

Report for Information

JOINT INDEPENDENT AUDIT COMMITTEE



Title: Annual Internal Audit Report 2017/18
Executive Summary: This report details the Annual Internal Audit Report 2017/18, including the Chief Internal Auditor's Annual Internal Audit Opinion.
Recommendation: The Committee is requested to note and endorse the Annual Report of the Chief Internal Auditor for 2017/18.
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 This report details the Annual Internal Audit Report 2017/18, including the Chief Internal Auditor's Annual Internal Audit Opinion.

2 Issues for Consideration

- 2.1 Attached in Appendix A is the Annual Report of the Chief Internal Auditor for 2017/18. The document includes the following details:
 - Requirement and framework.
 - Quality assurance and improvement.
 - Internal Audit Strategy and methodology.
 - Chief Internal Auditor's Annual Internal Audit Opinion.
 - Internal Audit performance.
 - Resource allocation and utilisation.
 - Summary of Audit Outcomes for 2017/18.
 - Effectiveness of Internal Audit Questionnaire results.

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 Internal Audit Strategy and Annual Plan 2017/18.

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 details the Annual Internal Audit Report 2017/18, including the Chief Internal Auditor's Annual Opinion Statement.	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: 12 June 2018

Director of Finance (TVP)

Date: 19 June 2018

APPENDIX A





JOINT INTERNAL AUDIT SERVICE ANNUAL INTERNAL AUDIT REPORT 2017/18

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1. Requirement and Framework

- 1.1 The statutory requirement and framework for an internal audit service within the Police sector is detailed within the Accounts and Audit (England) Regulations 2015 and the Home Office Financial Management Code of Practice for the Police Forces of England and Wales (2013). The internal document that summarises the service is the Police and Crime Commissioner (PCC) and Chief Constable's Joint Corporate Governance Framework.
- 1.2 The Joint Internal Audit Team is governed by the framework and guidance set out in the Public Sector Internal Audit Standards (PSIAS). The PSIAS defines Internal Audit as an "independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".
- 1.3 The PSIAS requires the Chief Internal Auditor to "deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report must incorporate:
 - the opinion;
 - a summary of the work that supports the opinion; and
 - a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme."
- 1.4 The PSIAS also requires the Joint Internal Audit Team to implement and maintain an Audit Charter, which formally defines the service's purpose, authority and responsibility. The Joint Internal Audit Service has adopted an Internal Audit Charter, which was reviewed and updated in December 2017.

2. Quality Assurance and Improvement

- 2.1 The Joint Internal Audit Team completed its annual self-assessment against the PSIAS Framework (including the Chartered Institute of Public Finance and Accountancy's (CIPFA) Local Government Application Note (LGAN)) in May 2017. The assessment confirmed that the team continues to comply with virtually all of the standards. There were eight areas of full compliance that required a small amount of work to review and update arrangements. There were also six areas of partial compliance, where further work was needed. These areas were included within the team's Quality Assurance and Improvement Programme Action Plan (QAIP), which was reported to the Internal Audit Oversight Group (previously named the Audit Board attended by the Force's Director of Finance, the OPCC's Chief Finance Officer and the Chief Internal Auditor) and Joint Independent Audit Committee (JIAC) throughout 2017/18. As at April 2018, all actions have been completed.
- 2.2 The assessment identified two areas where the risk of non-compliance have been accepted. These areas were reported to the JIAC in June 2017 and are:
 - Work programmes must be approved prior to their implementation and any adjustments approved promptly (Performance Standard 2240.A1).
 Quality reviews are undertaken on the Audit Planning document, Draft and Final Audit Briefs.

- The Chief Audit Executive (i.e. Chief Internal Auditor) has defined the skills and competencies for each level of auditor, as well as periodically assessing individual auditors against the predetermined skills and competencies (CIPFA LGAN - Attribute Standards 1230). The team have up to date Job Descriptions, the annual appraisal process and maintain their IIA Continuing Professional Education (CPE) record that identifies core audit competencies.
- 2.3 Standard 1312 of the PSIAS relates to "External Assessments". These "must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation". The Joint Internal Audit Team was externally assessed by CIPFA in October 2017. The opinion of the external assessor for the Joint Internal Audit Team is that "the service generally conforms to all the requirements of the PSIAS and Local Government Application Note", which is the best outcome the team could have achieved. The assessment noted two recommendations and three suggestions. The status of these, as at April 2018, is:
 - Produce an updated Audit Charter (recommendation) completed.
 - The JIAC undertaking annual reviews of its remit and effectiveness (recommendation): CIPFA's "Audit Committees: Practical Guidance for Local Authorities and Police (2017 Edition)" has been obtained and will be reviewed to identify any changes or improvements to the current arrangements - ongoing.
 - Including a section in the team's annual declaration form regarding the Seven Principles of Public Life (suggestion) completed.
 - Consider the use of specialist data interrogation and analysis software (suggestion): Following a review of the options, costs and benefits, specific data analysis software will not be purchased completed.
 - Include a paragraph in the audit report template that states that the audit has been conducted in conformance with the PSIAS completed.

3. Internal Audit Strategy and Methodology

- 3.1 The Internal Audit Strategy and Annual Plan for 2017/18 was noted and endorsed by the JIAC in March 2017, with the Joint Internal Audit Plan being designed to enable the Chief Internal Auditor's Annual Internal Audit Opinion to be produced.
- 3.2 The plan identified the individual audit assignments and assurance work that was to be completed during the year. Each review was undertaken using a risk-based approach, in accordance with the team's Audit Manual. Quality assurance over the audit output is achieved with reviews at key stages of the process (i.e. planning stage and Audit Brief, on completion of the audit testing, draft report and final report).
- 3.3 Progress in delivering the Joint Internal Audit Plan, as well as notification of any changes, were reported to the Internal Audit Oversight Group and JIAC throughout 2017/18.
- 3.4 The Internal Audit Service was delivered by an in house team consisting of the Chief Internal Auditor and Principal Auditor. ICT audit days were provided by the ICT audit specialists at TIAA Ltd.

4. Chief Internal Auditor's Annual Internal Audit Opinion

On the basis of the work completed by the Joint Internal Audit Team during 2017/18, the opinion on the governance framework, risk management arrangements and internal controls in place is **reasonable assurance**. The system of internal control is good and the majority of risks are being effectively managed.

Areas were identified through our work where the design or effectiveness of arrangements in place required enhancing or strengthening. Where these areas were reported, management responded positively and identified appropriate actions to address the risks raised.

To support this year's opinion, additional sources of assurance were utilised where they provided commentary on the effectiveness of the organisation's governance framework or management of risk. The assurances obtained generally provided a positive view of the organisation's arrangements.

Overall, the opinion demonstrates a good awareness and application of effective risk management, control and governance to facilitate the achievement of the organisation's objectives and outcomes.

- 4.1 In arriving at the opinion, we have taken into account the following:
 - The results of all audits and assurance work completed as part of the 2017/18 Joint Internal Audit Plan (paragraphs 4.2 4.5).
 - Assurance summary for Hampshire Constabulary (HC) led collaborations (4.6).
 - Any additional assurance provided by an external review body (paragraphs 4.7 4.8).
 - The progress made in implementing agreed actions from any issued final audit reports (paragraphs 4.9 4.10).
 - Whether or not any significant control weaknesses have not been accepted or addressed by management (paragraphs 4.11).
 - Whether or not any limitations have been placed on the scope of Internal Audit's work (paragraphs 4.12).

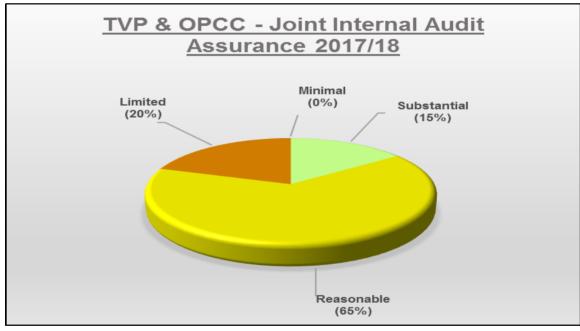
2017/18 Joint Internal Audit Plan

4.2 The 2017/18 Joint Internal Audit Plan has been completed, with the table below detailing the number of days and plan % coverage by TVP CCMT Area and OPCC.

TVP (CCMT) / OPCC Area	Total Days	Plan %
TVP - Crime & Criminal Justice	64 days	18%
TVP - Local Policing	30 days	9%
TVP - Operations	0 days	0%
TVP - Regional Crime and Counter Terrorism	0 days	0%
TVP - Information	43 days	13%
TVP - Deputy Chief Constable	51.5 days	16%
TVP - Finance	22.5 days	7%
TVP - People	15 days	5%

TVP (CCMT) / OPCC Area	Total Days	Plan %
OPCC	15 days	5%
General	15 days	5%
Other	73.5 days	22%
TOTAL PLANNED DAYS	329.5 days	100%

- 4.3 Amendments were made to the plan content during the year, with all changes being approved by the Internal Audit Oversight Group and noted by the JIAC. The changes were:
 - Removing the ICT Asset Management audit and replacing it with the ICT Incident and Problem Management review.
 - Including Business Continuity as part of the planned Risk Management audit.
 - Including a review of Gifts, Hospitality and Interests arrangements.
 - Minor audit title changes or day allocation alterations.
- 4.4 The Annual Internal Audit Opinion is predominantly supported by the work completed by the Joint Internal Audit Team. This is summarised by the following graph:



4.5 In relation to the audit outcomes, the table below summarises the assurance rating for each completed audit. Appendix 2 details the full list of planned audits, the assurance ratings and the performance of actual days against the planned days.

TVP Substantial Assurance (15%) The system of internal control is strong and risks are being effectively managed. Some minor action may be required to improve controls. Force Demand and Resilience Management. ICT - Information Technology Infrastructure Library Change Management. OPCC Victims Service Redesign.

The	Reasonable Assurance (65%) e system of internal control is good and the majority of risks are being effectively managed. Some action is required to improve controls.
TVP	 Bail Management (Pre-charge and RUI). Child Exploitation Framework and Governance. Cyber Crime (Framework and Oversight). Ethics and Cultural Learning. Firearms Licensing (Administration and Management). Force Business Continuity Arrangements. Force MASH Restructure (Action Plan and Oversight). Gifts, Hospitality and Interests. ICT – Incident and Problem Management. Information Management - Data Security and Encryption. Key Financial Controls. Mental Health Framework and Governance.
OPCC	Police and Crime Plan Monitoring.
The sy	Limited Assurance (20%) vstem of internal control is limited and the majority of risks are not being effectively managed. Actions are required to improve controls.
TVP	 ERP (TVP Governance, Sprint & Testing Process). Force Risk Management Arrangements. ICT - Application Lifecycle Management. TVP Internet and Intranet Content Management.
OPCC	None.
The	Minimal Assurance (0%) system of internal control is weak and risks are not being effectively managed. Significant action is required to improve controls.
TVP	• None.
OPCC	None.

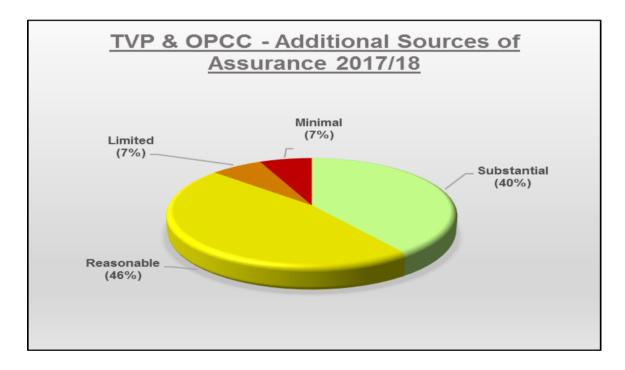
HC Assurance Summary

- 4.6 An assurance statement has been received from HC which covers the internal audit approach for 2017/18 for the Joint Operations Unit and Contact Management. The main points to highlight are:
 - The audit needs of each collaborative function are reviewed annually with the risk based approach to planning ensuring that audit reviews are included within the plan, as required.
 - Joint Operations Unit: Given the assurance over operational matters from other sources (i.e. HMIC, College of Policing, ACC for Operations sign off of staff training and skills), the planning discussions confirmed that internal audit activity should continue to centre around governance and finance. The last JOU review was reported in April 2017 and resulted in a limited assurance opinion. HC have confirmed that all of the actions agreed to address the issues raised have been

- implemented. No further work was conducted in this area in 2017/18 as a result.
- Contact Management: During 2017/18, the only element of Contact Management subject to collaboration is the Senior Management Team. A high level review of the governance arrangements was completed, which resulted in an adequate assurance opinion, with no significant issues raised.

Additional Sources of Assurance

4.7 To support the Annual Internal Audit Opinion, additional sources of assurance which are provided by an external review body have been captured. These reviews either comment on the organisation's internal arrangements or where a service has been commissioned and / or delivered by an external provider. Not all of the additional sources identified align with the Joint Internal Audit Team's four grade assurance rating framework. Where the additional assurance could not be aligned, the auditor's professional judgement has been used to assign a rating, based on the content of the reports and any issues raised. The outcome of this work is summarised by the following graph:



4.8 The tables below summarise the assurance rating for each additional source of assurance:

Substantial Assurance (40%)

- Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS):
 TVP PEEL Police Efficiency (including Leadership) 2017.
- United Kingdom Accreditation Service (UKAS): Forensic Investigation Unit Assessment.
- UKAS: South East Regional Organised Crime Assessment.
- UKAS: Counter Terrorism Policing South East Assessment.
- National Police Information Risk Management Team (NPIRMT): Police Approved

Secure Facilities Security Review Checklist (Kier Workplace Services).

• Comparing Police and Crime Commissioners (CoPaCC) Transparency Quality Mark.

Reasonable Assurance (46%)

- HMICFRS: TVP PEEL Police Legitimacy (including Leadership) 2017.
- HMICFRS: TVP PEEL Police Effectiveness 2017.
- Ofsted / Care Quality Commission (CQC) / HMICFRS and HMI Probation: Joint targeted area inspection of the multi-agency response to abuse and neglect in Wokingham.
- Information Commissioners Office (ICO): Freedom of Information Decision Notices 2017/18.
- Buckinghamshire County Council Internal Audit: Pensions System audit.
- HM Treasury Government Internal Audit Agency: CGI Payroll Environment audit.
- Hampshire PCC and Hampshire Constabulary Internal Audit: Collaboration arrangements Contact Management Senior Leadership Team audit.

Limited Assurance (7%)

• Sussex PCC and Sussex Police – Internal Audit: ERP Programme (Position Statement) audit.

Minimal Assurance (7%)

HMICFRS: Crime Data Integrity.

Management Action Progress

- 4.9 The Joint Internal Audit Team follow up management's progress in implementing agreed actions from any issued final audit reports. Any overdue and outstanding actions are reported to the JIAC on a quarterly basis. For 2017/18, the number of actions reported to the JIAC in June 2017 was six. Throughout the year, there was a steady increase in the number of overdue actions, peaking at 30 in December. By March 2018, the number of overdue and outstanding actions was 26. These were broken down by year as:
 - 2015/16: 1 action overdue.
 - 2016/17: 14 actions overdue.
 - 2017/18: 11 actions overdue.
- 4.10 The actions relate to most areas of the Force, as well as the OPCC. Although progress is being made to complete the actions, there are a number of reasons for the actions not being implemented, ranging from staff resources, competing priorities and work taking longer than originally planned. The monitoring of overdue actions will be a specific focus for 2018/19.

Opinion Disclaimer

4.11 It should be noted that it is management's responsibility to operate the system of governance, risk and control, not Internal Audit. It is also management's responsibility to identify and implement appropriate management actions to mitigate the risks reported, or alternatively, to recognise and accept risks resulting from not taking action. If the latter option is taken by management on significant issues, the Chief Internal Auditor would bring this to the attention of the Internal Audit Oversight Group and the JIAC. In completing the Joint Internal Audit Plan, there have been no significant control weaknesses accepted or not addressed by management.

- 4.12 In providing the opinion, assurance can never be absolute, but is based on the scope of each review and the testing completed. The opinion only reflects the issues that the Joint Internal Audit Team are aware of and is not a comprehensive statement of all the weaknesses that exist or improvements that may be required. There have been no limitations placed on the scope of the team's work and there were no resource issues during the year. Appendix 1 details the planned audit days compared to the actual audit days delivered.
- 4.13 The Annual Internal Audit Opinion is considered by the Governance Advisory Group and included within the PCC's and Chief Constable's separate Annual Governance Statements.

5. Internal Audit Performance

5.1 The following table shows the performance targets monitored by the Internal Audit team during 2017/18.

Performance Measure	Target	2017/18 Performance	Comments	2016/17 Performance
Days between testing start date and the First Draft Report. (Aim: 4 x the agreed audit day allocation (original or revised)).	85%	80% (16 / 20)	Small improvement compared 2016/17. The four audits outside the PI were over by an average of 20 days.	78% (14 / 18)
Days between the First Draft Audit Report and the Final Draft Audit Report. (Aim: 20 days).	85%	90% (18 / 20)	A good level of performance as well as a small improvement compared to 2016/17. The two audits outside the PI were over by an average of 26 days.	89% (16 / 18)
Days between the Final Draft Audit Report and the Final Audit Report. (Aim: 10 days).	85%	100% (20 / 20)	Excellent performance achieved for 2017/18.	78% (14 / 18)
Audit reviews completed within the agreed audit day allocation. (Aim: Each audit day allocation (original or revised)).	90%	95% (19 / 20)	Excellent performance achieved for 2017/18.	100% (18 / 18)

Performance Measure	Target	2017/18 Performance	Comments	2016/17 Performance	
Joint Internal Audit Plan delivered.					
(Aim: Each audit review completed, excluding any agreed changes (i.e. removed audits)).	95%	100% Excellent performand achieved for 2017/18.		100% (18 / 18)	
Annual Internal Audit Quality Questionnaire outcome. (Aim: Responses who strongly or tended to agree with the statements).	95%	90%	Although a good level of performance has been achieved, this has reduced compared to 2016/17.	94%	

- 5.2 Overall, the Joint Internal Audit Team has had a successful year, which is evident from the excellent PSIAS assessment outcome, continued positive customer feedback, well received audit reviews and good performance against the team's performance targets. Appendix 3 details the results of the Effectiveness of Internal Audit Questionnaire. In addition to the good level of performance achieved, the other key achievements for the team are:
 - Continued development and embedding of the in-house service.
 - Creating a Joint Internal Audit Team webpage on the Knowzone.
 - Effective operation of the ICT audit contract.
 - Facilitating the Internal Audit Oversight Group meetings.
 - Ongoing development of the collaboration audit approach, including updating the protocol, regular Collaboration Governance Board reporting and producing an annual assurance statement for Hampshire Constabulary.
 - Quarterly update meetings with ICT Senior Management to discuss ICT audits and progress in implementing audit actions.
 - Developing the additional sources of assurance work.
 - Creating and facilitating the Governance, Assurance and Compliance Group, with attendees form the Governance and Service Improvement Unit, Health and Safety and ICT Assurance functions.
 - Assisting internal assurance teams in developing their local processes.
 - Supporting the Force's external United Kingdom Accreditation Service assessment.
- 5.3 In terms of areas for improvement, the Joint Internal Audit Team will
 - Continually assess and ensure compliance with the PSIAS.
 - Work with ICT Senior Management to ensure an effective ICT audit relationship, delivery of planned audits and implementation of management actions.

- Continue to develop and support cross organisation communication and liaison between internal assurance functions.
- Take on board and respond to any feedback from audit customers, as well as look to review and revise the end of year audit questionnaire process and format.
- Identify any team process efficiencies, to ensure an effective audit service for TVP and the OPCC.
- Support both organisations to ensure effective implementation of agreed audit report actions.
- Focus on achieving a Green RAG status for each audit performance indicator.

Neil Shovell Chief Internal Auditor June 2018

APPENDIX 1

Resource Allocation and Utilisation

The following table details a comparison between the planned audit days and actual days delivered for 2017/18.

Description	Planned 2017/18 Days	Actual 2017/18 Days	Difference	Comments	
Internal Resource	435	435	0	None.	
External Resource	30	31	1	Additional day allocated to the ICT - Incident and Problem Management audit.	
TOTAL	465	466	1		
Overheads	83	85	2	Additional team sickness.	
Non- chargeable	17	14.5	-2.5	Less days spent on non-chargeable work.	
Corporate Work	34	37	3	Additional days spent on Collaboration Governance Board reporting, Internal Audit Oversight Group reporting and Governance & Service Improvement Unit liaison.	
Audit Work	331	329.5	-1.5	Less days spent on advice & consultancy and the NFI data matches.	
TOTAL	465	466	1		

APPENDIX 2 Summary of Audit Outcomes for 2017/18

Key to assurance ratings:

Substantial	The system of internal control is strong and risks are being effectively managed. Some minor action may be required to improve controls.
Reasonable	The system of internal control is good and the majority of risks are being effectively managed. Some action is required to improve controls.
Limited	The system of internal control is limited and the majority of risks are not being effectively managed. Actions are required to improve controls.
Minimal	The system of internal control is weak and risks are not being effectively managed. Significant action is required to improve controls.

TVP (CCMT) / OPCC Area	Audit	Assurance Rating	Planned Days	Revised Days	Actual Days
ACC Crime & Criminal Justice	Bail Management (Pre-charge and RUI)	Reasonable Assurance	12 days	N/A	12 days
ACC Crime & Criminal Justice	Child Exploitation Framework and Governance	Reasonable Assurance	15 days	N/A	15 days
ACC Crime & Criminal Justice	Cyber Crime (Framework and Oversight)	Reasonable Assurance	12 days	14 days	15.5 days
ACC Crime & Criminal Justice	Firearms Licensing (Administration and Management)	Reasonable Assurance	12 days	16 days	16 days
ACC Crime & Criminal Justice	Force MASH Restructure (Action Plan and Oversight)	Reasonable Assurance	15 days	5 days	5 days
ACC Local Policing	Force Demand and Resilience Management	Substantial Assurance	15 days	N/A	15 days
ACC Local Policing	Mental Health Framework and Governance	Reasonable Assurance	15 days	N/A	15 days
Deputy Chief Constable	ERP (TVP Governance, Sprint & Testing Process)	Limited Assurance	18 days	14 days	14 days
Deputy Chief Constable	Force Risk Management and Business Continuity Arrangements	Risk Management – Limited Assurance	12 days	18 days	18 days

TVP (CCMT) / OPCC Area	Audit	Assurance Rating	Planned Days	Revised Days	Actual Days
		Business Continuity - Reasonable Assurance			
Deputy Chief Constable	TVP Internet and Intranet Content Management	Limited Assurance	12 days	16.5 days	16.5 days
Deputy Chief Constable	Gifts, Hospitality and Interests	Reasonable Assurance	0 days	3 days	3 days
Director of Finance	Key Financial Controls	Reasonable Assurance	20 days	22.5 days	22.5 days
Director of Information	ICT - Application Lifecycle Management	Limited Assurance	10 days	N/A	10 days
Director of Information	ICT - Asset Management	Removed	10 days	0 days	N/A
Director of Information	ICT - Incident and Problem Management	Reasonable Assurance	0 days	11 days	11 days
Director of Information	ICT - Information Technology Infrastructure Library Change Management	Substantial Assurance	10 days	N/A	10 days
Director of Information	Information Management - Data Security and Encryption	Reasonable Assurance	12 days	N/A	12 days
Director of People	Ethics and Cultural Learning	Reasonable Assurance	15 days	N/A	15 days
OPCC Chief Executive Officer	Police and Crime Plan Monitoring	Reasonable Assurance	12 days	12 days	2.5* days
OPCC Chief Executive Officer	Victims Service Redesign	Substantial Assurance	12 days	13 days	13 days
General	Limited Assurance Audit Follow Up	N/A	10 days	5 days	5 days
General	Sources of Assurance	N/A	11 days	10 days	10 days
		Total Days	260 days	261 days	256 days
Other	JIAC Days	Not Required	10 days	10 days	0 days

(*Note: The Police and Crime Plan Monitoring audit has been completed as part of the 2018/19 Joint Internal Audit Plan carry forward allocation).

APPENDIX 3

Effectiveness of Internal Audit Questionnaire Results

To gauge customer opinion of the quality and effectiveness of the Joint Internal Audit Team, a questionnaire was circulated to customers and key stakeholders during May 2018. In total, 61 questionnaires were sent and we received 25 responses to the questions raised below.

Question	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Unable to Comment
I have been given adequate information on the role and purpose of Internal Audit	18	6			
I am consulted by Internal Audit on the key risks and critical systems in my area	12	9	2	1	
I am satisfied that Internal Audit is independent	17	6			1
I am given an opportunity to comment on Internal Audit's annual work plan	14	6	2	2	
I can discuss the relevance of the planned audit activity throughout the year, and I have the opportunity to request other areas to be looked at where assurance is required	14	4	3	3	
On individual audit assignments, where appropriate, I have an opportunity to provide input to the planning of Internal Audit work	15	6	2	1	
Internal Audit reports are timely, practical and support managers in the management of their key risks	12	9	1	1	1
Internal Audit is effective in delivering improvements to the control environment	11	11	1		1
OVERALL ANALYSIS	121	57	11	8	3
%	61%	29%	5%	4%	1%

A comparison of the results of the 2018 questionnaire against the 2016 and 2017 responses is summarised below:

Responses	May 2016	May 2017	May 2018
% of questionnaires returned	49%	35%	41%
% who strongly agreed with the statements	61%	64%	61%
% who tended to agree with the statements	34%	30%	29%
% who tended to disagree with the statements	1%	3%	5%
% who strongly disagreed with the statements	0%	2%	4%
% who were unable to comment	4%	1%	1%

In addition to the responses above, the following comments were recorded on the questionnaires returned:

- The team is getting better at evaluating where we need to focus against risk rather than simply auditing a function that our checklist states has not been audited for three or more years. I would like to see more of this thinking. Governance and closer working relationships have improved greatly over the last 12 months.
- This is the first year I have been involved in the audit process. The audit in my
 department was effective, intrusive without being overbearing and useful. I was
 able to submit a variety of suggestions to the team for audit this year and
 negotiate when the audit will be undertaken (moved from quarter 1 to quarter 4)
 to ensure it is most useful.
- I have marked a few answers twice as there was no neither agree or disagree option. This is due to my knowledge and very limited involvement with the audit team.
- Although I have worked with the Independent Audit team before, I was disappointed this time that the audit did not really look at what I felt were the main areas of risk. Hence the recommendations were not particularly focused or useful.
- I worked with Amy Shearn on two audits this year. I found her to be very responsive and supportive in developing her audit scope and constructive in the findings presented.
- It is not very well publicised. I have had personal dealings in respect of the Code
 of Ethics Audit and was able to speak from experience, but as a 'team' their role
 may not be very well known. The audit is valuable as it highlights areas that may
 not be readily identifiable to those who are in the midst of the work.
- The team are very approachable and willing to discuss findings. We have worked together to minimize duplication between our areas. Going forward I would be keen to explore the potential for recommendations to feature in the Service Improvement Plans that all LPAs / OCUs (and some departments) will be having. While I do feel there is a lot of value to the work of the team, it does also feel like the audits are becoming an increasing burden on me and fellow managers but there may be just a reflection of how high the demands are generally at the moment.
- Whilst it is important that the business determines management actions in response to risks raised, it would be helpful if Internal Audit could act as critical friend, making sure the actions are SMART and address the original risk – I think this would enable better delivery, better risk management, and fewer actions that deviate from what was originally planned, and therefore provide better assurance at JIAC. (Happy to discuss with examples).
- I do have limited experience of these audits due to my role. The knowledge I do have is that the actual reports are easy to read, succinct which is a good thing. Personally, I need to understand how to best utilise these audits into my own business.
- Internal Audit has gone consistently well in TVP. Much credit to the Internal Audit team.
- I find the audit team effective and engaging and am particularly pleased with

their willingness to engage with the nuisance of systems and processes. Inevitably with audit there is a strong focus on the here and now, and it remains important that we understand the development journey different parts of the organisation are on.

