organisational risks are being managed effectively and that published goals and objectives will be achieved efficiently and economically, making recommendations as necessary

The attached report provides an annual overview of risk management and business continuity management policy and processes adopted by Thames Valley Police together with the most recent quarterly progress report covering such issues as training, learning from business continuity incidents and training exercises.

Recommendation:		
The Committee is invited to review and note the report as appropriate.		
Chairman of the Joint Independent Audit Committee		
I hereby approve the recommendation above.		
Signature	Date	

Risk Management Introduction

Effective risk management is one of the foundations of good governance. A sound understanding of risks and their management is essential if Thames Valley Police is to achieve its objectives, use resources effectively, and identify and exploit new business opportunities. Consequently, in common with all significant public and private sector bodies, the Force has an established framework for ensuring that areas of risk are identified and managed appropriately across its activities.

This framework is derived from the best practice set out in ISO31000: 2018 Principles and Guidelines and applied to the local context. This is the most recent guidance which sets out the principles, framework, processes and activities for the effective management of risk.

A revised risk and business continuity strategy was approved by Force Risk Management Group (FRMG) in October 2018. This provides guidance in the form of:

- Risk Management Strategy
- Risk Management Policy
- Risk Register Guide with an alternative 1 page guide available for quick reference
- Risk Management Communications Strategy
- Reminder of the National Decision Model and reference to the Authorised Professional Practice (APP) Risk Principles

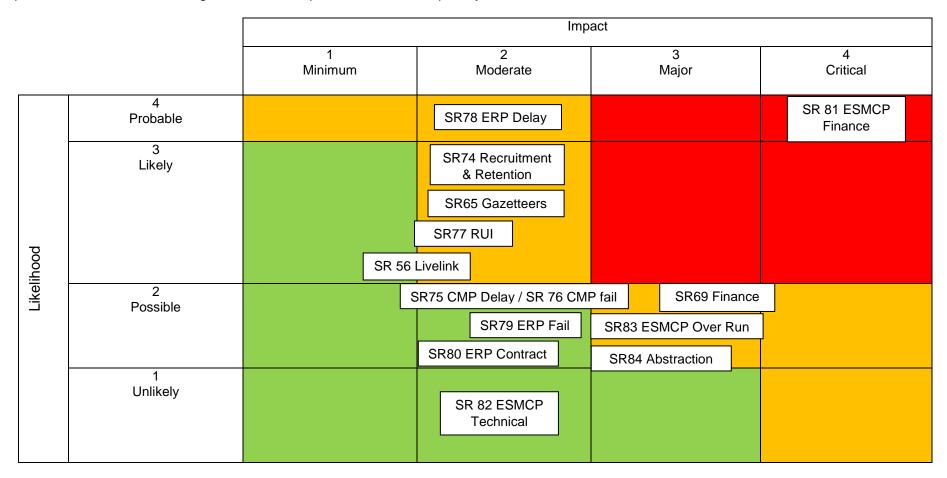
Risk management forms part of the Deputy Chief Constable's portfolio.

Ongoing scanning by the Strategic Governance Unit (SGU), including reviewing departmental and operational risk registers, ensures the identification of strategic risks which are then assessed and scored with relevant business leads. The product of this process, including recommended actions, is presented to the FRMG which considers and makes corporate decisions in relation to those risks and recommendations.

This Report further provides the information necessary for the Joint Independent Audit Committee to fulfil their function effectively. Members are also welcome to review both the force and local risk registers, or specific risk entries, by arrangement with the Strategic Governance team, who will arrange access to the live documents at force headquarters.

Risk Heat Map)
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This map identifies the current strategic risks, and maps them in terms of priority based on current risk scores.



Strategic Risk Summary

This report contains updates for the period 1 September 2019 to 31 October 2019, the nearest month end to CCMT, as agreed at the September CCMT. The risk summaries have been updated to reflect the CCMT decisions made at that meeting. The report reflects the statistical and narrative information available at the month end. Any more recent matters requiring CCMT input may also be included.

The table below shows the direction of travel of each risk score and the current risk management status as agreed by the FRMG. A more detailed description of the risk, including rationale for any change in risk level, is then provided in the risk summaries which follow. Where there are multiple risks linked to an individual project, these risks are grouped in the risk summary section.

Scoring is based on the 4x4 matrix, and the direction of travel and the risk scores from the last quarter are included to provide a clear indication of the magnitude and direction of any change.

All risks have been re-scored with input from the risk owners, or risk leads where this responsibility has been delegated, and the SGU risk lead. In future this scoring will be additionally supported by risk task and finish groups where appropriate.

The summary for each risk included in this document focuses on new mitigating actions and activities and agreed new future actions.

All supporting documents (for example, Programme Board risk registers and additional papers) can be found in the October supporting documents folders.

Risk Description	Previous Risk Score (IxL)	Current risk score	Trend	Risk Lead	Current Risk Action
SR 81 – ESMCP (Emergency Services Mobile Communications Programme) Finance Significant delays to the Home Office Emergency Services Mobile Communications Programme result in financial exposure to the region.	16 * (4x4)	16* (4x4)	\longleftrightarrow	ACC Hardcastle	TREAT
SR 69 - Funding Funding for 20/21 may be inadequate to allow us to continue delivering all existing services to the same level of performance and may not accommodate additional demand, priority areas whether through increasing numbers, complexity or scope. The announced additional officers will come with their own funding but at this time we do not know the level of grant and council tax precept uplift. Based on current assumptions funds will not be sufficient to avoid additional cuts. The savings required to mitigate any funding shortfalls may impact on service level provision.	8 (2.3x3.5)	8 (2.3x3.5)		ACO Waters	TREAT
<u>SR 78 - ERP Delay</u> Equip / ERP being delayed beyond Nov 2019.	4 (2x2)	8 (2x4)	1	DCC Hogg	TREAT
SR74 - Recruitment and Retention If the Force does not reach expected establishment, whilst demand and the complexity of policing increase, TVP will be unable to meet existing and future demands.	9 (3x3)	6 (2x3)	Ļ	ACO Chase	TREAT

Current Strategic Risk Update

SR 77 RUI Impact of release under investigation (RUI) Investigation drift due to RUI resulting in a failure to get cases into court and obtain positive Criminal Justice (CJ) outcomes.	6 (2x3)	6 (2x3)		ACC De Meyer	TREAT
SR 84 – Predicted abstraction rates The force is unable to deploy enough officers to ensure minimum resourcing levels due to programme activities - specifically DHEP/PCDA - having a larger than anticipated impact on abstraction and larger than anticipated attrition rates.		6 (2x3)		C/Supt Gavin Wong / ACO Chase	TREAT
SR65 Gazetteers Out of date mapping is being used by the organisation, which could lead to a number of negative consequences: risk to public safety; risk to officer safety; and potential reputational damage.	6 (2x3)	6 (2x3)	$ \Longleftrightarrow $	ACC Hardcastle	TOLERATE
SR 83 ESMCP Over-run Financial & strategic ESN risk due to over-run and lack of programme information.	6 (3x2)	6 * (3x2)	$ \Longleftrightarrow $	ACC Hardcastle	TREAT
SR 56 Livelink Livelink is required to remain functional until Jan 2020, increasing the likelihood of operational issues.	5 (1.6 x 3)	5 (1.6 x 3)		ACO Cooper	TREAT
SR 79 ERP Fail The ERP System fails shortly after deployment or is deemed too unstable to be fit for purpose.	4.4 (2.2 x 2)	4.8 (2.4 x 2)	1	DCC Hogg	TREAT
SR 76 CMP Failure The CMP System fails shortly after deployment or is deemed too unstable to be fit for purpose.	4 (2x2)	4 (2x2)	$ \Longleftrightarrow $	ACC Hardcastle	TREAT
SR 80 - ERP Contractual Failure to agree a re-plan and contractual settlement terms between SSTVP (Surrey Sussex, TVP) and our commercial partner, KPMG.	4.6 (2.3x2)	4 (2 x2)	Ļ	DCC Hogg	TREAT

SR 75 CMP Delay If there is delay to the delivery of the Contact Management Programme (CMP), then there are a number of on-going impacts operationally and financially, and reputational damage to the Force.	4 (2x2)	4 (2x2)		ACC Hardcastle	TREAT
SR 82 - ESMCP Technical The Emergency Services Network (ESN) Programme delivery is complex and a number of key required solutions are not yet in place.	8 * (4x2)	2 * (2x1)	Ļ	ACC Hardcastle	TREAT

Scores marked * are from the national programme, based on a 4x4 matrix.

Risks are reported below by issue. Risk summaries include an assurance level, using the following definitions:

Substantial	The governance, risk management and control arrangements are strong, although some minor action may be required to improve efficiency or effectiveness.
Reasonable	The governance, risk management and control arrangements are good, although some action is required to improve efficiency or effectiveness.
Limited	The governance, risk management and control arrangements are limited and action is required to improve efficiency or effectiveness.
Minimal	The governance, risk management and control arrangements are weak and significant action is required to improve efficiency or effectiveness.

The levels of assurance provided are based on the risk summary and input from the risk owner, the additional documents supplied which outline the more detailed activities, and benchmarking where this is available. This also includes how effective mitigating actions have been in the past, and confidence around the potential effectiveness of future actions.

Managing deadlines

Projected completion and target dates are recorded based on the following:

Action completed
Action on target
Deadline missed

SR 81 – ESMCP Finance

Risk summary: Significant delays to the Home Office Emergency Services Mobile Communications Programme (ESMCP) result in financial exposure to the region.

Consequences: Financial exposure to the region through having to renew Airwave licences; extended use of the project team, and manage diminishing resources of radios.

Risk Owner: ACC Hardcastle

Reviewed with risk owner: 16/10/2019

Next Review Date: 31/12/2019

Context: As a result of the recently announced additional delay to the national ESN programme, the South East Regional Integrated Policing (SERIP) board requested input from the affected forces to create a regional risk register for the project. Delays to the project will create additional financial exposure to the region through having to renew Airwave licences; extend use of the project team and manage diminishing resources of radios. The additional impacts on TVP have been identified and reported as part of a paper to JIAC. TVP have recruited a new SRO for the project. Currently there is a piece of work ongoing regarding Total Cost of Ownership which highlights the worst case scenario of device costs and uncoordinated ESN device allocation. The ESMCP team are working with the Home Office to understand the device options that will become available prior to transition. There will be a continued reliance on end-of-life or short-term technological solutions to bridge the gap until ESMCP is introduced, with a current bid in place within TVP for radios which will be in use for 2-3 years before ESMCP is launched.

This risk is currently being **TREATED** at a regional level.

Risk score trend:

At this stage, there is insufficient evidence to suggest that the mitigating actions have had a positive effect. Once the total cost modelling is complete we may have better evidence to re-assess the risk score.

Level of Assurance: Limited. There are established national budgeting and monitoring processes in place within clear timescales. However, the project risks identify that the complexity of the project has created governance issues and impacted on national decision-making. Whilst TVP has a Business Change lead in place and established budgets and monitoring, this is a Home Office programme and TVP's ability to impact on national outcomes is necessarily limited.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
The Programme Team have provided re-profiled financial data to CFOs and managing programme team vacancies to minimise expenditure. (This would permit an additional year of project team resourcing within planned budget – assuming implementation possible from Q2 2020).	ACC Hardcastle	16/10/2019	Greater financial transparency from the central Home Office Programme Team. Sustained pressure on the Home Office to underwrite national police financial exposure through successful supplementary estimate to Her Majesty's Treasury (HMT).	ACC Hardcastle	30/09/2019
Update 16/10/2019 Total Cost of Ownership modelling currently underway with involvement CFO's.	ACC Hardcastle	31/12/2019	A bid is in place for an interim radio solution.		
Currently awaiting official programme re-plan which will give greater clarity on delays. Project team involved with national planning work to minimise transition deadline. Liaison at regional level with other emergency services to ensure consistency of planning. Early pressure from PCCs and Chief Officers to identify and minimise financial exposure. Locally, the Programme Team are providing re- profiled financial data to Chief Finance Officers (CFOs) and managing programme team vacancies to minimise expenditure.	ACC Hardcastle	31/12/2019			

Risk summary: An over-run of the Home Office Programme and a lack of concrete data make implementation and investment decisions more expensive and complex.

Consequences:

- Delay genuine business transformation.
- Longer term reliance on degenerating Airwave service, with the associated public safety risks.

Risk Owner: ACC Hardcastle

Reviewed with risk owner: 16/10/2019

Next Review Date: 31/12/2019

Context: Additional risk is created by a lack of consistency of governance and planning across all regions, which has contributed to delays and the associated costs linked to the programme.

This risk is currently being **TREATED** at a regional level.

Risk score trend:

As we are still awaiting sign off of the full business case (due March 2020) and confirmed transition dates, we are unable to re-score the risk on the current information available.

Level of Assurance: Limited. There are established national budgeting and monitoring processes in place within clear timescales. However, the project risks identify that the complexity of the project has created governance issues and impacted on decision-making. Whilst TVP has a Business Change lead in place and established budgets and monitoring, this is a Home Office programme and TVP's ability to impact on national outcomes is necessarily limited.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
 SERIP is assessing regional ambition for CCs and PCCs. Working actively with major regional and national programmes to ensure consistency of planning. Enhanced governance at regional DCC level will allow for better prioritised and sequenced change. Regional efforts accelerating about potential alignment of 2 x bilateral mobile programmes (dual devices will be necessary at least in the short term). 	ACC Hardcastle	30/03/2020	Work during the delay to look at business change and benefit realisation.	ACC Hardcastle	30/03/2020

SR 82 - ESMCP Technical

Risk summary: ESN Programme delivery is complex and a number of key required solutions are not yet in place (e.g., details of in-car devices).

Consequences: Solution is unfit for purpose.

Risk Owner: ACC Hardcastle

Reviewed with risk owner: 16/10/2019

Next Review Date: 30/12/2019

Context: The size and complexity of the programme has resulted in further work being required to deliver fit for purpose and cost-effective technical solutions.

This risk is currently being **TREATED** at a regional level.

Risk score trend: The risk score has fallen significantly as the air to ground contract has been awarded and vehicle contract is currently in the process of being finalised by the Home Office. The national recommendation is that this risk should be terminated once the vehicle contract is agreed.

Level of Assurance: Limited.	Whilst TVP has a Business Change lead in place and established budgets and monitoring, this is a Home Office
programme and TVP's ability to i	impact on national outcomes is necessarily limited.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
Update 16.10.19 Air to ground contract has been awarded and Vehicle contract is currently in the process of being finalised by the Home Office. Recommend closure once final details of vehicle contract have been provided.	Paul Feazey for TVP	30/12/2019	Agreement of national service criteria Additional governance levels / meetings for Senior Regional Officers (SROs) to exchange information and agree ways forward.	Paul Feazey for TVP	30/12/2019
Clear separation of operational and service readiness and extension of testing window. Chief Constables' Reference Group led by CC Kier Pritchard has commissioned a Local Partnerships Gateway review and action plan. The South East Project Team has 2 working groups: devices and service usability. Programme Team involvement in the operation evaluation process.	Paul Feazey for TVP	30/12/2019			
As a result of a Home Office Invitation to Tender for Air to Ground and Vehicle device, the contract has now been awarded to Cobham, which helps reduce this risk.	Paul Feazey for TVP	21/08/2019			

Risk summary: Funding for 20/21 may be inadequate to allow us to continue delivering all existing services to the same level of performance and may not accommodate additional demand, priority areas whether through increasing numbers, complexity or scope. The announced additional officers will come with their own funding but at this time we do not know the level of grant and council tax precept uplift. Based on current assumptions funds will not be sufficient to avoid additional cuts. The savings required to mitigate any funding shortfalls may impact on service level provision.

Consequences: Cuts and Amber efficiency savings may have to be implemented in 2020/21 in order to balance the budget given the level of committed expenditure required to ensure service delivery and the continued focus on priority areas. These may have an impact on public facing services and the resultant public impact and reputational issues.

Risk Owner: ACO Waters (Head of Finance)

Reviewed with risk owner: 21/10/19

Next Review Date: 21/01/20

Context: Although we have had the really positive news about the additional officer numbers, we still do not have any certainty over the funding levels, current assumptions indicate the need for significant additional savings.

Until a longer term Government funding strategy is introduced it is likely that TVP medium term financial planning will remain challenging.

This risk is currently being **TREATED** through the budgeting processes in place.

Level of Assurance: Reasonable. There are well established budgeting and monitoring processes in place within clear timescales. The force has a clear medium term financial plan (MTFP) for both capital and revenue expenditure and there is an annual process of external audit in relation to the financial processes.



As might be expected, there is no significant change in the risk over the last quarter. Although we have had the really positive news about the additional officer numbers, we still do not have any certainty over the funding levels. Work is ongoing within the budgeting process and the E&E programme to mitigate the risk in the long term.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
The current financial projections for 2020/21 and the following 3 years for both revenue and capital will be presented to the November PCC Level 1 meeting. These MTFP's will include all information available at the time, recognising grant will not be available until December.	ACO Waters	21/01/2020	CCMT has received/will receive updates on the MTFP and MTCP in July, September, October and November in advance of a recommended direction of travel to the PCC 29 November 2020. A further update will follow in December/ January when the actual grant and precept levels are known.	ACO Waters	21/01/2020
The Effectiveness and Efficiency programme is used to identify potential savings, whilst minimising the impact on current services. There are monthly E&E Savings Panels chaired by the DCC to ensure this work is progressing and to make decisions with the understanding of the impact on the business. To date we have made decisions on £1.9m (as of the Panel start of October) which have now been included in the Productivity Plan as Green savings for next year.	C/Supt France	31/03/2021	Monitoring the 2019/20 budget during the year will inform the future years' budget setting.	ACO Waters	1/07/2020

SR 78 – Equip/ERP Delay

Risk summary: Equip / ERP being delayed beyond Nov 2019

The ERP system will replace the current legacy solutions which are ageing, heavily customised and have a large number of associated systems including PeopleSoft, Aptos and Capita in TVP.

Consequences:

- A delay to the ERP introduction will result in continued operation of the Legacy Systems identified above with increased potential for failure.
- Increased risk of reliance on legacy systems and requirement to revert to 'old ways of working' impacting upon Force efficiencies and staffing levels
- Reputational impact to the Force of a major new system being seen to fail despite significant investment and testing
- Significant increase in funding required to reinstate / maintain the Programme team.
 Workforce unrest due to lack of payment or correct leave allocation.
 Operational cover impacts due to a failure to maintain adequate sufficient Officers on duty
- The on-going cost of delay will affect the Force's ability to utilise funds elsewhere and impact on other planned deliverables.
- Delays to benefits realisation and financial benefits of a forecast £100k per month will be lost.
- Continued investment in legacy systems will be required.

Risk Owner: DCC Hogg

Reviewed with risk owner: 15/10/2019

Next Review Date: 15/01/2020

Context: The re-baselining has caused the TVP 'Go Live' to slip back from June 2020 to between September and December 2020. This will increase the risk linked to legacy systems, as well as creating some additional reputational risk. The previous opinions shared by our suppliers had led to the score reducing, however this information has been reviewed and the project leads feel a higher risk score reflects the new position from our suppliers.

This risk is currently being **TREATED** at a regional level.

Level of Assurance: Reasonable – There are regional level budgeting and monitoring processes in place within clear timescales, and TVP contributes to regional discussions through the Equip Programme Deployment Manager. Risks have been identified and there are clear processes in place to manage the impact of these to TVP.

Risk Score Trend:

The risk has increased significantly due to the increased likelihood of the delay based on the view of our suppliers; and the potential reputational damage of a large scale project being delayed. The score also reflects the longer term reliance on legacy systems.

Further details around the EQUIP project risks can be found in the EQUIP RAID Log.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
TVP Organisational Design Board established which will monitor Equip progress.	Linda Waters	31/10/2019			
Review Business Continuity arrangements across the legacy systems. Maintain Legacy system support and supplier engagement. Manage business expectations Ensure all messages in respect of delivery are communicated and controlled via appropriate communication channels. Provision of appropriate contingency, both financial and time, to be established. Legacy system risk assessment being completed by ICT to determine the level of risk and appropriate remedial action as required	Bryan Morgan	30/08/2019	The current mitigation work has been rescheduled, following a recommendation from Microsoft to allow the solution to be fully built.	Bryan Morgan	30/01/2020

The Strategic Governance Unit delivered a BC exercise with Tasking & Resilience to look at the impact of losing PeopleSoft.	Mark Horne	04/09/2019	

SR 79 Equip / ERP System fails

Risk summary: The ERP System fails shortly after deployment or is deemed too unstable to be fit for purpose

Consequences:

- Increased risk of reliance on legacy systems and requirement to revert to 'old ways of working' impacting upon Force efficiencies and staffing levels
- Reputational impact to the Force of a major new system being seen to fail despite significant investment and testing.
- Significant increase in funding required to reinstate / maintain the Programme team.
- Workforce unrest due to lack of payment or correct leave allocation.
- Operational cover impacts due to a failure to maintain adequate sufficient officers on duty.

Risk Owner: DCC Hogg

Reviewed with risk owner: 15/10/2019 Next Review Date: 15/01/2020

Context: A number of issues have arisen with the contractual element of this project, which now means that mitigation work has been delayed until the system has been completed. Although not an ideal scenario the project team believe that the delay will allow the supplier to create a more stable system, which is less likely to fail after launch.

This risk is currently being **TREATED** at a regional level.

Level of Assurance: Reasonable – There are regional level budgeting and monitoring processes in place within clear timescales, and TVP contributes to regional discussions through the Equip Programme Deployment Manager. Risks have been identified and there are clear processes in place to manage the impact of these to TVP.

Risk Score Trend: • The risk has been re-scored to reflect the increased reputational risk from a system failure coming after a further delay.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
 Validation of infrastructure and system through appropriate and agreed levels of functional and non- functional testing. Passage through agreed risk mitigation gates and feedback to Board. Formal test sign-off. Appropriate BCT and testing prior to go live. Effective training of staff. Programme Board Level 'Good to Go' approval 	Bryan Morgan	30/08/2019	The current mitigation work has been rescheduled, following a recommendation from Microsoft to allow the solution to be fully built.	Bryan Morgan	30/01/2020
1. Systems Integration testing scheduled as part of the programme re-planning work.	Bryan Morgan	17/2/20			
2. User Acceptance Testing scheduled as part of the programme re-planning work	Bryan Morgan	20/4/20			

SR 80 – Equip / ERP Contractual

Risk summary: Failure to agree a re-plan and contractual settlement terms between the Surrey, Sussex and TVP tri-force group (SSTVP) and the project contractors, KPMG.

Consequences:

- Potential project delay as contractual issues are addressed
- Potential programme failure
- Additional financial demands on TVP

Reviewed with risk owner: 15/10/2019 Next Review Date: 15/01/2020

Context: There is a strategic on-going risk related to the size, scale and complexity of implementing the Equip Programme across the three forces of Surrey, Sussex and Thames Valley Police within the revised timescales and the significant resourcing commitment required to ensure full functionality is achieved.

This risk is currently being **TREATED** at a regional level.

Level of Assurance: Reasonable – There are regional level budgeting and monitoring processes in place within clear timescales, and TVP contributes to regional discussions through the Equip Programme Deployment Manager. Risks have been identified and there are clear processes in place to manage the impact of these to TVP.

Risk Score Trend:

The risk score has fallen slightly based on increased confidence resulting from negotiations between KPMG and Chief Constables.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
 Planning options under joint review. Commercial negotiations ongoing. Chief Constables engaged with KPMG senior management and reassurance given that KPMG are committed to the programme and will deliver the solution 	Bryan Morgan	30/11/2019	1. Re-planning option under joint review.	Bryan Morgan	30/12/2019

SR 74 - Recruitment and Retention

Risk summary: If the Force does not reach expected establishment, whilst demand and the complexity of policing increase, TVP will be unable to meet existing and future demands.

Consequences:

- Impact on public facing services with potential risks to public safety, as well as reputational issues.
- Inadequate staffing numbers across both specialist and general roles, which impacts on our abilities to meet targets in the short-term and our longer term force resilience.
- Negative impacts on staffing morale as a result of work patterns and increased demand on existing staff.
- An imbalance in recruitment may cause further risks to be considered around training and mentoring capacity, which will need to be monitored.

Risk Owner: ACO Chase

Reviewed with risk owner: 23/10/2019 Next Review Date: 23/01/2020

Context: Officer numbers continue to grow, with 3912.55 in post at 31 October 2019. The police officer establishment for 2019/20 is 3854.60. The force has increased its recruitment in line with precept increases and is predicted to be approximately 117 officers over establishment by March 2020. In addition, the force will be required to recruit 600 officers over the next 3-years under the Government's Uplift programme. The number of uplift officers required in 2019-2021 has been confirmed as 183. The force aims to recruit 25% of this number from BAME backgrounds.

Police Staff actuals on 31 October was 2640.44 with a revised establishment of 2934.89. Much of this gap is currently managed through the use of temporary staff and contractors.

The Programme Board continues to manage the risk through bi-monthly meetings, supported by a Business Change Programme Manager. Programme Board activity is summarised in the risk table below. The Programme Board covers 4 strands of work:

• Retention

- Contact Management recruitment and retention
- Initial entry routes
- Operation Uplift

The current mitigation actions have shown some positive impact on recruitment, although this will place additional demands on training and mentoring resources which requires further action. Having initially addressed the immediate recruitment issues the focus is now on ensuring that the initial entry routes to policing products (DHEP and PCDA) meet the standards required by the force in preparing new student officers; developing an approach to ensuring the uplift in 2020/2021 and a comprehensive retention plan.

Financial constraints may limit the ability for the force to implement some of the changes required to improve turnover. No resources have been approved for Retention Project activities. This requires Retention Activities to be undertaken and delivered from within People Directorate and enabling Department resources.

The first grant allocation for Uplift has been advised by the Home Office. £877,398 will be made available for funding uplift to April 2020. This risk is currently being **TREATED** through the Programme Board.

Level of Assurance: Reasonable. There are plans in place through the Programme Board, and initial successes in addressing the recruitment risk. There are targets in place for recruitment and uplift. Work has now begun on confirming mitigating actions for reducing the retention part of the risk. Additional quality assurance is being introduced to the DHEP/PCDA project. The Programme Board has an up to date set of programme risks and issues, which is reviewed at each Board meeting. A number of actions are taking longer than expected to complete, and this requires monitoring.