No issues to raise, team appears to work well.



JOINT INDEPENDENT AUDIT COMMITTEE



Report for Decision: 13 July 2018

Title: Annual Governance Statement 2017/18

Executive Summary:

Local authorities, including the Police, are required to produce an annual governance statement (AGS) to show the extent to which they comply with their own code of corporate governance.

On 16th March the Committee was presented with an early draft of the AGS for consideration and comment.

Attached at Appendix 1 is a single, combined, draft AGS which shows how the Chief Constable and the Police and Crime Commissioner (PCC) have complied with their joint Code of Corporate Governance during 2017/18.

The joint AGS is published in the annual Statement of Accounts for 2017/18 that the PCC and Chief Constable have produced.

Following an internal officer review of effectiveness of the present governance arrangements there are NO significant issues that require immediate attention, nor are there any potential issues that may have an adverse impact on the internal control environment during 2018/19.

Following consideration by this Committee the updated AGS will be presented to the PCC and Chief Constable for their consideration and formal sign-off at the PCC's Level 1 public meeting on 25th July 2018.

Recommendation:

The Committee is asked to review the Annual Governance Statement for 2017/18 and endorse the conclusion contained therein.

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 CIPFA/SOLACE Good Governance Framework establishes the principles and the standards of governance against which all local government bodies, including police and crime commissioners and chief constables, should assess themselves. *Delivering Good Governance in Local Government* urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of corporate governance on an annual basis, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the corporate governance and internal control framework.
- 1.2 The annual governance statement (AGS) should provide a brief communication regarding the review of governance that has taken place and the role of the governance structures involved. It should be high level, strategic and written in an open and readable style. It should be focused on outcomes and value for money and relate to the body's vision for the area.

Local Position

- 1.3 The PCC and Chief Constable are established as separate legal entities, or 'corporations sole', which means they are both entitled to own assets and employ staff. Accordingly, they must also produce their own Statement of Accounts and Annual Governance Statements (AGS).
- 1.4 The PCC and Chief Constable have approved a joint Framework for Corporate Governance which includes a joint Code of Corporate Governance to explain how the PCC and Chief Constable will comply with the principles of good governance for the public service. The 2017/18 Framework was approved by the PCC and Chief Constable on 31st March 2017.
- 1.5 The Annual Governance Statement for 2017/18 is attached at Appendix 1. We have produced a single, combined, AGS which has been incorporated in the PCC (and Group) and Chief Constable Statement of Accounts.
- 1.6 The Governance Framework on pages 2 to 10 [of Appendix 1] explains how the Chief Constable and PCC have complied with the seven key headings from the approved Code of Corporate Governance.
- 1.7 The financial management arrangements in Thames Valley are explained on pages 8 and 9. This is a key requirement of the Code of Practice on Local Authority Accounting in the United Kingdom.
- 1.8 The Review of Effectiveness on pages 10 to 16 explains how the governance framework has operated in practice during the financial year.
- 1.9 As in previous years there are **no** significant governance issues requiring immediate attention, nor are there any potential issues that will require close monitoring during 2018/19 to ensure they do not impact adversely on the

internal control environment. In coming to this conclusion the Governance Working Group considered the potential implications and/or concerns of a number of key national and local issues from a governance perspective. The issues, and the reasons they have not been included in an Action Plan, are set out below.

HMICFRS Considerations:

- a. Introduction of Force Management Statements despite the late circulation of revised guidance to Forces following national consultation at the end of 2017, all Forces produced their first iteration of a Force Management Statement within the required timescale. The intention is that the FMS will be an instrument of self-assessment, incorporating an understanding of demand, capacity, capability, assessment of the condition of assets, financial state and plans for future delivery of services. Production of the Statement is a significant resource-intensive undertaking but, if allowed to evolve proportionately with the needs of the Force at its core, it could have great value to strategic decision-makers.
- b. Crime Data Integrity Inspection outcome TVP were inspected by HMICFRS in the autumn of 2017, and received an 'Inadequate' grading. Half of the 20 Forces inspected so far have received this grade, with five being graded 'requires improvement' and five graded 'good'. Audits undertaken by the Force Crime Registrar team had already highlighted a number of areas for process improvement, with the inspection report providing further corroboration of areas to address. The pre-existing action plan has been refreshed to take account of the findings, and is being governed through a Gold Group chaired by the DCC. There was no suggestion that the Force were ignoring calls for service from the public, or were failing to attend and deal with incidents and crimes. The inspection report also found evidence of a strong ethical culture and that officers and staff acted with integrity.

Change Programme / Project Considerations:

- c. The Contact Management Platform (CMP) CMP has taken longer to deliver and cost significantly more than originally expected or planned for by TVP and Hampshire Constabulary, but the business benefits out-weigh the additional cost and effort to both Forces. For example, the platform will enable the entire citizen contact journey to be managed by one, integrated, platform, allowing call-handlers and officers to provide a rapid and better-informed response to victims. In addition, it will further develop the understanding of demand and assist in the reduction of unnecessary contact as well as targeting areas of need. The delay and cost issues have not been due to a lack of governance in TVP and Hampshire Constabulary. In practice, Project Boards, Chief Constables and PCCs have been kept updated on progress and key decisions have been taken at the joint TVP/HC collaboration Governance Board in respect of variations to system design specifications, delivery and implementation timetables and costs.
- d. Emergency Services Network (ESN) / Emergency Services Mobile Communications Project (ESMCP) This national ESN / ESMCP programme is now running approximately 2 years behind timetable, which has implications for both national and local budgets. TVP continues to

proactively monitor national developments and local financial and operational plans are adjusted accordingly. This is not a local governance or internal control issue.

- e. **Enterprise Resource Planning (ERP)** this tri-force project has experienced the delays and challenges that would be anticipated given the complexity and diversity of existing processes and systems. There is a tri-force governance board, as well as local TVP Project Board. Respective PCCs and chief officers are updated on a regular basis. The delays and cost increases were not caused by inappropriate governance arrangements.
- f. SE Regional Integrated Technology (SERIT) / SE Regional Integrated Policing (SERIP) Programme this programme of work is in the discovery phase, and will lead to the identification, scoping and implementation of opportunities for increased regional collaboration across multiple service delivery areas. A governance structure is in place to manage discovery and any projects resulting from the current activity, including the DCCs' SERIP board.

Of particular note is that ERP, ESMCP and SERIT / SERIP governance arrangements have been tightened over the past twelve-months, with oversight, monitoring and decision-making being driven through the collaborated DCCs board structure.

Whilst there is a substantial amount of organisational and technological change planned or in progress, all projects and programmes have been structured into logical portfolio groups. These reflect regional, bi-lateral and single-force impacts, with a corresponding governance framework.

There are also a number of **national programmes**, such as NLEDS and Home Office Biometrics, which impact on the Force. These are being kept under review by the respective Force leads.

Organisational & Operational Considerations:

- g. **TVP** 'Force Operating Model' The new model was implemented on 1st June 2017 which coincided with a significant increase in operational demand (up 9% nationally) and national terrorist incidents. As would be anticipated with such a large-scale change, there were some implementation issues, most notably the impact of the new shift pattern on officer wellbeing. Issues were identified and managed operationally at both Force and local level. These issues did not result from inappropriate governance arrangements, and have since been addressed through the tactical and strategic forums put in place to manage the transition.
- h. Custody contract There have been a number of service failures over the course of the current service contract including custody suite closures that impact not only on the custody function but also the LPAs and wider Force. This has resulted in some limited additional financial investment into the contract. The majority of these issues are related to staffing and recruitment/staff retention issues. The process has been handled by both Criminal Justice and Procurement departments and there

has been no breach of governance or internal control arrangements. Following mediation the service is showing good signs of improvement. The present custody contract expires on 31 March 2019 and a new tender process is underway.

- Forensic services TVP procures some of its forensic services through Key Forensics. This company went into administration on 31st January 2018 and a national rescue package is being implemented through the APCC, NPCC and Home Office. TVP Procurement department are working with the operational units to manage the position.
- j. **HBOS** fraud case the PCC has raised concerns locally and nationally as to the impact of large-scale criminal investigation into banking fraud (such as in the HBOS case) upon the operational budgets of Thames Valley Police. However, the group considered that, in terms of governance, effective mechanisms already exist to ensure the Chief Constable (and PCC) has effective oversight of the financial and operational implications of lengthy and onerous criminal investigations, and the impact in terms of the volume of resultant fraud cases.
- k. Policing significant public events the Force has a history of policing large-scale public events, protests and serious incidents, such as Royal Ascot and the Didcot Power Station collapse. The current calendar year will see two Royal weddings take place in Windsor, HS2 activity, an increase in protected people resident in the Force area and continued planning for Operation Bridge, alongside routine events planning and policing. Command protocols are in place to manage the impact and the events themselves, with recourse to mutual aid or other resource capabilities through established national processes if required.
- Internal audit reports reports issued during 2017/18 were considered; however, it was felt that there were no outcomes or actions of sufficient seriousness and relevance to qualify as a potential risk to the effectiveness of the overall corporate governance arrangements.
- m. Collaboration Apart from SERIT/SERIP (mentioned above) there are no further significant new collaborative initiatives anticipated or planned for in the near future and, as such, no impact upon governance will occur.

National Considerations:

- n. **Brexit** exit from the European Union is likely to have some operational and financial impact upon Thames Valley Police but, at this time, it is difficult to quantify any implications and any resultant changes to operational policing and/or the corporate governance framework are unlikely to take effect during 2018/19. This issue is being considered nationally, and will be closely monitored as negotiations develop. An update will be provided in next year's AGS.
- o. PCC as appellate body for police complaints the forthcoming changes to the national police complaints system will see a transfer of responsibility for acting as the appellate body in respect of complaints made against police officers and staff below the rank of chief constable from the Chief Constable to the PCC. The new arrangements will be developed in consultation with the Force's Professional Standards

Department (PSD). The formal transfer of responsibility is now expected to happen in 2019. As this transfer of responsibility represents a statutory national requirement, there are not considered to be any local corporate governance issues or implications.

p. Governance of Fire and Rescue Services (FRS) – The Policing and Crime Act 2017 included provisions for the PCC to take over governance of the FRS, subject to a business case being approved by the Home Office. However, in August 2017 the PCC decided that he will not actively pursue changes to the governance arrangements of the three FRS in the Thames Valley. Instead the 3 FRS and TVP will continue to explore further collaboration opportunities. The Deputy PCC will also sit on the joint TVP/FRS collaboration governance board.

2 Issues for consideration

- 2.1 In considering the Annual Governance Statement and the effectiveness of current governance arrangements, the PCC and Chief Constable are invited to consider the following questions:
 - a) Does the AGS provide an accurate representation of the corporate governance and internal control environment in place in Thames Valley Police during 2017/18 and its adequacy and effectiveness?
 - b) From their knowledge of the organisation, are members happy to endorse the statement that there are no significant governance issues requiring immediate attention during 2017/18?
 - c) Are members happy with the list of potential governance issues listed in paragraph 1.9 above and the reasons provided by the Governance Advisory Group for not including them in the 2017/18 AGS?

3 Financial comments

3.1 There are no specific financial implications arising directly from this report.

4 Legal comments

4.1 The Accounts and Audit (England) Regulations 2015 require both the PCC and Chief Constable to prepare a set of accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK and are subject to audit. The PCC and Chief Constable are both required to produce an annual governance statement.

5 Equality comments

5.1 There are none arising specifically from this report

6 Background papers

Delivering Good Governance in Local Government: Framework. Report to the Joint Independent Audit Committee on 15th March 2017.

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 The AGS has been produced as a joint statement between the PCC and Chief Constable and explains how the two corporations' sole have complied with their joint code of corporate governance.	PCC Chief Finance Officer
Legal Advice The AGS complies with the requirements of the Accounts and Audit Regulations 2015 and the CIPFA Code of Practice on Local Authority Accounting in the UK	Chief Executive
Financial Advice No specific issues arising from this report.	PCC Chief Finance Officer
Equalities and Diversity No specific issues arising from this report	Chief Executive

PCC CHIEF OFFICERS' APPROVAL

We have been consulted about the report and confirm that appropriate financial and legal advice has been taken into account.

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

Chief Executive Date 4 July 2018

Chief Finance Officer Date 4 July 2018

Annual Governance Statement 2017/18

This annual governance statement explains how the Police and Crime Commissioner (PCC) and Chief Constable for Thames Valley have complied with their published corporate governance framework for the year ended 31 March 2018, including plans for the financial year 2018/19.

A glossary of terms is provided at the end of this document.

SCOPE OF RESPONSIBILITY

The PCC and Chief Constable were established on 22 November 2012 as separate legal entities ('corporations sole') which means they are both entitled to own assets and employ staff.

The PCC is responsible for ensuring his business is conducted in accordance with the law and proper standards and, consequently, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Both the PCC and Chief Constable are required to, and have, appointed chief financial officers who each have a fiduciary duty to the local taxpayer for securing the efficient use of public funds. Under the Local Government Act 1999 the PCC makes arrangements to secure continuous improvement in the way his functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the PCC is responsible for putting in place proper arrangements for the governance of his affairs and facilitating the exercise of his functions, which includes ensuring a sound system of internal control is maintained and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC places reliance on the Chief Constable to support the governance and risk management processes.

The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, his police officers and staff remain operationally independent in the service of the public. In discharging his overall responsibilities the Chief Constable is responsible for establishing and maintaining appropriate risk management processes, governance arrangements and ensuring that there is a sound system of internal control which facilitates the effective exercise of these functions.

The PCC and Chief Constable have approved and adopted a Code of Corporate Governance (the Code) which is consistent with the principles of the CIPFA / SOLACE guidance 'Delivering Good Governance in Local Government' (http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition)

This Annual Governance Statement explains how the PCC and Chief Constable have complied with the Code and the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 to conduct a review of the effectiveness of the system of internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The fundamental function of good governance in the public sector is to ensure that entities (i.e. the PCC and Chief Constable) achieve their intended outcomes whilst acting in the public interest at all times.

The governance framework comprises the systems and processes, and culture and values by which the PCC and Chief Constable discharge their responsibilities and through which the police service accounts to and engages with the community. It enables the PCC to monitor the achievement of his strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost effective services including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the governance arrangements that have been put in place for the PCC and Thames Valley Police (TVP) include:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The PCC and the Chief Constable have jointly developed and approved a 'Joint Corporate Governance Framework' which clarifies the working relationship between the PCC, Chief Constable and their respective staff. This includes the code of corporate governance, the scheme of delegation and financial regulations. The Framework is informed by the requirements of 'The Good Governance Standard for Public Services' and is consistent with the seven Nolan principles of standards in public life.

The national Code of Ethics sets and defines the exemplary standards of behaviour for everyone who works in policing, placing an absolute duty on staff. The Code applies to everyone in policing; officers, staff, volunteers and contractors. It applies both on and off duty. It guides behaviour within the organisation as much as it informs how to deal with those outside.

Measures are in place to ensure that the PCC, Deputy PCC and employees of the Office of the PCC (OPCC) and TVP are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. This includes the Anti-Fraud and Corruption Policy and guidance on the acceptance of gifts, loans and hospitality.

The PCC and Chief Constable have transparent and accessible arrangements for dealing with complaints received from the public.

The Force has a Professional Standards Department (PSD) whose role is to uphold the ethical and professional standards of TVP by managing the application of police misconduct regulations, and the administration of complaints by members of the public against police officers and police staff below the rank of Chief Constable. Complaints against the Chief Constable are dealt with by the PCC. The independent Thames Valley Police and Crime Panel (PCP) handles formal complaints made against the PCC.

A Complaints, Integrity and Ethics Panel has been jointly established by the PCC and Chief Constable to facilitate the discharge of their respective statutory obligations around handling and monitoring of police complaints, and to ensure that issues relating to policing integrity, ethics and professional standards are considered in order to maintain public confidence in policing. It does this by providing an annual assurance report to the PCC and Chief Constable.

Both the PCC and Chief Constable demonstrate respect for the rule of law and comply with relevant laws and regulations. Both employ in-house legal advisors to provide assurance of the same and guidance upon lawful decision making. The PCC is independent of Force management and operational decision-making, which is the responsibility of the Chief Constable.

The PCC and Chief Constable create the conditions for all members of the OPCC and Force to be able to discharge their responsibilities in accordance with good practice. Guidance originating from the College of Policing is disseminated force-wide by the Learning and Development Team in People Services. Similarly, best practice for PCCs is obtained via the Association of Police and Crime Commissioners (APCC), Association of Policing and Crime Chief Executives (APAC²E) and Police and Crime Commissioners' Treasurers Society (PACCTS), and is disseminated amongst the OPCC.

Entrenched mechanisms ensure that legal and regulatory breaches and misuse of power are dealt with effectively. The PCC and his Deputy are subject to a Code of Conduct that is consistent with the Nolan principles. The Chief Executive of the OPCC is also the designated statutory Monitoring Officer, and the OPCC Governance Manager is Deputy Monitoring Officer, of the PCC's actions and decisions.

B. Ensuring openness and comprehensive stakeholder engagement

The PCC, as a directly elected representative of the public, has made his commitments for policing and crime clear in his election manifesto. In addition, the PCC has a statutory responsibility to consult the Chief Constable and obtain the views of the community and victims of crime about the policing of the Force area, and he must have regard to their views as well as the priorities of responsible authorities before issuing a Police and Crime Plan.

The PCC's Police and Crime Plan sets out his strategic policing and crime priorities and key aims, and how these will be delivered. His Plan is supported by the Force Commitment, Force Annual Delivery Plan, the OPCC's Strategic Delivery Plan and the Financial Strategy. The Police and Crime Plan has due regard to the Strategic Policing Requirement as issued by the Home Secretary and is developed in consultation with the Chief Constable, and informed by the views of the local community, victims of crime and the priorities of other key stakeholders.

The priorities and objectives of the PCC, as informed by the above processes, are clearly articulated and disseminated in the Police and Crime Plan. The Plan must be published by the end of the financial year in which the PCC is elected and, in the Thames Valley, is reviewed on an annual basis to ensure it remains relevant and fit for purpose. In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public.

The PCP meets regularly to review and scrutinise the decisions and actions of the PCC and his performance in delivering the objectives contained in his Police and Crime Plan. It also meets specifically to consider the PCC's proposed annual precept increase, Police and Crime Plan, Annual Report and any proposed appointments to the roles of Deputy PCC, Chief Constable, OPCC Chief Executive and OPCC Chief Finance Officer.

Arrangements have been agreed and implemented for the PCC to hold the Chief Constable to account for Force performance and compliance with other requirements, including a schedule of formal public and private meetings, i.e. regular public meetings with the reports and agendas published on the PCC's website, supplemented by regular private liaison meetings between the PCC and Chief Constable (in respect of which minutes are taken but not published).

The Framework of Corporate Governance defines the parameters for decision making, including delegations, financial regulations and contract regulations. The PCC has published his policy statement on decision making. All formal and significant PCC decisions taken in accordance with this policy are published on the website.

The PCC proactively publishes information to maintain openness and transparency with the public on this same website; in doing so he also meets his obligations under the Elected Local Policing Bodies (Specified Information) Order 2011 and, as a public authority, under the Freedom of Information Act 2000.

The PCC published his 2016/17 Annual Report last June (2017). This explained his main achievements during that financial year and also provided information on operational and financial performance during 2016/17. His 2017/18 Annual Report is due to be published in June 2018.

The Chief Constable has prepared and published the Force Commitment and the annual Delivery Plan. Quarterly Delivery Plan updates are provided to the PCC Level 1 public meeting, and published on the PCC's website, culminating in an end-of-year report of progress against stated objectives.

The Code of Ethics, the Force Commitment and the Force Delivery Plan are published on the TVP website. Information about neighbourhood policing, partnerships and sponsors, corporate events and public misconduct or special case hearings is also published, including details of upcoming hearings and how to attend.

The PCC and Chief Constable regularly attend local authority council meetings across the Thames Valley and provide formal briefings to constituency MPs to brief them on policing and crime issues in their local areas. In addition, the PCP acts as a two-way mechanism to enable Panel representatives to inform the PCC of local policing and crime matters of importance to their respective local authorities, and to brief their authorities of the activities and initiatives of the PCC (and the Panel).

The PCC works with and part-funds local authority Community Safety Partnerships, Youth Offending Teams and Drug and Alcohol Teams across the Thames Valley to support crime reduction and community safety activities in their local areas. Such activities are aligned to the PCC's strategic objectives, as set out in his Police and Crime Plan, and are funded from the PCC's Community Safety Fund. Through working in partnership, these activities not only help the PCC to deliver his strategic objectives but also support partners in achieving their local priorities too.

The PCC is a member of the Thames Valley Local Criminal Justice Board which meets regularly to consider and discuss the performance of the local criminal justice system and any issues or initiatives being addressed individually and collectively by the criminal justice agencies. An Assistant Chief Constable (ACC) represents TVP on the Board. The PCC was Chairman of the Board for the period January 2016 to January 2018.

The Force has appropriate mechanisms for engaging with a variety of institutional stakeholders. The Chief Constable holds regular, quarterly, meetings to which the chief executives of all statutory partners are invited. This is a strategic information sharing and briefing forum for key partners, including Local Authorities, blue light services and health providers. In addition, Local Police Area Commanders routinely engage with the local Authority commensurate to their geographic area, including their Community Safety Partnership. Multiple partnership forums exist across the operational policing landscape, including Multi-Agency Safeguarding Hubs, and joint governance boards meet monthly or quarterly to manage bi-lateral arrangements between Thames Valley Police and Hampshire Constabulary. The Regional DCCs board has been re-named the SERIP Board and meets quarterly to discuss regional change programmes and projects.

The OPCC and TVP communication and engagement strategies explain how local people can interact with the PCC and the Chief Constable to ensure that their views inform decision making, accountability and future direction.

In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public and at what cost. Furthermore, the decisions and actions of the PCC are subject to regular review and scrutiny by the PCP.

The Chief Constable has a statutory duty to make arrangements for obtaining the views of persons within each neighbourhood about crime and disorder in that neighbourhood. Force engagement with the public takes place on many levels, from daily street contact and phone calls through to attendance at public meetings and formal surveys in relation to service priorities, levels and quality. Community Forums have been established across the force area and are active partnerships between the public, statutory and voluntary agency partners and local policing teams. "Have your say" is a consultation and priority setting process which aims to increase public consultation and ensure that the Force tackles issues which most concern communities. In addition, the Force runs 'Cover It Live' on-line events specific to themes or incidents, and has active social media outlets including Facebook and Twitter. The Thames Valley Alert system also enable public engagement en masse.

C. Defining outcomes in terms of sustainable service and economic benefits

The PCC's Police and Crime Plan sets out his strategic policing and crime priorities and key aims, and how these will be delivered.

The Chief Constable has published the Force Commitment and annual Delivery Plan, outlining a clear vision of the organisation's purpose, priorities and strategic intentions, taking account of the PCC's Police and Crime Plan and the Home Secretary's national Strategic Policing Requirement. Progress against strategic objectives is assessed through Delivery Plan Priority Outcomes, and reviewed via the Service Improvement Reviews, Force Performance Group and Strategic Vulnerabilities framework.

The organisation is committed to the identification and consideration of collaboration opportunities with regards systems, processes and resourcing to sustain service delivery and increase the capacity of the organisation without diminishing capability and access to specialist services.

Major partnerships and consortia involving the Force and the PCC are governed by formal collaboration agreements under Section 22A of the Police Act 1996, or by Memoranda of Understanding, as appropriate. Joint collaboration oversight boards provide strategic oversight and an approval process intended service outcomes to be delivered for collaboration activity. These collaboration boards comprise Chief Officers and the PCC from each Force.

There are also partnership arrangements in place with other agencies and stakeholders to manage vulnerability caused by the changing crime landscape, including Multi-Agency Safeguarding Hubs.

The Medium Term Financial Plan (MTFP) and Medium Term Capital Plan (MTCP) ensure that planned activities to support the objectives of the PCC and Chief Constable are financially sustainable in the longer term. The Productivity Strategy is an integral part of the MTFP and identifies where savings and efficiencies can be achieved and hence more resources directed to priority areas. The Local Operating Model Review continues to consider service delivery at LPA-level, managing the policing response and developing the Force Understanding of demand to make best use of resources. The Effectiveness & Efficiency programme has replaced PBB as the methodology adopted to identify the respective costs and priority of services to help direct investment into priority areas to achieve a sustainable service that balances effectiveness with efficiency, ensuring economic viability and benefit.

Risk and business continuity are managed through an operational and change programme framework at a local and strategic level to manage and mitigate threats to achieving outcomes to service delivery. Strategic Risk and Business Continuity is managed within the Strategic Governance Unit, bringing together horizon scanning, local risk registers and change-programme risk and business continuity issues.

The Force and PCC have duties to consider the impact on equality of proposed changes to policies, procedures and practices. Equality Impact Assessments are routinely undertaken by TVP for policies and change programmes to assess impact internally and externally for staff, stakeholders and the public.

D. Determining the actions necessary to achieve the intended outcomes

The Force planning cycle incorporates the annual strategic assessment and PESTELO analysis, financial plans, workforce plans and the Police and Crime Plan to inform the annual Delivery Plan. Measures and intended outcomes are proposed and approved through the Chief Constable's Management Team (CCMT), and monitored through the performance framework.

The Chief Constable maintains MTFPs, which form the basis of the annual budgets and provide a framework for the evaluation of future proposals.

Workforce and asset management plans are developed and approved through the PCC's Level 1 meeting. Activities are then reflected in the Force Delivery Plan and governed through local implementation teams with oversight from Force-level forums such as the CCMT, Force Transformation Board and Strategic Resourcing & Resilience. The Delivery Plan is reviewed on a quarterly basis, with updates against activities published for the public. Through each forum, decision makers receive objective analysis of options to achieve outcomes in line with organisational plans. Programme and project planning incorporates risks, costs and benefits realisation.

Decision-making at all levels of the Force is undertaken within the framework of the National Decision Model, which has the Code of Ethics at its core. The National Decision Model was introduced to ensure a greater focus on delivering the mission of policing, acting in accordance with values, enhancing the use of discretion, reducing risk aversion and supporting the appropriate allocation of limited policing resources as the demand for them increases. Both are now fully entrenched in the Force, to ensure officers have the tools to act lawfully in their decision making and to enable them to use their full powers for the benefit of citizens, communities and other stakeholders.

With regards change programmes, change proposals are governed through Force Change Review Part 1, which co-ordinates and prioritises proposals, assessing them against the organisations strategic objectives, capacity and financial capability. Each proposal is captured through an application, then if appropriate a business case.

In-flight programmes are managed by a Programme Board, chaired by a Senior Responsible Officer. Updates inform the Force Change Review Part 2 to enable co-ordination, planning and the oversight of resources from enabling departments to achieve the desired outcomes. All programmes and projects have strategic oversight through the Force Transformation Board, Collaboration Programme Board, and respective Chief Officer Groups. Collaborated programmes have consideration to and management of shared risks.

The PCC and Chief Constable's joint system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

The Chief Constable produces a MTFP and a MTCP which are reviewed throughout the financial year alongside the OPCC's reserves to provide an effective framework for decision making. The MTFP and MTCP are closely aligned to the PCC's Police and Crime Plan and the Force Commitment. The PCC approves the MTFP and the MTCP as well as the annual budgets. The PCP must review the PCC's proposed council tax precept increase and make recommendations to the PCC before he formally sets the annual budget in February. Formal budget monitoring is undertaken on a regular basis throughout the year, i.e. it is presented to the PCC's regular public Level 1 meetings between the PCC and Chief Constable (with agendas and minutes published on the PCC's website as well as being reviewed regularly by the CCMT.).

The Productivity Strategy forms an integral part of the MTFP and incorporates the outcomes of initiatives such as Effectiveness & Efficiency or the Estates Asset Management Plan. Under the Productivity Strategy, £10.5m of cash savings were identified and removed from the revenue budget during 2017/18.

Force and Local Police Area Tasking and Co-ordination Group processes enable the regular review of operations, performance and resource deployment in an operational setting. CCMT provides strategic oversight for performance against Delivery Plan measures and priorities, as well as financial plans and asset management plans.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

The PCC and Chief Constable ensure that their statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation. Specialist advice, in areas such as taxation, legal and treasury management, is sourced externally, as this is more practical and cost-effective. The PCC and Chief Constable use the annual staff appraisal process to focus individual employee contributions towards corporate objectives and measures, and to facilitate continuous professional development.

Chief Officers have clearly defined leadership roles and are responsible for implementing strategy and managing the delivery of services within their respective portfolios.

Officers and staff manage their performance and continuous development through the Performance Development Review framework. An annual assessment of competencies and objectives linked to

Delivery Plan outcomes is supported by interim reviews and a requirement for senior officers and staff to undertake Continuous Professional Development. The framework also allows for the management of poor performance or attendance where it is identified. The Force has a stated Health and Wellbeing Strategy, along with "A Roadmap to Success – Equality, Diversity and Inclusion" to develop the workforce and move towards being increasingly reflective of the communities it serves. The Force is committed to being considered an employer of choice.

Chief Officers have promoted a learning environment climate focussed on continuous service improvement, recognising the importance of independent and peer review when needed. Integral to this is the identification of lessons learned, recommendations and identified areas for improvement through benefits realisation reports, results analysis, individual management reviews, serious case reviews and Her Majesty's Inspectorate of Constabulary, Fire and Rescue Service (HMICFRS) inspection processes.

The PCC appointed a Deputy to assist him discharge his statutory functions in January 2017. The PCC and Deputy PCC have received appropriate induction training. Ongoing training will include attendance at appropriate national conferences and seminars.

The PCC has also implemented a staffing structure within the OPCC to ensure it has the necessary capability and capacity to support him deliver his statutory functions, such as commissioning services for victims and witnesses. The PCC reviews the workload and capacity of his office via the internal OPCC Strategic Delivery Plan, which allows him to identify workload priorities and staffing needs in accordance with the delivery of his strategic objectives.

The PCC is a member of the national Association of Police and Crime Commissioners (APCC). The Chief Constable and his fellow chief officers are members of the National Police Chiefs' Council (NPCC).

F. Managing risks and performance through robust internal control and strong public financial management

The Chief Constable, officers and staff all recognise that risk management is an integral part of their daily function, in operational, corporate and change environments. The Risk Management Policy is supported by the Risk and Business Continuity Communications Strategy. The management of risk is governed through the Force Risk Management Group, which exists to oversee the continuation of strategic risk management and business continuity processes, take ownership of strategic risk issues and delegate actions to appropriate risk managers, and accept strategic risk reports and recommendations through governance and service improvement, authorise actions and allocate resources where necessary.

The PCC and Chief Constable monitor service delivery effectively via their respective performance regimes.

The PCC has a duty to hold the Chief Constable to account for the performance of TVP generally. The PCC has therefore implemented an effective scrutiny and oversight function. He holds quarterly public meetings at which the Chief Constable is required to demonstrate that the Force is performing against the strategic priorities and key aims in the PCC's Police and Crime Plan, the Home Secretary's Strategic Policing Requirement and the Force's own Delivery Plan. Similarly, the PCC meets monthly with the Chief Constable on a private basis to review and discuss more regularly the general performance of the Force against topical national, regional and local issues. The PCC maintains an HMICFRS tracker to follow up upon any risks to the performance of the Force that have been highlighted by HMICFRS inspections. The OPCC provides an update against its Strategic Delivery Plan to the PCC on a monthly basis via the Senior Management Group meeting. The PCC therefore receives regular reports on service delivery plans and on progress towards outcome achievement of the priorities and aims set out in the Police and Crime Plan.

The Chief Constable holds a quarterly Performance Group meeting together with his management team, regularly attended by the PCC as an observer, in which the Chief Constable reviews performance of the Force against the annual Delivery Plan. The Service Improvement Review framework is a

comprehensive schedule of LPA or Departmental review meetings, starting with a period of fieldwork, and culminating with a meeting, chaired by the DCC with attendance from the local command team, to review findings and set actions. A performance update against the Force delivery plan is considered monthly at the CCMT meetings. This same meeting determines and monitors Force strategy, policies and performance. Gold Groups are set up and managed in response to particular areas of vulnerability or to manage particular areas of performance as necessary, for example in response to a critical incident.

The Chief Constable has implemented monthly Performance Risk Meetings, chaired by the Deputy Chief Constable, in which constructive challenge and debate on operational policies and procedures is encouraged. Each meeting will involve a review of the end-to-end process against policy and procedure, determining areas of risk and problem-solving those areas. The findings of these meetings are fed into the Chief Constable's Performance Group.

The Force Risk Management Group oversees risk management within the Force and is chaired by the Chief Constable. The Group focusses on strategic risks but also monitors risk management processes across the Force, including within change programmes. The OPCC maintains its own risk register.

Effective counter fraud and anti-corruption arrangements are in place and are monitored, in the main, by the PSD. The Anti-Fraud and Corruption Policy is updated every two years and is considered and endorsed by the Joint Independent Audit Committee (JIAC) before formal publication. It was last updated in December 2016.

The Internal Audit Team provides assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control.

A Joint Independent Audit Committee (JIAC) has been established in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and the Financial Management Code of Practice. The JIAC's main role is to provide assurance to the PCC and Chief Constable that the internal control and governance framework, including risk management is operating effectively. It does this by providing an annual assurance report to the PCC and Chief Constable. The JIAC meets in public and reports and minutes are placed on the PCC's website.

The Force manages its information in accordance with the Data Protection Act 1998, the Freedom of Information Act 2000 and the Code of Practice on the Management of Police Information, and this is overseen by the Information Governance Board chaired by the Director of Information. The Joint Information Management Unit leads on information compliance for both TVP and Hampshire Constabulary (HC) and ensures that appropriate policies and procedures are in place. The Joint Information Management Unit is also responsible for providing guidance on lawful sharing of information with partners and maintains a library of Information Sharing Agreements. Information Asset Owners have been appointed to manage the risks to specific information types, supported by a network of data guardians. NCALT training packages on the Code of Practice on the Management of Police Information and the Government Security Classification policy are mandatory for all officers, staff and volunteers who have access to information and completion rates are monitored by the Information Governance Board.

The PCC and Chief Constable's joint system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

Financial management arrangements

The Chief Constable produces a MTFP and a MTCP which are regularly reviewed during each financial year and form the basis of the annual budgets, to provide an effective framework for decision making. Formal budget monitoring is undertaken on a regular basis throughout the year, i.e. it is regularly reviewed by the CCMT as well as being presented to the PCC's regular public Level 1 meetings between the PCC and Chief Constable (with agendas and minutes published on the PCC's website).

The Productivity strategy is an integral part of the MTFP challenging the effectiveness of the force and identify savings and efficiencies to help balance the budget whilst achieving the PCC's and Chief Constable's objectives. £10.5m of cash savings were identified and removed from the revenue budget during 2017/18. The delivery savings within the Productivity Strategy are monitored as part of the regular financial monitoring.

The Chief Internal Auditor reports jointly to the PCC's Chief Finance Officer and the Chief Constable's Director of Finance. The Chief Internal Auditor provides a regular update to the JIAC and also provides an independent opinion on the adequacy and effectiveness of the risk management, control and governance processes.

The financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer of the PCC and the Chief Financial Officer of the Chief Constable (March 2014).

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

The PCC and the Chief Constable attempt to strike a balance between providing the right amount of information to satisfy transparency demands and enhance effective public scrutiny whilst not being too onerous to provide and for users to understand.

The PCC's decisions and actions are scrutinised by the PCP, which includes reviews of significant documentation produced by the OPCC for the benefit of the public. Decisions made by the PCC are published in accordance with a template that ensures they are easy to access and interrogate. Similarly, public reports are compiled in accordance with best practice and scrutinised by the JIAC.

The PCC complies with the Elected Local Policing Bodies (Specified Information) Order 2011 and publishes required information on his website.

The Chief Constable's Corporate Communications department oversee communications to the public on behalf of the Force. In doing so they abide by the corporate style guide, which is designed to ensure communications are issued in an understandable style appropriate to the intended audience. In addition the PCC has his own communications team.

The PCC and Chief Constable both report at least annually on performance, value for money, and the stewardship of resources to stakeholders in a timely and understandable way.

The PCC and Chief Constable maintain a process to assess the extent to which the organisation is applying the principles contained in the Framework of Corporate Governance and publish the results of that assessment in the Annual Governance Statement, including an action plan for improvement and evidence to demonstrate good governance in action.

The PCC and Chief Constable ensure that the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar entities.

The PCC and Chief Constable ensure that all accepted recommendations for corrective action made by external audit are acted upon.

The Joint Internal Audit team has direct access to the PCC, Chief Constable and the JIAC, and provides assurance with regard to the organisation's governance arrangements. The JIAC monitors progress with regards to timely implementation of agreed internal audit report actions.

Both the PCC and Force are subject to external independent scrutiny and review, through the external audit of their financial statements, systems and management arrangements, and through the inspection of policing performance by HMICFRS. The resultant audit and inspection reports are published on both the PCC and TVP websites.

HMICFRS is charged with independently assessing the effectiveness and efficiency of police forces and fire & rescue services, in the public interest. The PCC is required to publish a response to formal reports issued by HMICFRS. The Force engages fully with the cycle of PEEL inspections, Joint Targeted Area Inspections and Thematic Inspections as required.

The PCC and Chief Constable make best use of peer challenge, reviews and inspections from regulatory bodies (e.g. HMICFRS) and implement agreed recommendations.

Before delivering key services through third party suppliers the PCC and Chief Constable gain assurance on risks associated with service delivery and subject these arrangements to regular review.

When working in partnership, the PCC and Chief Constable ensure that the arrangements for accountability are clear and that the need for wider public accountability has been recognised.

ARRANGEMENTS FOR REVIEW OF EFFECTIVENESS

The PCC and Chief Constable are responsible for reviewing the effectiveness of the governance framework on at least an annual basis. This includes:

a) The Police and Crime Commissioner

The PCC has the following key statutory duties and powers to:

- produce and publish a five-year Police and Crime Plan that sets out the PCC's policing and crime objectives;
- set the annual policing precept;
- secure the maintenance of an efficient and effective police force;
- hold the Chief Constable to account for the exercise of their functions and of those personnel under their direction and control;
- have regard to the relevant priorities of, and act in co-operation with, responsible authorities in exercising their crime and disorder reduction responsibilities, including the making of related grants to any person;
- make arrangements with criminal justice bodies to provide an efficient and effective criminal justice system for the area;
- commission victims services;
- power to take on the responsibility for the governance of fire and rescue services within the Force area; and
- produce and publish an annual report.

The following key governance activities took place during 2017/18 and demonstrate how the PCC has discharged these powers and duties during that year:

- The updated framework for corporate governance was approved on 31 March 2017;
- The PCC submitted his 2017/18 budget and council tax precept proposals to the meeting of the PCP held on 3rd February 2017. The Panel endorsed the PCC's proposed 1.99% increase in council tax precept for 2017/18;
- The PCC allocated £3.0m from his Community Safety Fund in 2017/18 to help improve community safety and crime prevention across the Thames Valley. £2.7m was given to local authorities and £0.3m was retained by the OPCC to help fund Thames Valley-wide initiatives;
- The PCC published his 2016/17 Annual Report in June 2017 to highlight major achievements during his fourth full financial year in office and to report on operational and financial performance during 2016/17;
- In March 2017 the OPCC updated its Strategic Delivery Plan for 2017/18. This is an internal OPCC management action plan that supports the PCC to monitor the delivery of both policing and non-policing activities, targets and measures within the Police and Crime Plan. Progress reports were presented to the PCC in public meetings on a regular basis throughout the year and the Plan is reviewed and updated each year;
- During the autumn the PCC worked closely with the Chief Constable to update the MTFP (2018/19 to 2020/21). He submitted his 2018/19 budget and council tax proposals for 2018/19

to the Police and Crime Panel meeting on 2^{nd} February 2018. The Panel endorsed his £12 (or 7%) increase in Band D council tax;

- The PCC is actively engaged in the oversight and scrutiny of key collaboration activities (e.g. South East region; Bilateral with Hampshire; Chiltern Transport Consortium and the National Police Air Service);
- The PCC represents South East region and Eastern region PCC colleagues on the National Police Air Service Board;
- Four PCC public Level 1 meetings were held in 2017/18, supplemented by monthly private liaison and Performance Development Review meetings between the PCC and Chief Constable, to enable the PCC to hold the Chief Constable to account;
- On 16 August 2017 the PCC announced that he will not actively pursue changes to the governance arrangements of the three fire and rescue services in the Thames Valley
- In January 2018 the OPCC received an 'OPCC Transparency Quality Mark' awarded by CoPaCC, an organisation that compares OPCCs on their statutory requirements to be open and transparent via their website

b) The Force

The CCMT met formally on 12 occasions and the Joint Chief Officers Group (TVP and HC) meet formally on 6 occasions during 2017/18 to determine and monitor Force strategy, policies and performance.

During the period under review, there were a number of changes to the membership of CCMT. ACC Laura Nicholson retired from her role in Counter Terrorism Policing South East & SE ROCU. ACC Jason Hogg transferred from his role in Crime and Criminal Justice to Counter Terrorism Policing South East & SE ROCU. Chief Superintendent Tim de Meyer was promoted to ACC Crime and Criminal Justice.

Among the key discussions during the year was the review of the MTFP, MTCP, the PCC reserves and the Asset Management Plan, as part of the annual budget cycle. The financial plans were considered several times and the associated decisions facilitated the formal approval of the Revenue Estimates and Capital Estimates 2017/18 by the PCC at his Level 1 meeting on 24th January 2017. As part of the annual budget process the Productivity Strategy was reviewed and continues to play an important role in identifying options to address the budget shortfall. Outcomes of the PBB Programme continue to be implemented to support this through the prioritisation of services and expenditure.

Each CCMT meeting reviews Force Change programmes, performance and HMICFRS activity. Strategic Risks and Delivery Plan monitoring reports are included quarterly. Other significant areas of note discussed in 2016/17 include Process Evolution resource modelling, training prioritisation, crime data integrity, the Police and Crime Bill (now Act) and the Internal Audit plan.

The Force Transformation Board met on nine occasions and reviewed all in-flight change programmes, including Contact Management, Operating Model, Emergency Services Mobile Communications Project (ESMCP), Enterprise Resource Planning (ERP) and the introduction of the Governance & Service Improvement department. The Board also routinely receives monitoring reports on progress against productivity and efficiency initiatives and an update from Corporate Communications regarding their support of change programmes

Both CCMT and Force Transformation Board are aligned to bilateral forums including Joint Chief Officer Group and Collaboration Board.

The Chief Constable launched the Force Commitment in April 2016. The overarching commitment of working together to make communities safer is supported by four pillars that include sections for what it means for the public, partners and people working or volunteering for TVP.

The HMICFRS rated Thames Valley as 'Good' in the PEEL inspection areas of Legitimacy and Effectiveness, and 'Outstanding' for Efficiency. The Force has been graded 'inadequate' in a recent Crime Data Integrity inspection, with a Gold Group established to address identified process issues and an action plan in place.

In April 2017, the new Governance & Service Improvement department came into being, drawing together corporate and strategic elements of the organisation. The four units of the department are Strategic Governance, Policing Strategy, Change Delivery and Service Improvement. The over-arching function is to provide a central point of co-ordination, governance, strategy, policy and guidance development, and internal evaluation of delivery and opportunities for continuous improvement.

c) The Joint Independent Audit Committee

During 2017/18 the JIAC met five times to consider the external audit and internal audit plans for 2017/18, as well as receiving timely updates in terms of risk management and business continuity. The JIAC also received regular briefings, including appropriate written reports, during the year from the PCC, Chief Constable and relevant senior officers. This included specific updates on ICT. JIAC members also attend Force working groups (including the Force Transformation Board, ICT 2020, TVP/HC Bilateral Governance Board and Performance Group) and other panel meetings (including the Complaints, Integrity and Ethics Panel) as observers to gain a greater understanding of current governance, operational and risk activities and to assist their judgment of the adequacy of the overall Corporate Governance Framework.

The JIAC's Annual Assurance Report for 2017 was presented to the PCC and Chief Constable at their JIAC meeting 13 December 2017. At that time the JIAC was able, based on the information that they had considered collectively or knew about individually, to give assurance to the PCC and Chief Constable that the risk management and internal control environment in Thames Valley was operating efficiently and effectively.

d) The Governance Advisory Group

A joint OPCC/TVP officer governance group operates with terms of reference:

- To provide advice to the PCC and Chief Constable on the application of statutory requirements and guidance relating to issues of corporate governance;
- To review and provide feedback on the effectiveness of the corporate governance systems determined by the PCC and Chief Constable.

A new Joint Code of Corporate Governance, based upon updated CIPFA guidance for police forces, was approved by the PCC and Chief Constable at the PCC's Level 1 meeting on 31 March 2017. Further minor revisions to the Joint Corporate Governance Framework were approved by the PCC and Chief Constable at the PCC's Level 1 meeting on 29 March 2018.

The Governance Advisory Group also developed this joint Annual Governance Statement for 2017/18.

e) Internal audit

The annual report of the Chief Internal Auditor for 2017/18 was presented to the JIAC on 13 July 2018. It contained the following assurance statement on the overall adequacy and effectiveness of the internal control environment:

"On the basis of the work completed by the Joint Internal Audit Team during 2017/18, the opinion on the governance framework, risk management arrangements and internal controls in place is **reasonable assurance**. The system of internal control is good and the majority of risks are being effectively managed.

Areas were identified through our work where the design or effectiveness of arrangements in place required enhancing or strengthening. Where these areas were reported, management responded positively and identified appropriate actions to address the risks raised.

To support this year's overall opinion, additional sources of assurance were utilised where they provided commentary on the effectiveness of the organisation's governance framework or management of risk. The assurances obtained generally provided a positive view of the organisation's arrangements.

Overall, the opinion demonstrates a good awareness and application of effective risk management, control and governance to facilitate the achievement of organisation objectives and outcomes".

f) External audit

On 27 July 2017 Ernst and Young issued unqualified audit opinions in respect of the 2016/17 accounts to both the PCC and Chief Constable, as well as giving an unqualified value for money conclusion. The Auditor was satisfied that the system of internal control put in place by the PCC and Chief Constable was adequate and effective in practice.

g) Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

During 2017/18 HMICFRS published a number of reports which were considered by the Force and PCC. All reports are available on the HMICFRS website:

Date published by HMICFRS	National / Force Report	Report Types	Report Title	Date CC Reported to PCC	PCC Response to HMICFRS: Y/N
05-Jul-17	National	JTAI	Living in fear - the police and CPS response to stalking and harassment.	12-Dec-17	N
14-Jul-17	TVP	JTAI	Joint target area inspection of the multi-agency response to abuse and neglect in Wokingham	12-Dec-17	N
19-Sep-17	National	JTAI	The multi-agency response to children living with domestic abuse	25-Jul-18	Pending
05-Oct-17	National	Thematic	Abuse of position for a sexual purpose	12-Dec-17	N
24-Oct-17	National	Thematic	Stolen Freedom: the policing response to modern slavery and human trafficking	12-Dec-17	N
09-Nov- 17	National	PEEL	PEEL: Efficiency	12-Dec-17	N
09-Nov- 17	TVP	PEEL	PEEL: Efficiency	12-Dec-17	Y
14-Nov- 17	National	Thematic	A progress report on the police response to domestic abuse	25-Jul-18	Pending
30-Nov- 17	National	Thematic	Planes, drone and helicopters: an independent study of police air support	12-Dec-17	N¹
12-Dec- 17	National	PEEL	PEEL: Legitimacy	12-Dec-17	N
12-Dec- 17	TVP	PEEL	PEEL: Legitimacy	12-Dec-17	Y
08-Feb-18	National	PEEL	PEEL: Police Leadership 2017	25-Jul-18	Pending
15-Feb-18	TVP	CDI	Crime Data Integrity Inspection 2017	29-Mar-18	Y
22-Mar-18	National	PEEL	PEEL – Effectiveness	25-Jul-18	Pending
22-Mar-18	TVP	PEEL	PEEL - Effectiveness	25-Jul-18	Y

¹ NPAS is co-ordinating this response

The HMICFRS national 'State of Policing – The Annual Assessment of Policing in England and Wales' report for 2016 was published on 20 April 2017. The Police Act 1996 section 54(4A) requires HM Chief

Inspector of Constabulary to report each year on his assessment of the efficiency and effectiveness of policing in England and Wales. This assessment covers the full breadth of inspections conducted by HMICFRS throughout the year and provides an overview of the policing in England and Wales.

Where appropriate, the PCC (or OPCC) is invited to attend a debriefing provided by HMICFRS following each inspection. Alternatively, the Chief Constable may provide the PCC with a briefing following an HMICFRS inspection.

Depending on the nature of the report, HMICFRS may also require the PCC to publish a response on his website - within 30 working days - to each relevant HMICFRS inspection report. The PCC's responses to relevant HMICFRS inspection reports have all been published.

h) Risk management and business continuity

The Force Risk Management Group met four times during 2017/18 as part of the CCMT strategy meetings. High level strategic risk management and business continuity issues were reported to the JIAC on a timely basis. As at 31st March 2018 there were four risks on the Strategic Risk Register with mitigating actions.

The Strategic Business Continuity Co-ordination Group met once to discuss the strategic resilience panel update, business continuity planning, critical functions review, local resilience forums and business continuity governance (audit, strategy, policy, incident report updates).

Business continuity incidents, categorised by impact, were detailed in quarterly reports to the JIAC, including measures taken to minimise their impact. The majority were related to ICT. The JIAC also received information on exercises to test business continuity plans.

The Business Continuity Management Policy and the Risk Management Policy were reviewed in February 2017. The Internal Auditors have been commissioned to undertake a review of the Risk and Business Continuity processes to assist with their development under the new Strategic Governance model. This audit is due to be undertaken and report in 2018/19.

i) Health and Safety and Environmental Management

An annual report on HS&E was presented to the June 2017 meeting of the Joint Independent Audit Committee for scrutiny. The report covered the key management areas specified within the revised 2013 publication HSG65 'Successful Health & Safety Management' (Appendix A) and documented the continuous improvement of Thames Valley Police policies and procedures for the effective management of health and safety.

The Chief Constable and PCC have published a joint health and safety policy statement outlining their commitment towards securing safe working practices and compliance with applicable health and safety legislation in June 2016. Copies are accessible to all staff via the Intranet, and are displayed on the health and safety notice boards in all premises.

The Health & Safety Management Policy was reviewed and transferred onto the new policy template in January 2018, with no material changes made to the content.

j) Ethics and Integrity

A protocol between the PCC and Chief Constable provides the PCC with overview and scrutiny of complaints handling by the Force. The Complaints, Integrity and Ethics Panel meets every two months and reports jointly to the PCC and Chief Constable. The Panel provides an assessment of how the Force deals with complaints and a challenge and support role in respect of ow the Force respond to ethical issues. During the last 12 months the Panel has challenged the Force on its use of Body Worn Video and other ethical matters e.g. use/allocation of resources, impact on vulnerability and its use of spit hoods. Indeed the HMIC has asked whether Panel could be used effectively going forward.

The Panel presented its Annual Assurance Report 2017 to the PCC and Chief Constable on 23rd January 2018. This 2017 Report highlighted that the Panel had scrutinised complaint files covering the following themes:

- Honesty and integrity
- Discreditable conduct
- Confidentiality improper disclosure of information

The Panel was able to provide an assurance to the PCC and Chief Constable that the complaints handling and management arrangements in place within TVP are operating efficiently and effectively.

The Force also has an internal Integrity Sub-Group, chaired by the Head of the PSD, which meets quarterly.

The Chief Constable continues to promote the fundamental importance of TVP officers and staff employing the highest professional standards, principles which are embodied and enforced through the 'Force Commitment' that was launched to the public, partners and staff from April 2016, and which reflect the importance and requirements of the Code of Ethics. All police officers and staff have been required to complete an on-line training package and attend a dedicated Code of Ethics training session. All new Officers and staff receive training on the Code of Ethics as part of their induction.

In 2017/18 the PSD has received and processed 1,401 complaints and conduct matters and held 56 misconduct meetings and hearings in accordance with the statutory scheme. In addition, the OPCC itself handled 14 complaints made against the Chief Constable in accordance with the statutory police complaints scheme.

k) Thames Valley Police and Crime Panel

During 2017/18 the independent Police and Crime Panel (PCP) met on five occasions. Key activities undertaken by the Panel during the year included reviewing and scrutinising the PCC's Annual Report for the 2016/17 year; scrutiny and consideration of the PCC's 2018/19 budget and council tax precept proposals, and the PCC's views and intentions on the possibility of pursuing the transfer of the responsibility for governance of the Thames Valley fire and rescue services. Over and above these specific activities, the Panel continued to receive and consider regular reports on the delivery of the Police and Crime Plan strategic priorities and key aims, including the contribution made by other partner agencies, and on matters of topical interest to the Panel. In addition, the Panel operates a permanent Complaints sub-committee as well as ad-hoc task and finish working groups. In 2017/18 the OPCC referred four complaints against the PCC to the PCP for resolution by them under the statutory scheme.

The Panel itself published its own 2016/17 Annual Report in June 2017.

I) Collaboration and partnership working

The joint TVP and HC Bi-lateral Collaboration Governance Board formally met four times during 2017/18. This Board oversees and scrutinises the work of the existing collaborative functions (i.e. Operations, ICT and Information Management) as well as development of the Contact Management and Digital Policing programmes. Updates are provided on new collaborative opportunities being explored.

The formal meetings of the TVP and HC Bi-lateral Collaboration Governance Board were supplemented during 2017/18 by specific briefings for the PCCs, and respective senior policing officers, force, and OPCC staff to review the Contact Management Programme and Enterprise Resource Planning ICT projects, and to review progress on the delivery of the ICT strategy in general. In addition to the Governance Board, the joint Chief Officer Group met five times during 2016/17.

Governance of collaboration between forces across the South East region is undertaken at the Regional Governance Board. Four meetings were held during 2017/18. The South East Regional Organised Crime Unit, hosted by TVP, brings together the current regional organised crime units under one structure. It is operationally aligned with the Counter Terrorism Policing, South East (formerly South

East Counter Terrorism Unit). A joint ACC, who reports directly to the Chief Constable of TVP, exercises overall command of the regional crime and counter terrorism functions. The joint ACC also represents serious organised crime at the South East Regional Governance Board and nationally with the National Crime Agency and other key stakeholders.

m) Conclusion

The work carried out by the Governance Advisory Group to review the Joint Corporate Governance Framework itself, and how it has been applied in practice over the financial year 2017/18, has informed the latest review of the Framework which was approved in March 2018. Consequently the PCC and Chief Constable will be able to satisfy themselves that key governance structures supporting the discharge of their responsibilities have and continue to receive effective scrutiny.