Risk Score Trend:

There is a continued downward trend as a result of the recruitment work, which has reduced the impact of the recruitment aspect of the risk. However, taken in conjunction with the risk around abstraction, and concerns around new entry routes, the long term is likely to see the risk grow again as it becomes more complex. We would recommend a future repositioning of the risk to reflect this.

Further supporting information can be found on the Workforce Board RAIID Log and Retention Project RAIID log.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
 25/10/19 Resourcing to develop and implement retention activities agreed and deployed. Uplift Gold and Silver Groups established to identify uplift needs and deliver government agreed uplift to establishment. Positive Action Engagement Teams have been established to support engagement with BAME communities to improve recruitment of BAME officers. PCDA/DHEP 'go-live' dates agreed for April and June 2020. Curriculum sequencing work and agreement with Bucks New University being finalised. 	ACO Chase / DCC Hogg (Uplift)	31/3/2020	Development and testing of retention interventions in Departments and LPAs Uplift needs and impact being identified and mitigating actions developed. Sign PCDA/DHEP delivery agreement with Bucks New University.	Supt Kath Lowe (Retention & Uplift) Christine Kirby (PCDA/DHEP)	31/3/2020
21/08/19 A new Workforce Board will replace the current Recruitment and Retention Programme Board and the Wellbeing, Health, Safety and Environment Board. The first meeting will take place on 19 September.	ACO Chase	Ongoing	Undertake further studies into why we are not attracting potential recruits onto training courses. This might include admission standards, perception of career packages etc.	Alison Whitehouse / Caroline Cookson	31/01/2020

 22/05/19 CCMT have approved additional resources for the People Directorate to facilitate the increased levels of recruitment and training required to meet our establishment targets. The budget provision extends to March 2021 and will be reviewed in July 2020. Thematic analysis of management issues, based on exit questionnaire data has been delivered and will feed into the retention plan. This will feed into discussions at the Retention Think Tank. A working group is looking at the Exit questionnaire and the exit process for retirees – this work is ongoing. 	Troy Daniels / ACO Chase	21/07/2020	Make use of the opportunities that will arise from e.g. CMP / Op Model Phase 2 / E&E to reduce demand, and make better use of resources.	A/C/Supt Gavin Wong	31/01/2020
Further work on exit interviews is planned to reflect Contact Management's 'appreciative enquiry' sessions with existing staff rather than waiting until exit to improve the quality of outcomes. People Directorate have put in a bid for the funding for this through the annual planning cycle.	Kate Saunderson	04/09/2019	Use evidence-based predictive modelling to quantify future demand on the Force.	Ed Herridge	31/01/2020
A Retention Project Board has been established and the first meeting has identified retention specific risks.	Troy Daniels	28/10/2019	The Retention project will address: Line management Work environment Terms & conditions Staff career pathways	Supt Kath Lowe	TBC

Resource modelling is a methodology carried out by Service Improvement consisting of demand analysis which informs the number of resources required in certain areas in the organisation. Recent pieces of work have included a full review of Neighbourhood Policing Resources which included a detailed breakdown of Police Officer and PCSO activity. Another piece of work supported the Forces investigative quality programme to determine the number of, and distribution of Detective resources.	Dave Simmonds	31/10/19			
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SR 84 – Predicted abstraction rates

Risk summary: The force is unable to deploy enough officers to ensure minimum resourcing levels due to programme activities - specifically DHEP/PCDA - having a larger than anticipated impact on abstraction and larger than anticipated attrition rates. The increase in Detective establishment of 40 roles to be filled from existing PC numbers by April 2020 places further strain on force deployability and its capacity to provide enough experienced officers and tutors in response roles.

Consequences:

- The number of deployable officers will potentially fall below sustainable levels for much of 21/22
- Reduction in TVP ability to meet public needs, potentially creating risk to public
- Negative impact on officer welfare and morale through an increase in cancelled rest days, overtime and restrictions on annual leave.
- This may result in further retention issues.

Risk Owner: Chief Superintendent Local Policing - Gavin Wong **Risk Lead:** Head of Resource Management – Carl Mason

Reviewed with risk owner / risk leads: 21/10/19 Next Review Date: 21/01/20

Context: The proposed changes in entry routes into Policing create a range of operational risks, many of which are being addressed locally and as part of SR74. Due to the changes around protected learning, Tasking and Resilience have identified abstraction issues which will leave TVP below acceptable levels of deployable officers during 2021 and 2022, unless a base line of around 1300 deployable officers is in place for August 2020. This risk is further compounded by the allocation of 40 new Detective roles to be filled from existing PC numbers by April 2020. Many of which are likely to come from response teams across the force.

It was agreed at the September 2019 CCMT that this risk be **TREATED** as a strategic risk, with actions agreed between Tasking and Resilience and the People Directorate.

Level of Assurance: Limited. As this is a new risk, a cross-departmental governance approach is yet to be formally laid out, and at this early stage clear targets need to be agreed, and action plans put into operation. This does not mean that we are not confident that the risk can be effectively treated in the future, once there are clear plans on how this risk will be managed, we will be able to re-assess our assurance levels.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
SR74 addresses a range of actions to improve recruitment and retention and attrition rates in the short to mid-term which will contribute to mitigating this risk.	ACO Chase	30/12/2019	Address barriers presented by existing vetting timescales and capacity issues for Learning and Development. Sustain deployable staffing levels at LPA ICR level in such a way as to minimise abstractions in the longer term Further mitigation needs to address barriers presented by existing vetting timescales and capacity issues for Learning and Development.	Carl Mason	30/12/2019
			Initial Entry Routes 'golden cohort' being developed to identify abstraction / protected learning requirements. Uplift numbers and impact on establishment being confirmed. Modelling of LPA allocation of uplift numbers being undertaken by Service Improvement.	Troy Daniels / Service Improvement	30/01/20

R 65 – Gazetteers

Risk summary: There are a number of out of date mapping systems (e.g. Atlas Ops, AutoRoute, MapPoint) being used by parts of the organisation.

Consequences:

- Risk to public safety.
- Officers/staff being ineffectively deployed, resulting in delayed responses.
- Inefficiencies in crime recording, potentially resulting in failed cases.
- Incorrect management information being produced to inform operational decision making, resulting in a range of negative impacts on public safety and confidence.
- Incorrect data being published externally.
- Reputational damage.

Risk Owner: ACC Hardcastle Risk lead: Mick Buckle

Reviewed with risk owner / risk leads: 21/10/2019 Next Review Date: 21/01/2020

Context: Many of the actions needed to mitigate this risk can only be delivered within the ESRI GIS mapping/ CMP project, which will allow us to both end the use of a number of such systems and accurately define any future systems which will need further mitigating actions to reduce the risk. As there are a range of interdependencies and complexities being managed within the larger project, future decisions can only be made in the context of a successful ESRI/ CMP launch. Therefore this risk is currently **TOLERATED.** We are now looking at a go live date at the end of November for CMP and these mapping issues are the subject of a workshop which is taking place in November.

Level of Assurance: Limited. Due to the interdependencies identified with ESRI/CMP there is little additional mitigating action which can be put in place at this time. Clarity is needed on the likely residual risk following the implementation of CMP and further actions identified if necessary.

Risk Score Trend: There are no significant changes to the score of this risk and it remains TOLERATED. As there are few mitigating actions which can impact on the score, we would not expect to see significant further score changes until the implementation of ESRI.

The table below summarises the active mitigating actions and future planned actions. Full details can be found on the Strategic Risk Register.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
Mapping issues are the subject of a workshop which is taking place in November.	ACC Hardcastle	30/11/2019	Ongoing monitoring of effectiveness of systems currently employed to ensure that risks are not increasing for individual departments due to individual system issues.	Mark Horne	21/11/2019
The implementation of ESRI components within CMP.	ACC Hardcastle	21/11/2019			

SR 77 – Release Under Investigation (RUI)

Risk summary: Investigation drift due to RUI resulting in a failure to get cases into court and obtain positive Criminal Justice outcomes

Consequences:

- Potential impacts on public safety; especially for vulnerable victims, particularly for high harm offences.
- Impact on public confidence in the work of CJ and the judicial system as a whole.
- HMCTS are concerned that if courts are reduced in line with current numbers, and an increase in cases then occurs, HMCTS will not then have the court space required, and timeframes from date of Charge to Trial will increase, having a detrimental impact for Victims and Witnesses.
- HMCTS report an impact on court cases in relation to defendant's failing to appear and an associated increase in cracked and ineffective trials.
- Our local judiciary are concerned that the use of RUI is undermining their ability to protect victims and witnesses by way of remand or bail conditions.

Risk Owner: ACC De Meyer **Risk Lead:** Karin Williams-Cuss

Reviewed with risk owner / risk leads: 24/10/2019 Next Review Date: 24/01/2020

Context: Whilst the risks around court slots remain, it has been recognised that the future risks should focus on the impacts of RUI on investigations. Operation Endeavour is the Force response to twelve issues relating to investigations, outlined in the risk summary below. The Endeavour project's focus is on current issues around investigation, and to improve existing practice. Whilst this will generate some mitigating actions, it is not in place to deliver a comprehensive set of actions against strategic risks of which CJ retains risk ownership.

This risk therefore remains as being **TREATED** through Criminal Justice.

Level of Assurance: Reasonable. Endeavour provides clear future scope for the work which will contribute to the mitigating actions, with clearly defined ownership of the 12 work areas and agreed timelines. However, since the September report little progress has been reported.

Risk Score Trend:

There has been no short term change in the risk score. Although a number of new actions have started, we would expect these to only have a longer term impact as cases start going through courts and further analysis can be undertaken.

The table below summarises the active mitigating actions and future planned actions. Full details can be found on the Strategic Risk Register.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
 Endeavour is a cross-departmental programme focused on transforming the way TVP investigates crime, and improving outcomes. A Bronze Endeavour RUI Group has been launched, which is developing various pieces of work to improve the situation. These include: A target to increase our use of bail when the necessity and proportionality test has been met. Improving our guidance and decision making recording around the bail back to RUI process. Develop best practice to manage the timeliness and quality of RUI investigations in line with the NPCC operational guidance. Promote the function of the new RUI toolkit to provide deeper analysis of on-going investigations. 	ACC De Meyer	30/12/2019	 Endeavour will work in 12 key areas to improve investigative quality, working cross departmentally: Managing bail and RUI. Training to manage initial investigation within Contact Management. Review of current investigative structures Status of crime investigation maximising capacity: attraction, recruitment, development, retention. Requirements of investigation and training Exemplar of CPIA practice. Use of technology to ensure efficient and effective investigation. Work in partnership to be an exemplar of file quality. Developing supervisors and managers of investigations. Development of coherent principles of crime management. 	ACC De Meyer	30/09/2019

 Develop an effective process of reviewing criticality where we fail to meet our timescales for prosecution, and to reduce the number of RUI investigations over 180 days. Ensure effective use of police systems for recording, managing, monitoring and finalising our RUI investigations. The group is supported by analysis undertaken by SGU into the impacts of RUI. 			 Forensics. Victim satisfaction. Process and timelines are being progressed. 		
The RUI Toolkit has been developed for both Bail and RUI and is available on SIU portal. However, this has not yet been rolled out. In order to manage risk, communications will be provided to DCIs re RUI cases prior to sending force wide.	Nick John	01/02/2020	Service Improvement are working on providing Local Criminal Justice Groups (Berks, and Oxon and Bucks) some predictive analysis in relation to demand for the next 6 months as they are reviewing the Court listing pattern next month. New Bail and RUI Op Guidance being written for Front Line Officers and Custody Sgts. Formal communications for the toolkits to be provided once Op Guidance complete.	Nick John	01/02/2020

Risk summary: Livelink is required to remain functional until January 2020, increasing the likelihood of operational issues.

Consequences:

- Loss of access could have significant operation impact, i.e. no access to the Force Daily Management Meetings, Daily Force Briefings, Intel Briefings, HR files, handover notes, OCG documents, FRAMS and Pre FRAMS.
- Resulting impact on public safety.
- No ICT resource to support Livelink is secured and system support is ineffective.
- Usability and accessibility issues with Knowzone.
- Inability to recover old records and documents.

Risk Owner: ACO Cooper Risk leads: Mark Gould - Senior Records Manager; Marion Peuleve - Head of the Joint Information Management Unit

Reviewed with risk owner / risk leads: 14/10/2019 Next Review Date: 14/01/2020

Context: The programme has been extended to January 2020, as a result of a lengthened 3rd party build period and a planned ICT change freeze. To maximise the use of this time multiple workshops with key enabling stakeholders around SharePoint are taking place to pave the way for this business change.

This risk is currently being **TREATED** through the SharePoint Programme Board.

Level of Assurance: Reasonable. There is clear programme governance in place, with engaged senior leadership which is regularly reporting progress to key senior stakeholders. Programme risk registers are being completed, there are clear mechanisms for escalation and additional mitigating actions are being identified and actioned.

Risk Score Trend: There are no significant changes to the risk score, despite the additional delay.

The table below summarises the active mitigating actions and future planned actions. Full details can be found on the Strategic Risk Register. Additional supporting information can be found on the LAMS Risk Log.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
Planned downtime testing commenced on 5 Dec. This will include testing all agreed areas and documenting any area of Know Zone that are unstable or not working. An impact report is expected.	Terry Willat	15/12/2019	The Project Board have agreed an additional two months' contingency.	Mark Gould	28/02/2020
To reduce the potential impact on timelines and budgets of any resource shortages, resource requirements are flagged early in order that resource requests can be submitted to the Resource Managers.	Terry Willat	31/10/2019			

SR 75 – CMP Delivery Delay

Risk summary: If there is delay to the delivery of the Contact Management Programme (CMP), then there are a number of on-going impacts operationally, financially and reputational damage to the Force.

Consequences:

- Extended reliance on legacy systems may impact on public safety.
- Continued reliance on legacy systems with increased potential for failure.
- If delays persist, the legacy system suppliers may no longer want to offer support to the systems increasing the potential of failure and increasing the time to return to operational status.
- Support costs for the legacy systems could continue to rise as the ability to maintain the system becomes harder.
- The on-going cost of delay will affect the Force's ability to utilise funds elsewhere and impact on other planned deliverables.
- The on-going reputational risk to the Force (and Brand) of not meeting delivery timelines may prove difficult and will need to be managed.

Risk Owner: ACC Hardcastle Risk lead: Perry Shears - CMP Programme Director

Reviewed with risk owner / risk leads: 16/10/2019 Next Review Date: 16/01/2020

Context: Crime Recording went live on 16/7/19 and progressed with minimal issues. During final stage testing an issue has been identified with the CMP <-> RMS synchronisation that was deemed outside of acceptable performance for go-live. This has caused further delay in deployment until the Programme Board are satisfied that performance under Business as Usual conditions is shown to be acceptable. Functionally, the platform is doing everything that we would want it to do. We are now working through some final issues in relation to the performance of the system when under load over and above our current levels of usage and demand. As key legacy system support has been assured until the end of 2019, the Board does not feel that this delay creates additional risk to services.

3 December 2019 update: ACC Hardcastle has stated that once the synchronisation issues have been resolved, the cutover to CMP should occur very quickly.

The current plans are to have a live exercise environment running on the Isle of Wight during the week of 16 December. This should allow us to gain a high level of confidence in the call handling, deployment and recording abilities of CMP and our operating processes.

This risk is currently being **TREATED** through the Programme Board.

Level of Assurance: Reasonable. There is clear programme governance in place, with engaged senior leadership which is regularly reporting progress to key senior stakeholders. Programme risk registers are being completed, there are clear mechanisms for escalation and additional mitigating actions are being identified and actioned.

Risk Score Trend:

The risk level has remained static. Although a further delay has been identified, the Programme Board feels the delay is not excessive and has not materially impacted on the risk.

The table below summarises the active mitigating actions and future planned actions. Full details can be found on the Strategic Risk Register. Additional supporting information can be found on the CMP Programme Board Risk Log.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
Update 2/12/19 Current plans are to have a live exercise environment running on the Isle of Wight during the week of 16 December	Perry Shears	16/12/19			
Update 10/10/19 MS are currently working to address the issue and the impact on delivery is being assessed. Further extension of Legacy systems to the end of 2019 is being sought and is not perceived to be an issue.	Perry Shears	30/11/2019			
Maintained support from key system holders and continue to extend existing support contracts where required (for example, OASIS) to maintain legacy systems during the transition reducing the risk from system failure.	Perry Shears	30/09/2019			

Risk summary: The Contact Management Platform will replace Oasis (TVP) and Altaris (HC) C&C systems with a new integrated C&C / CRM common to both Forces. Should the CMP system fail after deployment, there will be an immediate impact across both Forces and fall-back options may be limited.

Consequences:

- Increased risk to the public due to non-availability of key THOR information as well as an inability to effectively deploy officers to incidents.
- Reputational impact to the Force of a major new system being seen to fail despite significant investment and testing.
- Loss of public confidence if key contact and deployment system perceived as flawed.
- Increased risk on both Forces whereas previous failures would only have affected one Force.

Risk Owner: ACC Hardcastle Risk Lead: Perry Shears - CMP Programme Director

Reviewed with CMP Programme Director: 16/10/19 Next Review Date: 16/01/2020

Context: During final stage testing an issue has been identified with the CMP <-> RMS synchronisation that was deemed outside of acceptable performance for go-live. This has caused further delay in deployment until the Programme Board are satisfied that performance under Business as Usual conditions is shown to be acceptable. At this time, expectations are that deployment will resume in November but this cannot yet be confirmed pending the results of fixes and further testing. As key legacy system support has been assured until the end of 2019, the Board does not feel that this delay creates additional risk to services.

The SGU has worked with Hampshire Constabulary and the CMP team to deliver a CMP failure related BC exercise, and are confident there are adequate plans in place to mitigate against a CMP failure, without a significant impact on public or officer safety.

This risk is currently being **TREATED** through the Programme Board, and the last stages of the testing programme.

Level of Assurance: Reasonable - There is clear programme governance in place, with engaged senior leadership and regular reporting of progress to key senior stakeholders. Programme risk registers are being completed, there are clear mechanisms for escalation and additional mitigating actions are being identified.

Risk Score Trend:

Although further issues were identified as part of final stage testing, the Programme Board have requested a solution. Though this has delayed the system launch, it should not impact on the likelihood of a system failure.

The table below summarises the active mitigating actions and future planned actions. Full details can be found on the Strategic Risk Register. Additional supporting information can be found on the CMP Programme Board Risk Log.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
Update 2/12/19 Current plans are to have a live exercise environment running on the Isle of Wight during the week of 16 December	Perry Shears	16/12/20			
Update 10/10/19. Resolve the issue around the CMP <-> RMS synchronisation. Deployment to the Isle of Wight and broader Forces has been delayed until the issue outstanding is resolved and performance under Business as Usual conditions is shown to be acceptable.	Perry Shears	30/11/2019			
22/10/19 TVP Strategic Governance Unit delivered successful Business Continuity Exercises which identified effective mitigating plans in the case of a system failure for TVP.	Mark Horne	22/10/2019			

Maintained support from key system holders and		
continue to extend existing support contracts	Dorm	
where required (for example, OASIS) to maintain	Perry	30/09/2019
legacy systems during the transition reducing the	Shears	
risk from system failure.		

Risk Radar

Updated risks from programmes, projects and local risk registers for note

EU Exit risk

The EU risks arising from a 'no-deal' exit from the EU and other Brexit-related scenarios had been reviewed and revised prior to the EU Gold Group's decision on 28 October to stand down the Strategic Coordinating Group (SCG) for Thames Valley, Hampshire and the Isle of Wight. Some resources are now being returned to mainstream policing, whilst retaining three serials for each county until further notice, to cover any contingencies. Additional tasks have already been allocated to these resources. The risks will be reviewed in early January 2020.

Airwave degeneration.

There has been 5 Airwave outages since September 1st. This suggests that there may be ongoing issues with the service, which could have a high impact on public safety. Whilst each of these was managed effectively through existing BC plans, the increased number of incidents creates a risk that BC plans may be invoked more frequently, impacting on effectiveness of service delivery internally and public facing outcomes. At this stage the risk is presented for information, and monitoring of outages will continue. However, this needs to be considered alongside the increased delay of the introduction of ESMCP.

Data Quality

Work is ongoing through the Data Governance Project and jointly with Hants to agree a risk around the quality of data available, and its impact on both operational and strategic decision-making across both forces. This is likely to be a complex risk with a variety of stakeholders.

Crime Data integrity

Following on from the HMICFRS Crime Integrity re-inspection Report (2019), the Strategic Governance Unit have prepared analysis of the issues raised for the CDI Gold Group. There are associated risks of not recording crime accurately, leading, for example, to a reduction in victim satisfaction and public confidence, and lost opportunities for crime pattern analysis and intelligence. A recommendation will be made to the Gold Group that further work is completed around assessing the full extent of the risk, and mitigating actions are agreed. Once completed, we can identify the extent of additional support required.

Chronicle

Our fleet insurance, as part of the Chiltern Transport Consortium, requires all TVP driver records to be transferred to Chronicle by 1 December 2019. To fail to achieve this deadline comes with financial risk as well as TVP having a number of uninsured and therefore non-deployable drivers. This requires the sharing of data already held on Peoplesoft to be transferred to Chronicle and to then be maintained to ensure the records are kept up to date on both systems. SSAMI team resources are at capacity with Equip and Endeavour work and therefore unable to prioritise this work at this time. Without interim resources to support the manual maintenance of the Chronicle data, this risk is significantly increased. This risk is therefore raised with CCMT for consideration of the requested mitigating action and raising as a force priority.

Risk – next period

The risk activities planned for the next period include:

- Develop a risk assurance and appetite model which helps departments and LPAs to prioritise risks and which supports effective decision-making.
- Work with risk champions who are attending workshops to communicate key risk messages.
- Deliver further risk based communications to a wider audience to develop more engagement.
- Deliver a further introduction to risk workshop in addition to the 3 risk workshops (Introduction to Risk, Commercial Risk, Economic Crime Unit session), delivered in the previous period. This will mean that we have delivered workshops to around 75 staff and officers between September 19 and February 20
- Work with Hampshire Constabulary and the Information Management Data Governance project to develop a joint data quality risk.

Business Continuity Introduction

Business continuity is about ensuring that, as an organisation, we are able to continue providing important public services in the event of some major disruption to our organisation. Clearly if the Force is unable to maintain its own services, it will not be in a position to best serve the public.

The Civil Contingencies Act 2004 provides the statutory framework which places a responsibility on the police service, as "Category 1 Responders", to have in place effective Business Continuity Management (BCM) processes. Thames Valley Police (TVP) follows the principles within "ISO22301 Societal Security – Preparedness and Continuity Management Systems" which was published in May 2012.

Guidance on organisational resilience was published in November 2014 (BS65000:2014) which defines organisational resilience as the ability to anticipate, prepare for, respond and adapt to events – both sudden shocks and gradual change.

Oversight of the management of Business Continuity (BC) is provided by the Strategic Business Continuity Co-ordinating Group. This Group includes senior members from Property Services, ICT, Corporate Communications, HQ Operations, Health and Safety, and the Corporate Governance Officers.

Business Continuity Plans are maintained, tested and refreshed in respect of front line services and support functions. These are refreshed in order to reflect changes in personnel, dispositions, and core business processes. This proactive approach is supplemented by organisational learning from exercises and actual incidents.

This Report is provided to the CCMT for consideration and corporate decision making. It further provides the information necessary for the Joint Independent Audit Committee to fulfil their function effectively. Members are welcome to review the details of specific business continuity incidents or exercises by arrangement with the Strategic Governance team.

Force Business Continuity Incidents and Exercises

During the period 1 September 2019 to 31 Oct 2019 **1** business continuity incident with a BCP invoked was reported. This is the Banbury incident reported to the September meeting.

Date	Location	Details
01/09/2019	Banbury Training Centre	There was flooding in the Banbury Driving School building which created significant water damage to the building and equipment within it.
		 At 3 September, business continuity plans are in place to facilitate all existing driver training courses. The building is expected to be out of use for several months, although it is too early at this stage to accurately assess the full extent of the damage and long term impact on the Driving School.

Business Continuity exercises were delivered with:

- Tasking and Resilience The exercise was based on a power outage and a loss of key software. As resourcing should be done in advance, an outage would only cause significant issues after 3-4 days at which point the information available on SSAMI is unreliable. Short-term solutions were identified, and often used as there are existing information gaps and there was a working knowledge of how long an outage would last before it became critical. The exercise reflected situations that the department currently experiences and the department were well equipped to manage the scenario. Overall, the SGU are confident that effective plans are in place, although it was identified that there needed to be better sharing of the BC plan beyond the management team.
- OPCC The exercise was based on a staff shortage and the ICT systems being hacked. The team confidently identified the risks involved, both to internal systems and users of services such as the Victims First hub. Mitigating responses, including joint working were identified and a clear action and recovery plan was put in place. Complexities around public facing communications, due to the impact of lost data

were discussed. Overall, the SGU are confident that effective plans are in place, although some further work around identifying staff skills would help further reduce the possibility of single points of failure.

- Corporate Communications The exercise was based on a power and mobile network outage. The team identified their role liaising
 with the Local Resilience Forum and national bodies on a large scale event. A number of internal communication issues were identified
 (lack of central voice mail, inadequate internal communication tools) which would impact on the department's ability to effectively manage
 internal communications. These will need further consideration. Overall, the SGU are confident that effective plans are in place, although
 further work is required around internal communication systems.
- Milton Keynes LPA (Force-wide) This exercise was intended to demonstrate force wide effectiveness in handling a BC incident, as a range of key services are delivered from Milton Keynes Station (LPA activity, Custody, Command and Control, CJ, Roads Policing etc). The exercise took the station out of action for up to 2 years and covered immediate incident response, short term recovery and delivery of services and longer term planning. Supporting input was provided by Property Services, ICT, Health and Safety and Procurement. Overall the team displayed a strong knowledge of their local and departmental BC plans and identified key partners and interdependencies. Recovery plans for each area were identified, with alternative ways of working and fall back sites identified (although there is ongoing work needed about capacity based on the changing estate). The short- medium term planning element was well delivered, with a clear vision of how services could be delivered. Although the common theme around BC plan accessibility was identified, the SGU are confident that effective BC plans are in place and would allow the LPA to identify clear solutions to an incident of this scale.
- CMP An exercise was run to ensure that the operational business was equipped to manage any business continuity incidents linked to
 potential CMP failure. 4 scenarios were tested by a team consisting of operational staff, ICT support staff and BC staff from both forces.
 These scenarios focussed on systems failures; a total CMP outage, loss of telephony, synchronisation issues and mapping failure. In each
 scenario, clear action plans were identified through a series of action cards. These cards need to be included in the BC plans for each
 force, so there is central access to this information. A number of actions were agreed with a completion date of 15 November. Subject to
 these actions being completed, the SGU are confident that the proposed plans are effective, but should be tested once the system is live.