SIGNIFICANT GOVERNANCE ISSUES

It should be noted that governance issues facing the organisation are not necessarily a result of weaknesses within the internal control framework. There were no significant governance issues nor any potential governance issues identified in respect of 2016/17, which were due to be monitored during 2017/18.

There are currently no significant governance issues or potential governance issues identified for 2018/19. The Governance Advisory Group are satisfied to the best of their knowledge that no material breaches of the governance arrangements occurred in 2017/18 and there are no significant weaknesses in the internal control environment.

In any event the governance arrangements of the PCC and the Chief Constable will remain under constant review in the forthcoming financial year.

Anthony Stansfeld

Muchel

Police and Crime Commissioner

Paul Hammond Chief Executive (Monitoring Officer) lan Thompson Chief Finance Officer and Deputy Chief Executive

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JOINT INDEPENDENT AUDIT COMMITTEE FOR THAMES VALLEY POLICE



Report for	Information		

Title: Risk Management Update - 13 July 2018

Executive 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 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

The attached report provides an overview of Risk Management policy and processes adopted by Thames Valley Police covering such issues as a strategic risk management framework, training, analysis of the Strategic Risk Register and potential risks to be considered.

Recommendation:

The Committee is invited to review and note the report as appropriate

Chairman of	the Joint I	Independent	t Audit C	Committee
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I hereby approve the recommendation above.

Signature Date

PART I - NON CONFIDENTIAL

1 Introduction and background

- 1.1 Effective risk management is a cornerstone of good governance. A sound understanding of risks and their management are 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.
- 1.2 This framework is derived from the application of national standards and guidance. The most recent publication to assist with Risk Management best practice is ISO31000: 2009 Principles and Guidelines which seeks to guide users regarding the principles, framework, processes and risk management activities with the aim of assisting the organisation to achieve its objectives.
- 1.3 A strategic framework based on ISO31000 was endorsed by the Force Risk Management Group (FRMG) on 24 July 2012 and revisions are monitored on an annual basis at FRMG. Revised versions of the Strategic Framework with its associated documents were presented for endorsement at the FRMG meeting on 27th February 17. This now takes account of the new structure. This provides guidance in the form of a:

Risk Management Strategy

Risk Management Policy

Risk Register Guide with an alternative 1 page guide available for quick reference.

Risk Management Communications Strategy which now accounts for Business Continuity

National Decision Model and reference to the Authorised Professional Practice (APP) Risk Principles

- 1.4 ISO has announced that the process of updating ISO31000 risk management standard has started. ISO standards are revised every five years as well as its accompanying Guide 73 on risk management terminology. Any significant changes made as a result of this process will be taken into account by the Corporate Governance Officers.
 - 1.5 The Deputy Chief Constable's portfolio covers a range of governance functions in the quarterly meetings of the FRMG where issues of strategic risk are considered. These issues, which may be prompted by entries in local departmental/operational command unit registers, are then scored and managed in accordance with the processes set out in the above framework.
 - 1.6 This report should adequately cover the key areas of interest to the Audit Committee. Members may also wish to consider any other areas where they might also wish to receive feedback in subsequent annual reports.

2 Issues for consideration

2.1 Strategic Risks Reviewed this Period:

The Strategic Governance Unit were asked to review two of the risks – SR56 Livelink and SR65 Gazetteers - held on the SRR to assess the effectiveness of the mitigating actions, review the risk scores based on input from business leads and operational staff and officers, and make recommendations about the management of those risks going forwards.

SR56 Livelink

The wording of the risk was amended to reflect the changing circumstances around the SharePoint project, and the risk now reads:

"The Sharepoint project is underway. However, given the dependencies with the National Enabling Programme, Windows 10 and Office 365, migration of all material from Livelink (and therefore removal of the risk) is at least 18 months away. JIMU is re-engaging with Information Asset Owners to ensure their business continuity plans are still fit for purpose. The Sharepoint project manager is also exploring the feasibility and costs of using the tools for migrating information from Livelink to Sharepoint to create a safe copy of the Livelink content which could provide an effective backup in the event of system failure"

After speaking to stakeholders and identifying local and generic risks attached to the strategic risk, the risk score has fallen slightly from 12 (a medium risk) to 8.6 (a low risk). The SGU recommendations at this stage are:

- Business leads should take action to ensure that local business continuity plans are up to date, and staff are aware of backing up information and processes to deal with short-term outages
- The outcomes of the Sharepoint interim solution paper are adopted where feasible.
- CCMT to continue to have oversight of this risk, with consideration given to the
 outcome of the Sharepoint interim solution discussions. SGU recommend that
 the risk is tolerated at its present level, with a message to business leads to
 ensure business continuity plans are in place.

SR65 Gazetteers

The wording of the risk was amended to reflect the changing circumstances around the project, and the risk now reads:

"The current risk is that the gazetteer currently in use in Charm + Oasis is out of date. This will be resolved when CMP is live as the new ESRI GIS Mapping Gazetteer will be incorporated. It will not resolve the issue of different gazetteers still being in use by RMS (and various other systems in TVP) until the ESRI Gazetteer is adopted by those systems and RMS is moved to a single instance across both HC and TVP."

After speaking to stakeholders and identifying local and generic risks attached to the strategic risk, the risk score has fallen from 16 (a medium risk) to 11.25 (a low /

borderline medium risk). Overall, the perceived likelihood of the risk has only fallen a little, though perceived impact has fallen by more. To put this into perspective, the mapping risk which is addressed later, has a higher impact risk score although the risks (threat to public welfare, effective use of resources) are very similar.

The SGU recommendations at this stage are:

- Put in place adequate Business Continuity processes to mitigate risk to public safety;
- Identify particularly high impact areas and prioritise resources on interim mitigating actions in those areas;
- SGU recommend that CCMT maintain oversight of the risk until completion of the CMP programme then re-assess after 3 months. Since the existing local mitigating activities appear to be keeping the level of risk low, and other mitigating actions are tied to the CMP rollout, this risk should be tolerated in the short term.

2.2 Strategic Risks Reviewed Last Period & Retained on SRR:

Both SR69 and SR74 remain being remain on the strategic risk register and being monitored via Gold group activities. All Risk owners have updated the status of their risks, based on the progress of mitigating actions.

SR69 Reduced funding, Risk Owner DoF Linda Waters

The level of funding received in future years may not be sufficient to maintain the current level of service. The increasing level of demand and the complexity of new & emerging crimes may require a level of resources which is unaffordable.

SR 74 Force resilience (Workforce Resilience Gold Group)

In the face of increased demand for policing services in recent months, we have experienced recruitment and retention pressures in respect of police officers and some police staff groups. We are currently almost 100 officers below establishment. The primary drivers appear to be retirements and resignations, transfers to other forces and some difficulties in meeting our recruitment targets. This presents a risk to our current policing priorities and the resilience of our workforce.

2.3 New potential strategic risks considered at the June 18 FRMG

Mapping Risk – as part of the ICT application rationalisation project, a number of mapping systems which fall outside the ESRI gazetteer solution have been identified with associated recommendations to manage them. The specific mapping risk focuses on those systems which are unsupported, out of date or linked to high risk operational areas (AtlasOps, MapPoint and AutoRoute) Scored as a medium risk.

Recommendation: Further research to enable the recommendation of a single solution to address issues of all impacted units. This will enable identification of a risk lead to manage mitigation activities under a generic risk, with a focus on implementing the recommendations of the Application Rationalisation work.

PeopleSoft Risk - The revised ERP implementation date has been revised to November 2019. This means that the existing PeopleSoft (PS) System will be required

beyond the current support contract (expires March 2018), and will be PSN non-compliant. Currently scored as a low risk. Between the original risk presentation and the JIAC meeting an interim mitigating action has been agreed which addresses most of the current risks identified.

Recommendation: If funding is available for the support for PeopleSoft, no further FRMG action is required. Progress and completion of this action should be monitored. As suggested both by ICT and the Director of People, SGU and ICT should work jointly to identify all unsupported legacy systems, understand organisational risk, and ascertain if a generic risk exists from these systems.

The following risks were raised at the June CCMT, with the following developments:

- 1) **Laptop and Smartphones**: It was noted by FRMG on 15/6/18 that this risk had been addressed and was being treated. Therefore at this stage, no further action is required.
- 2) Risk of failure of freezers within EMU resulting in the loss of essential evidence: based on a paper submitted by Forensics, they have been asked to do a cost benefits analysis on which presented option is the best solution
- 3) **SEROCU Estate:** This risk has been treated through meetings between TVP and SEROCU and will be managed without addition to the Risk Register. No further action is required.

2.4 Change Delivery Strategic Risk – overview

ESMCP - National programme slippage as a result of failure to deliver to milestones. Programme timeline review in progress.

ERP - The ERP programme is still going through re-planning activities and the Tri Force SRO has been notified formally by KPMG of new go-live dates. Financial impacts have been identified and programme benefits will be delayed.

CMP – continues to be a very challenging programme. Much progress has been made, in particular around application development, training, business process review and alignment with RMS. The key challenge at this time remains achieving, and maintaining, stability within the overall technology system. The programme are currently undergoing a piece of discovery work to understand the stability issues, before a period of remediation and then implementation. No dates have yet been set for implementation, until the discovery work concludes around the end of June

2.5 Work planned for the coming months:

- Following on from the Audit report, our priority is to look at how we can develop the
 risk management process at all levels to improve levels of engagement, and to
 ensure that work is outcome focussed. This involves benchmarking, reviews with
 existing stakeholders and system modelling.
- Working with Strategic Governance colleagues to develop an effective way of capturing future risks.

- Working with Service Improvement colleagues to embed joint working and information sharing to improve effectiveness.
- Corporate Governance Officer risk training to enhance subject-matter expertise.

3. Financial comments

3.1 The Strategic Force Risk Register identifies a specific risk around funding.

4 Legal comments

4.1 There are no legal implications arising from this report

5 Equality comments

5.1 There are no equality implications arising from this report.

6 Background papers

Public access to information

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Is the publication of this form to be deferred? Yes

Is there a Part 2 form? Yes - Risk Register is a Restricted Document

Name & Role	Officer
Strategic Governance Unit	
Corporate Governance Manager	Patricia Wooding
Governance Officers (Risk Management & Business Continuity)	Sarah Holland
	Mark Horne
Legal Advice	
N/A	
Financial Advice	Linda Waters
Director of Finance	
Equalities and Diversity	
N/A	

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.



JOINT INDEPENDENT AUDIT COMMITTEE FOR THAMES VALLEY POLICE



Title: Business Continuity Update – 13 July 2018

Executive 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 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

The attached report provides an annual overview of 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

PART 1 - NON-CONFIDENTIAL

1 Introduction and background

- 1.1 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.
- 1.2 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) also follows the principles within BS25999 Business Continuity Code of Practice and has incorporated a number of key principles from "ISO22301 Societal Security Preparedness and Continuity Management Systems" which was published in May 2012.
- 1.3 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.
- 1.4 A new standard is under development that will focus on the people aspect of Business Continuity. ISO22330 has been drafted and is in consultation.
- 1.5 Oversight of the management of Business Continuity (BC) is provided by the Strategic Business Continuity Co-ordinating Group, which is held bi-annually, and chaired by the Deputy Chief Constable. This Group includes senior members from Property Services, ICT, Corporate Communications, HQ Operations, the Corporate Governance Officers and Corporate Governance Manager.
- 1.6 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.
- 1.7 This report is intended to cover the key areas of interest to the Audit Committee. Members may also wish to consider any other areas where they might also wish to receive feedback in subsequent reports.

2. Issues for Consideration

Force-wide Incidents

During the period February 2018 to May 2018 the following incidents have been reported to Strategic Governance.

On Monday 5 March, a burst water pipe in Kidlington left a number of the blocks at HQ South without mains water. The decision to invoke the BC plan was made within Force Daily Management Meeting. Whilst activities were being planned, the water was restored by Thames Water and the plan deactivated. No additional information has been received from Thames Water and no debrief was done due to the speed at which the plan was deactivated.

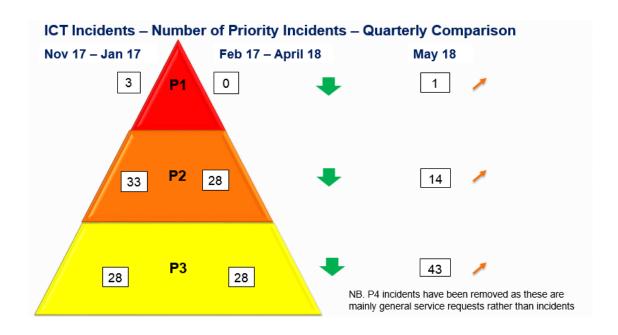
On Thursday 8 March, the smoke alarm was activated in the ICT data centre in D block at HQ South. It was found that the bearings failed in a cooling fan which caused it to cease working and subsequently the equipment to burn and melt in areas. The equipment has been replaced. This incident could not have been foreseen or mitigated against, and the smoke alarm activation allowed for this issue to be highlighted before significant damage could occur.

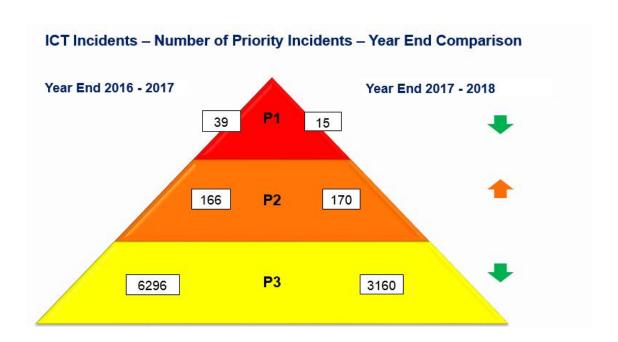
Between 02 April and 23 April, the SEROCU E-forensics and Cyber team invoked their business continuity plan due to a relocation of premises in Hampshire and the impact of this being such that they needed to withdraw their service. The lessons from this activation include the team being involved in the planning at an earlier date. They moved within the mandated timescales however there were still issues with ongoing building works and technology issues.

On 30 May, the adverse weather caused a flood in Milton Keynes Police Station that effected a number of areas but mainly the kitchen, corridors and loading bay. Activities are underway to recover from the incident, a health and safety investigation has been instigated and actions are being taken to prevent further incidents in the future. A debrief will be undertaken once recovery complete.

ICT Incidents

During the period February '18 to April '18 ICT submitted no priority one incidents (last period, P1=3). For information, there was one P1 incident in May; however it did not present a significant issue or invoke a business continuity plan.





2.2 Business Continuity – under review:

The current business continuity (BC) activities are:

- The United Kingdom Accreditation Service (UKAS) follow up surveillance visit is complete. There is one recommendation in relation to update of the lessons learnt tracker however no further actions or recommendations and they are happy with our ongoing activity.
- We are embarking on work with Hampshire BC colleagues and ICT to review the prioritisation of the recovery of critical services.

- The Force Auditors have completed the internal audit and planning and activity is underway to complete the actions identified and review the BC processes.
- The overarching strategy and reviewed policy for BC has been sent for formal consultation.

2.3 Business Continuity – going forward:

The business continuity activities planned for the next period are:

- Governance will continue to work on the actions identified in the internal audit and working on the review of the process in line with the new overarching strategy.
- Arranging formal business continuity training for the Corporate Governance Officers.

3 Financial comments

3.1 There are no direct financial implications arising from this report.

4 Legal comments

4.1 There are no legal implications arising from this report.

5 Equality comments

5.1 There are no equality considerations arising from this report.

6 Background papers

Public access to information

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Is the publication of this form to be deferred? No

Is there a Part 2 form? No

Name & Role	Officer
Strategic Governance Unit	Sarah Holland
Governance Officers (Risk Management & Business Continuity)	Mark Horne
Legal Advice	
N/A	
Financial Advice	Linda Waters

Director of Finance	
Equalities and Diversity	
N/A	



JOINT INDEPENDENT AUDIT COMMITTEE



Report for Decision: 13 th July 2018	

Title: OPCC Risk Register

Executive Summary:

The OPCC risk register identifies those risks that have the potential to have a material adverse effect on the performance of the PCC (and/or the Office of the PCC) and our ability to deliver our strategic priorities, as well information on how we are mitigating those risks.

In March we reported on three discrete risks on the register. We have reviewed the current risk profile and now propose to close two of those risks, but four new risks have been added. As such five current risks are now presented in Appendix 1 (being risks OPCC18 – OPCC22).

The issue with the largest combined residual risk impact and risk likelihood score is that "With crime becoming ever more complex and challenging to investigate and demand on policing services increasing, the level of funding forecast for the next three years is insufficient to deliver the planned outcomes in the PCC's Police and Crime Plan 2017 to 2021" (Risk OPCC 18)

Recommendation:

That the Committee notes the five issues on the OPCC risk register, the actions being taken to mitigate each individual risk and endorse the proposed changes to the risk register.

Chairman of the Joint Independent Audit Commi	ttee
I hereby approve the recommendation above.	
Signature	Date

PART 1 - NON-CONFIDENTIAL

1 Introduction and background

- 1.1 The Office of the PCC (OPCC) risk register highlights those issues that could potentially prevent or be an obstacle to the PCC's ability to successfully deliver his strategic priorities and key aims, as set out in his current Police and Crime Plan 2017-2021.
- 1.2 The risk register, attached at Appendix 1, has been produced in accordance with the Force Risk Management guide. All risks are scored on an ascending scale of 1-5 in terms of both 'Impact' (I) and 'Likelihood' (L). The assessed risk score is derived by multiplying the individual impact and likelihood scores. The maximum score is therefore 25 (highest risk). A copy of the risk impact and likelihood scoring criteria definitions and risk assessment matrix are attached at Appendix 2.
- 1.3 Two scores are provided for each risk issue. The first set of scores show the original 'raw' risk assessment, i.e. before any mitigating actions are identified and implemented. The second set of scores shows the adjusted 'residual' risk, i.e. after these mitigating actions have been implemented.

2 Issues for consideration

- 2.1 The Committee needs to be satisfied that adequate and effective systems are in place to ensure all significant PCC risks have been identified and reasonably scored; that appropriate mitigating actions have been identified and are being implemented over a reasonable timeframe, and that both the raw and residual assessed risk scores appear sensible and proportionate.
- 2.2 Since the last meeting, two risks have been closed and four new risks added, as explained below.
- 2.3 Risk OPCC 16 was 'Being unable to deliver new and/or enhanced PCC functions due to inadequate staff resources in the OPCC'. Over the past financial year (2017/18) the OPCC reviewed its staffing capacity and capability and addressed any identified gaps. The new Victims First service hub was implemented successfully in April. Regarding changes to the police complaints system, the transfer of additional responsibilities to PCCs has been further delayed to 2019 but it is not anticipated at this time that additional staff resources will be required to accommodate those new responsibilities, and no new significant changes to PCC functions are expected in the near future. Furthermore, the PCC announced that he would not seek to take responsibility for the governance of fire and rescue services during his tenure as PCC. As such this risk has been closed.
- 2.4 OPCC 17 was that 'The redesign of the victim support services and contracts will not be ready for implementation before existing contracts expire on 31 March 2018'. This was a time limited risk and the new Victims First service hub was implemented successfully on 1st April. As such this risk has been closed.
- 2.5 OPCC 18 is the risk that 'With crime becoming ever more complex and challenging to investigate and demand on policing services increasing, the level of funding forecast for the next three years is insufficient to deliver planned

outcomes in the PCC's Police and Crime Plan 2021'. This will remain a live risk until the strategic priorities and key aims set out in the PCC's Police and Crime Plan have been successfully delivered by 2021. However, the level of risk is likely to diminish over time, provided resources are spent efficiently and effectively in support of the Police and Crime Plan objectives.

- 2.6 OPCC 19 is a new risk which relates to a specific action in the OPCC Strategic delivery Plan for 2018/19, i.e. 'By promoting the Victims First service the demand for victim services could exceed the supply available from PCC commissioned contracts'. This is a potential issue that we will need to monitor very closely over coming months/years and react accordingly.
- 2.7 OPCC 20 is the second new risk, being 'Unable to evidence delivery of strategic priorities and key aims in the PCC's Police and Crime Plan'. This is more of an issue of principle, rather than an operational risk, in relation to ensuring good governance in terms of our ability to be transparent and accountable for performance of both the PCC and service delivery partners.
- 2.8 OPCC 21 is the third new risk. It is that 'The review of the OPCC victims 'specialist counselling service' identifies potential weaknesses in internal management controls and administrative procedures (e.g. non-compliance with GDPR, disclosure requirements etc.) that requires significant investment in OPCC time, resource and cost to rectify'. This review will be undertaken over the next few months and we will respond to the results as necessary and appropriate.
- 2.9 OPCC 22 is the fourth and final new risk i.e. 'The upgrade of Niche RMS by TVP leads to disruption or inability to provide a victims data extract in a form that can be uploaded on the Apricot Content Management System (CMS) in the Victims First Hub'. We will continue to work with the Niche Project Team over coming months to try and prevent this risk coming to fruition.
- 2.10 At this stage the risk with the largest combined residual risk impact and likelihood score is OPCC 18 with a residual risk score of 9.0.

3 Financial Implications

3.1 There are no specific financial implications arising directly from this report. Any costs incurred implementing some of the agreed mitigation actions can and will be contained within the existing PCC approved budget.

4 Legal Implications

4.1 There are none arising specifically from this report

5 Equality Implications

5.1 There are none arising specifically from this report

Background papers

TVP Risk Management User Guide and Instruction

Public access to information

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Is the publication of this form to be deferred? No

Is there a Part 2 form? No

	Officer
Name & Role	
Head of Unit	
This report has been produced in accordance with the Force Risk	PCC Chief Finance Officer
Management guide	Finance Officer
Legal Advice	
No specific issues arising from this report	Chief Executive
Financial Advice	
No specific issues arising from this report. Any additional costs	PCC Chief Finance Officer
incurred in implementing mitigating actions will be contained within	Finance Officer
existing PCC approved budget	
Equalities and Diversity	
No specific issues arising from this report	Chief Executive

PCC CHIEF OFFICERS' APPROVAL

We have been consulted about the report and confirm that appropriate financial and legal advice has been taken into account.

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

Chief Executive Date 22 June 2018

Chief Finance Officer Date 3 July 2018

ex and chall e and demar increasing,	g ever more	1 Lovel of fi		_						
ex and chall e and demar increasing,	9 0 1 01 111010	1 Lovel of fu		Conseque	ences			Ex	cisting Contro	ls
e and demar increasing,		against incr	-		ntain the currer	nt level of service	1.Medium monitoring	1.Medium Term Financial Plan (MTFP). 2. Regular in-year budget monitoring		
precast for t	services increasing, the level of			onstate that he h ce & Crime Plan			2 Close mo delivery Pla	-	e Delivery Plan	and OPCC Strategic
funding forecast for the next three years is insufficient to deliver the planned outcomes in the PCC's Police and Crime Plan 2017 to 2021		3. Partnership working does not take place at the required level								f PCC objectives, norities
Before Mitiga	ation									
_ikelihood	Risk Rating									
4.5	22.5									
Residual Sc	ore									
_ikelihood	Risk Rating									
3.0	9.0									
Prop	osed Action Pl	an		Action Owner	Target Date		Current status			
1 The balanced budget and MTFP will be presented to the PCC in January 2019			TVP	Jan-19	capital plan and the aproved by the PO years, predicated	he Financial Strategy, medium term financial plan (2017/18 to 2019/20), medium term apital plan and the separate report on reserves, balances and provisions were all proved by the PCC at his Level 1 meeting in January. The budget is balanced in all 3 ears, predicated on a further £12 increase in Band D council tax in 2019/20. Further pdates will be provided in the Autumn in respect of the 2019/20 budget and new ITFP				
Future savings will be identified through the Productivity Strategy and Priority Based Budgeting process				TVP	Jan-19	Within the MTFP some £14.227m of productivity plan savings have been identified.				
3 Police & Crime Plan outcomes will be closely monitored and remedial action taken as appropriate				GE	Mar-19	Progress on the delivery of the Force Delivery Plan and the OPCC internal Strategic Delivery Plan are presented to and considered by the PCC at each of his 'Level 1' public meetings. The PCC's performance and progress in delivering his Police and Crime Plan is scrutinised by the independent Police and Crime Panel.				
				SM	Mar-19	CSF Grant agreer	ments for 20	118/19 were sent	to Local Autho	orities during June
Raved C	crime Plan fore Mitiga kelihood 4.5 esidual So kelihood 3.0 Proped budget a ary 2019 ings will be Priority Bas rime Plan contaken as	efore Mitigation kelihood Risk Rating 4.5 22.5 esidual Score kelihood Risk Rating 3.0 9.0 Proposed Action Pled budget and MTFP will be ary 2019 ings will be identified through Priority Based Budgeting prime Plan outcomes will be on taken as appropriate	efore Mitigation kelihood Risk Rating 4.5 22.5 esidual Score kelihood Risk Rating 3.0 9.0 Proposed Action Plan ed budget and MTFP will be presented ary 2019 ings will be identified through the Productority Based Budgeting process rime Plan outcomes will be closely more on taken as appropriate	crime Plan 2017 to 2021 crossed Mitigation kelihood Risk Rating 4.5 22.5 cesidual Score kelihood Risk Rating 3.0 9.0 Proposed Action Plan ed budget and MTFP will be presented to the ary 2019 ings will be identified through the Productivity Priority Based Budgeting process rime Plan outcomes will be closely monitored and	Fore Mitigation kelihood Risk Rating 4.5 22.5 esidual Score kelihood Risk Rating 3.0 9.0 Proposed Action Plan ed budget and MTFP will be presented to the ary 2019 TVP ings will be identified through the Productivity Priority Based Budgeting process TVP rime Plan outcomes will be closely monitored and on taken as appropriate GE against Local Authorities regarding Community SM	Force Mitigation Kelihood Risk Rating 4.5 22.5 esidual Score kelihood Risk Rating 3.0 9.0 Proposed Action Plan Action Owner Date ed budget and MTFP will be presented to the lary 2019 TVP	Action Owner Date Proposed Action Plan ed budget and MTFP will be presented to the ary 2019 TVP Jan-19 ings will be identified through the Productivity Priority Based Budgeting process TVP Jan-19 TVP Jan-19 Within the MTFP Within the MTFP Progress on the contaken as appropriate against Local Authorities regarding Community SM Mar-19 CSF Grant agreed Action Owner Date Target Date The Financial Strate capital plan and the productivity of the Progress on the contaken as appropriate Progress on the contaken as appropriate Against Local Authorities regarding Community SM Mar-19 CSF Grant agreed	Proposed Action Plan Action Owner Proposed Action Plan any 2019 Proposed Action Plan TVP Jan-19 TVP TVP Jan-19 TVP Jan-19 TVP TVP Jan-19 TVP TVP Jan-19 TVP TVP Jan-19 TVP TVP TVP Jan-19 TVP TVP TVP TVP Jan-19 TVP TVP TVP TVP TVP TVP TVP TV	From Plan 2017 to 2021 Interest Plan 2018 Plan 2017 to 2021 Interest Plan 2018 Plan 2017 to 2021 Interest Plan	Crime Plan 2017 to 2021 Interpretation Risk Rating

OPCC 19

URN	OPCC 19	Date Raised	I 13618 I	Raised By	SM	Risk Owner	SM	Review Date	Force Objectives	
Risk Description				Conseque	ences	Existing Controls				
					d exceed curren		Hub staffing (5 Victims First Officers, Maanger and Data Quality Officer) was above required estimate (via LPA pilots) to allow for increased external demand. Temporary increases managed by pulling in OPCC policy officers to perform VFO functions.			
							Formal launch of Victims First postponed until several months after go-live date, and roll out of Victims First Connect (the community arm of VF) postponed until summer 2018. Roll out will be			
service	s could excee	ed the supply ommissioned								
Impact	Before Mitig Likelihood	ation Risk Rating								
3.44	3.00	10.31								
	Residual So									
Impact	Likelihood	Risk Rating								
2.44	2.67	6.50								
		posed Action P			Action Owner	Target Date		Cı	urrent status	
		O approved (poson to make furth	•		SM		Mobilisation of fur	ther recruitment on-h	hold until status quo e	stablished.
on fixed t	Victims Communications Officer and Hub Data Quality Officer on fixed term contracts in case posts need to be converted to further VFOs.				SM	31-Mar-19	Situation will be reviewed towards contract end of each position.			tion.
	Option of recruiting volunteers is being explored with TVP. Volunteer commissioning form obtained.			VP.	EF		Mobilisation of volunteers on hold until staus quo established.			
Close mo	Close monitoring of referral rates and workloads of the Hub and other PCC services.			Hub	SM		Data Quality post offered and accepted (vetting in progress). Role being undertaken by SM and CM in interim.			. Role being undertaken
Excessive referrals of Young People leading to over-demand and waiting lists in Young Victims Service has been analysed					MB	30-Sep-18		made but dates not	yet finalised.	

OPCC 20

URN	OPCC 20	Date Raised	1 13618 1	Raised By	SM	Risk	SIM	Review Date	Force Objectives		
Risk Description		By Owner Owner Consequences					Date	Existing Controls			
			Reputational damage for the PCC					OPCC performanc	OPCC performance monitoring regime		
				Troputational damage for the FOO					let be performance membering regime		
								Force and OPCC performance monitoring reports presented to the PCC in public level 1 meetings			
		Good joint working with the Governance & Service department						Service Improvement			
Unable to evidence delivery of strategic priorities and key aims in the PCC's Police and Crime Plan								Close monitoring of CSP delivery plans			
Before Mitigation											
Impact	Likelihood	Risk Rating									
3.63	3.00	10.88									
Impost	Residual So		-								
Impact 2.58	Likelihood 2.00	Risk Rating 5.17									
Proposed Action Plan					Action Owner	Target Date		Current status			
	Continue working with the Governance & Service								onstrate alignment of T\		
Improvement Department to better align the Force Delivery Plan with the PCC's Police & Crime Plan objectives				ery	SM	31-Oct-18	discussion prior	to Q1 report and pub	olication of first performa	ince infographic.	
	CSP monitoring improvements expected through recruitment of Partnerships and Performance Policy Officer					31-Oct-18		ges to reporting template and more consistent CSP attendance by dedicated erships and Performance Officer			
OPCC Delivery Plan assists evidencing OPCC activity to deliver Plan				0	GE	31-Mar-18	OPCC Strategic Delivery Plan 2018-19 agreed and being monitored via team meetings and SMG.				
						1	I				

OPCC 21

cep in. Inally narrow so that only existing		
nally narrow so that only existing		
recorded Counsellor contracts		
Consent of victims to share data is recorded. Counsellor contracts require contains data protection requirments. Contract with Gallery Partnerhip (data processor) is GDPR compliant.		
SM in discussions with TVP about 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		
Current status		
Not yet started		
Dependent on 1 above		
MoJ perfromance framework received and to be implemented with counsellors		
Dependant on 1 and 2 above		
Dependant on 1 and 2 above		
In progress.		
em		

URN	OPCC 22	Date Raised	I 14618 I	Raised By	SM	Risk Owne	I SM	Review Date	Force Objectives	
Risk Description			Consequences					Existing Controls		
			Gap or loss of service for victims					Highlight of potential issue to ICT via Catherine Troup to ensure work is scheduled.		
			Reputational damage					Possible option to return to manual input provided some form of spreadsheet can be provided.		
Upgrade of Niche RMS by TVP leads			Loss of efficiency of working in Hub					Other referral options in place, eg. referral through website, email etc, could be used by TVP officers.		
to disrup	tion or inabili	ty to provide a form that can								
Victims First Hub										
	Before Mitigation									
Impact	Likelihood	Risk Rating								
3.56	3.67	13.06								
	Residual So	ore	1							
Impact	Likelihood	Risk Rating								
2.31	2.67	6.17								
Proposed Action Plan					Action Owner	Target Date		Current status		
Highlight with TVP and monitor towards Niche upgrade go-live					SM	Oct-18	Niche upgrade cu	ade currently postponed until Oct.		
Roll out and advertising of self-referral routes via Victims First Connect					СН	Oct-18	Roll out plan prepared			
Preparation of internal TVP communications, for instant use in worst case scenario.				nt use in	СН	Sep-18				



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 21 actions that are currently overdue:
 - 4 actions are due for completion by the end of July 2018;
 - 2 actions are due for completion by the end of August 2018;
 - 11 actions are due for completion by the end of September 2018;
 - 2 actions are due for completion by the end of October 2018;
 - 1 action is due for completion by the end of December 2018; and
 - 1 action is due for completion by Autumn 2018.

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 May 2018 in relation to the years 2015/16 to 2017/18. It shows that in total there were 21 overdue actions at this date; these relate to 13 audits. The overdue actions are split by priority. Also shown is the number of overdue actions that had previously been reported which has fallen from 12 to 9 since the last report to this Committee in March 2018.
- 2.2 Appendix 2 shows the changes in the number of overdue actions since the previous report to this Committee in March 2018. The total number of outstanding overdue actions reported has fallen from 26 to 21.
- 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 May 2018. The information is based on responses from managers received up to and including 2nd July 2018. 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 13 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 Revised action dates

3.1 The 2017/18 Child Exploitation Framework and Governance audit report included 10 actions which were all assigned an action date of 31/05/18. Five of these actions have been confirmed by management as complete. In relation to the other five actions, it has been decided to include these within the Effectiveness and Efficiency work currently being undertaken rather than to address them short term for the purposes of meeting the original action date (the E&E work had not been confirmed at the time of the audit work). The action dates have therefore been extended to 30/06/19 and the actions will be included within the follow up process when this date passes to ensure that the risks identified within the audit have been addressed through the E&E work.

4 Financial comments

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

5 Legal comments

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

6 Equality comments

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

7 Background papers

7.1 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? Yes

Name & Role	Officer
Head of Unit	Chief Internal
This report provides the Committee with essential management	Auditor
information on the number and status of current overdue actions	
from internal audit reports.	
Legal Advice	PCC
No known legal issues arise from the contents of this report.	Governance
	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: 02/07/18

Director of Finance (TVP) Date: 03/07/18

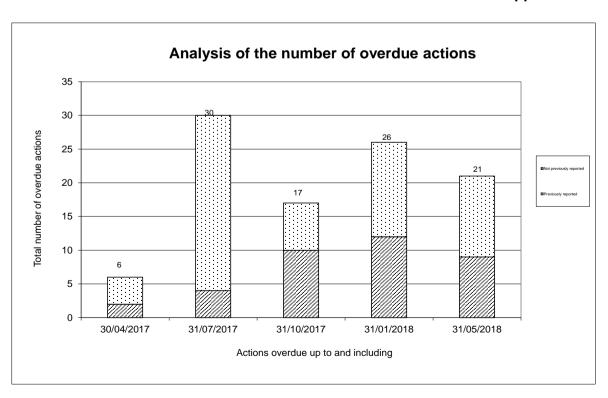
Appendix 1

ANALYSIS OF OVERDUE ACTIONS AS AT 31st MAY 2018

Audit Subject/Location	Outstanding Overdue	Priority 1	Priority 2	Previously
2015/16	Overdue			Reported
Fuel Cards	1	_	1	1 1
	1	-	1	1
TOTAL		0	-	l I
2016/17				•
Back up and Recovery*	2	2	-	2
Cyber Security*	1	1	-	1
Equality and Diversity	1	-	1	-
Evidential Property Administration	1	1	-	1
Missing Persons (Framework and Governance)	2	2	-	2
Organisational Programme Governance	1	1	-	1
TOTAL	8	7	1	7
2017/18				
Cyber Crime	3	2	1	-
Ethics and Cultural Learning	2	1	1	-
Force Risk Management and Business Continuity	1	-	1	-
Arrangements				
Information Management: Data Security and	2	1	1	-
Transfer				
Information Technology Infrastructure Library	2	2	-	-
(ITIL) Change Management				
Intranet and Internet Content Management	2	-	2	1
TOTAL	12	6	6	1
OVERALL TOTAL	21	13	8	9

^{*} Details of these actions have been provided under Part 2 of the meeting agenda due to the security classification of the original reports.

Appendix 2



Appendix 3

UPDATE ON PROGRESS IN DELIVERING OVERDUE AGREED ACTIONS

Control weakness and risk exposure	Agreed action	Original completion date	Priority	Update on progress and/or alternative action taken	Anticipated completion date
Cyber Crime	Final report issued on: 16/01/18			CCMT Lead: ACC Tim De Meyer	
Cyber Crime Strategy, Action Plan and Governance Structure At the commencement of the audit it was noted that both the Cyber Crime Strategy and the Cyber Crime action plan were out of date. These issues were discussed and acknowledged by the Head of Specialist Operations and no further audit work was therefore carried out in relation to the overall strategy and oversight, current or planned, with the exception of reviewing the Governance meetings that are in place. Risk exposure: Lack of a strategy and plan leads to a lack of focus and strategic direction in relation to	The Regional Protect and Prevent Strategies have just been circulated. These will now be used as a basis for drawing up the TVP Cyber Strategy. Once the TVP Strategy is in place an action plan will be developed as necessary.	30/04/18	1	A draft PROTECT plan has been drafted alongside SEROCU and Hampshire and needs to be reviewed and finalised by the TVP Crime Strategy Unit. There is a Community Safety Partnership document already in place. Work is still ongoing to finalise a Regional Strategy including all the 4 Ps, being led by SEROCU. The work was more complex and time-consuming than initially thought.	31/10/18
Cyber Crime. Supporting policies and SOPs During a review of the intranet pages, as well as the guidance available on the Cyber Crime page, two policies/SOPs were identified which required review. There is also Cyber Crime APP Guidance. However this is not referenced on the Cyber Crime intranet site. Risk exposure: Lack of up to date guidance leads to inappropriate or ineffective actions being taken.	The SOP and the Policy detailed will be reviewed and updated.	31/03/18	2	This is still a work in progress. A number of actions ongoing including updating operational guidance and the overarching Option3 project looking at Regional and National tasking arrangement and collaboration.	30/09/18
Cyber Crime Toolkit There is a Cyber Crime toolkit in place. However, as well as the Detective Sergeant confirming that it needs a review/updating, brief review during the audit identified that some of the links do not work or need reviewing. Risk exposure: Lack of up to date guidance leads to inappropriate or ineffective actions being taken.	There is a corporate move to transform the Force Toolkits into Operational Guidance. This is being led by the Policing Strategy Unit in liaison with the Detective Sergeant. As part of this work the content will be reviewed and updated as appropriate for inclusion in the Operational Guidance.	30/04/18	1	This is ongoing. The work was more complex and time-consuming than initially thought. The Cyber Team are being relied heavily to help with content whilst manging significant day to day investigative caseloads.	30/09/18
Equality and Diversity	Final report issued on: 03/05/17			CCMT Lead: Dr Steven Chase	
Currency of policies Outside of the 'Diversity in Employment' policy, there are a number of other policies and guidance documents available on the Knowzone that link in to	The People Directorate are undertaking a review of their policies, including consideration of whether they are still needed where other regulation/ legislation exists. This will, in conjunction with the review of terms and	31/03/18	2	Employment and Wellbeing – of the 4 policies in place, 2 are being reviewed and 2 are out for consultation. People Services – there are a large number	31/10/18

Control weakness and risk exposure	Agreed action	Original completion date	Priority	Update on progress and/or alternative action taken	Anticipated completion date
Equality and Diversity. These were not examined in detail during the audit but it was noted 6 of those reviewed had passed their review dates or did not show a review date but were at least 2 years old (dating from 2011 to 2014). Testing of a further 18 general policies also identified 11 that had passed their review dates, showed conflicting review dates or did not state a review date. Risk exposure: Staff follow out of date policies leading to poor decision making or inappropriate actions being taken. Completion/updating of EIAs – for policies A sample of 20 TVP policies were reviewed to confirm if an up to date EIA was in place. Issues were identified with the currency, content or availability of 15 of these EIAS and none of them showed an ACPO Function Owner's signature. Risk exposure: Failure to review and update, as required, EIAs leads to failure to fully consider and	conditions and the work prior to the introduction of ERP, update and align all relevant policies. This work will include updating of any relevant EIAs.			of policies/guidance to review and update. Whilst some of those in place have already been subject to review there are also a number still to be completed. This has been delayed due to other priorities so additional resources are currently being discussed to address the outstanding reviews. All of the policy reviews referred to above will include review and, where necessary, updating of the EIA and we have conducted EIA training by ACAS to increase understanding and awareness. The Force Policy Unit have reviewed and launched new guidance and an EIA template to provide support to those completing EIAs.	
address any equality issues within policies. Ethics and Cultural Learning	Final report issued on: 06/03/18			CCMT Lead: Dr Steven Chase	
Code of Ethics Corporate Strategy, Action Plan	The Code of Ethics Plan will be reviewed and	30/04/18	1	Having reviewed the force wide plan, we	31/08/18
and Reporting An Ethics and Integrity audit was completed during 2014/15. One action was agreed that a new strategy and corporate Action Plan for embedding the Code of Ethics would be collated. Towards the end of the audit, a Code of Ethics Plan 2016/17 was provided, with the plan last being updated in early 2017. Risk exposure: The Force lacks a current coordinated approach and CCMT reporting on the Code of Ethics, leading to an ineffective corporate response or oversight.	updated to ensure that it covers all the necessary actions that are currently required to further embed the Code of Ethics.			have now reached a point where the initial embedding phase is complete and we move to a new development plan which is to be compiled.	
Roles and Responsibilities The audit found that the Force completes a lot of good work centrally and locally to ensure officers and staff are aware of and apply the requirements of the Code of Ethics. Although the audit did not identify any issues with	PSD will periodically attend the Code of Ethics Champion Network meetings to discuss ethical issues and dilemmas. Ad-hoc conversations will also take place between PSD and the People Directorate on a need basis with regard to ethical issues.	30/04/18	2	PSD SMT has been short for a number of months and has just appointed a new DI who will be taking on some of this work. In addition to this there has been a review of admin/advisors roles within the PSD and Force Security arena which is reaching completion. This will free up some capacity	30/09/18

Control weakness and risk exposure	Agreed action	Original completion date	Priority	Update on progress and/or alternative action taken	Anticipated completion date
the Force's roles and responsibilities for ethics issues, a mechanism to enable closer working and liaison between People Directorate and PSD on ethics issues could be beneficial.				to carry out this work in conjunction with the FSM and new DI post.	
Risk exposure: The Force lacks a co-ordinated and joined up approach to embedding ethical expectations, leading to duplication of effort or ethical and cultural issues not being addressed.					
Evidential Property Administration	Final report issued on: 03/05/17			CCMT Lead: ACC Tim De Meyer	
Firearms storage At both sites visited it was evident that there is significant pressure on Firearms storage space, including a large bulk of items which had been held for an extended period at one site. The Evidence Manager confirmed that this issue is being looked at through Operation Dragonroot and, in particular, via discussion with the Firearms Licensing Department. However, a significant issue will remain in place until further progress can be made in establishing a robust system for processing these items in a timely manner. Risk exposure: Property is not stored appropriately or safely leading to damage and / or injury to EMU, or other, staff. Property is not processed in a timely manner leading to inappropriate retention and storage space pressures.	Operation Dragonroot is progressing and this should assist with clearing the backlog of older items held. Systems agreed under this operation, with regard to how to progress licensing related items, should also assist going forward with dealing with items in a timely manner.	30/09/17	1	The firearms backlog has already been improved through Operation Brave (purge process). Operation Faline is underway with an anticipated completion date of early July. This operation is designed to purge legacy firearms property and should significantly alleviate pressure on storage space. Going forward, we should then be in a position to manage firearms as business as usual. This is largely due to the introduction of GEMS, recent improvements in the retention review requests and Operation Brave (purge process).	31/07/18
Force Risk Management and Business Continuity Arrangements	Final report issued on: 24/04/18			CCMT Lead: DCC John Campbell	
Business Continuity Strategy and Policy A new BC Strategy and BC Policy were in the process of being collated. At the time of the audit, the documents were yet to be finalised and approved.	In line with the policy consultation process, the BC Strategy and BC Policy will be formally consulted on during April, with an aim to finalise and publicise the document by the end of April.	30/04/18	2	The strategy has been created and the policy is out for consultation.	31/08/18
Risk exposure: The Force lacks an updated approach to business continuity, with the potential for less effective local arrangements.					
Fuel cards	Final report issued on: 25/05/16			CCMT Lead: DCC John Campbell	
Fuel spend/card usage monitoring Monthly data is being issued to LPAs/OCUs/Departments showing their fuel spend,	The monthly data being issued will be reviewed to determine if the right data is being issued to the right people, and what guidance is then needed depending on the job role of those	30/09/16	2	This action was originally delayed due to management vacancies and a subsequent decision to restructure the Transport Team.	30/09/18

Control weakness and risk exposure	Agreed action	Original completion date	Priority	Update on progress and/or alternative action taken	Anticipated completion date
broken down by vehicle, but there is no guidance issued with the data to indicate the key points e.g. trends, anomalies etc which recipients should be considering.	receiving it.			The new Fleet Services & Logistics Manager is now in place and is looking at ways in which to update and improve processes and how we interact with the forces in a more focused way, including in relation to Fuel	
Risk exposure: Management data is not suitably analysed to identify and address potential issues/anomalies in usage/spend.				Cards. This work has already begun in terms of 'modernising' the process and it will be helped by filling the remaining vacancies (as it will provide support/time).	
				Given the delay in the ERP system we will relook at how we are using Tranman / data capture / reporting etc with a view to enhancing and potentially automating the reporting taking place.	
Information Management: Data Security and Transfer	Final report issued on: 30/08/17			CCMT Lead: Amanda Cooper	
Information Sharing Agreements During the audit, TVP's and HC's approach to managing Information Sharing Agreements (ISAs) was reviewed. The JIMU have an ongoing process to review and update ISAs, based on risk. The current status of ISA reviews at each Force was: - TVP: 29% are currently under review, with examples of ISAs that have been subject to review since 2016 (13 ISAs) and 2015 (two ISAs). There are 6% of ISAs that are due a review, but the review is yet to commence. - HC: 13% of ISAs are under review, with 32% of ISAs being due a review, which is yet to commence. In terms of monitoring progress of completing reviews, this is managed at a JIMU team level, with high level statistics being reported to the TVP / HC Collaboration Governance meeting. There is currently no information on the status of ISA reviews presented to the Information Governance Board.	The issue of having out of date ISAs is accepted. ISAs are currently reviewed and updated when the JIMU has capacity to do so, but this is not deemed a priority. We will evaluate our current approach to facilitating the production and review of ISAs, to determine whether any process improvements can be made. We will also consider whether any ISA performance data needs to be reviewed by the Information Governance Board. At HC, the ISA review is on hold with the risk posed being low as most will have been reviewed at least once in the last year. Reviews will be resumed once the new template has been drafted and implemented.	31/03/18	2	Work was on hold due to resource availability and the requirement to make ISAs GDPR-compliant but has now started again. A new regional template has been adopted — this is not only GDPR compliant but has also been designed to reduce bureaucracy. Bilateral processes have been also reviewed to identify where a 'light touch' can be applied. A review of existing ISAs is underway and these are being prioritised according to risk.	30/09/18 for high risk ISAs 31/12/18 for the remainder
Risk exposure: Out of date agreements, leading to data being shared inappropriately. Information Asset Ownership Process A key exercise that is currently being undertaken at both Forces by the JIMU is the Information Asset Ownership Process (IAOP). This involves the JIMU meeting all Force departmental Information Asset	The Information Asset Ownership Process (IAOP) exercise will be completed at TVP and HC, including ensuring that the Audit Asset Management spreadsheets are accurate and up to date.	30/04/18	1	This process was put on hold due to the GDPR data audit requirements taking precedence. The audit has given a richer picture of risk and resulted in an expanded and updated Information Asset Register.	30/09/18
Owners (IAOs) and Data Guardians (DGs) to	As per the stated process, quarterly and annual			The exercise will also be used to inform the	

Control weakness and risk exposure	Agreed action	Original completion date	Priority	Update on progress and/or alternative action taken	Anticipated completion date
discuss their data management processes and explore any related issues or risks that may need managing. The IAOP commenced during July 2016 and meetings with departments are ongoing. Both TVP and HC reported that they have completed approximately 75% of the initial questionnaire and assessment process. For those departments that have signed off their questionnaires, the first quarterly reporting cycle for IAOs and DGs was due to commence in August / September. One issue identified during the departmental testing was that there were two examples of the named Data Guardian within the Audit Asset Management TVP spreadsheet being out of date. One employee had moved departments and the other had retired. Risk exposure: A lack of organisation information on data security and transfer processes and risks, leading to ineffective local arrangements and risks	reporting will take place (i.e. quarterly reporting to and from the Information Asset Owners and Data Guardians, quarterly JIMU reporting to the Senior Information Risk Owner (SIRO) and Chief Officers and annual IAO and DG review of Subasset Assessment Questionnaires).			future IAOP approach. Consultation with stakeholders about the revised process will take place over the next couple of months.	
materialising. Information Technology Infrastructure Library (ITIL) Change Management	Final report issued on: 06/12/17			CCMT Lead: Amanda Cooper	
Review of vFire Access Rights The Cyber Essentials Scheme (CES) guidelines on user access control state that 'each user should authenticate using a unique username and strong password before being granted access to applications, computers and network devices'. At the time of our review, 379 users had been assigned access rights on the vFire application. A review of user access rights highlighted a number of generic accounts. We also identified one vFire test account. We were advised that a review of user access rights would be undertaken as part of the ongoing development and deployment of the vFire application. Risk exposure: The existence of generic or test accounts removes any accountability for amendment or approval of individual RFCs.	A review will be completed to assess the validity of user access rights. All generic and test accounts will be promptly disabled.	31/03/18	1	The review of access rights and disabling of all generic and test accounts will be completed as part of the installation of the Service Now system. This decision was made due to the legacy complexity of permissions and controls. The risk is being mitigated via a clean sheet build approach to the system installation.	31/07/18
RFC Change Approvers The CES guidelines on secure configuration	The review of security roles will be completed to assess the validity and necessity of all Change Approvers and the assigned Workflow Security	31/03/18	1	A review of security roles to assess the validity and necessity of all Change Approvers and their assigned Workflow	31/07/18

Control weakness and risk exposure	Agreed action	Original completion date	Priority	Update on progress and/or alternative action taken	Anticipated completion date
recommend that 'special access privileges should be restricted to a limited number of authorised individuals'.	Role.			Security Role is being completed as part of the installation of the Service Now system.	
All Request For Changes (RFCs) must be documented and recorded on the vFire application. Furthermore, all RFCs are subject to independent evaluation and approval by Change Advisory Board (CAB) meetings.					
A review of Change Approvers identified that 153 personnel had been assigned the Workflow Security Role and had the ability to approve RFCs. We were advised that this was a known issue and a review of security roles was actively being progressed.					
Risk exposure: System implications through the approval of untested or unnecessary changes.					
TVP Intranet and Internet Content Management	Final report issued on: 09/01/18			CCMT Lead: DCC John Campbell	
Messaging oversight Lead LPA TV Alert Administrators have recently been nominated for each LPA. They have been encouraged to promote local contacts and look at plans to ensure consistent TV Alert support for their LPAs. It was noted however that there is no detail setting out exactly what the Leads are responsible for going forward to ensure that they are clear on their responsibilities and are as effective as possible. The Community Engagement Communications Officers, who are new in post, are in the process of implementing a number of changes and	To ensure the responsibilities of the Lead LPA TV Alert Administrators are clear a role document is being created and will be communicated to all relevant parties.	31/01/18	2	A workshop was held in April with all administrators and field officers to discuss roles and responsibilities as well as to provide enhanced training. The role document is still to be signed off following this and we will ensure this is done within the next month. Monthly updates continue to be sent providing best practice as well as system information updates. Guidance was also provided to administrators re responsibilities in relation to GDPR.	31/07/18
improvements to the processes in relation to TV Alerts to provide increased oversight and guidance. At the time of the audit, this work had not been assigned a firm timescale. Against this, it is appreciated that the Corporate Communications Department restructure has only recently been completed and the above is therefore a work in progress.	A Local Digital Communications Strategy is being developed through a Working Group which will commence in the new year. This will include consideration of TV Alerts and Police.uk.	31/03/18	2	The strategy is on hold whilst awaiting an update on the national digital strategy which is being produced. A TVP briefing has been organised for the end of June 2018. The project will restart once we know the scope of the national project.	Autumn 2018 (exact date TBC)
Risk exposure: Lack of oversight of messages being sent out leads to inappropriate messages/practices not being highlighted and promptly addressed and potential failure to fully maximise benefits of TV Alerts.					

Control weakness and risk exposure	Agreed action	Original completion date	Priority	Update on progress and/or alternative action taken	Anticipated completion date
Missing Persons (Framework and Governance)	Final report issued on: 11/01/17			CCMT Lead: ACC Tim De Meyer	
Missing Person Coordinator (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. The Knowzone includes a MPC Toolkit, but the content of the toolkit just relates to officer guidance in completing safe and well checks. Risk exposure: MPCs lack a consistent induction or	A training and induction process is currently being developed for MASH staff, including MPCs.	31/07/17	1	MASH Managers are currently working with the L&D team to develop a training package for all support staff within the MASHs. MPC JD will be fully completed after the process evaluation being completed by Service Improvement. The JD will also incorporate Elpis and the new processes.	30/09/18
procedure document, leading to inconsistent or					
Ineffective approaches. Return Interview - Approach There is a Thames Valley Joint Protocol re: Missing Children (April 2014), which contains detail on TVP's responsibility in sending information to the local authorities to conduct return interviews. The document has not been reviewed and updated to ensure it is line with the changes to the new Missing Person SOP. There is no information included in the protocol that states the local authority's responsibility in promptly returning any completed return interviews to TVP or informing TVP where a requested return interview has been unsuccessful or not completed. Risk exposure: 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 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	The revised Missing Persons "Operational Guidance" will include guidance and detail on the return interview process at TVP, including: - Why they are useful (i.e. noting any crime committed, disclosing key information or intelligence, identifying associates or helping to inform a joint risk assessment). - The role and responsibility of the MPC in the return interview process. A consistent process will be introduced across the Force that enables TVP to raise any issues in relation to return interview submission rates or quality.	31/07/17	1	The process of return interviews was addressed at the Missing Persons Operational Group. Due to the potential restructure of Missing and a potential dedicated Missing Manager this will action can be given to ensure central and standard point of policy decision.	30/09/18

Control weakness and risk exposure	Agreed action	Original completion date	Priority	Update on progress and/or alternative action taken	Anticipated completion date
issues around low levels of returns being received and returns not being completed promptly.					
The audit attempted to identify the processes in place within each Hub area for overseeing the number of return interviews received and escalating any concerns if return interviews are not being forwarded to the Force, or on a timely basis. There were differing approaches to monitoring and chasing return interview documentation and there was also a lack of formal process for escalating observations TVP might have in terms of return interviews not being forwarded on a timely basis to the Force.					
Risk exposure: TVP are not receiving useful and relevant information regarding the missing incident, leading to ineffective action being taken.					
TVP are also not escalating issues with regard to key information not being shared across partner agencies, leading to concerns not being addressed.					
Organisational Programme Governance	Final report issued on: 21/04/17			CCMT Lead: DCC John Campbell	
Change Framework Terms of References Within the new Change Process and Framework, a number of meetings take place to manage change from proposal through to delivery and lessons learnt. As part of the audit, the Terms of References for each meeting were reviewed. Testing found that some of the ToRs required updating or where draft versions. Discussions during the audit identified that the Terms of References for the key meetings listed in the Change Framework were being reviewed and updated to ensure that they accurately reflected the aim and objectives of the meetings, the list of required attendees was correct and the decision making power of the meeting was clearly documented.	The Terms of References for the Force Change Review Part 1, Force Change Review Part 2, Joint Moderation Panel and Force Transformation Board will be reviewed and updated.	31/07/17	1	The Terms of Reference for Force Change Review Part 2 and Transformation Board have been reviewed, refreshed and signed-off by the respective boards. The ToR for Force Change Review Part 1 are under review in conjunction with Hampshire Constabulary. The delay in signing these off is due to the interdependency with the Hampshire Constabulary meeting and the Central Moderation Panel.	30/09/18
Risk exposure: Out of date or inaccurate meeting Terms of References, leading to a lack of clarity on the role, attendees and decision making power of each meeting.					