Lessons Learnt

Within some departments there needs to be a better understanding of skills bases of all staff to see where gaps could be filled to avoid SPOF.

Further work needs to be done to help areas understand interdependencies, particularly around where the loss of other services may impact on our ability to function effectively.

TVP needs to consider how flexible we can be in terms of support services such as vetting and ICT hardware allocation in response to a larger scale incident. TVP should investigate ways to improve internal message cascading in the event of a large scale incident.

The exercises have identified that often BC plans are only accessible to the SMT, which will create issues if SMT not available in an incident.

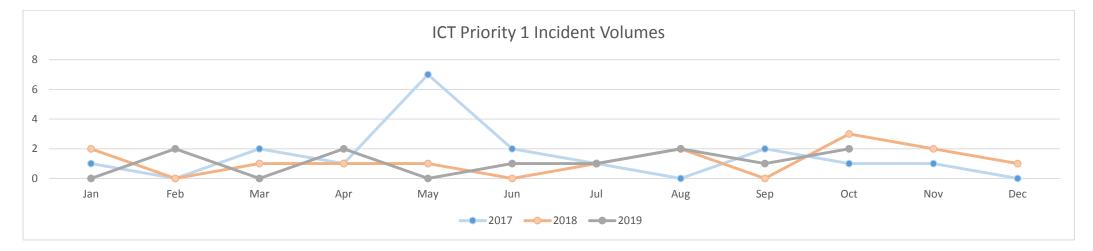
Although we have seen improved engagement in BC exercises, it occasionally proves difficult to ensure there are the right people attending the exercises. SGU may need to be more specific in future to ensure this

ICT Priority Incidents

During the period 1 September 2019 – 31 October 2019, ICT submitted 3 priority one incidents.

For the purposes of ICT incident reporting, a P1 incident is defined as "an ICT event which impacts the whole force, with a fix time required of less than 4 hours."

ICT P1 Incident Volume Trend



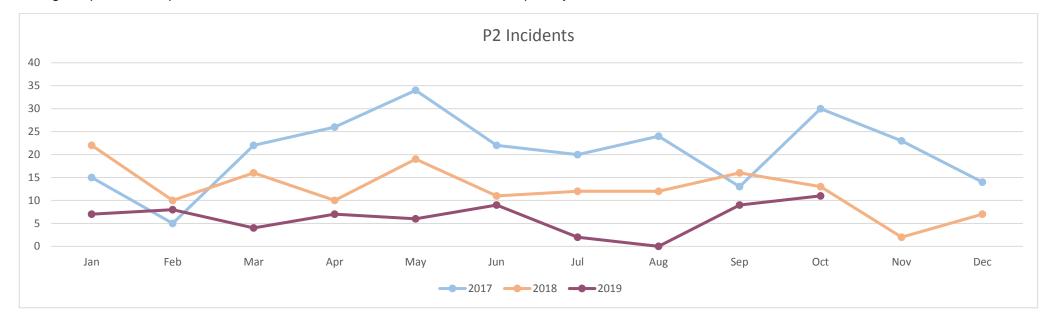
A summary of the P1 incidents is included below. The online reporting incident was raised during our previous presentation, but is included here to ensure the report accurately reflects the reporting period. Analysis of the incidents shows no underlying pattern or trend which might lead to future business continuity incidents.

Date/Time Raised	Site Affected	Incident Details	Incident Type	Impact	Root Cause (Closing comments)
30/10/2019 02:30	TVP	Milton Keynes Control Room lost phones and network connectivity	Network	High - System access and phones lost cutting off 999 and 101 calls. Total outage – 10 minutes.	Suspected to be related to a planned BT change we had been informed of. Networks have escalated with BT to discuss why impact was not predicted.
02/10/2019 09:35	TVP	Milton Keynes Control room - Slow performance issues	Network	MK Control Room experiencing slow network connectivity primarily impacting C&C, CHARM and outlook reducing efficiency in dealing with emergency calls. Total outage – 3 hours 20 minutes	Performance returned to normal without intervention, a number of tests have been carried out with third party supplier to identify root cause, additional work is required, Networks are arranging a suitable date between third party and business due to operational impact.
07/09/19 11:00	TVP	Public online reporting via the website unavailable between 05:22 on 06/09/2019 and 08/09/2019 (early am)	Online reporting system	High – Public reporting 06/09/2019: 86 online reports sent by public and 4 received into the unit. 07/09/2019: 65 online reports were sent by public and 38 received.	Unclear at time of writing – national suppliers – the system up and running and to be monitored by the Home Office for the future. Missing reports have all been recovered (10/09/2019) with no criticality.

ICT P2 Incident Volume Trend

P2 incidents are reported in order to allow assessment of any underlying trend or issue which might, if not addressed, lead to a business continuity incident. The data has been reviewed to provide a monthly breakdown of incidents to reflect P1 reporting.

For the purposes of ICT incident reporting, a P2 incident is defined as "an ICT event which impacts on a single department or site, with a fix time required of less than 8 hours."



During the period 1 September 2019 – 31 October 2019, ICT submitted 20 priority two incidents.

Overall there is a continued year on year fall in P2 incidents, which is partly attributable to a previous change in reporting criteria, but also suggests a greater level of operational stability.

However, it should be noted that there has been an increase in P2 incidents over September and October, primarily linked to Command and Control issues, although many are a result of external factors with 3rd party suppliers. Whilst Contact Management have robust Business Continuity plans in place, a rise in incidents will cause additional risks to service in this area, and it is recommended that incidents are monitored to see if this is a one-off or there is an increasing trend in P2 incidents developing which may require specific future action.

Business Continuity activities

- Five business continuity exercises were delivered including the loss of site exercise at Milton Keynes, which assessed force-wide responses to a loss of site.
- The Strategic Governance Unit delivered a CMP Business Continuity exercise on 22 Sept. As illustrated elsewhere, the exercise demonstrated that the business have plans in place which should mitigate most CMP failures. This will need to be tested in a live scenario.
- New BC templates have been introduced, and work is in progress to update plans in the new template.

Business Continuity - next period

The business continuity activities planned for the next period include:

- Focus on delivering meaningful exercises with an aim to have completed exercises in all key areas by December 2019.
- Developing and launching a BC communications plan to help more officers and staff understand the importance of BC planning. This includes a
 proposed article in Thames View around the Banbury Training Centre incident.
- Ensuring all BCPs are up to date and are fully GDPR compliant.

Financial comments

There are no direct financial implications arising from this report.

Legal comments

There are no legal implications arising from this report.

Equality comments

There are no equality considerations arising from this report.

Joint Independent Audit Committee (JIAC)

JIAC Summary

In accordance with the Operating Principles of the Committee agreed at its first meeting held on 27 March 2013, the Committee has the following responsibilities in respect of the management of risk and business continuity:

- Consider and comment upon strategic risk management and business continuity management processes, and
- Receive and consider assurances that business continuity and organisational risks are being managed effectively and that published goals and objectives will be achieved efficiently and economically, making recommendations as necessary

The attached report provides an annual overview of risk management and business continuity management policy and processes adopted by the Office of the PCC together with the most recent quarterly progress update report.

Recommendation:	
The Committee is invited to review and note the repo	ort as appropriate.
Chairman of the Joint Independent Audit Commi	ittee
I hereby approve the recommendation above.	
Signature	Date

Risk Management Introduction

Effective risk management is one of the foundations of good governance. A sound understanding of risks and their management is essential if the PCC is to achieve his objectives, use resources effectively, and identify and exploit new business opportunities. Consequently, in common with all significant public and private sector bodies, the Office of the PCC has an established control framework for ensuring that areas of risk are identified and managed appropriately across its activities, which mirrors that used by the force.

There are seven active risks on the OPCC risk register (listed in table below). Since the last meeting one risk (OPCC 27) has been added.

OPCC Risk Summary

The table below shows the direction of travel of each risk score and the current risk management status as agreed by the OPCC Senior Management Group. A more detailed description of the risk, including rationale for any change in risk level, is then provided in the risk summaries which follow.

Scoring is based on a 4 x 4 matrix and the direction of travel and the risk scores from the last quarter are included to provide a clear indication of the magnitude and direction of any change.

All risks have been reviewed and re-scored with input from the risk owners.

Risk description and link to full document	Previous risk and score (I x L)	Dec 2019 Risk Score	Trend	Risk Owner	Current Risk Action
OPCC 18 - Funding The level of funding may be insufficient to deliver the planned outcomes in PCC's Police and Crime Plan 2017-21	5 (2.6x2)	5 (2.6*1.8)		lan Thompson	TREAT
OPCC 19 - Victim services The demand for victim services could exceed the supply available from PCC- commissioned contracts / service providers	5 (2.2 x 2.3)	6 (2.1*3.0)		Shona Morrison	TREAT
OPCC 21 - Specialist Counselling Service Review of the OPCC victims 'specialist counselling service' identifies potential weaknesses in internal management controls and administrative procedures that requires significant investment in OPCC time, resource and cost to rectify	7 (2.4x3)	4 (1.9*2)		Shona Morrison	TREAT
OPCC 23 - New demands on OPCC Failure to respond to new additional statutory responsibilities; increased volume of service demand and/or changes in type of service demand for services provided and/or commissioned by the OPCC	6 (2.3x2.5)	5 (2.1*2.5)		Paul Hammond	TREAT
OPCC 24 - Specialist victims' services not in place before April 2020 The OPCC commissioning process fails and new specialist victims services are not in place before 1st April 2020 when current contracts expire	5 (2.3x2)	4 (2*2)		Shona Morrison	TREAT
OPCC 26 - Safeguarding responsibilities in the Victims First hub Failure to meet safeguarding responsibilities in the Victims First Hub resulting in harm to victims and/or reputational damage for the PCC	5 (2.3*2)	4 (2.2*2)		Shona Morrison	TREAT
OPCC 27 – Compliance with outcome of complaints made against the PCC Failure to comply with the recommendations of the Thames Valley Police and Crime Panel following informal resolution of complaints made against the PCC	6 (2.1*2.7)		(New Risk)	Paul Hammond	TREAT

Current Strategic risk update

Risks are listed in current priority order, as identified by current scoring. Risk summaries include an assurance level, using the following definitions.

Substantial	The governance, risk management and control arrangements are strong, although some minor action may be required to improve efficiency or effectiveness.
Reasonable	The governance, risk management and control arrangements are good, although some action is required to improve efficiency or effectiveness.
Limited	The governance, risk management and control arrangements are limited and action is required to improve efficiency or effectiveness.
Minimal	The governance, risk management and control arrangements are weak and significant action is required to improve efficiency or effectiveness.

The levels of assurance provided are based on the risk summary and input from the risk owner, the additional documents supplied which outline the more detailed activities and benchmarking where this is available. In future this will also include how effective mitigating actions have been in the past, and confidence around the potential effectiveness of future actions.

Risk Summary - The level of funding may be insufficient to deliver the planned outcomes in PCC's Police and Crime Plan 2017-21 Consequences:

- Level of funding is insufficient to maintain the current level of service against increasing demands
- PCC unable to demonstrate that he has delivered his manifesto commitments and Police & Crime Plan objectives and targets
- Partnership working does not take place at the required level

Risk Owner: Ian Thompson

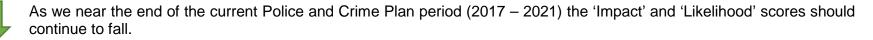
Reviewed: 2/12/2019 Next Review Date: 06/03/2020

Context: The current Police and Crime Plan expires in 2021 so the risk of not delivering those priorities is now lower than it would have been a few years ago. The positive police grant funding settlement for 2019/20 alleviated the immediate financial risk but the PCC needs to remain focused on providing sustainable and affordable public services in the long term which is difficult with the current high degree of uncertainty around future funding levels. The Spending Review announcement on 4th September provided an additional £750m nationally in 2020/21 to recruit an additional 20,000 police officers, as well as to fund pay and price rises, and other growth requirements. Force level allocations for the initial 6,000 officers have been received. However, due to the General Election being held on 12th December the Provisional Police grant settlement for 2020/21 has been delayed and we are not expecting an announcement until sometime in January which may cause problems in setting the budget. The Spending Round in September only covered 2020/21. A longer-term Spending Review is required next year to establish national spending totals for 2021/212 and later years.

This risk is currently being **TREATED** through the normal budgeting processes in place.

Level of Assurance: Reasonable. There are well established budgeting and monitoring processes in place with clear timescales. The Force has a clear medium term financial plan for both capital and revenue expenditure and there is an annual process of external audit in relation to the financial processes. The additional grant money in both 2019/20 (part year) and 2020/21 to recruit extra police officers will help alleviate financial and operational pressures

Risk Score Trend:



The table below summarises the active mitigating actions and future planned actions, taken from the new format risk register. The document references the supporting 'Level 1' Finance papers, which includes budgets and financial plans.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
The current financial projections for 2019/20, which includes future costs and budgeted income / expenditure, were reported to the January 2019 PCC Level 1 meeting. That report concluded the budget setting process for 2019/20. That document will form the basis for the 2020/21 planning cycle, commencing July 2019 and running during the year as new information becomes available, finishing January 2020. The updated Financial Strategy 2020/21 was presented to the PCC at the Level 1 meeting on 29 November. At the same meeting the Chief Constable presented a draft Medium Term Financial Plan (revenue) and draft Medium Term Capital Plan for the four year period 2020/21 through to 2023/24	lan Thompson	June 2020	Effective financial planning is being hampered by the impact on Government business of the General Election on 12 th December. The provisional police Grant Settlement for 2020/21 is now expected in early January 2020. At this stage a significant budget shortfall of £5.6m is forecast in 2020/21 rising to £9.0m in 2021/22. Potential remedial measures have been provided in the Medium Term Financial Plan. Future risks and uncertainties have also been highlighted. These risks and uncertainties will be monitored closely and remedial action implemented as and when necessary. Following the PCC elections in May 2020, the new PCC will develop his/her own Police and Crime Plan 2020-2025, which will take into account the outcome of the Police Grant Settlement for 2020/21	lan Thompson	31/01/2020

OPCC 19 – Victims services

Risk summary: The demand for victims' services exceeds the supply available from PCC-commissioned contracts / service providers

Consequences:

- The demand for victims services could exceed current supply
- The quality and/or quantity of service provided to victims is adversely affected
- Reputational damage for the PCC

Risk Owner: Shona Morrison

Reviewed: 02/12/2019

Next Review Date: 06/03/2020

Context: Although small changes in demand for services is to be expected, larger changes outside expected limits could stretch resources affecting the quality of services provided. Close monitoring of demand on services is undertaken through robust contract management of commissioned services, aided by the in-house Victims First Hub. Strategic approaches to managing demand through the Hub have been introduced at times of peak volume, such as prioritisation of serious crime and vulnerable people. Contracts have been varied as necessary and waiting lists introduced for some services. New contracts commissioning in 2019, due to launch in Apr 2020, address some problems by introducing a strategic partner to coordinate provision and allow a more flexible approach. However, the transition has led to loss of staff and capacity in existing contracts, impacting on service delivery.

Level of Assurance: Reasonable. There are robust contract management processes in place and good relationships between OPCC staff and providers. Response to the new contract approach was positive and bids were received for both contracts. Contract award is on target and the OPCC will be closely involved in mobilisation to ensure they are delivered as planned. Greater flexibility afforded will reduce silo working between providers and increase options for support for victims who previously were under-served. To manage loss of staff during transition, earlier recruitment of ISVAs by the new provider is being explored.





There are upward changes to the score of this risk but it remains TREATED.

The table below summarises the active mitigating actions and future planned actions, taken from the new format risk register.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
 Temporary increases in demand on VF Hub assessment function managed by utilising OPCC Policy Officers to provide lateral cover and perform Victims First Officer functions on an 'as needed' basis. Service provision by commissioned service providers varied by contract negotiation. Prioritise and ration victims support service provision as necessary. Main contracts re-tendered and uplifted (to be in place by 01/04/2020). New contract requirements include resilience in face of demand surges. Loss of staff during transition to new contracts may be mitigated by earlier recruitment by new provider. 	Shona Morrison	May 2020	 Automatic Data Transfer from Niche to be updated to eliminate victim data transfer errors. Increase Hub staff to full complement (6 Victims First Officers). Mobilise new and increased contracts for Young Victims and Victims First Adult Specialist Service. 	Shona Morrison	31/06/2020

OPCC 21 – Specialist Counselling Service

Risk summary: The management and system control weaknesses identified in the review of the OPCC victims 'specialist counselling service' require significant investment in OPCC time, resource and cost to rectify.

Consequences:

Possible

- Loss of service to victims
- Reputational damage to the PCC
- Fined for non-compliance with GDPR requirements
- Victim pre-trial Therapy/Disclosure implications

Risk Owner: Shona Morrison

Reviewed: 2/12/2019 Next Review Date: 06/03/2020

Context: The Counselling Service has been developed and is coordinated in-house in the OPCC, using freelance counsellors who have been approved to deliver services through an application process. Review of the service was undertaken and some concerns arose, some which were highlighted by the review, and others which arose during the same period. Most significant of which was a concern that adequate and effective financial controls may not have been in place to closely oversee spend and ensure services funded had been delivered. An audit was undertaken which confirmed that payment control was weak.

This risk is currently being **TREATED** through the OPCC.

Level of Assurance: Reasonable: Immediate remedial action has been implemented involving halting new referrals to the service, reviewing all counsellor applications to confirm 'approval' status, and introducing better invoicing, record keeping and management oversight of the payment system. Further improvements to the application process, session capping and client feedback are also in the pipeline. The new Policy Officer to oversee this service is now in post. Accordingly, many of the problems identified have been resolved or will be resolved moving forwards.

Risk Score Trend:

The score has dropped significantly since the last meeting; however, further action is required so it remains TREATED

The table below summarises the active mitigating actions and future planned actions, taken from the new format risk register.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
 Internal Audit review of payment processes and controls was commissioned and OPCC is currently responding to findings and recommendations, including improvements to financial controls to strengthen invoice and payment systems and tighter progress report monitoring. Counselling pathways kept intentionally narrow so that only existing victims' support services can refer in. External consultant recruited to conduct end-to-end quality review. Responsibility for day-to-day management of counselling service reviewed and moved to new Policy Officer post, with support from within VF Hub. Consent of victims to share data is recorded. Counsellor contracts incorporate data protection requirements. 	Shona Morrison	May 2020	 Follow-up internal audit review of the changes made to financial management and control arrangements (particularly in respect of ordering, invoicing and payment processes for counselling services) Develop Counselling Service performance management regime and KPIs, to be monitored as part of VF Hub management. Day-to-day counselling service management is now under care of new Policy Officer role ('Specialist Services') with admin support from a Victims First Hub officer. Other victim support services exist which could step in if required. Work with Gallery Partnership to develop automatic data cleansing triggered by deletion dates already within the case management system (to remove manual cleansing) Implement Pre-Trial Therapy protocol (in liaison with TVP Prosecutions group). Include guidance within updated counsellor contracts (informed by OPCC Governance Manager - currently in draft). 	Shona Morrison	30/06/2020

Contract with Gallery			
Partnership (VF Hub data			
processor) is GDPR compliant.			
SM in discussions with TVP			
about pre-trial disclosure			
generally. Policy Officer tasked			
to draft pre-trial therapy protocol			
(which counsellors will be			
required to sign up to). Policy			
Manager copied into and			
monitoring disclosure requests.			

OPCC 23 – New demands on OPCC

Risk summary: Failure to respond to new additional statutory responsibilities, increased volume of service demand and/or changes in type of service demand for services provided and/or commissioned by OPCC

Consequences:

- Failure of PCC to discharge statutory responsibilities
- Reputational damage public criticism by, e.g. Home Secretary, Victims Commissioner, statutory partners and Police and Crime Panel

Risk Owner: Paul Hammond

Reviewed: 02/12/2019 Next Review Date: 06/03/2020

Context: There is an incremental shift in additional responsibilities towards PCCs, e.g. taking on role of police complaints appellate body; gathering performance data regarding criminal justice agencies to facilitate accountability within local criminal justice boards; strengthening the role of PCCs within future probation service arrangements, current Victims' Commissioner proposal to the Home Office for PCCs to act as the 'final arbitrators' of the 'Community Trigger', etc. These developments could have resource implications for PCCs (staff and budget) that may not be specifically funded.

This risk is currently being **TREATED** through the OPCC.

Level of Assurance: Reasonable. These developments and associated implications are monitored and considered internally within the OPCC (via SOG, SMG and discussions with the Chief Constable, as appropriate) and externally via relevant well established representative bodies (e.g. APCC, NPCC, LCJB), professional bodies (e.g. APAC²E, PaCCTS) and other stakeholders (e.g. Police and Crime Panel, HMICFRS).

Risk Score Trend:

The score has reduced slightly but further action is required so it remains TREATED

The table below summarises the active mitigating actions and future planned actions, taken from the new format risk register.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
Service planning informed by Home Office / APCC / APACE / PACCTS / HMICFRS / LCJB / TVP / OPCC information, advice and guidance	P Hammond	31/12/2019	Interim review of OPCC capacity (staff and budget) and capability	P Hammond	30/12/2019
Consultation with stakeholders when preparing PCC's Police and Crime Plan			Monitor and review new HO policy initiatives		31/03/2021
External scrutiny by Police and Crime Panel.			PCC commitment to review Police and Crime Plan on an annual basis		31/03/2021
OPCC internal monitoring of performance and service delivery			Annual review of internal OPCC Strategic Delivery Plan		31/03/2020
Dep PCC chairs LCJB and compliance monitoring can take place through this platform.			VCoP Framework and data requirements to be discussed via LCJB.		

OPCC 24 – Specialist victims services not in place before April 2020

Risk summary: The OPCC commissioning process fails and new specialist victims' services are not in place before 1st April 2020 when current contracts expire

Consequences:

- Vulnerable victims do not receive an appropriate type and level of service.
- Reputational damage.
- Impact on existing service providers.

Risk Owner: Shona Morrison

Reviewed: 02/12/2019 Next Review Date: 06/03/2020

Context: As many of the PCC's commissioned services come to the end of contract life in March 2020, re-commissioning was necessary. Planned market engagement events took place between November 2018 and April 2019 and attracted significant engagement from providers who informed the process and the final specifications. Tenders were released in early July 2019 and closed in late August. Successful bidders have been chosen and contract award has taken place. Mobilisation of contracts taking place from October 2019 through to end March 2020 when they will replace the existing contracts. A Mobilisation Action Plan and Steering Group is in place with the Group meeting monthly to oversee implementation of the Adult Specialist Service.

This risk is currently being **TREATED** through the OPCC.

Level of Assurance: Reasonable: Due to a successful procurement process, capable bidder attracted and meet qualifying criteria to be awarded contracts. Close OPCC involvement throughout mobilisation will ensure timetable is followed, and highlight early any problems or potential delays to launching the new contracts.

Risk Score Trend:

The score has reduced slightly; however, as further action is still required, it remains TREATED

The table below summarises the active mitigating actions and future planned actions, taken from the new format risk register.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
 Existing services / provider contracts may be extended on a short-term basis. Commissioning Plan is being developed and implemented Existing service providers are being consulted & kept informed of process 	Shona Morrison	Dec 2019	 Market engagement meetings with potential service providers underway Procurement timetable requires tendering documents to be published in July 2019 Bidders received for both services and timetable for selection on track to award by early Oct. 2019 	Shona Morrison	30/12/2019

OPCC 26 - Safeguarding responsibilities in the Victims First Hub

Risk summary: Failure to meet safeguarding responsibilities in the Victims First Hub resulting in harm to victims and/or reputational damage for the PCC

Consequences:

- Harm to victims.
- Reputational damage.
- Impact on Victims First staff.

Risk Owner: Shona Morrison

Reviewed: 02/12/2019 Next Review Date: 06/03/2020

Context: Since taking the police referral mechanism for victim's services in-house within the OPCC, the OPCC carries an enhanced safeguarding responsibility to ensure that staff are suitably trained and appropriately supervised to identify, assess and manage risk to victims, or others who they come into contact.

This risk is currently being **TREATED** through the OPCC.

Level of Assurance: Reasonable: In addition to initial safeguarding training, enhanced training has been received by staff in negotiation skills, suicide management and mental health awareness. Policies relating to managing risk have been reinforced with staff. Further enhanced safeguarding training will be introduced along with clinical supervision to support the well-being of members of staff and further improve their skills.

Risk Score Trend:

The score has reduced slightly; however, further action is required so it remains TREATED

The table below summarises the active mitigating actions and future planned actions, taken from the new format risk register.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
All Victims First staff have been trained up to safeguarding Level 1.	Shona Morrison	31/03/2020	All VF staff to receive further safeguarding training	Shona Morrison	31/03/2020
All VF staff have received training in handling clients with possible Mental Health issues			Provision of clinical supervision for staff Handling procedures for clients with Mental Health issues will be clearly explained in VF		
All staff have received further 'victim suicide threat' response training from police negotiator.			Team Leader being appointed (interviews arranged for 25/08/2019) who will be Hub Safeguarding Lead.		

OPCC 27 – PCC acting Ultra Vires

Risk summary: That the PCC acts 'ultra vires' ('beyond their power') when undertaking and discharging his local role and responsibilities as the PCC for Thames Valley and/or his national role and responsibilities acting as a Lead or Deputy Portfolio Holder on behalf of the Association of Police and Crime Commissioners (APCC).

Consequences:

- Potential complaint from a member of the public to the Police and Crime Panel concerning allegations of inappropriate action taken by the PCC.
- Potential report from the PCC's statutory 'Monitoring Officer' (MO) to the PCC if it appears to the MO that any proposal, decision or omission within the OPCC constitutes, has given rise to, or is likely to, leads to a breach of the law or code of practice or maladministration. The MO must also send a copy of that report to the Police and Crime Panel.
- Police and Crime Panel review of action taken by the PCC in response to the outcome of a complaint (including any obligations to act or not to act that have arisen under the Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012 but have not yet been complied with or have been contravened), including the options of a requirement for the PCC to attend before the Panel to answer questions or give evidence; for a record of the outcome of the complaint process to be published by the Panel in the public interest, or for the Panel to decide to refer a matter to the Independent Office for Police Conduct (IOPC) (but only where necessary and appropriate).
- Potential report from the IOPC to the Secretary of State drawing their attention to matters which have come to the IOPC's notice, and are matters that it considers should be drawn to the Secretary of State's attention by reason of their gravity or other exceptional circumstances.
- Reputational damage to the PCC and the statutory office of the PCC potential public criticism by, e.g. Police and Crime Panel, Home Secretary, IOPC, statutory partners, media and public.
- Legal action potential for judicial review.

Risk Owner: Paul Hammond (as statutory 'Monitoring Officer')

Reviewed: 02/12/2019 Next Review Date: 06/03/2020

Context: The conduct of PCCs (and their appointed Deputies where relevant) are subject to the 'Oath of Office', their local 'Code of Conduct' and The Policing Protocol 2011. The latter requires PCCs to abide by the seven principles of public life (commonly known as the 'Nolan Principles'), which includes 'Accountability', i.e. "Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office."

The statutory framework for the appropriate accountability of PCCs is effected by the requirements of the Police Reform and Social Responsibility Act 2011 and the Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012. In respect of inappropriate conduct, this legislation requires non-criminal complaints made against a PCC to be handled and informally resolved by their local Police and Crime Panel or, in the case of conduct where the PCC may have committed a criminal offence or appears to involve a criminal offence, for the matter to be referred to the IOPC for assessment and possible investigation.

This risk is currently being **TREATED** through the OPCC.

Level of Assurance: Limited.

Risk Score Trend: n/a Preventative action is required so the risk is currently assessed as **TREATED**

The table below summarises the active mitigating actions and future planned actions, taken from the new format risk register.

Current mitigating actions	Owned by	Completion date	Future Actions required / agreed	Owned by	Target date
Accountability arrangements informed by relevant legislation and Home Office / IOPC / APCC / TV PCP / APACE / OPCC information, advice and guidance	P Hammond	Ongoing			
External scrutiny by Police and Crime Panel.	PH / PCP	Ongoing			
Annual review and maintenance of PCC/TVP 'Joint Corporate Governance Framework'	V Waskett	31 March			
Development of an internal (TV OPCC) guidance note, 'The Role and Remit of the Police and Crime Commissioner for Thames Valley', to define the appropriate boundaries of the PCC's role and responsibilities	P Hammond	31/12/2019			

Police and Crime Commissioner and Chief Constable for Thames Valley Police

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Outline Audit Plan

3 December 2019





3 December 2019

The Office of Police and Crime Commissioner and Chief Constable Thames Valley Police Kidlington OX5 2NX

Dear Anthony and John,

We are pleased to attach our Outline Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Joint Independent Audit Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This Outline Plan summarises our initial assessment of the key risks driving the development of an effective audit for the Police and Crime Commissioner (PCC) and Chief Constable (CC), and outlines our planned audit strategy in response to those risks. We have yet to commence our detailed audit planning and will update management and the Committee on any changes to the audit risks and strategy included in this Outline Audit Plan arising from our completed risk assessment procedures.

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

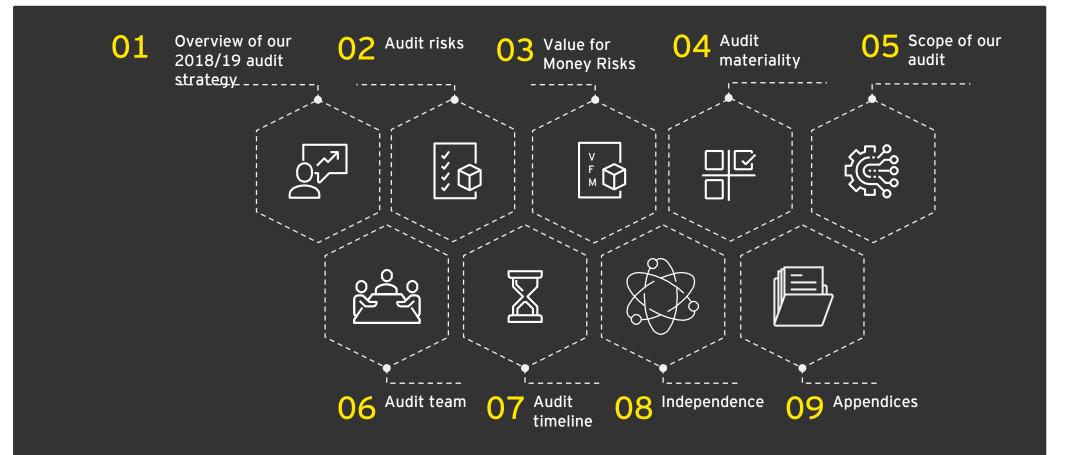
We welcome the opportunity to discuss this report with you on 18 December 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

State)

Suresh Patel, Associate Partner For and on behalf of Ernst & Young LLP

Contents



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

The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

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

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01 Overview of our 2019/20 audit strategy



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Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Police and Crime Commissioner (PCC) and Chief Constable (CC) with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Significant risks

Risk	Risk identified	Change from PY	Details
Risk of fraud in revenue and expenditure recognition - specifically inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. For Thames Valley Police we consider the risk to apply specifically to inappropriate capitalisation of revenue expenditure.
Misstatements due to fraud or error - management override of controls	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.

In addition to the two significant risks above we have also identified areas of audit focus, which whilst not meeting the criteria to be treated as significant risks, do require us to focus our audit attention and procedures.

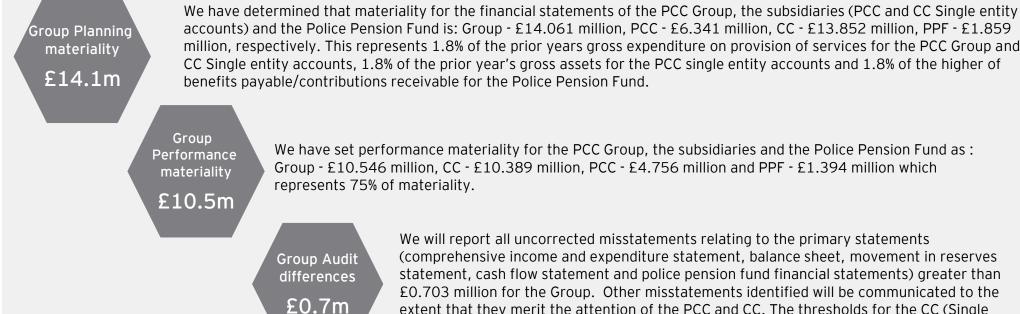
Area of audit focus	Change from PY	Details
Pension liability valuation	No change in focus	The pension fund deficit is a material estimate that is disclosed on the balance sheet. It involves significant estimation and judgement which management engages an actuary to undertake. In 2018/19 the estimation was impacted by national issues relating to legal rulings and required a late revision to the reported figure.

Overview of our 2019/20 audit strategy

Continued...

Area of audit focus	Change from PY	Details
Property, plant and equipment (PPE) valuations	No change in focus	PPE balances are some of the largest on the Balance Sheet and require management to make judgement and assumptions informed by an expert. Small changes in key assumptions can have a significant and material impact in the financial statements.
IFRS 16 - new leasing standard	New area of audit focus	Thames Valley Police will need to make disclosures in its 2019/20 accounts on its adoption of the requirements of IFRS 16 for financial years commencing 1 April 2020. The new standard will eliminate the distinction between operating and finance leases and it is expected that significant work will be required by officers to identify all of the leases that it has in place at 1 April 2020. Readiness assessment is encouraged to prepare for the upcoming implementation.

Materiality



accounts) and the Police Pension Fund is: Group - £14.061 million, PCC - £6.341 million, CC - £13.852 million, PPF - £1.859 million, respectively. This represents 1.8% of the prior years gross expenditure on provision of services for the PCC Group and CC Single entity accounts, 1.8% of the prior year's gross assets for the PCC single entity accounts and 1.8% of the higher of benefits payable/contributions receivable for the Police Pension Fund.

> We have set performance materiality for the PCC Group, the subsidiaries and the Police Pension Fund as : Group - £10.546 million, CC - £10.389 million, PCC - £4.756 million and PPF - £1.394 million which

> > We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement and police pension fund financial statements) greater than £0.703 million for the Group. Other misstatements identified will be communicated to the extent that they merit the attention of the PCC and CC. The thresholds for the CC (Single Entity), the PCC (Single Entity) and the Police Pension Fund are £0.693 million, £0.317 million and £0.092 million respectively.

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Audit scope

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

- Our audit opinion on whether the financial statements of the PCC and CC for Thames Valley Police give a true and fair view of the financial position as at 31 March 2019 and of the income and expenditure for the year then ended; and
- Our conclusion on the PCC and CC's arrangements to secure economy, efficiency and effectiveness.

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

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

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

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

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the PCC and CC. Once we complete our detailed audit planning we will update management and the Committee on any changes to audit risks and our strategy.

Audit team

Suresh Patel remains your Engagement Partner for the audit. We have made a change to the audit manager as a result of Adrian Balmer's long association with you. Cheng Sha will manage the audit having been the lead senior on the audit in the prior year and a member of the audit team since 2014/15. Cheng's progression reflects our commitment to team continuity and developing our staff.



02 Audit risks





Our response to significant risks

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

Risk of fraud in revenue and expenditure recognition* specifically in inappropriate capitalisation of revenue expenditure

Financial statement impact

Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could understate expenditure in the CIES and overstate PPE additions.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition, i.e. not recognising expenditure in the Comprehensive Income and Expenditure Statement (CIES) and financing the spend from capital.

This risk has been associated to the following testing areas: Balance Sheet PPE Land & Buildings - PCC -Valuation Balance Sheet PPE Other - CC - Valuation

What will we do?

We will:

- Sample test additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised;
- Use our data analytics tool to identify and test journal entries that moved expenditure into capital codes.
- Review and test revenue and expenditure recognition policies;
- Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias;
- Develop a testing strategy to test material revenue and expenditure streams; and
- Review and test revenue and expenditure cut-off at the period end date.

Audit risks

Our response to significant risks (continued)

Misstatements due to fraud or error - Management Override*

What is the risk?

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

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

What will we do?

We will:

- Consider what specific fraud risks exist during audit planning.
- Enquire of management about risks of fraud and the controls put in place to address those risks.
- Understand the oversight given by those charged with governance of management's processes over fraud.
- Consider the effectiveness of management's controls designed to address the risk of fraud.
- Determine an appropriate strategy to address those identified risks of fraud.
- Perform mandatory procedures regardless of specifically identified fraud risks, including tests of journal entries and other adjustments in the preparation of the financial statements.
- Review accounting estimates for evidence of management bias;
- Evaluate the business rationale for significant unusual transactions.

Financial statement impact

Management override risk covers the risk that management may be able to override the controls in relation to the financial statements resulting in misstatements. 🔂 Audit risks

Other areas of audit focus

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

What is the risk/area of focus?

What will we do?

Pension Liability Valuation and Actuarial Assumptions

The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Buckinghamshire County Council. The PCC must also do similar in respect of the Police Pension Fund.

The PCC and CC's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the respective balance sheets of the PCC and CC. At 31 March 2019 this totalled \pounds 2.7 million and \pounds 4,719 million respectively.

The information disclosed is based on the IAS 19 report issued to the PCC and CC by the actuary to the County Council and also the Police Pension Fund. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

In the previous year the pension liability disclosed in the accounts was impacted by national issues that necessitated an updated IAS 19 report from the actuary. It was also impacted by material changes to the value of pension assets at the year end, compared to the estimate made by the actuary to inform the original IAS 19 report.

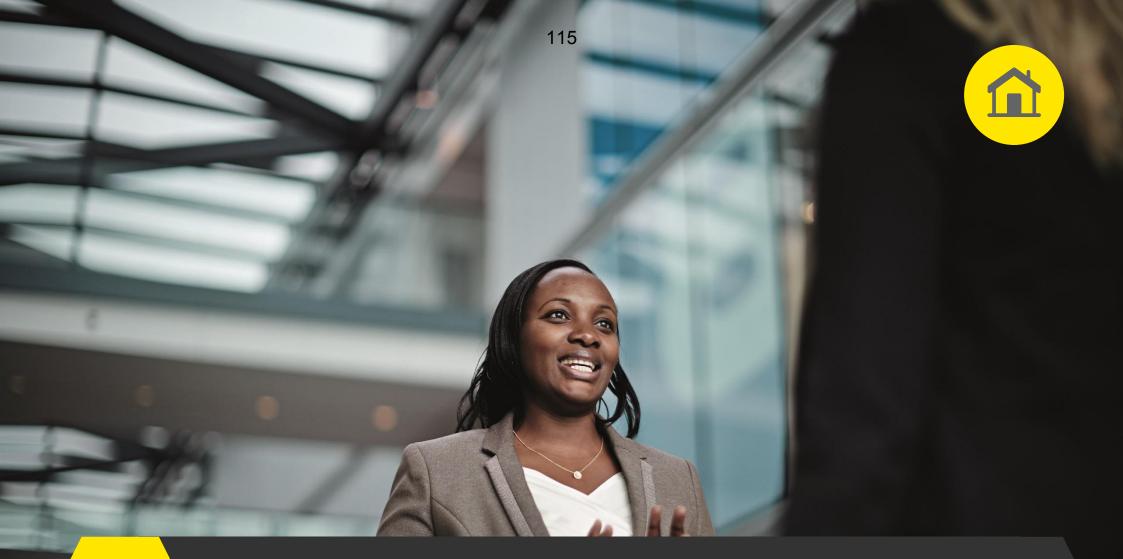
We will:

- Liaise with the auditors of Buckinghamshire County Council Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Thames Valley Police. We note that historically this information has been provided in late July. Whilst we will continue to engage with the Pension Fund auditors, we anticipate the timing for 2019/20 to be similar to the prior year;
- Assess the work of the LGPS Pension Fund actuary (Barnett Waddingham) and the Police Pension actuary (GAD) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the NAO for all Local Auditors, and considering any relevant reviews by the EY actuarial team; and
- Review and test the accounting entries and disclosures made within the PCC and CC's financial statements in relation to IAS19, including any updates to the value of year end assets.



Other areas of audit focus (continued)

What is the risk/area of focus?	What will we do?
Property, plant and equipment valuation The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Group accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.	 We will: Consider the work performed by the PCC's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre); Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; Review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated; Consider changes to useful economic lives as a result of the most recent valuation; and Test accounting entries have been correctly processed in the financial statements.
	We will aim to commence this work as early as is possible.
IFRS 16 - Leases Thames Valley Police will need to adopt the requirements of IFRS 16 for financial years commencing 1 April 2020. The new standard will eliminate the distinction between operating and finance leases and it is expected that significant work will be required by officers to identify all of the leases that it has in place at 1 April 2020. Readiness assessment is encouraged to prepare for the upcoming implementation	 We will: Assess the Authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2020/21; Check additional disclosure requirements as required by the Code for 2019/20 have been complied with.



O3 Value for Money Risks





Value for Money

Background

We are required to consider whether the PCC and CC have put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion. For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

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

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

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our initial risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2019/20 this has included consideration of the steps taken by the PCC & CC to consider the impact of Brexit on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that the PCC and CC will be carrying out scenario planning and that Brexit and its impact will feature on operational risk registers.

Our initial risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. At this stage we have identified the ongoing development of the Enterprise Resource Planning (ERP) system as a potential significant risk for our Value for Money Conclusion work. Once we have completed our detailed VFM risk assessment we will update management and the Committee on any new risks or changes to our VFM work. Value for Money

Value for Money Risks

What is the significant value for money risk?	What arrangements does the risk affect?	What will we do?
Enterprise Resource Planning (ERP) system This is a significant joint project with Surrey and Sussex Police aiming to modernise key financial systems. It is a multi- million pound IT restructure and so is subject to a significant number of inputs and assumptions regarding delivery. The project has experienced well documented challenges in respect of delivery to time	Take informed decisions / Deploy resources in a sustainable manner/ Work with partners and other third parties	In the prior year we undertook a detailed review of the arrangements that Thames Valley Police had in place to manage the risks associated with the implementation of the ERP system. As this is a significant joint project with Surrey and Sussex Police we undertook the VFM review across all three authorities and reported our findings in the 2018/19 Audit Results Report. At this stage of our initial audit planning we need to update our understanding of the current status of the project in respect of project timelines, commercial negotiations, forecast budgets and also the estimated likely outturn. We will carry out our detailed planning with the auditors of Surrey and Sussex Police. We will then determine the extent of procedures we need to undertake to deliver our value for money conclusion for 2019/20 and report to the next JIAC meeting.
and budget.		



₽ Audit materiality

Materiality

For planning purposes, we have set materiality for the PCC Group and CC Single Entity for 2019/20 at £14.1 million and £13.8 million respectively. This represents 1.8% of the PCC Group and CC Single Entity's prior year gross expenditure on provision of services. We have set materiality for the PCC Single Entity at 1.8% of prior year gross expenditure. This is no change from the prior year on the basis TVP meets the Local Audit & Accountability Act 2014 criteria for a major local audit based on its size. We have also considered its overall risk profile against other audited bodies. We are planning to set materiality for the Police Pension Fund at 1.8% of prior year contributions receivable/benefits payable. This is higher than the 1% we applied in prior year based on our updated risk assessment of the Police Pension Fund. We are awaiting internal confirmation of this change.



We request that the PCC and CC confirm their understanding of, and agreement to, these materiality and reporting levels.

Key definitions

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

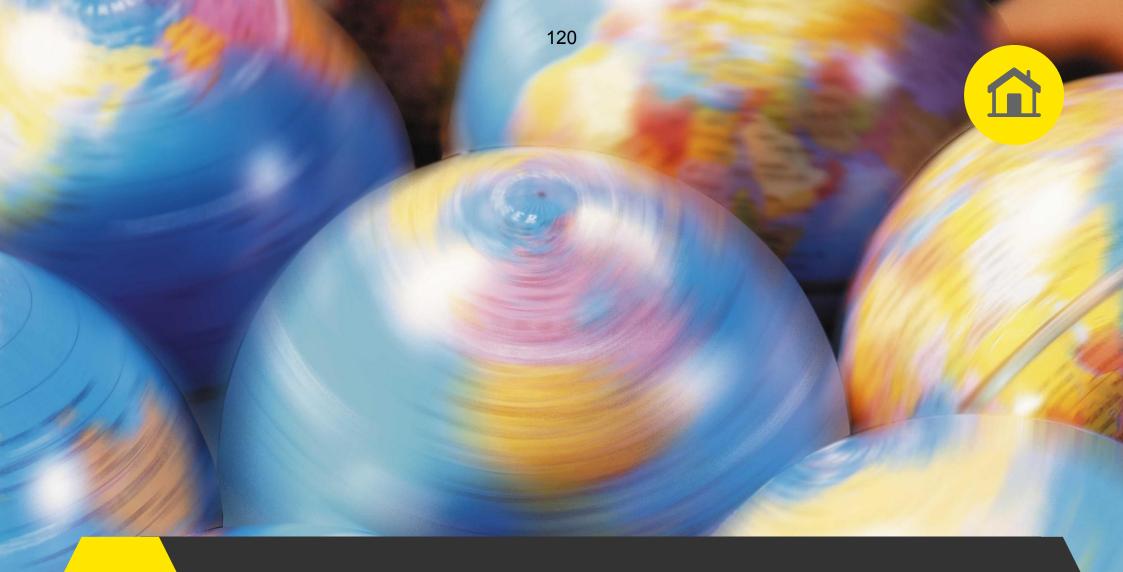
Performance materiality - the amount we use to determine the extent of our audit procedures. We have used the same basis for assessment as the prior year.

Component performance materiality range - we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and the police pension fund financial statements that have an effect on income or that relate to other comprehensive income.

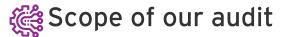
Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the joint independent audit committee, or are important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

Specific materiality - We can set a lower materiality for specific accounts disclosure e.g. remuneration disclosures, related party transactions and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this. Where we do this we will notify you.



05 Scope of our audit





Our Audit Process and Strategy

Objective and Scope of our Audit scoping

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

We issue an audit report that covers:

1. Financial statement audit

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

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

Procedures required by standards

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

Procedures required by the Code

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

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

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

Scope of our audit

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves identifying and understanding the key processes and internal controls; and substantively testing details of transactions and amounts. For 2019/20 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

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

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

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

Internal audit:

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

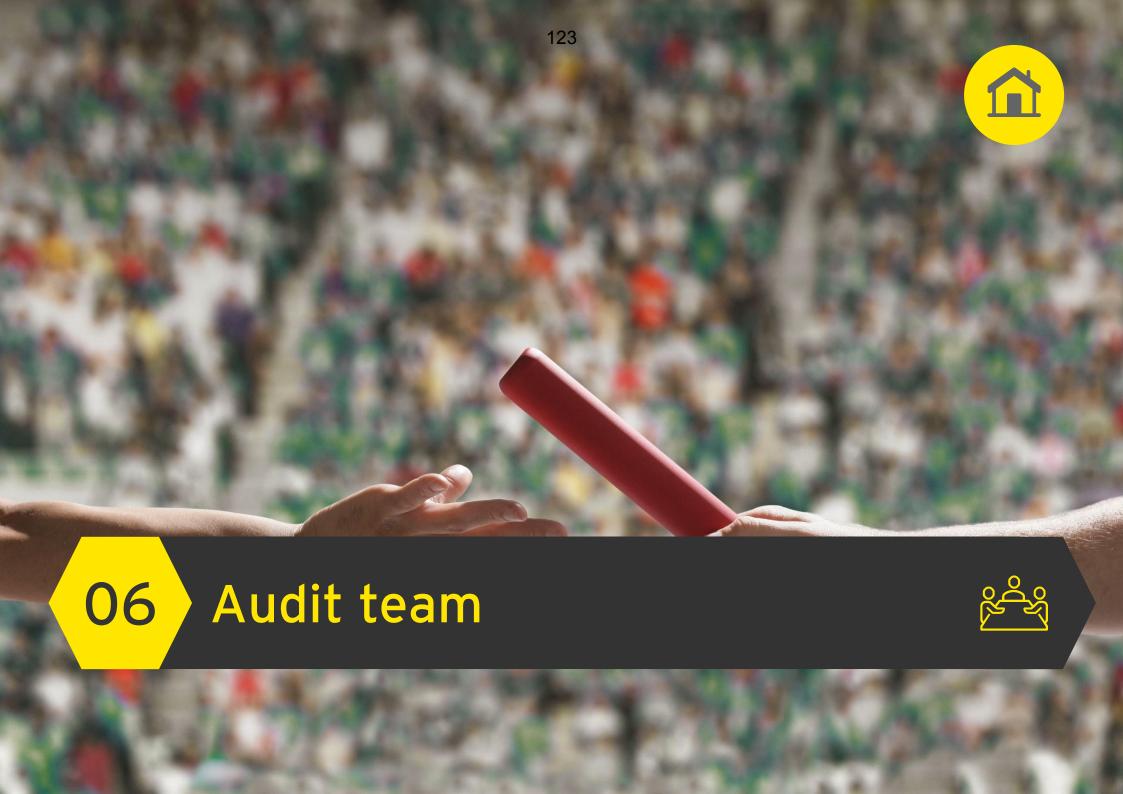
Scoping the group audit

Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

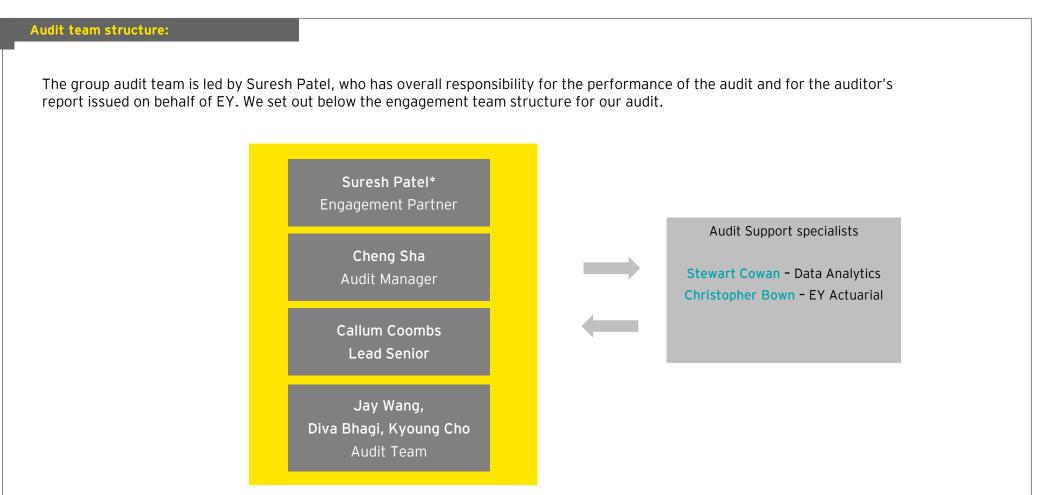
- 1. Significant components: A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
- 2. Not significant components: The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

We note here that all of the components at Thames Valley Police are considered significant. This includes the Chief Constable (Single Entity), the Police and Crime Commissioner (Single Entity) and the Police Pension Fund.





Audit team



Suresh Patel as the Audit Engagement Partner will sign the opinions on the financial statements. Cheng Sha and Callum Coombs will have responsibility for all operational matters and for the day to day management and delivery of the external audit service.