Contents at a glance



This sector briefing is one of the ways that we support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the Police sector, and the audits that we undertake.

The briefings are produced by our public sector audit specialists within EY's national Government and Public Sector (GPS) team, using our public sector knowledge, and EY's wider expertise across UK and international business.

The briefings bring together not only technical issues relevant to the Police sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing.

We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please contact your local audit team.



EY ITEM Club

The EY ITEM Club has produced a briefing that provides a view of economic shifts and trends for local authorities to consider. It suggests that 2018 will see a continuation of the mediocre economic performance seen in 2017. This will provide a number of challenges for local authorities at a time when the need to achieve key objectives, such as driving economic growth locally, become ever more important.

Continued economic pressures in 2018

Police Forces are likely to find the UK's economic performance stumbling through 2018, with GDP growth now failing to keep up with a rosier outlook for the global economy.

The UK's GDP growth averaged 1.7% throughout 2017, outperformed by growth across the G7 economies. This reflects an economy that has displayed a degree of stability in recent quarters, but also a lack of momentum in both absolute and relative terms. GDP growth is forecasted to remain consistent at 1.7% 2018 and 2019, representing a sub-par growth by the standards of both history and the UK's international peers.

A number of economic metrics are likely to influence decision making in the year ahead:

- ▶ The CIPS/Markit Index indicated a tough few months for the UK economy at the start of 2018, influenced by a prolonged bout of bad weather. The construction sector was worst hit, with the Index suggesting a slump in March to 47.0 from the previous month's 51.4, suggesting a contraction in activity. This could impact both infrastructure and house building activity
- > 2017's increasing inflation rate created the chief headwind to growth in the year. However from a consumer's point of view, the growth in average earnings will likely outpace the inflation rate. Local authorities will need to consider the impact on their workforce, including consideration towards workforce retention
- ► The economy faces a headwind from the prospect of rising interest rates, caused by inflation likely to stay above the 2% target and the tone of the Bank of England Monetary Policy Committee. The EY ITEM Club forecasts two further interest rate rises of 0.25% in the coming year. Local authorities need to consider the impact of this, for example on variable rate borrowing costs and also on broader treasury management plans

Implementation of the Police Pay Award 2017-18 and amendments to Temporary Promotion Arrangements

The Home Office have announced details of the Police Pay Awards settlement following the announcement from the Home Secretary in September 2017 of her decision to implement the recommendations arising from the Senior Salaries Review Board (SSRB) and the Police Remuneration Review Body (PRRB).

The pay award takes effect from 1 September 2017 and includes:

- ► A 1% consolidated basic pay award for all ranks
- An additional 1% non-consolidated award to the value of 1% of basic pay for all officers at federated and superintending ranks
- ► A 1% increase for London Weighting
- ▶ A 1% increase to the Dog Handlers' Allowance

The above applies to all police officers in England and Wales.

In addition to the above changes the Home Office also announced changes in reward for officers in temporary positions and those officers currently 'acting up' at the rank of superintendent or above. This would be in the form of a one off non-pensionable payment in lieu of pensionable pay.

Policing and Crime Bill: Overarching Documents

The Policing and Crime Bill introduced by the last Government brought major changes in policing in England and Wales with key changes such as the introduction of Police and Crime Commissioners, an enhanced Independent Police Complaints Commission (IPCC) and a strengthened inspectorate.

The current Government intend on 'finishing the job' with further provisions within the Bill. The key changes are focused on a number of key areas. These include:

- Strengthening confidence in the police complaints system by reforming the police complaints and disciplinary system. This would see a strengthened role for PCC's and the IPCC and also greater protection for police whistle blowers. PCC's would in effect become the appellate body for those appeals currently heard by Chief Constables
- Chief Constables would also be enable to designate a greater range of powers on police staff and volunteers
- ➤ The terms of the Deputy PCC is extended so that, in the event of a PCC vacancy occurring (either through death or retirement) the term automatically ends when the new PCC takes office rather than, as now, upon the former PCC ceasing to hold office



IFRS 9: Financial Instruments ... just an accounting change isn't it?

On 4 April 2018 the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2018/19 was issued by a joint board of CIPFA/LASAAC. The updated Code of Practice for 2018/19 introduces two new reporting standards, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, which was discussed in detail in the last briefing.

The implementation of IFRS 9: Financial Instruments in the 2018/19 Local Government Accounting Code could well have an impact on Local Authority (including police bodies) budgets and ultimately General Fund reserve levels.

The IFRS impacts on an authority's financial assets: the investments it holds; the amounts it has lent to others; and other monetary based assets it may have. It changes how these financial assets are classified and how movements in their value are accounted for. It also changes how these assets are impaired; based on the risk that the assets may not be recovered in full, or at all.

Classification changes

Currently, many Local Authority financial assets are classified as 'Available for Sale'. For these assets, an accounting adjustment is permitted to ensure that movements in the value of these assets does not impact on the General Fund. Under IFRS 9, the 'Available for Sale' classification no longer exists. Local Authorities will therefore have to reclassify their financial assets into one of the three classifications allowed under the standard: amortised

costs; fair value movement through other comprehensive income; and fair value movement through profit and loss. It is this final category which is causing Local Authorities concern, as any movement in the value of assets in that classification will impact directly on General Fund balances, and at present there is no permitted accounting adjustment to remove that impact.

Collective Investment Schemes

Many authorities are now investing significant amounts in a range of collective investment schemes, such as the CCLA Local Authority Property Fund. At present there is significant debate about the classification of these funds, with the majority view being that they would be classified as fair value movement through profit and loss, with those movements therefore impacting on General Fund. The alternative view is that these funds meet the definition of equity and could therefore be reclassified to fair value movement through other comprehensive income, with the value movements not impacting General Fund. This specific issue is being considered by central government and CIPFA, and it is likely that a permitted accounting entry will be introduced to allow the impact of value movements for these type of funds to be removed from the General Fund.

Impairment of financial assets

Under the current approach, Local Authorities only have to provide for impairments to financial assets when there is objective evidence that all of the value of the asset may not be recovered; IFRS 9 introduces a new model for financial asset impairment. Under the new impairment model, Local Authorities will need to

make an estimate of the potential loss on all financial assets at the inception of that asset, even if there is no objective evidence that a loss will occur. This will obviously result in a higher impairment charge for financial assets going forward, and that charge will impact on General Fund.

In summary, the introduction of IFRS 9 into the Code is more than just an accounting change and Local Authorities will have to keep a very close eye on the budgetary impact.

CIPFA/LASAAC consultation on IFRS 16 Leases

CIPFA has issued the first of a series of briefings intended to assist practitioners engage in the consultation process for the adoption of IFRS 16 in the 2019/20 Code. Each briefing will focus on particular aspects of the standard whilst also updating stakeholders on latest developments. The first briefing focuses on recognition and measurement and the adaptations to the Code for the adoption of IFRS 16.

IFRS 16 replaces IAS 17 Leases and its related interpretations. It will apply to the 2019/20 financial statements subject to the consultation process and CIPFA/LASAAC's decisions for adoption in the 2019/20 Code. The changes introduced by the standard will have substantial practical implications for local authorities that currently have material operating leases, and are also likely to have an effect on the capital financing arrangements of the authority.

The new leasing standard will lead to a significant change in accounting practice for lessees for whom the current distinction between operating and finance leases will be removed. Instead it requires that a lessee recognises assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. At the commencement date of the lease, a lessee will recognise a right-of-use asset representing its right to use the underlying leased property, and a lease liability representing the lessee's obligation to make lease payments for the asset.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. Subsequently, lessees increase the lease liability to reflect interest, and reduce the liability to reflect lease payments made (as with finance leases under IAS 17).

The right of use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the lessee's initial direct costs (e.g., commissions), and an estimate of restoration, removal and dismantling costs. Subsequently, the right of use asset is depreciated in accordance

with IAS 16. (In certain circumstances, alternative subsequent measurement bases for the ROU asset may apply (in accordance with IAS 16 and IAS 40 Investment Property).

The standard has a set of specific mandatory disclosure requirements (e.g., expenses, cash flows), and also an additional requirement for a lessee to disclosure any further information a user would need to assess effect leases have on the financial statements.

CIPFA will be liaising with a number of authorities across the UK to consider the cost and benefit implication of adoption of IFRS 16, as well as the impact on information requirements, the processes and systems used by local authorities.

Future briefings to support the implementation of this new standard will cover topics such as identifying the lease, recognition exemption, issues for lessors and transitional reporting arrangement, to name a few. A readiness assessment questionnaire has been included in the consultation to help local authorities in their preparations. CIPFA/LASAAC is requesting authorities to share this information in order to assess the overall preparedness for adoption on a larger scale.

Audit Committee Effectiveness Toolkit

Audit Committees are a vital part of any entity as they are charged with overseeing governance arrangements throughout their organisations. Over the past few years Audit Committees have experienced enhanced scrutiny from regulators and stakeholders with new guidance on good governance arrangements, public sector internal audit standards, managing risk and preventing fraud; whilst at the same time there has been the need to deliver better value for money for taxpayers.

Therefore it is vital that every Audit Committee is prepared, ready and are able to fulfil their role in an effective manner. In order to assist Audit Committees in monitoring their performance, and assessing their effectiveness, EY has developed a Government and Public Sector specific 'Audit Committee Effectiveness Toolkit'.

The toolkit provides an opportunity for Audit Committees to critically assess their own effectiveness to determine if they meet the minimum standards as set out in CIPFA's Position Statement for Audit Committees. The toolkit will also help all members to understand their respective roles and responsibilities of being a member of an Audit Committee.

This toolkit is available as an additional service that can be provided. Further information regarding the Audit Committee Effectiveness Toolkit is available upon request through your local audit team.



2017 PEEL Assessments Published

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) published the final 2017 PEEL assessments having concluded their work across the three key strands of their assessment: Efficiency, Effectiveness and Legitimacy. The last of the assessments released was the Effectiveness assessment which was published in March 2018.

This was the fourth year of the revised PEEL assessments with each Force in England and Wales graded across four grades depending on performance. The HMICFRS inspector gives an overarching assessment including progress since the last PEEL inspection as well as challenges facing the force over the coming period. Local residents and other interested stakeholders can access the report for their local area via the HMICFRS website. The report also details other statistics of interest and compares each force at a local level with the national comparative. Comparatives include:

- Percentage of frontline policing
- Victim based crime statistics
- Cost per person per day

Force Management Statements

HMICFRS have released the Force Management Statements (FMS) self-assessment template with a submission deadline of 31 May 2018. In summary, the FMS is the Chief Constable's view of:

- ► The likely demand the force expects in the next four years
- The changes and improvements that will be needed to meet the demand
- ► Efforts the force will deliver to ensure that the gap between future demand and future capability is as small as possible
- ► The resources, in particular the money, the force will have to deliver on this

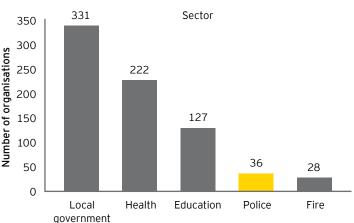
The FMS will assist HMICFRS in their review of efficiency and effectiveness. A further benefit to HMICFRS will be in targeting their work in those areas highlighted as posing the greatest risk to the public as understood by the Chief Constables.

Gender pay gap reporting

On 4 April 2018 employers in Great Britain with more than 250 staff were required by law to publish data on Gender Pay Gap for the first time. EY has analysed the gender pay gap data reported by 744 public sector bodies, including 36 Police Forces (See Figure 1 below).

Figure 1: Government and Public sector bodies reported on gender pay gap

Who reported



The gender pay gap is calculated by determining the difference between the mean or median hourly earnings for men and women, as a percentage of men's hourly earnings. We have analysed the Mean gender pay gap and the median gender pay gap below.

The education sector reported the largest average median pay gap (15.3%) with police as close second with an average median pay gap of 14.6% see Figure 2 below.

Figure 2: Average median pay gap

Average pay gap

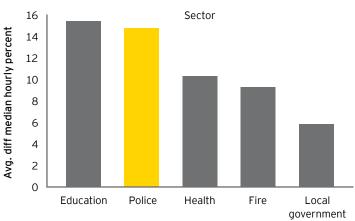
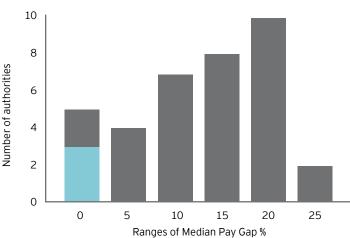


Figure 3 below sets out the % gap in median hourly pay between men and women reported by Police Forces. This shows that three authorities reported a zero pay gap, and the remaining 33 reported higher pay for men than women.

Figure 3: Difference in median hourly pay in Police

Difference in median hourly pay in fire sector, %

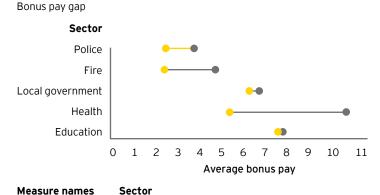


Difference in Median hourly pay as report by each organisation. Yellow represents instances where the median hourly pay was higher for women, Blue represents instances were there was no gender pay gap and grey corresponds to a median hourly pay gap where men are paid higher.

Colour shows details about reported pay gap %, where yellow colour means that women paid more, grey means men are paid more and blue shows a police authority where zero pay gap was reported.

Figure 4 below compares the bonus pay gap between men and women across different sectors. This shows that Police had the third lowest bonus pay gap.

Figure 4: Bonus pay gap in government and public sector





Local government

Education

From April 2019 it will be compulsory for VAT registered local authorities to comply with new requirements to be in line with HMRC regulations. Local authorities will need to:

Keep and preserve digital tax records

Police

Fire

Female bonus

Male bonus

File VAT returns directly with HMRC using MTD compatible software

Whilst these requirements may not initially seem too burdensome, where a local authority is preparing VAT returns manually from legacy systems or multiple unconnected systems it may be a challenge (and time consuming) to fully understand and implement the necessary changes to be compliant with the MTD requirements.

With around only nine months before the new regulation comes into force local authorities will need to make sure that they have an appropriate readiness plan in place in order to comply with the new MTD obligations.

EY is recommending that local authorities prepare for MTD by creating a 'roadmap to April 2019' as soon as possible to allow for suitable time to implement changes before the deadline. This 'roadmap' should include:

- 1. An assessment of the current state and readiness for change
- 2. Evaluation of available technology solutions

Further information can be found at the end of this briefingalthough where EY is the appointed auditor to an authority; it is prohibited from providing tax advice.

National Minimum/Living Wage legislation

Recent investigations from HMRC have seen an increase in Public Sector employers struggling to comply with the National Minimum/Living Wage (NMW/NLW) legislation. The NMW/NLW minimum wage for those over 25 is currently £7.83. Lower rates exist for those aged under 25 and apprentices. Whilst the NMW/ NLW rates have been well publicised a number of public sector employers have been struggling to comply. A report by the Low Pay Commission, published in September 2017, raised concerns regarding the high rate of NMW/NLW breaches and specifically highlighted education support assistants and teaching assistants. Given the diverse nature of work undertaken by police employees it is important to review contracts and working practices across the different activities undertaken. This has resulted in an increase in enforcement activity in this sector. Some significant areas of focus include:

- Salaried workers whose hours are not actively monitored
- ▶ Defined dress code policies which may reduce the NMW/NLW pay
- ▶ Deductions, such car parking charges paid by employees on facilities owned by the authority
- Salary Sacrifice which may in turn reduce the base pay for NMW/NLW

The impact of reputational damage from being publically named may outweigh any financial impact, which includes penalties of up to 200% of any arrears and lengthy HMRC investigations which could cover a period of six years.

EY have employed a number of former NMW/NLW Compliance Investigators, with significant knowledge and experience that will be able to provide insights on developing an effective approach to achieve compliance with legislation and improve monitoring procedures.

Further information can be found at the end of this briefing although where EY is the appointed auditor to an authority; it is prohibited from providing tax advice.

Key questions for the Audit Committee

- Has your authority assessed the impact of inflation and earnings growth on employee retention?
- ► Has your authority considered the impact of potential rises in interest rates over the next year or so, and reflected this in estimated costs of borrowing and on its broader treasury management strategy and medium term financial planning?
- Are the pay awards and forward settlements adequately reflected in forward medium term financial plans?
- ► Has your authority assessed the impact of the new accounting standards IFRS 9 Financial Instruments on your budgets?
- ► Has your authority assessed the impact IFRS 16 will have on cost, processes and system information?
- How is the effectiveness of your Audit Committee assessed and monitored?

- Having reviewed the 2017 PEEL Assessment for your force what are the challenges and risks for the medium term. Are these adequately reflected in the risk registers and forward plans?
- Is your Force Management Statement an accurate reflection of the force and its biggest challenges and risks?
- ► Have you considered the gender pay gap at your authority? Where there is a gender pay gap, what actions are being taken to reduce the gap?
- How prepared is your authority for the new Making Tax Digital (MTD) VAT requirements that will come into force from April 2019?
- ► How does your authority ensure that it complies with the National Minimum/Living Wage (NMW/NLW) legislation?

Find out more

EY ITEM Club Spring Forecast 2018

https://www.ey.com/uk/en/issues/business-environment/financial-markets-and-economy#section1

Implementation of the Police Pay Award 2017-18 and Amendments to Temporary Promotion Arrangements

https://www.gov.uk/government/publications/circular-0022018-police-pay-award-2017-18-and-temporary-promotion-arrangements/circular-0022018-implementation-of-the-police-pay-award-2017-18-and-amendments-to-temporary-promotion-arrangements

Policing and Crime Bill: overarching documents

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/537257/Factsheet_0_-_overview.pdf

Code of Practice Improvements

http://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-201819-online

http://www.cipfa.org/about-cipfa/press-office/latest-press-releases/new-code-improves-transparency-of-transactions-in-local-government-finances

http://www.cipfa.org/policy-and-guidance/consultations/code-of-practice-on-local-authority-accounting-in-the-united-kingdom,-c-,-consultation-on-ifrs-16-leases

http://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board/local-authority-leasing-briefings

https://www.gov.uk/government/consultations/ifrs-16-leases-exposure-draft-1801

Audit Committee Effectiveness Toolkit

Please contact your local audit team

PEEL 2017 Assessments

https://www.justiceinspectorates.gov.uk/hmicfrs/news/newsfeed/2017-peel-assessments-published/

Force Management Statements

https://www.justiceinspectorates.gov.uk/hmicfrs/about-us/what-we-do/force-management-statements/

Making Tax Digital (MTD) for VAT: Changes from April 2019

https://www.ey.com/gl/en/services/tax/digital-tax---why-digital-tax

https://www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital

https://www.icaew.com/en/technical/tax/making-tax-digital

National Minimum/Living Wage legislation Compliance

https://www.gov.uk/government/publications/enforcing-national-minimum-wage-law

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JOINT INDEPENDENT AUDIT COMMITTEE FOR THAMES VALLEY POLICE

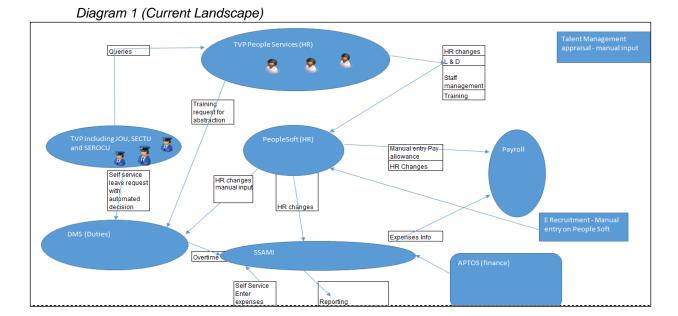


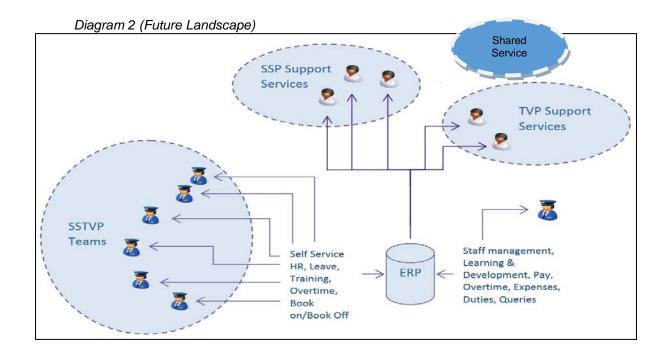
Report for Information
Title: Enterprise Resource Planning (ERP) Programme
Executive Summary:
In partnership with Surrey and Sussex, the ERP Programme commenced in August 2015 with the intent of procuring and providing a shared, single IT system to streamline, integrate and automate administrative practices within 'Back Office' departments, Resource Management and Learning and Development. The single solution will replace numerous existing systems and offer enhanced functionality and efficiency savings across the Force.
In collaboration with KPMG, our Delivery partner, it was initially expected that the programme would complete in May/June 2018. However this has not been possible to achieve. The Programme is currently rated as 'Amber'. It is now scheduled to deliver in November 2019. In addition to the business benefits of the ERP platform itself, there will be further opportunities to develop tri force shared service delivery.
Recommendation: The Committee is invited to review and note the report as appropriate
Chairman of the Joint Independent Audit Committee
Signature Date

PART I – NON CONFIDENTIAL

1 ERP Purpose

- 1.1 In partnership with Surrey and Sussex the primary purpose of the ERP programme is to introduce a single 'back office' IT solution that will provide an opportunity for enhanced efficiency and effectiveness whilst offering an opportunity for continued transformational change and further economies of scale. The provision of a single instance 'Microsoft Dynamics 365 for Operations' cloud based system will form the basis of a proposed shared business solution for all three Forces and beyond.
- 1.2 The programme has a clear remit to support future collaboration by harmonising all people and asset related policies, procedures and processes, where feasible. Whilst in the short to medium term business needs will result in some policies and associated processes remaining different there is a commitment that the new ERP will support future alignment and continuous improvement.
- 1.3 There is significant support from all staff to move to a single solution to overcome the frustrations and time wasted that officers and staff encounter with duplication of effort having to use multiple, disconnected systems. The operational and timesaving benefits to them will be significant as operational hours are made available.
- 1.4 A comparison of the functionality can be expressed diagrammatically with the current landscape at Diagram 1 and the future position at Diagram 2.





1.5 The ERP Programme will offer a modern, future proof solution that delivers the functionality depicted below in Diagram 3

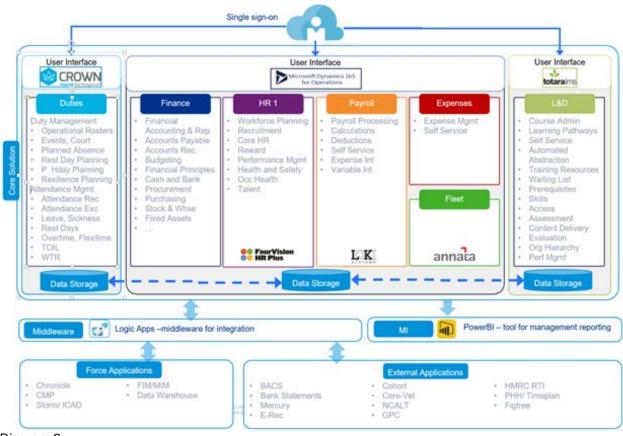


Diagram 3

2 Programme progress

- 2.1 As a result of the OJEU procurement exercise, KPMG were selected as the successful Bidder in May 2016. Their offering of a Microsoft Dynamics 365 for Operations solution with identified third party suppliers was deemed the most suitable for the Forces requirements.
- 2.2 Programme team mobilisation took place during June and July 2016 with several workshops being held and the on boarding of KPMG staff.
- 2.3 Between July 2016 and March 2017 the programme progressed through the preparation phase with the key outcome being the 'lock down' of the core requirements and associated functionality. Due to the number of requirements increasing from 517 to 1369 an extended timescale was required for commercial conversations to ensure we delivered the required solution.
- 2.4 The 'Design phase' of the Programme commenced in March 2017 and was initially scheduled to complete by November 2017. Due to the extent of the design work, changes to programme methodology and changes in third party contractors the design work is ongoing with completion scheduled for the 27th July 2018.
- 2.5 Building of the system has commenced whilst the design work is ongoing with the Build phase scheduled to complete in November 2018.
- 2.6 Due to decisions to adopt the latest Crown Resource Management functionality, the 'Duties' workstream will run until January 2018.
- 2.7 Once complete, the programme will enter the testing phase with training and transition preparation running concurrently until Surrey and Sussex 'Go Live' in August 2019 and November for Thames Valley.
- 2.8 As a result of the complexity, commercial conversations and difficulties with third party provider changes it was necessary to re timeline the Programme and agree a revised schedule for implementation. Conclusion of these discussions resulted in a shift of the implementation date from May 2018 to November 2019 for Thames Valley.
- 2.9 A revised Business Case and associated financial model were developed for the PCC's and CC's approval and in May 2018 approval was given to continue with the Programme.
- 2.10 As a result of the Programme refresh the Programme is now rated as 'Amber' due to the short timescales and resource shortages which are being recruited to immediately.
- 2.11 A high level programme plan overview, depicting future programme timescales, is attached at Appendix 'B'.

3 Governance Arrangements

- 3.1 Tri Force Programme governance arrangements were fundamentally reviewed in October 2017 and an amended structure was introduced in November 2017. The revised arrangements closely follow established Managing Successful Programmes (MSP) methodology.
- 3.2 The revised governance arrangements are broadly set into three levels:
 - Individual workstream level, overseen by the respective Design Authority, chaired by the Strategic Lead.
 - Programme Management, overseen by the Programme Director the Thames Valley Programme Manager
 - Strategic Level. For Thames Valley the Strategic Board Members are DCC John Campbell as the Senior User, Linda Waters as the strategic Financial Lead and Steven Chase as the strategic People / L&D Lead.
- 3.3 Thames Valley are the only Force to maintain an internal ERP Board meeting that is held on a monthly basis. The meeting is chaired by DCC Campbell and attended by key senior Managers, UNISON, the Federation, ERP Programme Manager and the ERP Business Change Lead.
- 3.4 A new Tri Force Programme Delivery Director joined the programme in June 2018 and is currently reviewing the results of an independent programme governance review that reported in May 2018. It is anticipated that this review will result in the realignment of programme management roles.
- 3.5 The revised governance arrangements are as depicted in Appendix 'A'.

4 Programme Audit findings

- 4.1 Since inception the programme has been the subject of a number of audits and reviews and amongst others these include audits by:
 - The TVP Joint Internal Audit Team
 - Gateway Reviews by the Programme Independent Assurance Manager
 - Local Partnerships Review
 - The Sussex Internal Audit Team
 - Joint PCC's Proxima Review into the commercial aspects
 - Grant Thornton
 - Medley Consulting programme governance review

4.2 TVP Joint Internal Audit

4.2.1 The initial review was completed during the second quarter of 2017/18 with a follow-up review undertaken during the fourth quarter 2017/18.

- 4.2.2 The initial review awarded the programme a status of 'reasonable assurance' and during Part 2 of the audit, the actions agreed as part of Part 1 were followed up. Of the 13 actions agreed, 12 have now been completed, which are:
 - A revised Programme Governance Structure was implemented in November 2017.
 - A revised Programme Highlight Report template has been introduced and is being used. Further testing found that the Programme RAG status is being consistently reported to all Programme governance forums.
 - A consistent Action and Decision Log format has been adopted across the Programme. Further testing found that the Logs are being regularly updated.
 - An updated Change Control process, documentation and governance structure has been introduced by the Programme.
 - A finance update and report was presented to the 16 February 2018 TVP ERP Board and reporting is ongoing.
 - The ERP Project Management Office maintain visibility of the budget via the TVP ERP Board reports.
 - An update on the Communications Strategy was presented to the Strategic Board on the 20 December 2017.
 - A revised risk management process has been adopted and aligned with the new governance structure.
 - A new Risk Management Group meets on a weekly basis to assess any new or emerging risks, with the group reviewing the whole RAID Log on a monthly basis.
 - The Police and Crime Commissioner for Thames Valley has approved the revised Business Case and associated financial model.
 - An ERP Business Continuity Plan for Thames Valley has been completed
 - A high level Implementation Plan has been agreed.

One action is in progress and being developed by the Business Change Team.

- A process to track that the projected savings and benefits are delivered is being developed.
- 4.3 A summary of the key recurring findings is contained within the table below supplemented by the corrective actions or control measures that have been implemented:

Table 1

Table 1	
Theme	Control Measure
Programme Timelines	
There is no contingency remaining within the plan	Programme progress monitoring meetings now held daily. Workstreams plans aligned to revised High level plan
Whilst the 'Go Live' dates have remained the same programme workloads have been compressed to accommodate the 'Go Live' dates	Workstream plans now reviewed and weekly reporting implemented

Resourcing	
Additional resources are required for SSTVP to ensure programme delivery A shortage of Technical resources due to	 Additional staff have been brought into the programme to enhance the skillsets An enhanced Programme Management Office is being developed with additional posts identified for recruitment to. The programme plan is being resource mapped to ensure we are aware of any resource 'pinch points' The creation of the ICT Delivery and
other programmes is impacting upon key deliverables Governance	Transition Board has included CIO's from all 3 Forces and enhanced ICT resourcing and integration A Tri Force ICT Programme Manager has been appointed to focus on the Technical workstream
The programme structure does not meet the	The programme governance structure has
required governance arrangements and delays decision making	 been refreshed and new terms of reference produced to enhance decision making and escalation management The recent governance review has identified the need for additional roles within the structure and these are being processed
Planning	
A revised programme plan is required to enable accurate reporting and tracking of progress	 A revised programme plan has been approved with further work ongoing to develop a consolidated programme plan ongoing. Completion is scheduled for July 2018
Risk Management	
A revised risk management process is required to ensure adequate risk control and mitigation	A Risk Management Group (RMG) has been formed as part of the revised governance structure and an updated joint RAID Log has been developed. The RMG meets weekly to review all risks and issues and implement control measures as required
Data Resourcing	
There is a lack of skilled resource within the Data workstream	 A strategic Data Lead has been appointed at Director level A Tri Force Data Lead has been recruited and is evaluating the data workstream and associated resourcing
Communications	
A communications strategy requires development and implementation	The SRO is recruiting a replacement communications lead due to an unexpected departure of the previous communications lead
Relationships	
The tensions in the relationship between SSTVP and KPMG may lead to inefficiencies and delays to programme delivery	 Key programme staff have changed roles and more collaborative ways of working have been developed More frequent joint working has been implemented
	 Options for Co-Locating the whole programme teams are being explored

3. Financial comments

3.1 The ERP programme has an implementation cost (Capital) for Thames Valley of £6.9m. The contract also covers the first five years post go live @ £1.3m per annum.

4 Legal comments

4.1 There are no legal implications arising from this report

5 Equality comments

5.1 There are no equality implications arising from this report.

6 Background papers

6.1 Tri Force ERP Programme Business Case refresh – May 2018

Public access to information

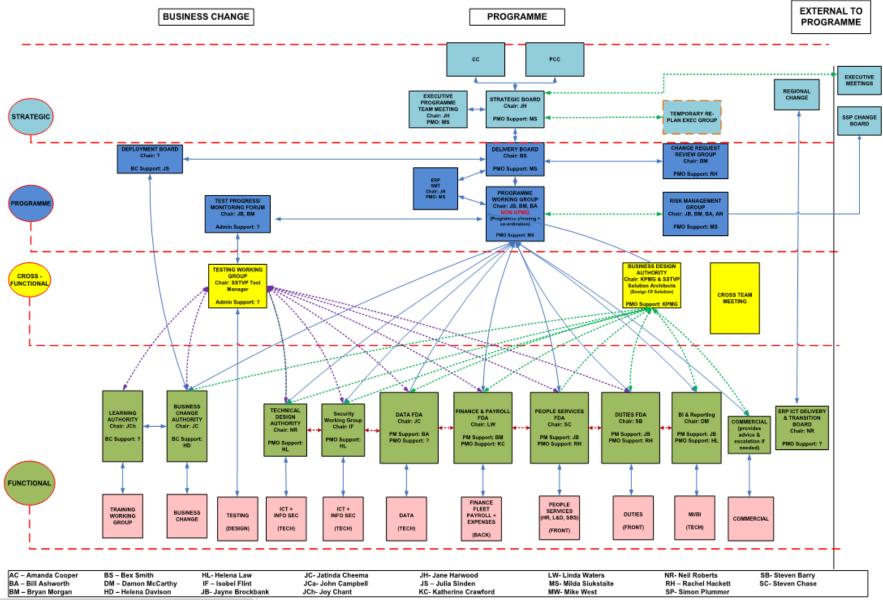
Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 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

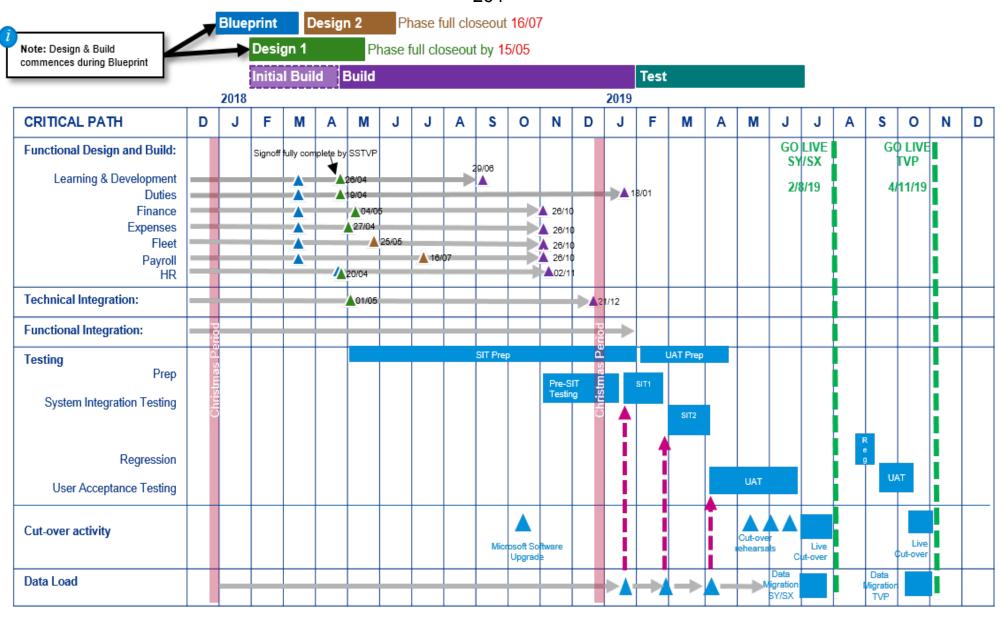
Is there a Part 2 form? No

Name & Role	Officer
ERP Programme Manager	Bryan Morgan
Legal Advice	N/A
Financial Advice	Linda Waters
Director of Finance	
Equalities and Diversity	N/A

DRAFT ERP Governance Structure



Appendix 'B'





JOINT INDEPENDENT AUDIT COMMITTEE



Report for Decision: 13th July 2018

Title: Statement of Accounts 2017/18

Executive Summary:

In accordance with the Police Reform and Social Responsibility Act 2011 (The Act) the PCC for Thames Valley and the Chief Constable are both required to produce separate Statement of Accounts. The PCC is also required to produce Group Accounts.

Attached at Appendix 1 is a copy of the PCC's Statement of Accounts for 2017/18. This includes the Group financial statements for the PCC and Chief Constable, the PCC's annual governance statement (AGS) and the single entity financial statements for the PCC.

The Chief Constable's separate Statement of Accounts is attached at Appendix 2 and includes Chief Constable's financial statement and the AGS.

Within both documents there is a Narrative Report which pulls together in a single document information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks.

The Group revenue account is summarised on page 7 of Appendix 1. Overall the revenue budget was underspent by £0.773m or 0.2% of the approved net cost of services of £438.996m, which demonstrates ongoing strong and effective financial management of the annual budget by the Chief Constable and his staff.

The capital outturn of £23.419m was £2.691m below the drawn down annual budget of £26.110m and the variance comprised scheme underspends of £0.623m (including £0.430m of items funded by external grant) and slippage of expenditure of £2.068m.

The Group balance sheet is summarised on page 10 of Appendix 1. Excluding the liability for defined benefit pension schemes the PCC group has net assets of £281m, including £64m in cash reserves. This is a relatively healthy position to be as we continue the prolonged period of fiscal tightening and do not know, at this stage, the exact level of government grant support that we will receive in future years (i.e. beyond 2019/20).

The PCC's letter of representation to support the 2017/18 accounts is attached at Appendix 3, with the Chief Constable's letter attached at Appendix 4.

The accounts have been audited and the Audit Director will issue an unqualified audit

opinion. Her full 'Audit results report' is attached at Agenda item 2.

Recommendation:

- 1. That the Committee:
 - CONSIDERS and NOTES the two separate Statement of Accounts for the PCC and Group (Appendix 1) and Chief Constable (Appendix 2); and
 - CONSIDERS and NOTES the letter of representation in respect of the PCC and Group accounts and also the Chief Constables letter in respect of the CC accounts.
 - NOTES the receipt of the external auditor's unqualified audit opinion on the accounts (Agenda item 17)

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 Police Reform and Social Responsibility Act 2011 (The Act) established two separate corporation sole bodies, the PCC for Thames Valley and the Chief Constable.
- 1.2 Following the "stage 2" transfer on 1st April 2014 the Chief Constable now employs all police officers and police staff, except those working directly for the PCC. Associated employments rights and liabilities also transferred from the PCC to the Chief Constable.
- 1.3 The PCC has also given consent for the Chief Constable to enter into contracts and to own "short life" assets (e.g. vehicles, plant and equipment). The PCC will retain ownership of land and buildings.
- 1.4 The balance sheet debtors, creditors and provisions are allocated according to the nature of the asset or liability.
- 1.5 All usable reserves remain with the PCC. The Chief Constable has unusable accounting reserves to enable the appropriate accounting treatment for fixed assets, pensions and employee benefits.
- 1.6 The Group continues to operate an intra group account and the PCC continues to pay for all financial resources consumed at the request of the Chief Constable.

Statement of accounts

- 1.7 Attached at Appendix 1 is a copy of the PCC's Statement of Accounts for 2016/17. This includes the Group financial statements for the PCC and Chief Constable, and the PCC's Annual Governance Statement (AGS) and the single entity financial statements for the PCC.
- 1.8 There are two introductory statements designed to make the Statement of Accounts more user friendly. The Preface by the PCC is provided on page 2. The longer Narrative Report from the Chief Finance Officer is provided on pages 3 to 16.
- 1.9 The Group CIES is provided on page 25, with the Expenditure and Funding Analysis on page 23.
- 1.10 The Group Balance Sheet is provided on page 26. This shows that the Group has a net liability of £4.013 billion primarily due to the liabilities associated with the unfunded police officer pension scheme (£3.951 billion) and the funded local government pension scheme for police staff (£343m). Excluding the pension liabilities the Group has net assets of £281m
- 1.11 The separate accounts for the PCC single entity start on page 77 with the CIES provided on page 80 and the Balance Sheet on page 81.
- 1.12 The **Chief Constable's** separate **Statement of Accounts** is attached at **Appendix 2** and includes Chief Constable's financial statement and AGS.

- 1.13 The preface by the Chief Constable is provided on page 2 and the Director of Finance's narrative report starts on page 3.
- 1.14 Within the Comprehensive Income and Expenditure Statement (CIES) on page 22 the 'Financial resources of the PCC consumed at the request of the Chief Constable' shows the cost of operational policing, net of specific grants and other police income (e.g. fees and charges).
- 1.15 The Chief Constable's Balance sheet on page 23 shows the short-life assets which have been transferred from the PCC, together with appropriate sums for debtors, creditors and accumulated staff absences.
- 1.16 Although the PCC has retained ownership of usable reserves and balances, the insurance provision is shown in the Chief Constable's since, in the main, the liabilities relate to ongoing or historical policing operations and/or incidents, including motor claims.
- 1.17 The significant IAS pension liabilities for both police officers and staff (some £4.29 billion) mean that the Chief Constable has a negative balance sheet.

Letter of Representation

- 1.18 Each year the PCC and Chief Constable have to submit separate (but very similar) letters of representation to help external audit form an opinion as to whether their financial statements give a true and fair view of the financial position at year end and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (CIPFA Code). The Committee is asked to scrutinise and support the PCC's letter which is attached at Appendix 3.
- 1.19 The Chief Constable's letter of representation is attached at Appendix 4.

Audit Results report (Agenda item 2)

- 1.20 The Audit Director has almost finished her audit of the financial statements and intends to issue an unqualified opinion on both sets of accounts, as well as unqualified value for money opinions. Her Audit results report for the year ended 31 March 2018 is attached as Agenda item 17.
- 1.21 As explained on page 18 (of Agenda item 17) the auditors identified a couple of misstatements which have been corrected and on page 19 a few audit issues relating to Property Plant and equipment have been disclosed. There were no uncorrected misstatements.
- 1.22 Members are asked to receive and comment upon the Audit Results report as appropriate.

2 Issues for consideration

2.1 The Committee's operating principles require members to 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.

- 2.2 Production on the annual financial statements is a key element of this work. The fact that we have produced the accounts on time and in accordance with all the relevant statutory requirements and received an unqualified audit opinion should demonstrate to the Committee that we have the necessary capability and capacity to ensure the proper administration of our combined financial affairs.
- 2.3 In agenda item 2 the Committee will be asked to consider the Audit Results report for 2017/18.

3 Financial Implications

- 3.1 The Group revenue account is summarised on page 7 of Appendix 1. This shows that, overall, the revenue budget was underspent by £0.773m or just 0.2% of the approved net cost of services of £438.996m which demonstrates continued strong and effective financial management and control by the Chief Constable and his staff.
- 3.2 The capital outturn of £23.419m was £2.691m below the drawn down annual budget of £26.110m and the variance comprised scheme underspends of £0.623m (including £0.430m of items funded by external grant) and slippage of expenditure of £2.068m.
- 3.3 The Group balance sheet is summarised on page 10 of Appendix 1. Excluding the liability for defined benefit pension schemes the PCC group has net assets of £281m, including £64m in cash reserves. This is a relatively healthy position to be as we continue to implement a programme of budgetary savings in response to the Government's austerity agenda

4 Legal Implications

4.1 All local authorities, including the PCC and Chief Constable, are required to produce an annual Statement of Accounts in accordance with the Accounts and Audit (England) Regulations 2016.

5 Equality Implications

5.1 There are none arising specifically from this report

Background papers

CIPFA Code of Practice on Local Authority Accounting 2017/18
LAAP bulletins
Advice from CIPFA and Ernst & Young
Closing working papers in both the OPCC and Force Finance Department
Audit Results Report – ISA (UKA & Ireland) 260

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

	Officer
Name & Role	
Head of Unit This is the fifth year that 2 separate statement of accounts have been produced for the PCC and Chief Constable. The accounts have been audited and the external auditor is likely to issue an unqualified audit opinion.	PCC Chief Finance Officer
Legal Advice The two separate statement of accounts have been produced in accordance with the Accounts and Audit (England) Regulations 2016	PCC Chief Finance Officer
Financial Advice The group revenue account shows an annual overspend of £0.411m, which equates to just 0.1% of the approved 'cost of services' budget for 2016/17 which demonstrates strong and effective financial control.	Director of Finance
Equalities and Diversity No specific issues arising from this report	PCC Chief Finance Officer

CHIEF OFFICERS' APPROVAL

We have been consulted about the report and confirm that appropriate financial and legal advice has been taken into account.

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

PCC Chief Finance Officer Date 5 July 2018

Director of Finance Date 5 July 2018



Maria Grindley Ernst & Young Apex Plaza Forbury Rd Reading RG1 1YE

Anthony Stansfeld Police & Crime Commissioner for Thames Valley

Date: 13 July 2018

Our Ref: AS

Dear Maria

Office of the PCC for Thames Valley and group – 2017/18 Letter of Representation

This letter of representations is provided in connection with your audit of the Group and PCC's financial statements of the Police and Crime Commissioner for Thames Valley ("the Group and PCC") for the year ended 31st March 2018. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the Group and PCC's financial statements give a true and fair view of the Group and PCC financial position of the Police and Crime Commissioner for Thames Valley as of 31st March 2018 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

We understand that the purpose of your audit of our Group and PCC single entity financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

- We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
- 2. We acknowledge, as members of management of the Group and PCC, our responsibility for the fair presentation of the Group and PCC's financial statements. We believe the Group and PCC financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group in accordance with [the CIPFA LASAAC Code of Practice on Local

Authority Accounting in the United King 2017/18 for the Group and PCC and are free of material misstatements, including omissions. We have approved the Group and PCC financial statements.

- The significant accounting policies adopted in the preparation of the Group and PCC financial statements are appropriately described in the Group and PCC financial statements.
- 4. As members of management of the Group and PCC, we believe that the Group and PCC have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 for the Group and PCC that are free from material misstatement, whether due to fraud or error.
- 5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with law and regulations, including fraud

- We acknowledge that we are responsible to determine that the Group and PCC's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
- 2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
- 3. We have disclosed to you the results of our assessment of the risk that the Group and PCC financial statements may be materially misstated as a result of fraud.
- 4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or PCC (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Group or PCC's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or PCC's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

- 1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

- Additional information that you have 2requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 2. All material transactions have been recorded in the accounting records and are reflected in the Group and PCC's financial statements.
- We have made available to you all minutes of the meetings of the Group and PCC, and committees held through the year to the most recent meeting on the following date: 29th March 2018.
- 4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and PCC's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Group and PCC's financial statements.
- 5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6. We have disclosed to you, and the Group and PCC has complied with, all aspects of contractual agreements that could have a material effect on the Group and PCC's financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

- All liabilities and contingencies, including those associated with guarantees, whether
 written or oral, have been disclosed to you and are appropriately reflected in the Group
 and PCC's financial statements.
- 2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
- We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. There are no guarantees that we have given to third parties.

E. Subsequent Events

 There have been no events subsequent to year end which require adjustment of or disclosure in the Group and PCC's financial statements or notes thereto.

F. Other information

- We acknowledge our responsibility for the preparation of the other information. The
 other information comprises the Annual Report, Narrative Report, the Statement of
 Accountable Officers Responsibilities and the Annual Governance Statement for
 2017/18.
- 2. We confirm that the content contained within the other information is consistent with the financial statements.

- Except for assets capitalised under finance leases, the Group and PCC has satisfactory
 title to all assets appearing in the balance sheets, and there are no liens or
 encumbrances on the Group and PCC's assets, nor has any asset been pledged as
 collateral. All assets to which the Group and PCC's has satisfactory title appear in the
 balance sheets.
- 2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the Group and PCC's financial statements.
- 3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

H. Reserves

1. We have properly recorded or disclosed in the Group and PCC's financial statements the useable and unusable reserves.

I. Contingent Liabilities

We are unaware of any violations or possible violations of laws or regulations the effects
of which should be considered for disclosure in the Group and PCC's financial
statements or as the basis of recording a contingent loss (other than those disclosed or
accrued in the Group and PCC's financial statements).

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

(1) Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the Group and PCC's financial statements or as a basis for recording a loss contingency.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of Property, Plant and Equipment and the Pension Liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Group and PCC's financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Property, Plant and Equipment and Pension Estimates

 We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

- 2. We confirm that the significant assumpti 275 used in making the accounting estimate of property, plant and equipment and pensions appropriately reflect our intent and ability to carry out providing services on behalf of the entity.
- We confirm that the disclosures made in the Group and PCC's financial statements with respect to the accounting estimates are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
- 4. We confirm that no adjustments are required to the accounting estimates and disclosures in the Group and PCC financial statements due to subsequent events.

L. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Anthony Stansfeld Police and Crime Commissioner)

lan Thompson PCC Chief Finance Officer and Deputy Chief Executive



FH/letters/2018/

Maria Grindley
Executive Director
Ernst & Young
Apex Plaza
Reading
RG1 1YE

Francis Habgood QPM

CHIEF CONSTABLE

Thames Valley Police Headquarters Kidlington Oxon OX5 2NX

Chief.Constable@thamesvalley.pnn.police.uk

Tel: 01865 541881

13 July 2018

Dear Maria

Chief Constable of Thames Valley Police – 2017/18 Letter of Representation

This letter of representations is provided in connection with your audit of the financial statements of the Chief Constable of Thames Valley Police ("the CC") for the year ended 31st March 2018. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of the CC as of 31st March 2018 and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

- We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
- We acknowledge, as members of management of the CC, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the CC in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. We have approved the financial statements.

- 3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
- 4. As members of management of the CC, we believe that the CC has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, that are free from material misstatement, whether due to fraud or error.
- There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with law and regulations, including fraud

- We acknowledge that we are responsible to determine that the CC's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
- 2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
- 3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the CC (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the CC's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the CC's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

- 1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 3. We have made available to you all minutes of the meetings of the CC and committees held through the period to the most recent meeting on the following date: 29th March 2018.
- 4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the CC's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
- 5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6. We have disclosed to you, and the CC has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

- All liabilities and contingencies, including those associated with guarantees, whether
 written or oral, have been disclosed to you and are appropriately reflected in the
 financial statements.
- 2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
- 3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. There are no guarantees that we have given to third parties.

E. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

- 1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Report, the Narrative Report, the Statement of Accountable Officers Responsibilities and the Annual Governance Statement.
- 2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Ownership of Assets

1. The CC has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the CC's assets, nor has any asset been pledged as collateral. All assets to which the CC has satisfactory title appear in the balance sheet.

- We are unaware of any violations or possible violations of laws or regulations the
 effects of which should be considered for disclosure in the financial statements or as
 the basis of recording a contingent loss (other than those disclosed or accrued in the
 financial statements).
- 2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:
 - (1) Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

H. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of the IAS 19 pension liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

I. Pensions Liability Estimate

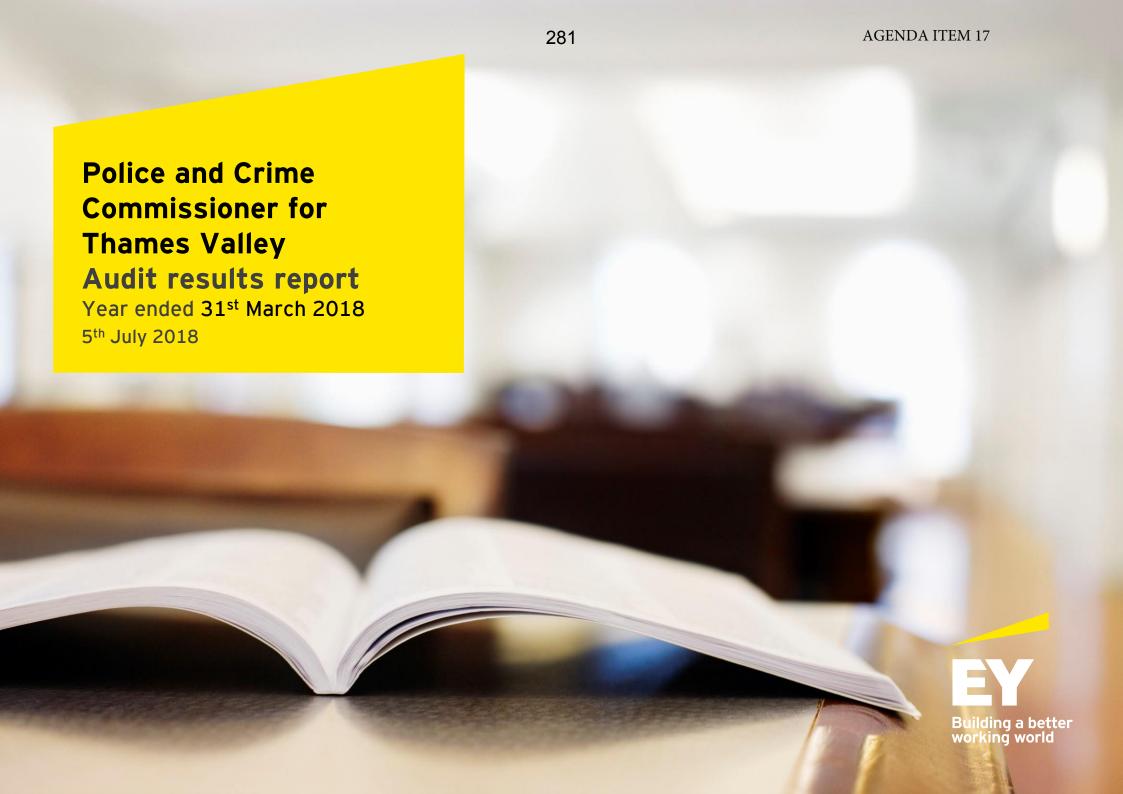
- We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting 2017/18.
- 2. We confirm that the significant assumptions used in making the pensions liability estimate appropriately reflect our intent and ability to carry out *providing services* on behalf of the entity.
- We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting 2017/18.
- 4. We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements due to subsequent events.

J. Retirement benefits

On the basis of the process established by us and having made appropriate
enquiries, we are satisfied that the actuarial assumptions underlying the scheme
liabilities are consistent with our knowledge of the business. All significant retirement
benefits and all settlements and curtailments have been identified and properly
accounted for.

Francis Habgood Chief Constable

Linda Waters
Director of Finance to the Chief Constable







5th July 2018

Dear Anthony and Francis,

We are pleased to attach our audit results report for the forthcoming meeting of the Joint Independent Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of the Police and Crime Commissioner for Thames Valley for 2017/18. We will issue our final report at the Joint Independent Audit Committee meeting scheduled for 13th July 2018.