* Key Audit Partner

Use of specialists

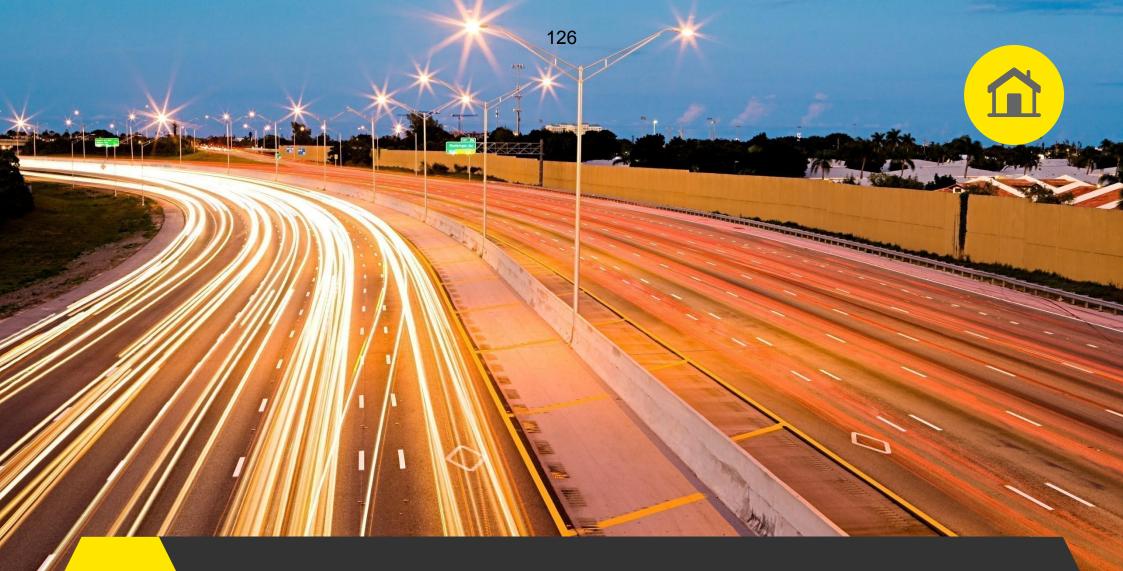
When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Management's third party specialists - Lambert Smith Hampton
Pensions disclosure	EY Actuaries; Management's third party specialists – Barnett Waddingham and Government Actuarial Department (GAD)
Insurance Fund Valuation	Management's third party specialist - Marsh
Pension Fund	Grant Thornton LLP - auditor at Buckinghamshire County Council Pension Fund (administrators of the Local Government Pension Scheme of which the PCC and Thames Valley Police is an admitted member)
Pension Fund	EY Pensions Team PWC is commissioned by the NAO to undertake a review of Local Government Actuaries

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

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

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



07 Audit timeline



🔀 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2019/20. From time to time matters may arise that require immediate communication with the PCC and CC and we will discuss them with the Joint Independent Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning:	November		
Initial risk assessment and setting of scopes.			
	December	JIAC	Audit Planning Report
Final risk assessment, walkthrough of key systems and processes	January		
	February		
Interim audit testing	March	JIAC	Interim audit progress report
	April		
Year end audit Audit Completion procedures	May		
Year end audit	June		
Audit Completion procedures			
	July	JIAC	Audit Results Report
			Audit opinions and completion certificates
			Annual Audit Letter (August)



08 Independence





Introduction

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

Required communications

Planning stage

- The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;
- The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- The overall assessment of threats and safeguards;
- Information about the general policies and process within EY to maintain objectivity and independence.
- Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard.

Final stage

- In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- > Details of non-audit services provided and the fees charged in relation thereto;
- Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- Written confirmation that all covered persons are independent;
- Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and
- An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services. We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted. We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

🕸 Independence

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence. At the date of preparing this report we are not aware of any threats to our independence that we need to safeguard against. We will update this assessment throughout the year.

Self review threats

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

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

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the PCC and CC. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work. There are no management threats at the date of this report.

Other threats

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

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

Other communications

EY Transparency Report 2019

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 28 June 2019 and can be found here:

https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/\$FILE/ey-uk-2019-transparency-report.pdf



🖹 Appendix A

Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2019/20 accounts of opted-in principal local government and police bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work. We outline below the planned fee for 2019/20 compared to the final fee for 2018/19.

	Planned fee 2019/20	Final Fee 2018/19
	£	£
PCC Scale Fee	31,214	31,214
CC Fee - Code work	14,438	14,438
Additional fees:		
• VFM significant risk - EQIP	TBC	10,686
 McCloud/GMP/Assets - pensions 	-	1,965
Total audit	45,652	58,303
Total other non-audit services	0	0
Total fees	45,652	58,303

All fees exclude VAT

The agreed fee presented is based on the following assumptions:

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

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with management in advance. Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Our Reporting to you

Appendix B

Required communications with the PCC and CC

We have detailed the communications that we must provide to the PCC and CC.

Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the PCC and CC of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Outline Audit Planning Report to be presented at the December 2019 Joint Independent Audit Committee.
Significant findings from the audit	 Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee.

Appendix B

Required communications with the PCC and CC (continued)

		Our Reporting to you
Required communications	What is reported?	💼 🖓 When and where
Going concern	 Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: Whether the events or conditions constitute a material uncertainty Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements The adequacy of related disclosures in the financial statements 	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee.
Misstatements	 Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation The effect of uncorrected misstatements related to prior periods A request that any uncorrected misstatement be corrected Corrected misstatements that are significant Material misstatements corrected by management 	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee.
Fraud	 Enquiries of the PCC and CC to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity Any fraud that we have identified or information we have obtained that indicates that a fraud may exist A discussion of any other matters related to fraud 	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee.
Related parties	 Significant matters arising during the audit in connection with the entity's related parties including, when applicable: Non-disclosure by management Inappropriate authorisation and approval of transactions Disagreement over disclosures Non-compliance with laws and regulations Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee.

Required communications with the PCC and CC (continued)

		Our Reporting to you
Required communications	What is reported?	When and where
Independence	 Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: The principal threats Safeguards adopted and their effectiveness An overall assessment of threats and safeguards Information about the general policies and process within the firm to maintain objectivity and independence 	Outline Audit Planning Report to be presented at the December 2019 Joint Independent Audit Committee; and Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee.
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee.
Auditors report	 Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee.
Fee Reporting	 Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Outline Audit Planning Report to be presented at the December 2019 Joint Independent Audit Committee; and Audit results report to be presented at the July 2020 Joint Independent Audit Committee.

Required communications with the PCC and CC (continued)

		Our Reporting to you
Required communications	What is reported?	📅 🖓 When and where
External confirmations	 Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee
Consideration of laws and regulations	 Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off Enquiry of the PCC and CC into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the PCC and CC may be aware of 	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee
Internal controls	 Significant deficiencies in internal controls identified during the audit 	Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee
Group audits	 An overview of the type of work to be performed on the financial information of the components An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	Outline Audit Planning Report to be presented at the December 2019 Joint Independent Audit Committee; and Audit Results Report to be presented at the July 2020 Joint Independent Audit Committee

🖹 Appendix C

Additional audit information

Other required procedures during the course of the audit

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

Our responsibilities required by auditing standards

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

Appendix C

Additional audit information (continued)

Purpose and evaluation of materiality

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

Materiality determines:

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

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

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ED None

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JOINT INDEPENDENT AUDIT COMMITTEE



Report for Information

Title: Progress on 2019/20 Joint Internal Audit Plan delivery and summary of matters arising from completed audits

Executive Summary:

The report provides details on the progress made in delivering the 2019/20 Joint Internal Audit Plan and on the findings arising from the audits that have been completed.

Recommendation:

The Committee is requested to note the progress and any changes in delivering the 2019/20 Joint Internal Audit Plan and audit service for Thames Valley Police (TVP) and the Office of the Police and Crime Commissioner (OPCC).

Chairman of the Joint Independent Audit Committee

I hereby approve the recommendation above.

Signature

Date

PART 1 – NON-CONFIDENTIAL

1 Introduction and Background

1.1 The report provides details on the progress made in delivering the 2019/20 Joint Internal Audit Plan for TVP and the OPCC and any findings arising from the audits that have been completed.

2 Issues for Consideration

Audit Resources

2.1 There have been no changes to the Joint Internal Audit Team's resource plan for 2019/20, with the plan being delivered by the Chief Internal Auditor, Principal Auditor and TIAA Ltd (ICT audit provider).

2019/20 Audit Plan Status and Changes

- 2.2 The progress made in delivering the 2019/20 Joint Internal Audit Plan, as at the 25 November 2019, is detailed in Appendix A.
- 2.3 The following changes have been made to the 2019/20 Joint Internal Audit Plan since the previous JIAC meeting in October:

Removed (46 days)

- CMP Benefits Realisation (10 days): Audit removed as the system is not yet fully live.
- Body Worn Video (12 days): Criminal Justice are rolling out BWV to personal issue for all staff. This began in November and will be completed early 2020. This is a large piece of work with updated cameras and renewed processes. Criminal Justice would like to embed the roll-out before completing a review. This audit will be carried forward into the 2020/21 Joint Internal Audit Plan.
- Telematics Information and Reporting (12 days): Chiltern Transport Consortium and Learning & Development have requested that this review be removed as a recent pilot has been completed and reviewed by Governance & Service Improvement, which has resulted in the pilot being extended. With all this considered, completing an audit now would not add any value. This audit will be carried forward into the 2020/21 Joint Internal Audit Plan.
- Force Training Need (12 days): Due to the ongoing work within the People Directorate to manage the officer uplift and ongoing work by the Directorate to identify significant savings, it is felt that now is not the optimal time for this audit to take place. This audit will be carried forward into the 2020/21 Joint Internal Audit Plan.

Included (46 days)

- Victims Counselling Service Payment Process (10 days) (this change was reported to the JIAC in October 2019).
- Limited Assurance Follow Up (10 days).
- Concealed Drug SOP / Process (12 days).
- IR35 Process (6 days).
- Petty Cash Arrangements (6 days).
- Additional days for the Vetting audit (2 days).

The only other changes have been some minor audit title updates and day allocation alterations.

These changes have been discussed and agreed with the relevant Force CCMT member, the Director of Finance (TVP) and the Chief Finance Officer (OPCC).

2019/20 Completed Audits

- 2.4 Appendix B contains the details of each completed audit since the previous JIAC meeting on the 4 October 2019. The appendix contains details on the scope, assurance rating and key findings. Since the previous meeting and as at 25 November 2019, the following audits have been completed:
 - Modern Slavery Framework and Governance reasonable assurance.
 - Vetting limited assurance.
 - OPCC Key Governance Controls reasonable assurance.
 - Force Project Lessons Learnt and Benefit Realisation Follow Up reasonable assurance.
 - Organised Crime Groups (Part 1) reasonable assurance.
- 2.5 Copies of Section 2 (Executive Summary) of the final reports have been circulated to the JIAC members, in advance of the meeting.

2019/20 Performance Indicators

2.6 Local performance indicators are used by the section to ensure audits are completed promptly and to an acceptable standard. The table below summarises current performance against each indicator.

Ref.	Performance Indicator	Measurement and Target	Current Status	R/A/G
1	Testing Phase: Days between testing start date and file review.	4 x the agreed audit day allocation (original or revised).	100% (10 / 10)	Ŷ
		Green: 100-85% Amber: 70-84% Red: >69%		
2	Reporting Phase: Days between Exit Meeting / Findings and Risk Exposure Summary and the Final Report.	40 days. Green: 100-85% Amber: 70-84% Red: >69%	100% (8 / 8)	¢
3	Audit reviews completed within the agreed audit day allocation.	Each audit day allocation (original or revised). Green: 100-85% Amber: 70-84% Red: >69%	100% (8 / 8)	¢

Ref.	Performance Indicator	Measurement and Target	Current Status	R/A/G
4	Joint Internal Audit Plan delivered.	Each audit review completed, excluding any agreed changes (i.e. removed audits). Green: 100% Amber: 90-99% Red: >89%	Year-end reporting	N/A
5	Annual Internal Audit Quality Questionnaire outcome.	Responses who strongly or tended to agree with the statements. Green: 100-95% Amber: 85-94% Red: >84%	Year-end reporting	N/A

- 2.7 The detail to support the current performance levels are:
 - All three operational audit performance indicators are at 100% delivery (i.e. testing phase, reporting phase and completed within day allocation).
 - The remaining two performance indicators will be reported at year end.

Fraud

- 2.8 Work on the 2018/19 NFI exercise is ongoing. The data matches have been received and work is progressing to review the information. As at December 2019, one issue has been identified with regard to a declared business interest which had not been reviewed for appropriateness. This has since been addressed both in terms of the individual interest and the wider process for reviewing such interests.
- 2.9 The Joint Internal Audit Team have liaised with the Professional Standards Department (PSD) and Corporate Finance and there have not been any instances of fraud that have needed to be notified to the team since the previous JIAC meeting in July.

3 Financial comments

3.1 The Joint Internal Audit Plan can be delivered within existing budgetary provisions.

4 Legal comments

4.1 No known legal issues arise from the contents of this report.

5 Equality comments

5.1 No known equality issues arise from the contents of this report.

6 Background papers

6.1 Internal Audit Strategy and Annual Plan 2019/20.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website as soon as practicable

after approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of this form to be deferred? No

Is there a Part 2 form? No

Name & Role	Officer
Head of Unit	
This report provides the Committee with management information on the progress of delivery of the 2019/20 Joint Internal Audit Plan.	Chief Internal Auditor
This report has been produced in compliance with United Kingdom Public Sector Internal Audit Standards (PSIAS).	
Legal Advice	
No known legal issues arise from the contents of this report.	PCC Governance Manager
Financial Advice	
No known financial issues arise from the contents of this report.	PCC Chief Finance Officer
Equalities and Diversity	
No known equality issues arise from the contents of this report.	Chief Internal Auditor

OFFICER'S APPROVAL

We have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.

We are satisfied that this is an appropriate request to be submitted to the Joint Independent Audit Committee.

PCC Chief Finance Officer (OPCC)

Date: 27 November 2019

Director of Finance (TVP)

Date: 8 December 2019

APPENDIX A

2019/20 Joint Internal Audit Plan – Current Status (December 2019)

Audit Review	Area	To Start	Scoping	Fieldwork / Ongoing	Exit Meeting	Draft Report	Final Report / Complete	Removed
Body Worn Video								\checkmark
CCTV					\checkmark			
Released Under Investigation		\checkmark						
Concealed Drug SOP / Process	Crime and Criminal		\checkmark					
Fraud Investigation and Response	Justice						Reasonable	
MASH Processes					\checkmark			
Modern Slavery Framework and							Reasonable	
Governance							Reasonable	
Force Project Lessons Learnt and Benefit							Reasonable	
Realisation Follow Up	Doputy Chief						Reasonable	
Forward Maintenance Register Delivery	Deputy Chief Constable		\checkmark					
Telematics Information and Reporting	CUISIADIE							\checkmark
Vetting							Limited	
Key Financial Controls	Finance			✓				
IR35 Process	Finance			✓				
Petty Cash Arrangements	Finance			✓				
GDPR Compliance	Information			✓				
ICT Collaboration	iniormation			✓				
Organised Crime Groups (Part 1)							Reasonable	
Organised Crime Groups (Part 2)		✓						
Resourcing and Resilience	Local Policing						Reasonable	
Terrorism – Prevent (Local Policing				✓				
Arrangements)				v				
CMP Benefits Realisation	Operations							\checkmark
Force Training Need	People							\checkmark
SEROCU ICT Services and Functions	Regional Crime and Counter Terrorism			~				
OPCC Key Governance Controls							Reasonable	
OPCC Statutory Functions	Chief Executive			✓				
Victims Counselling Service Payment Process	Officer						Minimal	

1	4	7
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Audit Review	Area	To Start	Scoping	Fieldwork / Ongoing	Exit Meeting	Draft Report	Final Report / Complete	Removed
Sources of Assurance	N/A			✓				
Limited Assurance Follow Up	N/A			✓				
	Number of Audits	2	2	10	2	0	8	4
	% of Audits	7%	7%	36%	7%	0%	29%	14%
JIAC Days	Other	Yet to b	e commissi	oned.				

2019/20 Joint Internal Audit Plan - Completed Audits

Below are the audits that have been complete since the previous JIAC meeting. The key to the assurance ratings is:

Substantial	The governance, risk management and control arrangements are strong, although some minor action may be required to improve
Substantial	efficiency or effectiveness.
Reasonable	The governance, risk management and control arrangements are good, although some action is required to improve efficiency or
Reasonable	effectiveness.
Limited	The governance, risk management and control arrangements are limited and action is required to improve efficiency or effectiveness.
Minimal	The governance, risk management and control arrangements are weak and significant action is required to improve efficiency or
Willind	effectiveness.

Audit Review Modern Slavery Framework and Governance		Force CCMT Lead	ACC Tim De Meyer	
	Strategy, Guidance and Training	Reasonable	Dianned Dava	12 days
Scope	Intelligence, Investigation and Victim Support	Reasonable	Planned Days	12 days
	Governance and Oversight	Reasonable	Actual Davs	12 days
	Overall Assurance	Reasonable	Actual Days	12 days

The key issues arising from the audit are as follows:

- Feedback during the audit was that in general, roles and responsibilities between Force CID, Neighbourhood and PVP were not that clear or well documented. There is a lack of a holistic understanding and awareness of the modern slavery work completed and how each area interlinked and interacted with each other.
- During the audit, the Modern Slavery Knowzone content was reviewed. Although generally, up to date, the audit noted that the TVP Lead was still noted as ACC Jason Hogg and the list of SPOCs would be updated in September, after the roll out of the Endeavour Programme.
- The Force has adopted a number of guidance and procedure documents. Additionally, a consideration was raised at the February 2019 Exploitation Risk Meeting "whether both SOP and Op Guidance are needed and review the investigative toolkit". Due to the volume of available guidance, the documentation could benefit from a review to ensure all of the support is current and consistent or whether certain aspects could be streamlined or removed.
- There is no procedure document for the main functions of the Force Intelligence Bureau (FIB) Modern Slavery desk, for consistency and business continuity purposes.
- The observations identified by the Force Crime Registrar Unit checks are not formally reported to the Modern Slavery Operational Group for information or further action. This could be beneficial, to make Modern Slavery SPOCs aware of the issues being identified and to enable improvements to be disseminated amongst the LPAs and departments.
- The audit reviewed the role and discussions at PVP's Modern Slavery Operational Group. The review found that the group's Terms of Reference was last updated in September 2017 and they do not currently receive oversight of any key themes, issues or learning raised as part of the LPA Service Improvement Reviews. Additionally, the last meeting took place on the 17 April 2019. The next meeting is due to take place on the 18 September 2019 where an updated Modern Slavery Action Plan will be presented.

Audit Review	Force Project Lessons Learnt and Benefit Realisation Follow Up		Force CCMT Lead	DCC Jason Hogg	
	Lessons Learnt Process - Follow Up	Reasonable	Planned Days	8 days	
Scope	Benefits Realisation Process - Follow Up	Reasonable	Tiannea Days	0 0033	
	Denenis Realisation Flocess - Follow Op	Reasonable	Actual Davs	8 davs	
	Overall Assurance	Reasonable	Actual Days	ouays	

Of the 12 original report actions to address the agreed risks, nine have been implemented. For the other three areas, although these had been classed as complete, testing found that further improvements could be made to fully mitigate the risks.

In general, testing found that a significant amount of work has been completed over the last 18 months to improve the Force's approach to lessons learnt and benefits realisation. The Force has also implemented a new Project Portfolio Management Application (PPMA) tool, which provides the Force with the ability to contain all project information in one place for ease of access, monitoring and reporting. Overall, the changes to the Force's Project Lessons Learnt and Benefits Realisation arrangements have improved governance and controls within the Force. The following areas are being raised where further work is needed to fully mitigate the risks identified:

- In relation to a standardised Lessons Learnt Log, the audit found that the new PPMA tool contains a tab for lessons learnt to be recorded and tracked. Further testing identified that the tab is being used to a varying degree by individual projects.
- Property Services carry out post project reviews for projects over £250k and they have collated documentation to support these reviews. However, the documents are not aligned to the corporate Post Project Review template, to ensure consistency of information.
- In relation to Benefits Realisation Plan quality reviews, these are covered as part of mid-project health checks where performed. Testing of the PPMA tool found that there is a tab within the system for benefits to be recorded and tracked, but that this is not being used consistently among individual projects.

Audit Review	Audit Review Vetting F		Force CCMT Lead	DCC Jason Hogg
	Vetting Compliancy Project	Reasonable	Blannad Dava	12 days
Scope	Aftercare	Limited	Planned Days	12 days
	Performance Monitoring and Oversight	Limited	Actual Dave	12 days
	Overall Assurance	Limited	Actual Days	12 days

The key issues arising from the audit are as follows:

- An overall Vetting Compliancy Project (VCP) tracking spreadsheet is being used. Review of the spreadsheet identified that for one sampled individual the
 spreadsheet and CoreVet had not been updated promptly. A mop up spreadsheet had also not yet been compiled to ensure any individuals currently absent
 would be vetted on their return.
- The escalation process for non-respondees had not yet been fully implemented.
- The management reporting of VCP progress would benefit from enhancement.
- Several Personnel Security Standards and sections of the Vetting intranet pages require updating.
- There is a lack of guidance on the intranet regarding the need to notify the Vetting Team of changes of circumstances.
- Outside of guidance on the intranet, there are a number of ways in which the requirement for notifying the Vetting Team of changes is 'promoted'. These were reviewed and a number of issues were identified.
- Confirmation was yet to be received of whether the request to include a tick box within the new PDR which requires individual to confirm they have disclosed business interests, disclosable associations, unmanageable debt and any changes of circumstances has been actioned.
- There was a lack of confidence that the Vetting Team are being notified of all relevant employees who are subject to misconduct proceedings.
- TVP do not currently comply with the Vetting Code of Practice (APP) in relation to renewing expired clearances. It is understood that various measures have been

suggested to mitigate the risks arising from non-compliance. However, issues with regard to each of these suggested approaches have been identified through this audit work.

- TVP do not currently comply with the Vetting Code of Practice (APP) in relation to aftercare. Aftercare is diarised for individuals who are given conditional clearance with the regularity and type of aftercare varying according to the reason for the conditional clearance, however it was commented that this aftercare is not all kept up to date at present.
- The annual reviews for individuals with DV level clearance were not being carried out or followed up promptly in some sampled cases.
- The Vetting Team receive Peoplesoft workflow notifications of address changes, leavers and role changes. Due to limited staffing capacity to process these changes onto CoreVet there are a large number of notifications awaiting action. Sample audit testing also identified a number of formatting and input issues which make data matching between systems ineffective at present. It is understood that functionality to auto update CoreVet may be incorporated within the introduction of EQUIP. However there appears to be a lack of clarity at present around whether the requested functionality will definitely be included and if so when this will come into place.
- A mentoring manual is to be introduced but has not yet been completed.
- Managerial dip checking of compliance with vetting procedures is not currently taking place.
- The monthly team statistics report content has not been reviewed since it was introduced two years ago and it includes some duplication and information which is potentially not needed.
- There are already known issues in terms of turnaround times. These are monitored via the use of service level agreements and figures are reported to several management meetings. However, the SLAs are set regionally and to date no consideration has been given to whether a set of local SLAs, which reflect the level of performance the Team would realistically be able to achieve, should be drawn up.
- Following a recent agreement to increase staffing levels, temporary staff will account for 44% of the Vetting Advisors within the Team. It is understood an overall resourcing review of the Vetting Team has not been undertaken recently but will be included in the next Team Strategy Day including consideration of whether the current team make up is a risk which should be added to the risk register.
- The Force Security risk register was last updated in March 2018 and lacks details on future actions, lessons learnt or mitigating actions.

The 'limited assurance' rating has been assigned based on the controls in place, and the operation of those controls, at the time of the audit fieldwork between June and August 2019. As reflected in section 3 of this report, a comprehensive action plan to address the issues identified has been agreed, and a number of the actions contained therein have already been confirmed by management as complete. Once complete this action plan should, in turn, significantly improve the control framework.

Audit Review Organised Crime Groups – Part 1		Force CCMT Lead	ACC Tim De Meyer	
	Internal Review Improvements – Identification and Governance	view Improvements – Identification and Governance Reasonable		6 days
Scope	Internal Review Improvements – Implementation and Assurance	N/A	Planned Days	0 uays
	Internal Review Improvements – Implementation and Assurance		Actual Davs	6 days
	Overall Assurance	Reasonable	Actual Days	0 days

This audit is being completed in two phases. The first phase focussed on the process the Force has adopted to identify any areas for improvement and the actions required to address these. The second phase of the audit will focus on the progress made to implement any actions. It is currently planned that the second part of the audit will be completed during February / March 2020.

The Force have taken a very proactive approach to reviewing the effectiveness of its OCG processes, response and governance. As part of the audit, the Joint Internal Audit Team were proactively engaged in this exercise, attending the meetings within Force Intelligence and Specialist Operations (FISO) to gain assurances on the process to review and address any areas for improvement. Good progress was being made and the only points being raised as part of this audit is noted below:

• At the end of the audit, the process to collate the final OCG Action Plan was ongoing. An initial meeting took place on the 3 October 2019 to discuss the Action

Plan, with a follow up meeting booked for the 1 November 2019. Furthermore, additional sources of information were due to be used to inform the Action Plan, including the OCG actions raised as part of the Intelligence Service Improvement Review and the SWOT analysis and outcome from the recent FISO OCG and Tactical Tasking & Coordination Group (TT&CG) Strategy Day. Overall governance and oversight of the OCG Action Plan will be provided by the FISO Senior Management Team.

- During the audit, the recent LPA Service Improvement Reviews (SIRs) were evaluated. The review found that there were a number of OCG references, observations or issues included within the SIR reports.
- Within the 2018 Force Strategic Assessment the area of Organised Immigration Crime / Foreign National Offenders scored 51 on the MORILE risk matrix. One intelligence gap was noted, but the audit was unable to determine what work had been or was being undertaken to resolve the gap.

Audit Review	Audit Review OPCC Key Governance Controls		OPCC SOG Lead	Paul Hammond Vicky Waskett
Annual Governance Statement Collation and Content		Substantial	Planned Days	10 days
Scope	OPCC Governance Arrangements	Reasonable	Fidilited Days	To days
	of ee overhance Arrangements	Reasonable	Actual Days	10 days
	Overall Assurance	Reasonable	Actual Days	TO days

The key issues arising from the audit are as follows:

- Although the OPCC work with the Force in relation to planning and performance, the audit was unable to locate an agreed Integrated Planning Timetable.
- The Joint Independent Audit Committee (JIAC) Operating Principles on the PCC's website are dated September 2018 and noted as "under review", there is currently no statement on how to deal with out of area complaints against the PCC or Deputy PCC and the current Communication and Engagement Strategy is not available on the PCC's website.
- The legal section of public OPCC committee and meeting papers are on occasions signed off by the OPCC's Chief Executive, even though the OPCC has a Governance Manager in post to provide internal legal advice.
- A Data Protection Impact Assessment (DPIA) process of the OPCC's services has recently commenced.
- The Code of Corporate Governance still includes two statements that as part of the 2016/17 PCC Governance Arrangements audit, were considered not applicable.
- The OPCC's Location Specific Plan for Police Crime Commissioner (PCC) (dated June 2018) and Business Continuity Incident Response Plan Aide Memoir (dated September 2015) would benefit from a review and re-issue.
- The Strategic Risk Register has not recently been presented to the Senior Management Group (SMG), which is attended by the PCC and Deputy PCC.

Disclaimer: Any matters arising as a result of the audits are only those which have been identified during the course of the work undertaken and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that could be made. It is emphasised that the responsibility for the maintenance of a sound system of management control rests with management and that the work performed by the Joint Internal Audit Team on the internal control system should not be relied upon to identify all system weaknesses that may exist. However, audit procedures are designed so that any material weaknesses in management control have a reasonable chance of discovery. Effective implementation of management actions is important for the maintenance of a reliable management control system.



JOINT INDEPENDENT AUDIT COMMITTEE



Report for Information

Title: Progress on delivery of agreed actions in Internal Audit reports

Executive Summary:

The report provides details of the progress made by managers in delivering the agreed actions in internal audit reports.

Recommendation:

The Committee is requested to note the report.

Chairman of the Joint Independent Audit Committee

I hereby approve the recommendation above.

Signature

Date

PART 1 – NON-CONFIDENTIAL

1 Introduction and background

- 1.1 The report provides details of the progress made by managers in delivering the agreed actions in internal audit reports.
- 1.2 This report details progress made to date and target implementation dates for any current overdue actions. Of the 32 actions that are currently overdue:
 - 5 actions are due for completion by the end of December 2019;
 - 9 actions are due for completion by the end of January 2020;
 - 4 actions are due for completion by the end of February 2020;
 - 10 actions are due for completion by the end of March 2020;
 - 2 actions are due for completion by the end of May 2020;
 - 1 action date is unknown; and
 - 1 completion date is to be confirmed.

2 Issues for consideration

- 2.1 Appendix 1 sets out an analysis of the position with regard to the number of overdue actions as at 31st October 2019 in relation to audits conducted during the years 2016/17 to 2019/20. It shows that in total there were 32 overdue actions at 31st October, arising from 16 separate audits. The overdue actions are split by priority. Also shown is the number of overdue actions that had previously been reported which has risen from 3 to 21 since the last report to this Committee in October 2019.
- 2.2 Appendix 2 shows the changes in the number of overdue actions since the previous report to this Committee in October 2019. The total number of outstanding overdue actions reported has risen from 28 to 32.
- 2.3 Appendix 3 sets out the information provided by managers in respect of those actions that are now overdue. It includes all agreed actions that should have been completed by 31st October 2019. The information is based on responses from managers received up to and including 3rd December 2019. If required, a verbal update will be provided to the Committee on any further information received since this report was written.

Priority 1 rated overdue actions

- 2.4 There are 14 priority 1 overdue actions.
- 2.5 Appendix 1 sets out details of which audits these actions relate to and further details of each of the actions can be found in appendix 3 of this report.

Priority 2 rated overdue actions

2.6 Of the priority 2 actions that are overdue none are specifically drawn to the attention of the Committee.

3 Financial comments

3.1 No known financial issues arise from the contents of this report.

4 Legal comments

4.1 No known legal issues arise from the contents of this report.

5 Equality comments

5.1 No known equality issues arise from the contents of this report.

6 Background papers

6.1 None.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website as soon as practicable after approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of this form to be deferred? No

Is there a Part 2 form? No

Name & Role	Officer
Head of Unit	Chief Internal
This report provides the Committee with essential management information on the number and status of current overdue actions	Auditor
from internal audit reports.	
Legal Advice	PCC Governance
No known legal issues arise from the contents of this report.	Manager
Financial Advice	PCC Chief
No known financial issues arise from the contents of this report.	Finance Officer
Equalities and Diversity	Chief Internal
No known equality issues arise from the contents of this report.	Auditor

OFFICER'S APPROVAL

We have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.

We are satisfied that this is an appropriate request to be submitted to the Joint Independent Audit Committee.

PCC Chief Finance Officer (OPCC)

Date: 04/12/19

Director of Finance (TVP)

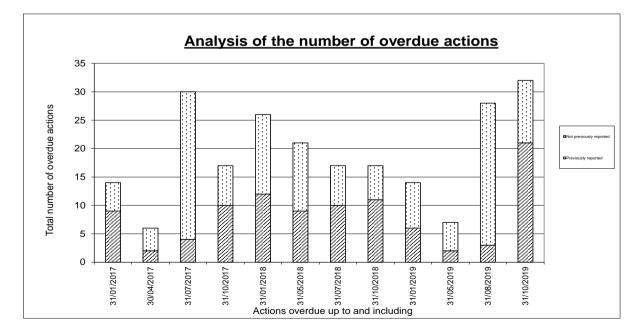
Date: 05/12/19

Appendix 1

Audit Subject/Location	Outstanding	Priority 1	Priority 2	Previously
0040/47	Overdue			Reported
2016/17	<u> </u>			<u> </u>
Missing Persons (Framework & Governance)	2	2	-	2
TOTAL	2	2	0	2
2017/18	T	-		T
Child Exploitation Framework & Governance	3	1	2	3
Firearms Licensing (Administration &	1	-	1	1
Management)				
Force Demand & Resilience Management	1	-	1	1
TOTAL	5	1	4	5
2018/19				
Attendance Management	7	3	4	2
County Drug Lines	3	1	2	3
Evidence Management Units	1	-	1	-
Force Performance Management & Delivery	3	2	1	3
Plan Performance				
ICT Knowledge Transfer	1	1	-	-
Information Management: General Data	1	-	1	1
Protection Regulation				
LPA Financial Controls	2	-	2	2
Oversight and Governance of the CTC	1	-	1	1
Partnership Arrangements - Information & Data	1	-	1	1
Sharing				
Victims First Hub	2	2	-	1
TOTAL	22	9	13	14
2019/20				
Fraud Investigation and Response	2	1	1	-
Resourcing and Resilience	1	1	-	-
TOTAL	3	2	1	0
OVERALL TOTAL	32	14	18	21

ANALYSIS OF OVERDUE ACTIONS AS AT 31st OCTOBER 2019

Appendix 2



Appendix 3

UPDATE ON PROGRESS IN DELIVERING OVERDUE AGREED ACTIONS

Finding and Risk		Agreed action	Original completion date	Priority	Current position	Revised completion date
Attendance Management		inal report issued on: 22/05/19			CCMT Lead: Dr Steven Chase	
	Number complete		mber not yet d	ue: 2 (11%)	Number overdue: 7 (37%)	
Policy and guidance There are a number of sets of policy and guidance to or link in with recuperative duties. Of these:	in place that refer	Complete the current review of the Attendance Management Policy and Guidance.	31/10/19	1	The Attendance Management Policy / Procedure has been reviewed but the re-write has not, as yet been completed. Discussion has taken place with various interest	28/02/20
 The Attendance Management Policy is currently ur The Police Staff Unsatisfactory Performance and (UPA) was due for review in August 2015. The Police Officer Unsatisfactory Performance Policy (UPP) was also due for review in August 2015. Outside of the above, there is more specific guidance 	Attendance Policy e and Attendance 5. ce in place around				groups including Unison, the Federation, representative from DSN, Line managers and Case Advisors. Most of the sections in the procedure have been re-written but some are outstanding. Once all the sections have been re-written, the procedure will need to be circulated by the policy unit for consultation.	
recuperative duties and Supportive Recovery Plan does not include clear guidance on the recording of duties within the SRP to ensure all actions are reco department has a separate recuperative duties form, Risk: Staff follow out of date guidance leading to being taken.	of the recuperative orded / taken (one).	Commence the review of the UPA and revisit the review that was undertaken in September 2016 of the UPP.	31/10/19	1	Early work for the review has commenced with some processes having closer scrutiny (e.g. 3rd Stage UPP). Discussions have taken place with the Police Federation who have agreed with the principle that a separate TVP policy and procedure for UPP is unnecessary given that there are Police Regulations and comprehensive Home Office Guidance. A 'Hints and tips' sheet for line managers will be produced and JIT video clips will be produced as part of the review / refresh of line management training. The UPA review will commence.	31/03/20
Training for Managers In terms of training which covers recuperative duties • There is a mandatory SRP Moodle training packa brief reference to recuperative duties. However 'Adjusted Duties Guidelines' does not work. • The Core Leadership Programme module 'Man Resource L1' also covers SRPs and recuperative du However, it is unclear who monitors completion of the (the overall completion rate currently sits at 75.15 Leadership Programme module has not necessaril by all relevant Officers/Staff.	age which includes the link to the aging People and tties. he Moodle training 5%) and the Core y been completed	Review of the Moodle training package and identify system of checking completion.	30/06/19	2	The Moodle package has been checked and considered as fit for purpose. At last checking, there is some work to be undertaken to reduce the outstanding completions. The Business Partner with responsibility for this area has agreed to take action to increase the completion rate.	31/03/20

Finding and Risk	Agreed action	Original completion date	Priority	Current position	Revised completion date
line managers, who are unlikely to have done either of the above. Against this, there is mention within the Recruitment and Retention Action Plan of a Sgts Handbook being drawn up to 'give some hands on, operational guidance around SRPs, attendance management, performance management type issues to include recuperative officers, referrals to OH for sickness or recuperative duties.' The aim is stated as creating 'a one pager type of heading for managers to have the information more easily accessible.'					
Risk: Managers are unclear on the correct processes to be followed leading to challenge by employees and potential distress to those employees.					
 Recording of recuperative duties on all applicable systems All longer term recuperative duties should be recorded on Peoplesoft. However, as part of the audit the resourcing spreadsheet for one LPA was reviewed. Having sampled two of the sectors within the spreadsheet there were four individuals shown as recuperative that are not shown as recuperative on Peoplesoft (or on the short term recuperative duties section of SSAMI). It was commented during the audit that there could also be differences between DMS and Peoplesoft in terms of recuperative duties, as the two systems are independent of each other, but that no comparison is carried out between the two systems in relation to recuperative duties. As at 04/04/19 there were only 47 individuals shown on DMS as light duties against 268 individuals, 27 are not shown on Peoplesoft as recuperative. Whilst, it is understood that data accuracy is being reviewed as part of the move to EQUIP, the ability to in effect have different 'statuses' will need to be considered. This will also not address the other potential, and anecdotally stated, cause of issues where line managers fail to inform People Services when agreeing recuperative duties for individuals. Risk: Failure to record recuperative duties to enable effective monitoring and reporting leads to extended periods of recuperative duties occurring. 	Resolve issues in relation to the recording of recuperative duties between the different systems.	30/09/19	2	Guidelines have been produced. There is a full Employment and Wellbeing (E&WB) team meeting on 02/12/19 to discuss them with a view to implementing the guidelines immediately after.	31/12/19
Monitoring of recuperative duties – Line Managers Of the 4 individuals that did have recuperative duties recorded in their SRP, there were issues with the related actions not being updated despite the RD being complete / completion dates having passed or no related actions having been set. It is understood that the SSAMI system will send Line Managers reminders when SRP reviews are due (i.e. when action dates pass)	Discuss with the SSAMI Team whether it is possible to send a workflow prompt to line managers to remind them (a) to review the recuperative package and (b) that recuperative duties should be for a maximum of 6 months as per the Limited Duties Regulations.	30/06/19	2	Guidelines have been produced. There is a full E&WB team meeting on 02/12/19 to discuss them with a view to implementing the guidelines immediately after. As a result of Equip being delayed further, another discussion will be had with the SSAMI Team.	31/03/20

Finding and Risk	Agreed action	Original completion date	Priority	Current position	Revised completion date
 but, as the above demonstrates, the reviews are not always undertaken when they should be. Risk: Failure to effectively monitor progress of individuals on recuperative duties leads to extended periods of recuperative duties occurring. <u>Risk Assessments</u> The Adjusted and Recuperative Duties guidance requires 'the line manager to complete an in-depth return to work interview and a risk assessment (RA), for both police officers and police staff This should be recorded on the local risk assessment form Per 72.' There is a Force Risk Assessment for restricted or recuperative duties on the intranet, however this was due for review in July 2018. There is nothing on the SRP template, or Contact Management 	The requirement to complete risk assessments as appropriate to the circumstances will be included in the guidance for line managers.	31/10/19	2	Initial action has been taken to include a link to the Per 72 Risk Assessment Form and the wording of the SRP Guidance has been amended accordingly. There is still a concern however, that some line managers may not complete the risk assessment due to the perceived complexity of the form. This has been raised with the Head of Health and Safety has been requested to review for possible amendment. This will be raised at the E&WB meeting on 02/12/19.	31/03/20
recuperative form, to act as a reminder for risk assessments to be completed and the risk assessments are not forwarded to the E&WB Team or retained with the SRP. Completion of risk assessments was not followed up during the audit with line managers, as it falls outside of the main scope of the audit, however it was commented during the audit that risk assessments are not always completed for non-obvious physical issues. Risk: Lack of a clear, recorded risk assessment may lead to failure to consider risks fully and the ability to demonstrate this at a later stage.				Line Manager guidance has not yet been completed.	
General Data Protection Regulation (GDPR) constraints Whilst GDPR was not a specific risk being considered under this audit, there were a number of issues commented upon with regard to GDPR difficulties being experienced around monitoring and reporting attendance management. These included restrictions around access to data for non-People Directorate staff who produce attendance management related reports, concerns around the level of detail that can be discussed at various meetings and issues around access to medical records. It was commented in each case that the issues were being investigated in order to try and find a workable solution. However these 'investigations' were being considered by different members of	This will be discussed with the lead BP for Strategic Integration in the People Directorate to identify possible solution(s).	30/09/19	1	This is still outstanding.	31/05/20
People Services rather than coordinated by one person. Risk: An uncoordinated approach to resolving GDPR related issues potentially leading to duplication of effort and lack of knowledge sharing.	nal report issued on: 08/12/17 I: 7 (70%) Nu	mber not vet di	ue: 0 (0%)	CCMT Lead: ACC Tim De Meyer	

Finding and Risk	Agreed action	Original completion	Priority	Current position	Revised completion
		date			date
Area CSE Team Role During the audit, the role, structure and resourcing of each Area CSE Team was reviewed. Testing found that each team had slightly differing structures and resources. The most significant difference is the role of each team, with the Buckinghamshire and Berkshire CSE Teams focussing on engagement, whilst the Oxfordshire CSE Team focuses on intelligence gathering, with the engagement being completed by Child Social Care or Health. The issues around the different working practices and roles have been raised at the CSE Operational Group, where it was commented that it "would be more effective if all the Areas worked on the same level". Although local variations and differences are not necessarily an issue, as the role of each team varied, the Force may wish to consider reviewing the current arrangements to ensure it is the most effective model. The audit also noted that there is a lack of formal training for engagement officers involved within the CSE Teams in Berkshire and Buckinghamshire. This issue has also been discussed at recent CSE Operational Groups. Risk exposure: Lack of a consistent and effective Force approach to identifying and resolving CSE issues, leading to exploitation not being recognised or prevented.	The role, structure and resourcing of each Area CSE Team will be reviewed to ensure it is aligned to the expectations and needs of the Force. The need for formal engagement officer training has been identified by the CSE Operational Group and is being addressed on a regional level.	30/06/19	1	A formal proposal to change the CSE Engagement Teams has been before the force change board & accepted as a force change to create "Missing and Exploitation Hubs". Several other forces have moved their CSE teams to deal with wider forms of exploitation, however TVP are also moving the Missing Person Coordinators into the same team. New Job Descriptions have been completed. Staff will go live on the new JDs on 1st January 2020 ensuring their roles are consistent across TVP and they will be undertaking the role in a consistent way following the manual created. A new Missing and Exploitation (M&E) Manager has been recruited so there is a consistent line of reporting from all the DSs in these teams to a single manager across the force (rather than 3). Training (to achieve the new JDs) is being established by a lead DS in consultation with L&D and our partners. Formal training needs will be in place early next year.	01/01/20
CSE Area Team Procedures Testing found that the Force has produced corporate guidance for CSE (i.e. a Local Safeguarding Framework for Child Sexual Exploitation (Prevention and Disruption) and an Operational Guide for CSE). Each Area applies the guidance slightly differently, due to different meetings and roles. However, the audit was unable to locate any local procedures that detail how the corporate guidance has been applied within each Area. In terms of corporate guidance, two comments were made during the audit where additional strategic guidance or direction would be	Depending on the outcome of action 4.1, the new Operational Guide for CSE may be sufficient in terms of documenting local processes and procedures. If local arrangements do differ, consideration will be given to asking each Area CSE Team to document their own processes and procedures.	30/06/19	2		
 beneficial. These related to: The need to record 'Suspected CSE' if concerns are raised during a missing episode or within a Child Protection template on the missing report. This has been escalated and is currently being reviewed by Policing Strategy. A lack of central direction on what the requirements and process are for liaising with other Forces. Risk exposure: A lack of appropriate guidance or processes, leading to inconsistent ways of working or new starters being unaware of the 	Guidance will be provided: - On recording 'Suspected CSE', if concerns are raised during a missing episode or within a Child Protection template on a missing report. This has been raised at the CSE Operational Group. - To each Area CSE Team on how to share information with other Forces when individuals move out of county by using the	30/06/19	2	The recording of CSE or CCE on Niche is partly a National Niche issue and agreement is needed at a national level for any changes, however there are a number of work arounds i.e. having consistent free text which will allow for reporting. This is covered in the new staff handbook. Processes for liaison with other forces and the region is covered in the new staff handbook. The handbook is now completed for the M&E hubs. This needs agreement with Strategy Unit and will	01/01/20

Finding and Risk	Agreed action	Original completion date	Priority	Current position	Revised completion date
relevant procedure.	CSE Information Desk.			need all staff to use Niche in this way. This has been highlighted by SEROCU as an issue at a regional level for all forces. This should be in place early 2020. The actual issue is vastly more complicated that this action suggests however the manual should provide clarification on how this is marked and managed on Niche. This will support the various arrangements across the force to identify and tackle CCE.	
	nal report issued on: 20/02/19			CCMT Lead: ACC Tim De Meyer	
Total number of agreed actions: 8 Number completed		mber not yet d	ue: 0 (0%)	Number overdue: 3 (38%)	
County Drug Lines Niche Records County drug lines are created as a record in Niche. Testing of this process found that some LPAs are uploading details onto Niche, whilst others keep information on locally maintained spreadsheets. This was discussed as part of the review and it was commented that the region have raised this as an issue, but developing Niche to enable county drug lines to be managed via Niche would require a significant development. Testing also found that officers are creating occurrences on Niche for county drug lines, but that some training and communications would be beneficial to ensure officers are aware of the correct process to follow in terms of using Niche to record occurrences, individuals and intelligence. One example was found of a county line scoring 105 via the Drug, Risk and Harm (DRH) process (T Line), but there was no Niche URN for the line. Risk: Lack of a consistent process for managing and recording county drug lines investigations or intelligence, leading to an ineffective response or oversight of county lines work.	An upgrade to Niche is due to be applied from early February 2019. There are a multitude of enhancements and a county drug lines flag is included. This will flag a nominal as at risk to county drug lines or exploitation. The Gold Group will look to address the consistency of recording and will raise awareness within LPAs of the correct process to follow for recording county drug lines, investigations and vulnerable individuals.	30/06/19	1	This action is still ongoing. Recent meetings have enabled Niche to be at the heart of the further consolidation and development of CDL progress made to date. The success and evolution of the national OCG process is now being replicated across to the CDL process. This will ensure that Senior Managers and Plan Owners have the relevant oversight of the risk of County Lines operating in their area and can therefore present the best solutions for tackling these associated risks. A key part of the new CDL process is the proactive use of 'flagging'. The OCG management plan has been adapted for the use of CDLs so each LPA will be managing CDL in the same way for a standardised consistent and corporate approach. Since the Feb 2019 update, intelligence is now being flagged as CDL related (when applicable). Nominals are also being linked to 2 business orgs for CDE and CDL activity.	31/05/20
County Lines Investigation Toolkit The Force has adopted a County Lines Investigation Toolkit. Testing found that the toolkit was launched around August 2016, but has not been reviewed since then to ensure it is current and up to date.	Via the Gold Group, the Policing Strategy Unit will be commissioned to review the current County Lines Investigation Toolkit to ensure it is appropriate and up to date.	30/06/19	2	The County Lines Investigation Toolkit does require some updating. The work required is due to be tasked within the Policing Strategy Unit by the end of November with a view to completion by the end of March 2020.	31/03/20
During the LPA testing, two LPAs commented that they were unaware of the toolkit and one commented that they were unsure how much the LPA officers actually used it or were aware of it. Risk: The Force lacks an up to date and well publicised guidance document for LPAs in dealing with county drug lines, leading to the potential for ineffective Area responses.	Once the County Lines Investigation Toolkit has been reviewed, the FIB County Lines / Drugs Desk will be tasked to promote the use of the toolkit within the LPAs.	30/06/19	2	In the meantime, additional operational guidance for those investigating children suspected of drug supply offences, including CDL offences went live in May 2019. The aim of the guidance is to help officers undertake a thorough investigation while discharging their safeguarding responsibilities appropriately. This guidance has been promoted	
·				through various avenues in the past few months.	
	nal report issued on: 06/06/19			CCMT Lead: ACC Tim De Meyer	
Total number of agreed actions: 27 Number completed	d: 26 (96%) Nu	mber not yet d	ue: 0 (0%)	Number overdue: 1 (4%)	
Unbanked items	(d-f) The items on the NR	30/09/19	2	The necessary review of the Neat Receipts report	31/01/20

Finding and Risk	Agreed action	Original completion date	Priority	Current position	Revised completion date
 There is an unbanked receipts report within Neat Receipts (NR) although this is not accessible to the EMU Teams. As at 18/03/19 the NR report showed 850 seized cash items. 521 of these were LPA items dated post-GEMS introduction and of these 21 totalled over 1,000 (either £ or other currency). A review of these 21 unbanked items identified a number of issues as follows: d) Seven items have been banked and the receipt number recorded on GEMS and one item is shown as placed in the admin safe for banking but there are still 'outstanding' records for these items on NR. It is not clear why there are these open records on NR as another record exist in each of the seven cases that show the item as banked. e) One item (cheques) has been rebooked as an item and an email sent to HQ Finance to ask them to delete the item from the 'accounts records'. f) Where records are being shut down on GEMS because a new cash record has been created this does not appear to be fed through to NR to enable that record to be closed down also. Risk: Items are not being banked at the earliest opportunity leading to increased risk of loss or misappropriation. 	unbanked receipts report will be reviewed. Any items identified which should have been banked will be investigated and relevant action taken to bank the items or to clear any erroneous outstanding records for items which have already been banked. This will include working with the system developer to resolve any system issues identified if relevant. Once this is complete the best way for the EMUs to monitor items on a regular basis, most likely through SCRAM, will be agreed. This will include escalation of lack of review to the CJ Delivery Manager.			has not yet been completed. We are working with the LPAs to try and resolve these issues and have been out and visited the areas where we have the greatest problems. We are making headway however it is very time consuming and this is likely to remain an issue for the foreseeable future. The required EMU process for escalation of seized cash which has not been transferred for banking has been drafted and can be passed to EMU Supervisors and the CJ Operational Manager once the review of the NR report has been completed by Finance.	
Firearms Licensing (Administration and Management) Fi	nal report issued on: 06/06/18			CCMT Lead: ACC Tim De Meyer	
Total number of agreed actions: 24 Number completed	1: 23 (96%) Nu	mber not yet d		Number overdue: 1 (4%)	04/01/22
 Scanning of applications At the time of the audit work there were a large amount of applications which were awaiting scanning (estimated in excess of 100 boxes plus individual piles across the office). This made finding applications very time consuming and/or not possible during the audit. It was also difficult to reach and move some of the boxes due to them being double stacked on shelves above head height, and a number of staff had boxes stacked under and around their desks. As the audit fieldwork was completed a large number of the boxes were moved to be stored in other locations, although there were still boxes stacked around the office in various places. The Firearms Licensing Manager (FLM) confirmed that as of 20/11/17 a member of the Team would be scanning files full time to clear the backlog but this would take some weeks due to the quantity of applications to be scanned. Risk: Inability to locate applications leads to difficulty and delays in resolving queries and answering potential challenges from applicants. 	We have been unable to address the scanning backlog as both industrial scanners have broken. We have placed an order with ICT for 2 more scanners and are currently waiting for them.	31/08/19	2	The two industrial scanners are not now being replaced as they are not compatible moving forward. The alternative solution selected is outsourcing the scanning to clear the backlogs with a small requirement moving forward (as online applications are now in place). The bids have gone out to tender with an estimated date of December for interviews and, pending the outcome of these, a site visit with the successful company.	31/01/20

Finding and Risk	Agreed action	Original completion	Priority	Current position	Revised completion
		date			date
	nal report issued on: 06/03/18		. (22()	CCMT Lead: DCC Jason Hogg	
Total number of agreed actions: 5 Number completed		mber not yet du	ue: 0 (0%)	Number overdue: 1 (20%)	04/40/40
Third Party Demand Data The Force's 2016 PEEL: Police Efficiency assessment commented that further developments were needed in understanding demand pressures using partner data. The DAVM does include partnership data from Fire, Ambulance and Bracknell and Buckinghamshire Community Safety Partnerships. However, the audit found that although the data should be received monthly, this is not always taking place.	The development of using third party data to understand and manage demand will continue to be progressed by the Force Demand Co-Ordination Group.	31/12/18	2	Work on this is ongoing, but the area remains complex. There has as yet not been material progress on identifying meaningful data sets nor on mechanisms which would allow those data sets to be shared.	31/12/19
It was commented during the audit that the Force could develop the use of third party data by mapping it to certain incidents, identifying key contacts who can liaise with partners, agreeing standard dataset formats and more effectively managing the process of submitting and receiving the data. The Force Demand Co-ordination Group have been discussing this issue of third party data with the latest meeting noting that discussions should commence after August with the respective Chief Executives. It is acknowledged that data sharing between partner agencies is a very complex issue. It was also noted that the Information Sharing Agreements (ISAs) in relation to partnership demand data are due for review. The issue of overdue ISA reviews was raised as part of the 2017/18 Information Management – Data Security and Transfer audit.					
partners are involved, leading to ineffective action being taken to identify shared issues or pressures.					
Force Performance Management and Delivery Plan Fin	nal report issued on: 23/04/19			CCMT Lead: DCC Jason Hogg	
Total number of agreed actions: 7 Number completed	1: 4 (57%) Nu	mber not yet dı	ue: 0 (0%)	Number overdue: 3 (43%)	
Force Delivery Plan Priorities The Force has produced a 2018/19 Delivery Plan, which sets out their contribution to the Police and Crime Commissioner's Plan for 2017 – 2021 and TVP's key priorities, over and above its core policing activities. Within the document are four overarching priorities, containing 32 aims / objectives. The Delivery Plan priorities and aims / objectives are set by CCMT, following their Strategy Away Day, as well as liaison with Force Heads of Department. As part of the audit, ten aims / objectives were tested to establish whether there were clear actions or outcomes for each one. Testing found that there are no formal actions or outcomes (with owners and target dates) set to deliver each priority, aim or objective.	Provide LPAs and OCUs with clear guidance on how and where they should be developing their Tactical Plans in support of the Strategic Plan, with consideration to be given to using the Service Improvement Plan product as the mechanism for doing this.	30/06/19	1	We are transitioning to this point but have more work to do to have a consistent approach across the Force.	31/03/20

Finding and Risk	Agreed action	Original completion date	Priority	Current position	Revised completion date
but these are a subjective summary, based on work completed each quarter. As there are no identified actions or outcomes, it was difficult to determine whether the work completed related specifically to the priority, aim or objective.					
Additionally, the quarterly Delivery Plan updates are submitted to CCMT, but with the lack of formally defined actions, the ability to challenge progress against the stated objective is limited.					
Risk: A lack of transparency or clarity on the specific work required to deliver agreed aims and objectives, leading to Force priorities not being met.					
Service Improvement Portal Content The main mechanism for providing organisational visibility of the Force's performance against the Delivery Plan is the SIU's Knowzone page and the Service Improvement Portal (SIPo). Within the SIPo is a tab for the Priority Outcomes, which is a "listing of all the priority outcome measures and associated assessment metrics, including links (where available) to view relevant management information".	The SIPo will be updated to include the new priority outcomes. Clarity will also be provided on how each measure will be tracked and assessed within the SIPo.	30/06/19	2	There is a new Operational Dashboard within the SIPo that is structured in line with the priority outcomes and success measures. There are a small number of measures where the methodology needs to be refined further. The focus so far this year has also been on the operational rather than organisational outcomes and measures as the latter are dealt with in other forums.	31/03/20
As part of the audit, the content of the SIPo was reviewed to ensure that up to date information was being recorded and was readily available. Testing found that of the 104 "How we will measure success", only nine had links to supporting evidence. It is however acknowledged that the SIPo does include a significant amount of other information and data within the Management Information tools (i.e. demand, resourcing, vulnerability, etc.).	Relevant management information for each measure will be provided via the SIPo, as well as how and when that information will be collated and made available.	30/06/19	1		
Risk: Management information on the Force's Success Measures is not published, leading to a lack of corporate visibility and availability of information to assist the Force is delivering their Success Measures.					
	nal report issued on: 31/07/19			CCMT Lead: ACC Tim De Meyer	
Total number of agreed actions: 13 Number complete Criminal Finance Strategy	d: 2 (15%) Nu The Force Criminal Finance	mber not yet du 31/10/19	ue: 9 (70%) 1	Number overdue: 2 (15%) Although the Criminal Finance Strategy has been	31/12/19
FISO have collated a Criminal Finance Strategy for TVP, which includes aims, activities and success measures. At the end of the audit, although activity was already taking place to implement the strategy, the document was yet to be finalised and approved.	Strategy will be finalised and approved.			approved, it has been agreed that it will be launched alongside the fraud operational guidance which is in the process of being finalised (in line with the agreed deadline of 31/12/19).	
It was noted that the governance and oversight to monitor implementation of the strategy would be provided by the quarterly Proceeds of Crime Act (POCA) Gold Group meeting, chaired by ACC Crime and Criminal Justice.					
Risk: The Force lacks an approved strategy for managing criminal finance, leading to the necessary improvements not being made.					

Finding and Risk	Agreed action	Original completion date	Priority	Current position	Revised completion date
 2019/20 Force Delivery Plan Fraud Priority In reviewing the 2019/20 Force Delivery Plan, there is a priority to "Develop and embed our response to vulnerable victims of fraud". The priority owner is the ACC Crime and Criminal Justice. The Delivery Plan also details two success measures to deliver the priority. 90% of calls of vulnerable people being exploited at financial institutions attended within 15 minutes (or safe guarding assessment made with victim within 24 hours when offender not at scene). 90% of identified high-vulnerability victims of fraud contacted within 24 hours and an ECU1 assessment completed within 48 hours. The Knowzone includes an Operational Priority Outcomes Dashboard, which provides the organisation with information and visibility in achieving each aspect of the Delivery Plan. The audit noted that the in relation to the fraud priority, the methodology was being finalised. Risk: Lack of a process for tracking delivery of the fraud priority, leading to the Delivery Plan and the priority of the priority. 	The methodology for capturing and tracking delivery of the 2019/20 Force Delivery Plan fraud priority will be agreed and applied. Performance against the priority will be tracked and reported.	30/09/19	2	Update awaited	TBC
leading to the Delivery Plan priority not being met. ICT Knowledge Transfer Fi	nal report issued on: 25/02/19			CCMT Lead: Amanda Cooper	
Total number of agreed actions: 8 Number completed		mber not vet di	ue: 0 (0%)	Number overdue: 1 (12%)	
 Knowledge Transfer Learning The focus of the audit was to review ICT's knowledge transfer arrangements, sample testing how this had been covered as part of the ongoing Contact Management Programme (CMP). During the audit, there were further delays to the CMP, which had already suffered from missed "go live" deadlines. The recent issues included the following: Incomplete system documentation. Microsoft Azure stability. Incomplete design assurance, including the reconciliation of builds to design and build documentation. To ensure that the Force and ICT learn from the recent programme issues, a post programme review will be conducted. This will enable actions to be put in place to address any knowledge transfer issues for future programmes. Risk: The Force fails to enhance its knowledge transfer arrangements, leading to a repeat of any issues for any subsequent programmes.	A post programme review will be conducted on the CMP. Following the review, any knowledge transfer issues identified will be acted upon and addressed as part of any future ICT programmes and change framework.	30/09/19	1	All design documentation has been completed on the programme and the reconciliation of build to design has also been completed. The review will be conducted, post project completion, which is now expected to be at the end of December or early January.	31/01/20
Information Management: General Data Protection Regulation Fi				CCMT Lead: Amanda Cooper	
Total number of agreed actions: 21 Number completed		mber not yet di		Number overdue: 1 (5%)	
GDPR project closure and assigning of outstanding tasks (non key areas)	The JIMU will facilitate completion of Information Asset	30/09/19	2	Responses have been received back from 8 of the 12 LPA Commanders, the remaining 4 are being	13/12/19

Finding and Risk	Agreed action	Original completion date	Priority	Current position	Revised completion date
The GDPR project is due to close at the end of December 2018. It is understood that an end of project report will be produced which details any outstanding tasks along with an owner and date to ensure their progression after the project ends. A number of points were identified which do not specifically feature in the project plan but result from actions within the project plan including:	Register entries for all LPAs. Once complete, the IG Team will quality assurance the IAR, taking action to address any specific compliance risks or issues.			chased. Provided all LPA Commanders respond in time then the action is on track to be completed by 13/12/19.	
• An observation was made during the TVP Local Policing Partnership Arrangements – Information and Data Sharing audit. A general Local Policing Information Asset Register has been collated following discussions with one LPA Commander. Although information asset issues are likely to be similar across all LPAs, it was commented that to comply with the GDPR, registers need to be completed for all LPAs.					
Risk: Incomplete actions from the project are not carried forward and assigned to individuals for completion leading to failure to fully address the requirements of the GDPR.					
	nal report issued on: 01/05/19			CCMT Lead: Linda Waters	
Total number of agreed actions: 26 Number complete		mber not yet d	ue: 0 (0%)	Number overdue: 2 (8%)	
Storage arrangements for cash – Admin Teams Each LPA Admin Team were asked whether they had an Admin only safe. It was identified that the combinations on safes had not been changed recently in two cases. Risk: Lack of regular updating of safe combinations results in unauthorised staff retaining access to safes. Storage arrangements for cash – Front Counter (found cash) Each LPA Admin Team were asked whether income is passed to them by Front Counter immediately and, if not, how the Front Counter Team secure income until such time as it is collected by/passed to the Admin Team. The following issues were identified: c) Where combination safes are in use the combinations are not always being changed regularly or at all (related to both SDO safes and drop safes). Risk: Inadequate storage arrangements leading to increased risk of money being misappropriated.	We will investigate the possibility of changing the combinations on these safes.	31/08/19	2	With regard to the safes which have combinations, no instructions are held and it is not therefore possible to change the combinations at present. Efforts are however being made to obtain instructions from the relevant manufacturers. Following these efforts a decision will need to be made by the relevant Management Teams with regard to the purchase and installation of new safes where necessary.	29/02/20
Storage arrangements for cash – Front Counter (found cash) There are two key sets of documentation that set out how found cash should be stored prior to banking: 1. Financial Instructions which state that 'All found cash should always	(a&d) The access arrangements for the safes accessed by more than one team will be reviewed. The locations of keys for each safe/cupboard used solely by	30/06/19	2	Each LPA has been visited in regard to safes. There appears to be separation of safes, however it has been agreed that the Front Counter Teams will occasionally need to hold money for G4S collection if there are no Admin staff available.	29/02/20

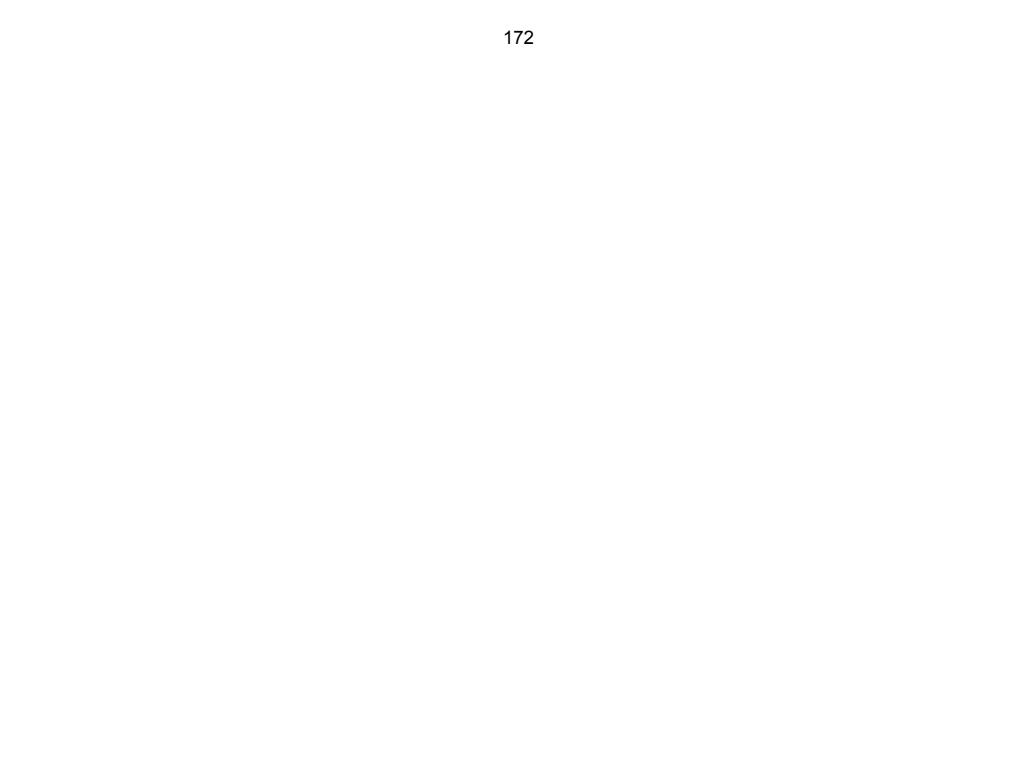
Finding and Risk	Agreed action	Original completion date	Priority	Current position	Revised completion date
 be placed in a locked safe. Cash must not be stored in a general property store or other similar locations.' 2. The 'Found Property Procedures for SDO* staff' state that 'Found Property should be stored in a lockable cupboard or cabinet located in or near to the SDO providing easy access to found property for the SDO. Access to the Found Property Store is strictly limited to SDO only.' Each LPA Admin Team were asked whether income is passed to them by Front Counter immediately and, if not, how the Front Counter Team secure income until such time as it is collected by/passed to the Admin Team. The following issues were identified: a) In some locations found cash (and property) is being stored, until ready for banking, in safes/cupboards which are not exclusively used by, or accessible to, the Front Counter Team, in the EMU or in the temporary property store (including one location where the keys are accessible to all but not marked up). d) In one location where there is a drop safe, used for items to be passed to Admin Team to be banked, the SDO are able to access the drop safe as well as the Admin Team. Risk: Inadequate storage arrangements leading to increased risk of 	the Front Counter Teams will be reviewed, with a view to utilising the Traka cabinets where possible.			Some of the Admin safes are key safes and they are extremely old. Most of the LPAs have a key cabinet where the keys are kept. If they do not have a key cabinet one can be provided. It was reiterated during the visits that access for these safes should be limited and keys need to be kept in a locked key cupboard with access only to the staff who do banking. Keys for safes/cupboards used solely by the front counter staff have been removed from key cabinets accessible to others and where possible placed in Traka cabinets. Where this is not possible, a separate key cabinet will be provided which is accessible to the front counter staff only.	
money being misappropriated. Missing Persons (Framework and Governance)	nal report issued on: 11/01/17			CCMT Lead: ACC Tim De Meyer	
Total number of agreed actions: 25 Number completed	1: 23 (92%)	mber not yet di	ue: 0 (0%)	Number overdue: 2 (8%)	
 MPC Induction and Processes As part of the audit, the induction, training and processes for the Force MPC role were reviewed. The audit found the following: There is no formal or consistent training or induction process for the MPC role. The MPC job description is in need of review and update. There was no specific process or procedure documentation provided by MPCs, to ensure standardisation and consistency across TVP. MPCs follow the Missing Persons SOP, which identifies certain actions the MPC needs to complete. However, MPCs commented that the SOP lacks detail in terms of what the MPC is required to do and how they fulfil their role. There were also comments that the MPC SOP content is not reflective of their role. There is a MASH / MPC webpage on Knowzone, which also lists key responsibilities and tasks for the MPC. The webpage includes a MPC Toolkit, but the content of the toolkit just relates to officer guidance in completing safe and well checks. There was an action raised at the Force Crime Meeting "To review the different working practices of the missing persons co-ordinators and identify best practice with Fiona Didcock in order to ensure 	A training and induction process is currently being developed for MASH staff, including MPCs.	30/06/19		The MPCs will be transferred into the new Missing and Exploitation Hubs in January 2020. The new job descriptions have been agreed and staff will be informed of these shortly, pending a three month transfer process. The training needs of the staff are currently being assessed and a bespoke training package for the Hub staff will be introduced.	31/01/20

Finding and Risk	Agreed action	Original completion	Priority	Current position	Revised completion
		date			date
consistency across the Force". The action was due to be completed by					
31 August 2016. At the time of the audit, the action was ongoing and					
dependent on other aspects highlighted in this report (i.e. new APP					
guidance, a revised TVP SOP / "Operational Guidance", MPC					
guidance and the Buckinghamshire missing persons pilot).					
Risk: MPCs lack a consistent induction or procedure document,					
leading to inconsistent or ineffective approaches.					
Return Interview - Approach	The revised Missing Persons	30/06/19	1	With the introduction of the Missing and Exploitation	31/01/20
	"Operational Guidance" will			Hubs, we will be introducing guidance and	
Once a missing or absent child is returned, TVP informs the relevant	include guidance and detail on			procedures to ensure a consistent approach to	
local authority to conduct a return interview. TVP does not control the	the return interview process at			return interviews.	
return interview process and there is no requirement for the agency	TVP, including:				
conducting the interview to send a copy to TVP.	Why they are useful (i.e. reating				
There is a Thames Valley Joint Protocol re: Missing Children (April	- Why they are useful (i.e. noting any crime committed, disclosing				
2014), which contains detail on TVP's responsibility in sending	key information or intelligence,				
information to the local authorities to conduct return interviews. The	identifying associates or helping				
document has not been reviewed and updated to ensure it is line with	to inform a joint risk				
the changes to the new Missing Person SOP.	assessment).				
	- The role and responsibility of				
There is no information included in the protocol that states the local	the MPC in the return interview				
authority's responsibility in promptly returning any completed return	process.				
interviews to TVP or informing TVP where a requested return interview	- A consistent process will be				
has been unsuccessful or not completed.	introduced across the Force that				
Additionally, the Missian Denser COD lasks muideness or detail on the	enables TVP to raise any issues				
Additionally, the Missing Person SOP lacks guidance or detail on the return interview process at TVP.	in relation to return interview submission rates or quality.				
return interview process at TVP.	submission rates of quality.				
Risk: TVP do not receive key information relating to an individual's					
risk of going missing, leading to appropriate actions not being taken.					
Return Interview – Niche Records					
As part of the audit, a sample of 20 accurrences were reviewed to					
As part of the audit, a sample of 20 occurrences were reviewed to establish whether return interviews had been received by the Force. A					
further sample of 34 Return Interviews were tested, to establish the					
return rate by area. Testing identified a number of issues relating to					
occurrences that did not have return interviews, prompt completion of					
the interviews and the lack of a formal process for escalating TVP					
observations.					
Dials: TV/D are not reactiving upoful and relationst information are still a					
Risk: TVP are not receiving useful and relevant information regarding the missing incident, leading to ineffective action being taken.					
	nal report issued on: 15/11/18			CCMT Lead: DCC Jason Hogg	
Total number of agreed actions: 11 Number complete	d: 9 (82%) Nu	mber not yet di	ue: 1 (9%)	Number overdue: 1 (9%)	
TVP Intranet Content	TVP's Transport Knowzone will	30/04/19	2	Previously due to a high vacancy factor we have not	31/03/20
	be reviewed and updated.			had the capacity to undertake this area of work, the	
As part of the audit, the CTC content on TVP's intranet (Knowzone)				current position (from April 2019) has greatly	

Finding and Risk	Agreed action	Original completion	Priority	Current position	Revised completion
		date			date
was reviewed. There is a Transport webpage, but the content does not appear to have been reviewed or updated for a number of years. The contact details are out of date and refer to staff who have left the CTC, as well as old telephone numbers. The Structure Chart is also dated December 2008. The list of Livelink Transport Policies and Forms also appears to be out of date.	Consideration will also be given to collating a generic CTC webpage, including details on services provided and key contacts, for all consortium members.			improved and this action will now be addressed as a PDR objective.	
This was discussed during the audit and it was commented that there has been an intention to review and update the content for a while, but due to time and staff availability, this has not been completed. There has also been the intention to collate a webpage that will service all five consortium members, rather than have to update a number of individual sites, but this is yet to be progressed. With a new member of the CTC team, the intention is to start addressing the lack of up to date CTC intranet guidance for each consortium member.					
Risk: Each consortium member lacks up to date information on the CTC, leading to staff being unaware of who to contact for any transport related requests or queries.					
	nal report issued on: 20/02/19	•		CCMT Lead: T/ACC Chris Ward	
Total number of agreed actions: 4 Number completed	d: 3 (75%) Nu	mber not yet di	ue: 0 (0%)	Number overdue: 1 (25%)	
LPA Information Sharing Arrangements	The JIMU will request that LPA	30/06/19	2	An email has been sent to all LPAs detailing the	15/12/19
 As part of the audit, four LPAs were contacted to determine their information sharing arrangements. In general, testing found that LPAs were aware of best practice in data sharing, the role of the JIMU and that arrangements were appropriate. Testing did identify a couple of areas for improvement: One Community Safety Partnership Information Sharing Protocol was in need of review. There is a lack of a secure e-mail address (i.egcsx) with one Council so information Sharing Protocol was in the process of being reviewed and updated and a review of the JIMU's ISA Register found that the ISA was not listed. For one LPA, it was noted that not all LPA ISAs are up to date to reflect the new General Data Protection Regulation (GDPR) requirements. Risk: LPAs lack fully robust processes and arrangements for 	Commanders arrange local review of the Force ISA Catalogue to identify any ISA gaps and to submit to JIMU any existing ISAs not captured on the register. On receipt of the information, the JIMU will schedule any resulting ISA review or creation work according to risk.			ISAs that JIMU are aware and hold copies of. Each LPA has been asked to review this list and provide details of any additional sharing that is taking place. We have received responses from several LPAs.	
transferring sensitive data, leading to the potential for information or data breaches.					
	nal report issued on: 06/09/19			CCMT Lead: Dr Steven Chase	
Total number of agreed actions: 8 Number completed: 1 (13%) Number not yet due: 6 (75%) Number overdue: 1 (12%)					
Department Resourcing and Resilience Meetings	JOU and FISO Resourcing and Resilience meetings will be	31/10/19	1	Resourcing and Resilience meetings are being implemented in the JOU and FISO and they will use	31/01/20
During the audit, it was noted that Force Intelligence and Specialist Operations (FISO) and the Joint Operations Unit (JOU) do not	introduced.			a similar model and terms of reference to those on the LPAs and Crime. There will be attendees from	

currently have resourcing and resilience meetings. Image: the department oversite is used and the element of the second seco	Finding and Risk		Agreed action	Original completion date	Priority	Current position	Revised completion date
resilience issues ind being adequately addressed. Total number of agreed actions: 12 Number completed: 9(75%) Number on vorted ue: 1(8%) Number or vortedue: 2(17%) Number or vortedue:		es.				People Directorate and the first meetings of each	
Victime First Hub Final report issued on: 09/05/19 OPEC Lead: Shone Morrison Total number of agreed actions Number coverdue: 2(17%) Number coverdue: 2(17%) Number coverdue: 2(17%) Subject completed: 9(17%) Subject completed: 9(17%) Subject completed: 9(17%) Number coverdue: 2(17%) Subject completed: 9(17%)		local resourcing or					
Victime Service Redesign Project ActionsThe Apricot system template3009/191The Apricot remplate cannot be redesigned toUnknown-As part of the audi, the content of the Victims Service Redesign End of Project report and process was reviewed. The report include aurimation.1The Apricot system template the resources from Vice Was attent from Niche designed. Re-designing the data extract from Niche 		F	inal report issued on: 09/05/19			OPCC Lead: Shona Morrison	
As part of the audit, the content of the Victims Service Redesign End of Project report and process was reviewed. The report included at glouw-on recommendations. In reviewing these aspects, the audit identified the following areas were yet to be fully completed. - Compliance with victim contact contract requirements and the need for consent is overseen by TVPS Criminal Justice department however, there is currently no formal or joint governance process monthor or discuss issues between the flub and Criminal Justice - This piece of work, in terms of three Enhance dispersive fluctuations. - The victim Contact contract requirements and the need for consent is overseen by TVPS Criminal Justice department monthor of discuss issues between the flub and Criminal Justice. - The victim Contact contract requirements and the need for consent is overseen by TVPS Criminal Justice department business requirements. Elements of the Niche upgrade, particularly the Enhanced OEL, have enabled the Domestic Abuse assessment to become digitised (from paper) and this is now configured for the requirements. Elements of the Niche upgrade, particularly the Enhance dot the requirements and busines. - The actions to reagage with Contact Management Department business requirements. I be useful to the Hub and enhance its operations. - The actions of the record how as a diak on a format particular process for producing management reports. - A Victims First Hub Privace Contact Management Platform (CMP). - The Hub's Apriced system has the ability to produce a variety of bespoke reports, which are being run on a regular basis produce a sign also observed that there was a lack of a formal oversight or governance found to area all and and aversight or governance found to area all and and aversight or governance found to area all and and aversight or governance found to area all and finds find diagn off.		Number complete	d: 9 (75%) Nu	mber not yet di	ue: 1 (8%)	Number overdue: 2 (17%)	
	As part of the audit, the content of the Victims Set of Project report and process was reviewed. The summary of the project objectives, outstanding p follow-on recommendations. In reviewing these identified the following areas were yet to be fully co - Compliance with victim contact contract requirent for consent is overseen by TVP's Criminal J However, there is currently no formal or joint gov monitor or discuss issues between the Hub and Cri - The Public Protection Notice (PPN) module wa TVP PVP business leads but was not taken forwar business requirements. Elements of the Niche u the Enhanced OEL, have enabled the Dom assessment to become digitised (from paper) configured for implementation. The Victim Contact fully configured to be implemented. The Hub ar which aspects of the recent Niche upgrade will be and enhance its operations. - The action to "engage with Contact Managerr identify digital opportunities to refer victims at first pending the implementation of the Force's Co Platform (CMP). - The Hub's Apricot system has the ability to pr bespoke reports, which are being run on a regular However, the reporting process is ad-hoc and there or regular process for producing management repor - A Victims First Hub Privacy Impact Assessment and all parties were content with the final draft very of the audit, the document was awaiting final sign of Testing also observed that there was a lack of a governance forum to ensure all outstand recommendations raised within the Victims Servic Project report were addressed. Risk: Project actions or general Hub impro-	e report included a project actions and aspects, the audit impleted: nents and the need lustice department. ernance process to iminal Justice. as demonstrated to rd as it did not meet pgrade, particularly nestic Abuse Risk and this is now module is now also e yet to determine e useful to the Hub nent Department to contact" is on hold, intact Management roduce a variety of basis by Hub staff. e is not a consistent irts. has been produced rsion. As at the end off. formal oversight or ling actions and ce Redesign End of	needs to be redesigned to reflect the recent Niche upgrade and ensure the Hub is receiving the benefits and necessary information. This piece of work, in terms of cost and timeframe, requires	30/09/19	1	reflect Niche until the data extract from Niche is re- designed. Re-designing the data extract from Niche requires ICT resources from TVP. We are in the queue for these (and have been since February). A meeting was held in September between the OPCC, CJ, ICT, and Service Improvement and obtaining the necessary ICT resources was noted as a priority. However, a timeframe for delivering the piece of work is yet to be confirmed. This risk is also being managed via the OPCC's Risk	subject to prioritisation and allocation of TVP ICT

Finding and Risk	Agreed action	Original completion date	Priority	Current position	Revised completion date
 The Hub has adopted a Victims First Hub (VFH) Operational Manual and an Apricot System User Manual, which provide guidance and processes for the team. In reviewing the documents, testing observed the following: The Operational Manual is dated 28 December 2018, although the Hub went live in April 2018. In reviewing the document, there were some areas that needed updating and at the January Victims First Hub Review Meeting, an outstanding action was noted in relation to updating the manual. Additionally, aim 3.7 in the 2018/19 OPCC Strategic Delivery Plan relates to the Operational Manual. The latest update at the 22 January 2019 PCC Level 1 meeting noted the action as "Amber - action not on track or at risk that outcome may be less than planned". The Apricot User Manual is dated 2 February 2017. It was commented during the audit that the manual is a standard document produced by Apricot and needed personalising for the Victims First Hub processes. At the January Victims First Hub Review Meeting, there was an outstanding action to review the manual. A Victims First Officer Induction Booklet has been collated to support the induction process for any new starters. However, the audit noted that the list of OPCC staff required updating. The NCALT training section of the Induction Plan does not include the GDPR Managing Information course. Risk: A lack of up to date or correct user manuals, leading to Hub staff being unaware of the correct processes to follow in delivering the service. 	reviewed, updated and circulated to all Hub staff. In relation to the Apricot User Manual, the necessary staff guidance will be covered within the Operational Manual, so the relevance of the User Manual will be reviewed. The relevance of the Victims First Officer Induction Booklet will also be reviewed as the Hub staff will follow the OPCC's standard induction process. The NCALT training section of the Induction Plan will be reviewed and updated.			 currently being up-dated. Regular Hub team meetings, and monthly review meetings, are also undertaken to review and agree any new procedures. Outside of full manual review, significant policies are produced and documented for the team as the need arises e.g. managing suicide threats. COMPLETE - The Apricot User Manual was not necessary as full training is provided to new staff and Apricot Support is available as part of the license fee (this was unknown prior to agreeing the contract). COMPLETE - The Victims First Officer Induction Booklet duplicates much of the information already available via the TVP Staff Handbook. Accordingly, it is now adopted practice that staff refer to the TVP Staff Handbook and the VF Induction Booklet will no longer be used. COMPLETE - The Induction training plan has been up-dated to include the GDPR course. 	





JOINT INDEPENDENT AUDIT COMMITTEE



REPORT FOR DECISION: 18th December 2019

Title: Draft Treasury Management Strategy Statement 2020/21

Executive Summary:

This report presents the draft 2020/21 Treasury Management Strategy Statement for consideration and endorsement before it is presented to the PCC for approval at the Level 1 public meeting on 21st January 2020.

The draft Strategy Statement includes the proposed borrowing and investment strategies, and also sets out the prudential indicators and treasury management activity limits for the period 2020/21 to 2022/23 that provide the Office of the Police and Crime Commissioner's (OPCC) treasury service with an operational performance and control framework within which the relevant functions are undertaken.

The overall strategy is very similar to that adopted by the PCC in the current 2019/20 financial year.

Recommendation:

The Committee is asked to consider the draft Treasury Management Strategy Statement for 2020/21 and then recommend it to the PCC for approval at the Level 1 public meeting on 21st January 2020.

(Chairman of the Joint Independent Audit Com	mittee
I	hereby approve the recommendation above.	
ę	Signature	Date

PART 1 – NON-CONFIDENTIAL

1 Introduction and background

- 1.1 The PCC is required to operate a balanced budget which broadly means that cash income raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the PCC's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2 The second main function of the treasury management service is the funding of the PCC's capital investment plans. These capital plans provide a guide to the PCC's borrowing need, especially the longer term cash flow planning to ensure that the PCC can meet his capital spending obligations.

2 Issues for consideration

- 2.1 The attached Treasury Management Strategy Statement and supporting documents will enable the PCC to fulfil and discharge the following primary legislative requirements to receive and adopt:
 - a) An over-arching annual **Treasury Management Strategy Statement** which sets out how the treasury service will support the PCC's capital investment decisions, the day to day treasury management and the limitations on activity through treasury prudential indicators.
 - b) A **Borrowing Strategy** which sets out the operational limits to borrowing activity, including the statutory Affordable Borrowing Limit, or **'Authorised Limit'.**
 - c) An **Investment Strategy** which sets out the PCC's criteria for choosing investment counterparties and limiting exposure to the risk of loss.
 - d) A **Minimum Revenue Provision (MRP) Policy Statement** which sets out how the PCC will pay for capital assets through revenue each year.
 - e) Treasury management **Prudential Indicators and Activity Limits,** setting out the operational performance parameters applicable to the PCC's capital finance and treasury management activities.
- 2.2 The above policies and parameters will also provide an approved framework within which officers will undertake and account for the PCC's day-to-day capital and treasury activities.
- 2.3 The Committee needs to be satisfied that the draft Strategy is relevant and appropriate and, following approval in January 2020, will enable the PCC to discharge his statutory obligations in this key policy and financial management area.

- 3.1 The attached Treasury Management Strategy Statement is fully consistent with the draft revenue budget for 2020/21, the draft medium term financial plan (2020/21 to 2022/23) and the draft medium term capital plan as presented to the Level 1 public meeting on 29th November 2019. Any changes to the draft revenue budget or capital programme will inevitably mean changes to the capital, prudential and treasury management indicators before they are presented to the PCC for formal approval on 21st January 2020.
- 3.2 The individual capital prudential indicators and the treasury management activity limits are clearly set out in the Statement, as is the annual borrowing and investment strategy.

4 Legal comments

4.1 The PCC is required to approve an annual treasury management and investment strategy. Quarterly monitoring reports will be provided directly to the PCC.

5 Equality comments

5.1 No specific implications arising from this report

6 Background papers

Link Asset Services draft Treasury Management Strategy Statement

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of this form to be deferred? No

Is there a Part 2 form? No

Name & Role	Officer
Head of Unit This document is consistent with the draft annual revenue budget and draft capital programme. It also meets all the legal requirements set out below	PCC Chief Finance Officer
Legal Advice This document complies fully with the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG Minimum Revenue Provision guidance, the CIPFA Treasury Management Code of Practice and CLG Investment Guidance.	Chief Executive
Financial Advice The draft Treasury Management Strategy Statement is fully consistent with the draft revenue budget and draft capital programme. Quarterly monitoring reports will be prepared and presented to the PCC	PCC Chief Finance Officer
Equalities & Diversity No specific implications arising from this report	Chief Executive

PCC's STATUTORY OFFICERS' APPROVAL

We have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.

We are satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Chief Executive

Date 9 December 2019

Chief Finance Officer

Date 9 December 2019



Treasury Management Strategy Statement 2020/21

incorporating the Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2020/21



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1 INTRODUCTION

1.1 Background

The Police and Crime Commissioner (PCC) is required to operate a balanced budget, which broadly means that cash income raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the PCC's low risk policy and appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the PCC's capital plans. These capital plans provide a guide to the PCC's borrowing need, essentially the longer term cash flow planning to ensure that the PCC can meet his capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet the PCC's risk or cost objectives.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

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

1.2 Reporting requirements

1.2.1 Capital strategy

The 2017 version of the CIPFA Prudential and Treasury Management Codes required all local authorities, including local policing bodies, to prepare a capital strategy report before the start of the 2019/20 financial year, to provide:

- 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

The aim of this capital strategy is to ensure that the PCC fully understands the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The updated capital strategy for 2020/21 will be presented to the PCC at his budget setting meeting on 21st January 2020.

1.2.2 Treasury Management reporting

The PCC is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first,

and most important report 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; and
- an investment strategy (the parameters on how investments are to be managed).

A mid-year treasury management report – This will update the PCC with progress on the capital position, amending prudential indicators as necessary, and will indicate whether the treasury operation is meeting the strategy or whether any policies require revision. In addition, this PCC will receive quarterly update reports in July and January.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the PCC. As and when appropriate this role will be undertaken by the Joint Independent Audit Committee.

1.3 Treasury Management Strategy for 2020/21

The strategy for 2020/21 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the PCC;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members (*sic*) with responsibility for treasury management receive adequate training in treasury management. This especially applies to members (*sic*) responsible for scrutiny.

The PCC and all five members of the Joint Independent Audit Committee have been provided with appropriate training. Further training will be provided as and when required.

The training needs of treasury management staff are reviewed periodically.

1.5 Treasury management consultants

The Office of the PCC uses Link Asset Services as its external treasury management advisors.

The PCC recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

The PCC also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The PCC will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2018/19 – 2023/24

The PCC's capital expenditure plans are the key driver of treasury management activity. The output from the capital expenditure plans are reflected in prudential indicators.

2.1 Capital expenditure and financing

The PCC is asked to approve the summary capital expenditure and financing projections. Any shortfall in resources results in a funding borrowing need. This forms the first prudential indicator.

Table 1	2018/19	2019/20 Revised	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Capital Expenditure	22.749	45.436	36.751	23.616	11.532	7.536
Financed by:						
Capital receipts	10.744	7.792	6.225	3.275	7.650	0.650
Capital grants	0.817	12.317	8.762	1.478	1.478	1.478
Revenue Reserves	5.203	0.000	0.000	0.000	0.000	0.000
Revenue contributions	5.693	9.520	9.250	10.000	10.000	10.000
3 rd party contributions	0.292	0.150	0.150	0.150	0.150	0.150
Other Income	0.000	0.000	0.000	0.000	0.000	0.000
Capital Reserves	0.000	0.000	0.000	0.000	0.000	0.000
Improvement &	0.000	0.050	0.825	0.000	0.000	0.000
Performance Reserve						
Optimism Bias	0.000	3.407	4.789	0.568	0.028	0.000
Reserve						
Cashflow – timing	0.000	0.000	0.000	8.145	-7.774	-4.742
issues ¹						
Net financing need	0.000	12.200	6.750	0.000	0.000	0.000
for the year						

¹. If all capital expenditure is incurred as scheduled in the Medium Term Capital Plan then we may not have sufficient capital resources in 2021/22 to cover the expenditure as it is incurred. Should this situation arise, which is unlikely, we would use general balances or general cashflow until the capital resources are received e.g. from the sale of assets

2.2 The PCC's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the PCC's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the PCC's underlying borrowing need. Any capital expenditure included in the table above, 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 in line with each asset's life.

The CFR includes other long term liabilities such as PFI schemes and finance leases. Whilst these increase the CFR, and therefore the borrowing requirement, these types of scheme include a borrowing facility and so the PCC is not required to separately borrow for these schemes. The PCC currently [2019/20] has £5.195m of such schemes within the CFR.

Table 2	2018/19 Actual £m	2019/20 Revised Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Opening CFR	45.283	44.137	55.168	60.480	58.878	57.246
Net financing need for the year (per Table 1 above)	0.000	12.200	6.750	0.000	0.000	0.000
Less MRP & VRP debt charged to accounts	-0.863	-0.862	-1.106	-1.242	-1.242	-1.242
Less Finance Lease Liability repayment	- 0.283	- 0.307	- 0.332	- 0.360	- 0.390	-0.422
Movement in CFR	-1.146	11.031	5.312	-1.602	-1.632	-1.664
Closing CFR	44.137	55.168	60.480	58.878	57.246	55.582

The PCC is asked to approve the following CFR projections.

2.3 Minimum revenue provision (MRP) policy statement

The PCC is required to pay off an element of the accumulated capital spend each year (the CFR) and make a statutory charge to revenue for the repayment of debt, known as the minimum revenue provision (MRP). The MRP policy sets out how the PCC will pay for capital assets through revenue each year. The PCC is also allowed to make additional voluntary payments (voluntary revenue provision - VRP).

CLG regulations have been issued which require the PCC 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 PCC is recommended to approve the following MRP Statement:

- For capital expenditure incurred before 1 April 2008, MRP will be based on the Regulatory Method. MRP will be written down over a fixed 50 year period
- For capital expenditure incurred from 1 April 2008, the MRP will be based on the 'Asset Life Method', whereby MRP will be based on the estimated life of the assets in accordance with the regulations.
- For finance leases, an 'MRP equivalent' sum will be paid off each year.

2.4 Core funds and expected investment balances

Investments will be made with reference to the core balances, future cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Table 3 below provides an estimate of the year end balances for each resource and anticipated day to day cash flow balances.

Table 3	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Year End Resources	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
General balances	18.705	17.187	16.202	15.497	15.027	15.027
Earmarked revenue						
reserves	24.456	19.549	11.908	7.483	5.285	4.635
Capital grants and						
reserves	18.191	5.166	0.272	-7.613	0.161	4.903
Insurance provision	8.627	8.627	8.627	8.627	8.627	8.627
Total core funds	69.979	50.529	37.009	23.994	29.100	33.192
Working capital*	2.530	2.530	2.530	2.530	2.530	2.530
Expected investments	72.509	53.059	39.539	26.524	31.630	35.722

* The working capital balance is the average difference between cash investments and core cash balances from the last 5 financial years. The actual figure will obviously vary from day to day according to circumstances.

2.5 Affordability prudential indicators

The previous sections cover the overall capital expenditure and control of borrowing prudential indicators but, within this framework, prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the PCC's overall finances. The PCC is asked to approve the following indicators:

2.6 Ratio 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 the net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

Table 4 Ratio of Financing Costs to Net Revenue Stream	2018/19 Actual %	2019/20 Estimate %	202021 Estimate %	2021/22 Estimate %	2022/23 Estimate %
Ratio	0.34	0.38	0.55	0.59	0.59

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activities of the PCC. The treasury management function ensures that the PCC's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The PCC's borrowing portfolio position at 31 March 2019, with forward projections, is summarised below. The table shows the actual external debt (the treasury

Table 5 PCC Borrowing Portfolio	2018/19 Actual %	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %
External Debt					
Debt at 1 April	22.478	27.478	50.678	51.428	51.428
Expected change in Debt	5.000	23.200	0.750	0.000	0.000
Other long-term liabilities (OLTL) at 1 st April	5.478	5.195	4.888	4.556	4.196
Expected change in OLTL	-0.283	-0.307	-0.332	-0.360	-0.390
Actual gross debt at 31 March	32.673	55.566	55.984	55.624	55.234
The CFR	44.137	55.168	60.480	58.878	57.246
Under / (over) borrowing	11.464	-0.398	4.496	3.254	2.012

management operations), against the underlying capital borrowing need (the Capital Financing Requirement or CFR), highlighting any over or under borrowing.

Within the prudential indicators there are a number of key indicators to ensure that the PCC operates their activities within well-defined limits. One of these is that the PCC needs to ensure that their gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Chief Finance Officer reports that the PCC has complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The **operational boundary** for external debt is based on 'probable' debt during the year and is a benchmark guide, not a limit. Actual debt could vary around this boundary for short periods during the year. It should act as a monitoring indicator to initiate timely action to ensure the statutory mandatory indicator (the 'Authorised Limit', per Table 7 below) is not breached inadvertently.

Table 6 Operational boundary	2019/20 Estimate	2020/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt	50.678	51.428	51.428	51.428
Other long term liabilities	5.195	4.888	4.556	4.196
Short Term liabilities	20.000	20.000	20.000	20.000
Total	75.873	76.316	75.984	75.624

The **authorised limit** for external debt is a key prudential indicator which provides control on the overall level of affordable borrowing. It represents a limit beyond which external debt is prohibited and needs to be set and/or revised by the PCC. It reflects the level of external debt which, whilst not necessarily 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 Government retains an option to control either the total of all local authority plans, or those of a specific authority (or PCC), although this power has not yet been exercised.

Table 7 Authorised limit	2019/20	2020/21	2021/22	2022/23
Debt	70.678	71.428	71.428	71.428
Other long term liabilities	5.195	4.888	4.556	4.196
Short Term liabilities	20.000	20.000	20.000	20.000
Total	95.873	96.316	95.984	95.624

The PCC is asked to approve the following authorised limit:

3.3 Prospects for interest rates¹

The PCC has appointed Link Asset Services as his treasury advisor and part of their service is to assist the PCC to formulate a view on borrowing interest rates. The following table and subsequent paragraphs give the Link forecast view.

Table 8	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)				
		5 year	25 year	50 year		
	%	%	%	%		
Mar 2020	0.75	2.40	3.30	3.20		
Jun 20120	0.75	2.40	3.40	3.30		
Sep 2020	0.75	2.50	3.40	3.30		
Dec 2020	0.75	2.50	3.50	3.40		
Mar 2021	1.00	2.60	3.60	3.50		
Jun 2021	1.00	2.70	3.70	3.60		
Sep 2021	1.00	2.80	3.70	3.60		
Dec 2021	1.00	2.90	3.80	3.70		
Mar 2022	1.00	2.90	3.90	3.80		
Jun 2022	1.25	3.00	4.00	3.90		
Sep 2022	1.25	3.10	4.00	3.90		
Dec 2022	1.25	3.20	4.10	4.00		
Mar 2023	1.25	3.20	4.10	4.00		

"The above interest rate forecasts are **predicated on an assumption of some sort of muddle through agreement being reached on Brexit between the UK and the EU**, including agreement on the terms of trade between the UK and EU, at some point in time. Given the current level of uncertainties around the result of the general election on 12 December and then subsequent developments, this is a major assumption and so forecasts may need to be materially reassessed in the light of events over the coming weeks or months.

On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in subsequent years, which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

• In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.

• If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has diminished.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and more recently, due to the impending general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth. If those uncertainties were to materialise, then it is likely the MPC would cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a "gradual pace and to a limited extent". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. If there were an eventual Brexit with no agreement on the terms of trade between the UK and EU, then it is likely that there will be a cut or cuts in Bank Rate to help support economic growth.

Between 1st April and September 2019 gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from other local authorities (primarily shorter dated maturities). The degree to which this option proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this and how strong the correlation is likely to be is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and

insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact."

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9 October 2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%, it is unlikely that the PCC will do any further longer term borrowing over the next three years other than required to fund the Medium Term Financial Plan, or until such time as the extra 100 bps margin is removed.

3.4 Borrowing strategy

The PCC is currently in a marginally over-borrowed position. However, in 2020/21 we will return to under-borrowing position which means the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the PCC's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as, currently, investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances, e.g:

 if it was felt that there was a significant risk of a sharp FALL in borrowing rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then borrowing will be postponed. * if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be reappraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any urgent decisions taken by the Chief Finance Officer will be reported to the PCC at the next available opportunity.

For budget planning purposes we have assumed that £0.750m of new borrowing will be taken in 2020/21 to help finance the Medium Term Capital Plan (MTCP). This is lower than shown in the MTCP report since £6m of the 2020/21 borrowing requirement has already been taken in 2019/2.

We will continue to minitor the forecast level of under-borrowing given the plans currently in place to utilise a significant proportion of the currently held revenue and capital reserves in coming years to help support one-off expenditure initiatives, including investment in new technology and change programmes.

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain 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 / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies the maximum limit for variable interest rates for both borrowing and 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 PCC's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Table 9	2020/21	2021/22	2022/23				
Interest rate exposures							
	Upper	Upper	Upper				
Limits on fixed interest rates:							
Debt only	100%	100%	100%				
 Investments only 	100%	100%	100%				
Limits on variable interest rates							
Debt only	50%	50%	50%				
 Investments only 	100%	100%	100%				
Maturity structure of fixed interest rat	e borrowing 20)20/21					
		Lower	Upper				
Under 12 months		0%	50%				
12 months to 2 years		0%	50%				
2 years to 5 years		0%	50%				
5 years to 10 years		0%	50%				
10 years and above		0%	100%				
Maturity structure of variable interest	Maturity structure of variable interest rate borrowing 2020/21						
		Lower	Upper				

The PCC is asked to approve the following treasury indicators and limits:

Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years and above	0%	100%

3.5 Policy on borrowing in advance of need

The PCC will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the PCC can ensure the security of such funds.

3.6 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Any rescheduling undertaken will be formally reported to the PCC in the next quarterly performance update.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments are covered in the Capital Strategy (a separate report).

The PCC's investment policy has regard to the following:

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code").
- CIPFA Treasury Management Guidance Notes 2018

The PCC's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the PCC applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the PCC will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix 5.2 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

4.2 Creditworthiness policy

The PCC applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the PCC to determine the suggested duration for investments. The PCC will therefore use counterparties within the following durational bands.

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	Р	В	0	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

The Link Asset Services' creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the PCC uses will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings

but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The PCC is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service:

- if a downgrade results in the counterparty / investment scheme no longer meeting the PCC's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the PCC will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the PCC's lending list.

Sole reliance will not be placed on the use of this external service. In addition the PCC will also use market data and market information, information on any external support for banks to help support its decision making process.

UK banks – ring fencing

The largest UK banks (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits) are required by UK law to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The PCC will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

4.3 Country limits

The PCC has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.3. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

The UK is excluded from any stipulated minimum sovereign rating requirement.

4.4 Investment strategy

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

The majority of funds will be placed in call accounts, money market funds or short-term deposits. Alternatively, tradable certificates of deposit (CDs) will be acquired.

Investments of up to 2 years will also be allowed with the Royal Bank of Scotland Group. No material change in Government ownership is expected during that period. This policy will potentially enable the PCC to lock in investment returns whilst continuing to adopt a low risk approach.

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- 2020/21 0.75%
- 2021/22 1.00%
- 2022/23 1.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods of up to 3 months days during each financial year are as follows:

	Now
2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are broadly similar to the downside.
- In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the PCC's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end. A limit of £20m is recommended in order to provide officers with flexibility to take advantage of time and cash limited offers, which sometimes exceed 364 days when initially offered, or to place deposits for up to 2 years in order to lock in investments returns whilst continuing to adopt a low risk approach.

The PCC is asked to approve the treasury indicator and limit:

Table 10 - Maximum principal sums invested > 364 days					
	2020/21	2021/22	2022/23		
Principal sums invested	£20m	£20m	£20m		

4.5 Investment risk benchmarking

The PCC has approved benchmarks for investment Security, Liquidity and Yield.

These benchmarks are simple guideline targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position, and amend the operational strategy depending on any changes.

The proposed benchmarking targets for 2020/21 are set out below:

- a) **Security** the PCC's maximum security risk benchmark for the current portfolio, when compared to historic default tables, is:
 - 0.25% historic risk of default when compared to the whole portfolio.
- b) Liquidity in respect of this area the OPCC seeks to maintain:
 - Bank overdraft limit £0.1m
 - Liquid short term deposits including the receipt of government grants, council tax precept income and use of short-term borrowing - of at least £5m available within one week.
 - 'Weighted Average Life' benchmark 9 months (270 days), with a maximum of 2 years.
- c) **Yield** performance target is to achieve:
 - an average return above the weighted average 7 day, 3, 6 and 12 month LIBID rates (i.e. the bespoke TVP benchmark)

Any breach of the indicators or limits will be reported to the PCC, with supporting reasons, in the quarterly performance monitoring reports. Members of the Joint Independent Audit Committee will also be notified.

4.6 End of year investment report

At the end of the financial year the Chief Finance Officer will report on the investment activity as part of his Annual Treasury Report.

5 Appendices

5.1 Economic background (as provided by Link on 14.11.2019)

UK. Brexit. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January; however, even if a Conservative Government gains an overall majority in the general election on 12 December, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020.

While the Bank of England went through the routine of producing another quarterly Inflation Report, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers are worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that is worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down - to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence the MPC views inflation as causing little concern in the near future.

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and both of the largest parties have made significant promises in their election manifestos to increase government spending. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure. In addition, it has to be borne in mind that even if the post-election Parliament agrees the deal on 31 January 2020, the current transition period for negotiating the details of the terms of a trade deal with the EU only runs until 31 December 2020. This could prove to be an unrealistically short timetable for such major negotiations which leaves open two possibilities; one the need for an extension of negotiations, probably two years, or a no deal Brexit in December 2020.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in October to 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, this

was about half of what had been expected. The unemployment rate fell back again to a 44 year low of 3.8% on the Independent Labour Organisation measure in September, despite the fall in numbers employed, due to numbers leaving the work force. Wage inflation has been edging down from a high point of 3.9% in July to 3.8% in August and now 3.6% in September, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 1.9%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

In the **political arena**, a general election could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 1.9% in quarter 3; it is expected to fall further. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy is cooling, while inflationary pressures are also weakening; CPI inflation fell from 2.3% to 2.0% in September.

The Fed finished its series of increases in rates to 2.25 - 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 - 1.75%. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt).

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

However, in early November, a phase one deal was agreed between the US and China to roll back some of the tariffs which gives some hope of resolving this dispute.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels "at least through the end of 2019", but that was of little help to boosting growth in the near term. Consequently, it announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a resumption of quantitative easing purchases of debt for an unlimited period; (at its October meeting it said this would start in November at €20bn per month - a relatively small amount compared to the previous buying programme). It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments will need to help stimulate growth by 'growth friendly' fiscal policy.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support (i.e. subsidies) to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

5.2 Credit and Counterparty Risk Management

Specified and Non-Specified Investments and Limits

Specified Investments

'Specified' investments are sterling investments of not more than one year maturity made with any institution meeting the minimum 'high' quality criteria where applicable

Non-Specified Investments

These are any investments which do not meet the specified investment criteria. A maximum of 50% will be held in aggregate in non-specified investment

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

Investments of up to 2 years will continue to be allowed with the Royal Bank of Scotland (RBS) Group, since no material change in Government ownership is expected during that period. This policy will potentially enable the PCC to lock in investment returns whilst continuing to adopt a low risk approach.

The proposed criteria for (a) Specified and (b) Non-Specified investments are presented below for approval.

a) Specified Investments

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the PCC has the right to be repaid within 12 months if it wishes.

	Minimum credit criteria / colour band	Maximum investment per institution	Maximum maturity period
The PCC's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	bana	Minimal	ponod
DMADF – UK Government	N/A	No limit	6 months
Money Market Funds (MMF) – (Low Volatility Net Asset Value) & (Constant Net Asset Value)	AAA by at least 2 rating agencies and minimum asset base of £500m	£25m or 1% of total asset base per institution whichever is the lower figure	Liquid (instant access)
Local authorities	N/A	£10m	1 year
Term deposits with RFB banks and building societies	Blue Orange Red Green	£40m £30m £20m £15m	Up to 1 year Up to 1 year Up to 6 months Up to 100 days
CDs or corporate bonds with RFB banks and building societies	Blue Orange Red Green	£40m £30m £20m £15m	Up to 1 year Up to 1 year Up to 6 months Up to 100 days

b) Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as 'specified' above). The identification and rationale supporting the selection of these other investments, and the maximum limits to be applied, are set out below.

Non-specified investments would include any sterling investments with:

	Minimum credit criteria / colour band	Maximum investment per institution	Maximum maturity period
Local authorities	N/A	£10m	5 years
Term deposits with banks and building societies	Purple	£30m	Up to 2 years
	Blue (RBS)	£20m	Up to 2 years
CDs or corporate bonds with banks and building societies	Purple	£30m	Up to 2 years
	Blue (RBS)	£40m	Up to 2 years

5.3 Approved Countries for investments

AAA

- Australia •
- Canada •
- Denmark •
- Germany •
- Luxembourg Netherlands •
- •
- Norway •
- Singapore •
- Sweden •
- Switzerland •

AA+

- Finland •
- U.S.A. •

AA

- Abu Dhabi (UAE) •
- France •
- Hong Kong •
- U.K. •

AA-

- Belgium ٠
- Qatar •

THIS LIST IS AS AT 14.11.19