We have substantially completed our audit of the Police and Crime Commissioner for Thames Valley (the PCC and CC) for the year ended 31st March 2018.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3, before the statutory deadline of 31st July 2018. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources

This report is intended solely for the use of the Joint independent Audit Committee, other members of the PCC and CC, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Joint Independent Audit Committee meeting on 13th July 2018.

Yours sincerely

Maria Grindley
Associate Partner
For and on behalf of Ernst & Young LLP

Encl

Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). 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 November 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 Audit Committee 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 Audit Committee 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.





Scope update

In our audit planning report tabled at the 16th March Joint Independent Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

Changes in materiality:

We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to:

£11.210 m and £10.983 m for the PCC Group and CC Single Entity (Audit Planning Report – £10.578 m and £10.240 m).

We have also updated our overall assessment using gross assets for the PCC Single Entity to £6.692m (Audit Planning Report - £6.248m).

In addition the Police Pension Fund materiality has been updated to £1.931m (Audit Planning Report - £1.784 m).

This results in updated performance materiality, at 75% of overall materiality, of:

£8.407 m; £8.237 m; £5.019 m; and £1.448 m for the PCC Group; CC Single Entity; PCC Single Entity; and Police Pension Fund respectively, and updated thresholds for reporting misstatements of:

£0.560 m; £0.549 m; £0.335 m; and £0.097 m respectively for the PCC Group, CC Single Entity, PCC Single Entity and Police Pension Fund.

Status of the audit

We have substantially completed our audit of the Police and Crime Commissioner for Thames Valley's financial statements for the year ended 31st March 2018 and have performed the procedures outlined in our Audit planning report. Subject to satisfactory completion of the outstanding matters set out in appendix D we expect to issue an unqualified opinion on the Group financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise.

We expect to issue the audit certificate at the same time as the audit opinion if we are able to complete the outstanding work on the Whole of Government Accounts.

Audit differences

There are no unadjusted audit differences arising from our audit.

As at the date of this report we have noted two audit differences which have been adjusted by management and which are greater than our reporting thresholds noted at the top of this section in the Scope update. We will provide a verbal update at the Joint Independent Audit Committee meeting on 13th July. The differences relate to the fact that financial Instruments were incorrectly stated in the draft financial statements. For details of the adjustment see Section 4 Audit Differences. None of the adjustments resulted in a change to the outturn position as reported in Narrative Report within the Statement of Accounts.

Until we have concluded on the outstanding work at Appendix D it is possible that further adjustments will also need to be reported.

Executive Summary

Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of the Police and Crime Commissioner's financial statements. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- ► There are no other considerations or matters that could have an impact on these issues;
- You agree with the resolution of the issue;
- There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Police and Crime Commissioner (PCC) and Chief Constable (CC).

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the PCC and CC. We have no matters to report as a result of this work.

We are currently in the process of performing the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We will provide an update to the Joint Independent Audit Committee at the meeting on 13th July.

Executive Summary

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the PCC and CC. We have no matters to report as a result of this work.

We are currently in the process of performing the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We will provide an update to the Joint Independent Audit Committee at the meeting on 13th July.

Independence

Please refer to Section 9 for our update on Independence.





Areas of Audit Focus

Significant risk

Risk of fraud in revenue and expenditure recognition

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.

What did we do?

We:

- Reviewed and tested revenue and expenditure recognition policies;
- Reviewed and discussed with management any accounting estimates on revenue or expenditure recognition for evidence of bias;
- Developed a testing strategy to test material revenue and expenditure streams;
- Reviewed and tested revenue cut-off at the period end date; and
- Reviewed capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised

What judgements did we focus on?

We specifically reviewed any elements of revenue and expenditure recognition where judgement could influence the financial position or performance of the Authority in a more positive or more favourable way. We detail above what we did to address this risk.

What are our conclusions?

Our testing has not identified any material misstatements from revenue and expenditure recognition.

Overall our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Authority's financial position.



Areas of Audit Focus

Significant risk

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.

Within the financial statements we believe that management override could be applied for example to Balance Sheet accruals where judgement could be applied to more favourably impact financial performance. Another area could also be in the manipulation of assumptions used to calculate significant estimates.

What did we do?

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements;

We reviewed accounting estimates for evidence of management bias;

We evaluated the business rationale for any significant unusual transactions; and

We enquired of management and Those Charged with Governance about the risks of fraud and the controls put in place to address these.

What judgements did we focus on?

We specifically reviewed any elements where judgement could influence the financial position or performance of the Authority in a more positive or more favourable way. We detail above what we did to address this risk.

Elements of the Management Override risk are also covered within the Revenue and Expenditure Significant Risk. These include for example incorrect capitalisation of revenue expenditure.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.



Areas of Audit Focus

Valuation methods applied

Financial statement area	Valuation method applied and related disclosures	Impact of changes made to the valuation method applied
Valuation of Property, Plant and Equipment impacting on the Comprehensive Income and Expenditure Statement, the Balance Sheet, Unusable Reserves and various disclosures	Valuations applied in line with CIPFA Code & IAS 16 Property, Plant and Equipment (PPE).	We noted no change to the valuation method applied
Valuation of the IAS 19 Pension Liability Equipment impacting on the Comprehensive Income and Expenditure Statement, the Balance Sheet, Unusable Reserves and various disclosures	Valuations applied in line with CIPFA Code & IAS 19	We noted some change to the valuation method applied by Barnett Waddingham. This change was highlighted as a positive change by PWC in their review of Local Government actuaries. We are still concluding our work on this area and will provide an update at the Joint Independent Audit Committee meeting on 13 th July 2018.

Other matters - Accounting Standards Issued But Not Yet Adopted

The CIPFA Code confirms that application of IFRS 15 'Revenue from Contracts with Customers' does not apply to Local Government entities for 2017/18. It is expected that the standard will be applied for years commencing 1 January 2018 onwards which, for Local Government entities, is the financial year ended 31 March 2019.

The standard is not expected to have a significant impact on most Local Government clients as the majority of funding is drawn down from parliament; however any other income streams will need to be considered against the criteria in the standard.

Management have not yet formally completed an assessment of the impact of IFRS at the PCC and CC.

We will work with management to understand the process for reporting under IFRS 15 once the reporting requirements for the sector are confirmed in the Department CIPFA Code Accounting Manual 2018-19.

Other standards which have been issued but not yet adopted include IFRS 9 and IFRS 16. These relate to Financial Instruments and Leases respectively. We will also liaise management in respect of these standards when they are required to be incorporated within the CIPFA Code of Practice on Local Authority Accounting and will use our technical colleagues as necessary to support the PCC and CC as necessary.

4.





Draft audit report

PCC Group Audit Report 2017/18

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME **COMMISSIONER FOR THAMES VALLEY**

Opinion

We have audited the financial statements of the Police and Crime Commissioner for Thames Valley for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Police and Crime Commissioner for Thames Valley and Group Movement in Reserves Statement:
- Police and Crime Commissioner for Thames Valley and Group Comprehensive Income and Expenditure Statement:
- Police and Crime Commissioner for Thames Valley and Group Balance Sheet:
- Police and Crime Commissioner for Thames Valley and Group Cash Flow Statement:
- Police and Crime Commissioner for Thames Valley Pension Fund Account Statements: and
- related notes 1 to 35.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

give a true and fair view of the financial position of the Police and Crime Commissioner for Thames Valley and Group as at 31 March 2018 and of its expenditure and income for the year then ended; and have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Police and Crime Commissioner for Thames Valley and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Group Audit Report 2017/18

Our opinion on the financial statements

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Thames Valley put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



Group Audit Report 2017/18

Our opinion on the financial statements

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 21, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner either intends to cease operations, or have no realistic alternative but to do so.

The Police and Crime Commissioner is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Police and Crime Commissioner for Thames Valley had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for Thames Valley put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.



Group Audit Report 2017/18

Our opinion on the financial statements

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner for Thames Valley had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner for Thames Valley has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Police and Crime Commissioner for Thames Valley has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of the Police and Crime Commissioner for Thames Valley in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to Police and Crime Commissioner for Thames Valley, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Thames Valley, for our audit work, for this report, or for the opinions we have formed.

Maria Grindley (Key Audit Partner) Ernst & Young LLP (Local Auditor) Reading 13th July 2018

The following foot note should be added to the audit report when it is published or distributed electronically:

The maintenance and integrity of the Police and Crime Commissioner for Thames Valley's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.





In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as "known" or "judgemental". Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We highlight the following misstatements greater than £8.407 m which have been corrected by management that were identified during the course of our audit.

Financial Instruments were incorrectly stated in the draft financial statements. These were found to include items which under Local Government technical accounting should have been excluded due to their statutory nature. These included items such as Council Tax and National Non-Domestic Rates. This resulted in the following adjustments to Note 12 Financial Instruments:

Fair Value and carrying amount of trade creditors was overstated by £7.552 m due to the inclusion of statutory Council Tax items which do not meet the definition of a financial liability

Fair Value and carrying amount of trade debtors was overstated by £9.600 m due to the inclusion of statutory Council Tax items which do not meet the definition of a financial asset.

None of these adjustments resulted in a change in the outturn financial position as reported in the Narrative Statement in the Statement of Accounts.

There currently are no uncorrected misstatements.

As we are still concluding our work it is possible that further misstatements could occur. We will provide an update at the meeting of the Joint Independent Audit Committee on 13th July.

Other Audit Findings





V F M

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 their use of resources. This is known as our value for money conclusion.

For 2017/18 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.

Overall conclusion

We did not identify any significant risks around these criteria.

We therefore expect having no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources. As part of our work we reviewed the inspection reports conducted by Her Majesty's Inspectorate of Constabulary and Fire Service (HMICFRS) under the 2017 Police Efficiency, Effectiveness and Legitimacy (PEEL) Assessment 2017. In addition we also completed a review of Financial Sustainability looking at forward projected efficiency savings requirements and any planned drawdown of Useable Reserves. This was conducted using data from the forward Medium Term Financial Plan (MTFP). Using this methodology, and in considering our materiality levels, we concluded that we had nothing to report in this respect. We will continue to apply this scrutiny as we look forward and in future years VFM assessments.



Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the PCC and CC Statement of Accounts 2017/18 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the PCC and CC Statement of Accounts 2017/18 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We are currently concluding our work in this area and will report any matters arising to the Joint Independent Audit Committee.

Contract Other reporting issues

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the [Authority]'s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- · Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- · Related parties;
- External confirmations;
- · Going concern;
- · Consideration of laws and regulations; and
- Group audits

We have nothing to report in respect of any of these items.





Assessment of Control Environment

Financial controls

It is the responsibility of the PCC and CC to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the PCC and CC have put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.





Use of Data Analytics in the Audit

▶ Data analytics — revenue and expenditure recognition and management override

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- ► Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2017/18, our use of these analysers in the PCC and CC audit included testing journal entries and employee expenses, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.

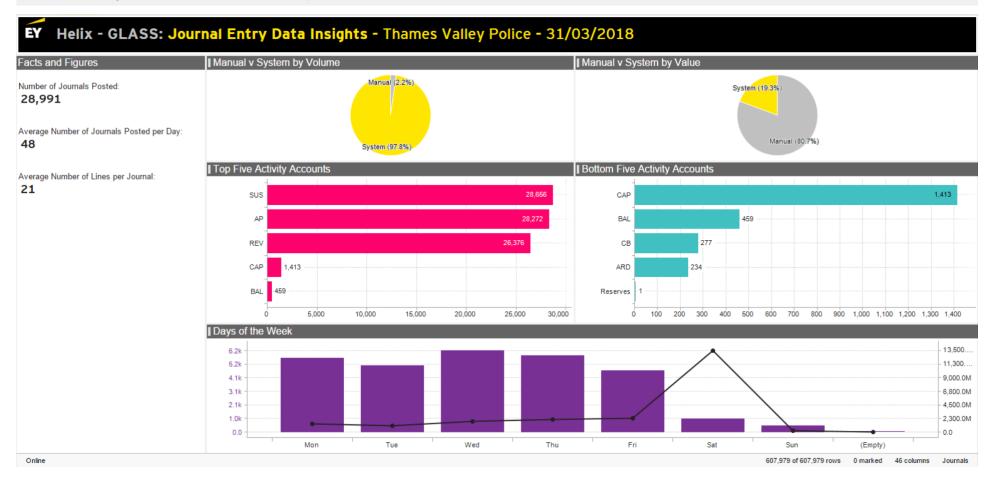




Journal Entry Data Insights

The graphic outlined below summarises the Police Authorities journal population for 2017/18. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples. We will also share this information with management to provide additional insight and value from our audit procedures.







Journal Entry Testing

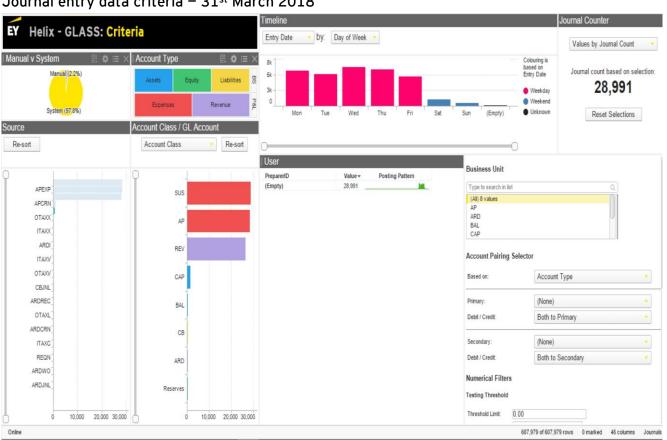
What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

Journal entry data criteria - 31st March 2018

What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.



What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



Payroll Testing

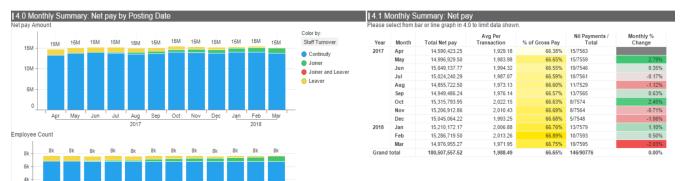
Payroll Analyser Insights

The graphic outlined below summarises the payroll data for 2017/18. We review transactions for payroll at a more granular level, which allows us to identify items with a higher likelihood of containing material misstatements or to identify unusual patterns within a population of data and to design tests of details.

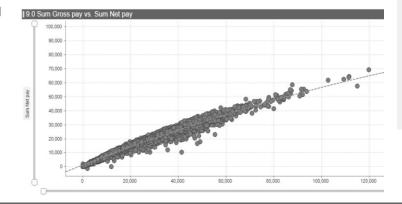
Payroll Data - 31st March 2018

What judgements are we focused on?

Using our analysers we are able to identify anomalies in the payroll data which allow us to focus our testing and enquires over unusual or unexpected transactions.



18.1 Cross Pay vs. Days Lag This shows the employees paid before joining or after leaving. If an employee leaves and returns, it is possible for them to be paid both before joining and after lea in this case, the number of days on the vertical axis will be the number of days before they joined. Color by: After Leaving



What did we do?

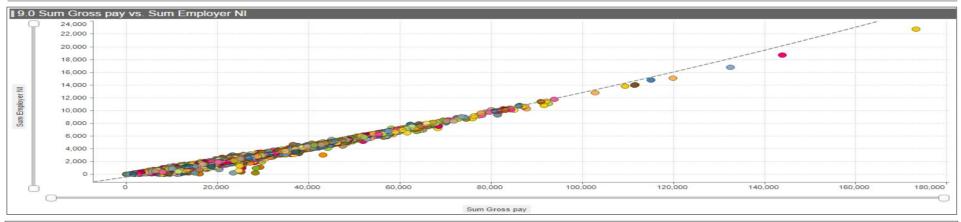
We obtained payroll data for the period and have used our analysers to identify unusual payments based on expectations of average pay per designation, date inconsistencies where payments made to individuals after they have left the organisation or before they have joined and payments made in the year that appears anomalous compare to average monthly payments.

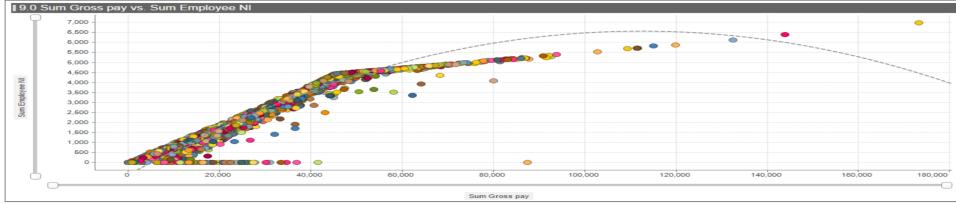
We then tested the anomalies to determine if they were appropriate and reasonable.

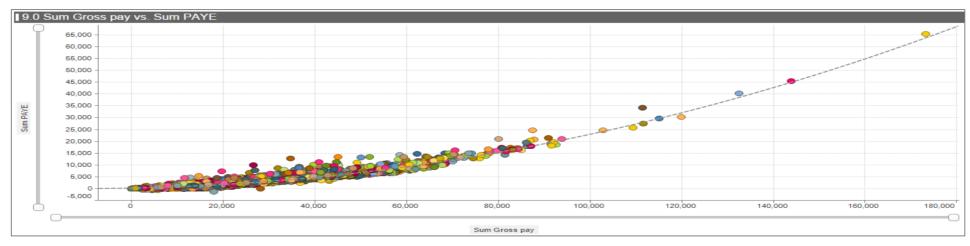
What are our conclusions?

We isolated a sub set of anomalies for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.













Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 16th March 2018.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Joint Independent Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Joint Independent Audit Committee on 13th July 2018.

We confirm we have undertaken non-audit work outside the PSAA Code requirements in relation to our work on the Police and Crime Commissioner for Thames Valley Police Group audit in the year.

Independence



Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY), the PCC and CC, their directors and senior management and affiliates, including all services provided by us and our network to the PCC and CC, their directors and senior management and affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1st April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 2017/18 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided and the related threats and safeguards are included above.

We confirm that none of the services listed in Appendix C has been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31st March 2018. We confirm that we have not undertaken non-audit work outside the PSAA Code requirements. We will confirm the final fee at the end of the audit.

	Final Fee 2017/18	Planned Fee 2017/18	Scale Fee 2017/18	Final Fee 2016/17
	£	£	£	£
Total Audit Fee - PCC Code work	ТВС	40,538	40,538	40,538
Total Audit Fee - CC Code work	ТВС	18,750	18,750	18,750
Total	ТВС	59,288	59,288	59,288





Audit approach update

We summarise below our approach to the audit of the balance sheet/s and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- ▶ Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Balance sheet category	Audit Approach in current year	Audit Approach in prior year	Explanation for change
Trade receivables	We substantively tested all relevant assertions with no controls testing performed in accordance with auditing standards	We substantively tested all relevant assertions with no controls testing performed in accordance with auditing standards	No change
Trade payables	We substantively tested all relevant assertions with no controls testing performed in accordance with auditing standards	We substantively tested all relevant assertions with no controls testing performed in accordance with auditing standards	No change
Tangible fixed assets	Substantively tested all relevant assertions	Substantively tested all relevant assertions	No change
Cash	Substantively tested all relevant assertions	Substantively tested all relevant assertions	No change



Appendix B

Summary of communications

Date	Nature Nature	Summary
13 th November 2017	Meeting	The partner in charge of the engagement, along with the audit manager, met with the management team to discuss the 17/18 audit
13 [™] December 2017	Meeting	The partner in charge of the engagement and the audit manager attended the Joint Independent Audit Committee
09 th March 2018	Report	The audit planning report, including confirmation of independence, was issued to the Joint Independent Audit Committee.
16 th March 2018	Meeting	The partner in charge of the engagement, accompanied by the audit manager, presented the audit planning report to the Joint Independent Audit Committee.
05 th June 2018	Meeting	The partner in charge of the engagement and the audit manager attended an audit update meeting with the management team to discuss the forthcoming audit.
06 th July 2018	Report	The audit results report, including confirmation of independence, was issued to the Joint Independent Audit Committee.
13 th July 2018	Meeting	The partner in charge of the engagement, accompanied by the audit manager, attended the Joint Independent Audit Committee and to discuss the audit results report.

In addition to the above specific meetings and letters the audit team met with the management team multiple times throughout the audit to discuss audit findings.



Required communications with the PCC and CC

There are certain communications that we must provide to the PCC and CC. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
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.	Audit planning report presented to 16 th March Joint Independent Audit Committee
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report presented to 16 th March 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 presented to 13 th July Joint Independent Audit Committee



		Our Reporting to you
Required communications	What is reported?	When and where
Public Interest Entities	For the audits of financial statements of public interest entities our written communications to the audit committee include: A declaration of independence The identity of each key audit partner The use of non-member firms or external specialists and confirmation of their independence The nature and frequency of communications A description of the scope and timing of the audit Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits Materiality Any going concern issues identified Any significant deficiencies in internal control identified and whether they have been resolved by management Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof The valuation methods used and any changes to these including first year audits The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework The identification of any non-EY component teams used in the group audit The completeness of documentation and explanations received Any significant difficulties encountered in the course of the audit Any significant matters discussed with management Any other matters considered significant	Audit Planning Report presented to 16 th March Joint Independent Audit Committee and Audit Results Report presented to 13 th July Joint Independent Audit Committee

		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	No conditions or events were identified, either individually or together to raise any doubt about the PCC's ability to continue for the 12 months from the date of our report
Misstatements	 Uncorrected misstatements and their effect on our audit opinion The effect of uncorrected misstatements related to prior periods A request that any uncorrected misstatement be corrected Material misstatements corrected by management 	Audit Results Report presented to 13 th July Joint Independent Audit Committee
Subsequent events	► Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	To be confirmed at 13 th July Joint Independent Audit Committee
Fraud	 Enquiries of the PCC, CC and management to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the PCC and CC Any fraud that we have identified or information we have obtained that indicates that a fraud may exist Unless all of those charged with governance are involved in managing the PCC and CC, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected Any other matters related to fraud, relevant to PCC, CC & management responsibility. 	Audit Results Report presented to 13 th July Joint Independent Audit Committee

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	Significant matters arising during the audit in connection with the PCC's and CC'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 PCC or CC	Audit results report presented to 13 th July Joint Independent Audit Committee
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 Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place. Relationships between EY, the company and senior management, its affiliates and its connected parties Services provided by EY that may reasonably bear on the auditors' objectivity and independence Related safeguards Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit	Audit Planning Report presented to 16 th March Joint Independent Audit Committee and Audit Results Report presented to 13 th July Joint Independent Audit Committee

		Our Reporting to you
Required communications	What is reported?	When and where
	 Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy Details of any contingent fee arrangements for non-audit services Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	 Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	 Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the PCC, CC and audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or noncompliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	► Significant deficiencies in internal controls identified during the audit.	Audit results report presented to 13 th July Joint Independent Audit Committee

		Our Reporting to you
Required communications	What is reported?	When and where
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. 	Audit Planning Report presented to 16 th March Joint Independent Audit Committee and Audit Results Report presented to 13 th July Joint Independent Audit Committee
Written representations we are requesting from management and/or those charged with governance	► Written representations we are requesting from management and/or those charged with governance	Audit results report presented to 13 th July Joint Independent Audit Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	► Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report presented to 13 th July Joint Independent Audit Committee
Auditors report	► Any circumstances identified that affect the form and content of our auditor's report	Audit results report presented to 13 th July Joint Independent Audit Committee
Fee Reporting	 Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit Planning Report presented to 16 th March Joint Independent Audit Committee and Audit Results Report presented to 13 th July Joint Independent Audit Committee



Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Accounts	Incorporation of EY review comments on disclosure notes	EY and management
Management representation letter	Receipt of signed management representation letter. We will require one separate letter from the PCC and CC	Management and Those Charged with Governance
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management
Whole of Government Accounts	Completion of work in line with NAO Group Instructions	EY and management
PFI Review	Review of PFI Model by EY Internal PFI Specialist	EY
IAS 19 Review	Receipt of IAS 19 Letter of Assurance from Grant Thornton as auditors of the Bucks County Council Local Government Pension Scheme of which Thames Valley Police is an admitted member	LGPS Auditor and EY
	Completion of review by EY Pensions Specialist on the IAS 19 Actuarial Assumptions Completion of final procedures on IAS 19 by EY audit team	
Pre-Issuance Technical Review	Clearance of any outstanding items on the pre-issuance	EY and management
	technical review	



Management representation letter

PCC Group Management Representation Letter 2017/18

Management Rep Letter

[To be prepared on the entity's letterhead] [Date]

Ernst & Young

Apex Plaza Forbury Rd Reading RG1 1YE

This letter of representations is provided in connection with your audit of the Group and PCC's financial statements of the Police and Crime Commissioner for Thames Valley ("the Group and PCC") for the year ended 31st March 2018. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the Group and PCC's financial statements give a true and fair view of the Group and PCC financial position of the Police and Crime Commissioner for Thames Valley as of 31st March 2018 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

We understand that the purpose of your audit of our Group and PCC single entity financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

- 1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
- 2. We acknowledge, as members of management of the Group and PCC, our responsibility for the fair presentation of the Group and PCC's financial statements. We believe the Group and PCC financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 for the Group and PCC and are free of material misstatements including omissions. We have approved the Group and PCC financial statements.
- 3. The significant accounting policies adopted in the preparation of the Group and PCC financial statements are appropriately described in the Group and PCC financial statements.

Management representation letter

Management Representation Letter 2017/18

Management Rep Letter

- 4. As members of management of the Group and PCC, we believe that the Group and PCC have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 for the Group and PCC that are free from material misstatement, whether due to fraud or error.
- 5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with law and regulations, including fraud

We acknowledge that we are responsible to determine that the Group and PCC's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud. We have disclosed to you the results of our assessment of the risk that the Group and PCC financial statements may be materially misstated as a result of fraud.

We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or PCC (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

involving financial statements;

- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Group or PCC's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or PCC's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

- 1. We have provided you with:
- Access to all information of which we are aware that is relevant to the preparation
 of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 2. All material transactions have been recorded in the accounting records and are reflected in the Group and PCC's financial statements.



Management representation letter

Management Representation Letter 2017/18

Management Rep Letter

- We have made available to you all minutes of the meetings of the Group and PCC, and committees held through the year to the most recent meeting on the following date: 29th March 2018.
- We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and PCC's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Group and PCC's financial statements.
- 5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- We have disclosed to you, and the Group and PCC has complied with, all aspects of contractual agreements that could have a material effect on the Group and PCC's financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

- All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the Group and PCC's financial statements.
- We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
- We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. There are no guarantees that we have given to third parties.

E. Subsequent Events

1. There have been no events subsequent to year end which require adjustment of or disclosure in the Group and PCC's financial statements or notes thereto.

F. Other information

- 1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Report, Narrative Report, the Statement of Accountable Officers Responsibilities and the Annual Governance Statement for 2017/18.
- We confirm that the content contained within the other information is consistent with the financial statements.



Management representation letter

Management Representation Letter 2017/18

Management Rep Letter

G. Ownership of Assets

- 1. Except for assets capitalised under finance leases, the Group and PCC has satisfactory title to all assets appearing in the balance sheets, and there are no liens or encumbrances on the Group and PCC's assets, nor has any asset been pledged as collateral. All assets to which the Group and PCC's has satisfactory title appear in the balance sheets.
- 2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the Group and PCC's financial statements.
- 3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

H. Reserves

1. We have properly recorded or disclosed in the Group and PCC's financial statements the useable and unusable reserves.

Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the Group and PCC's financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the Group and PCC's financial statements).

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

(1) Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the Group and PCC's financial statements or as a basis for recording a loss contingency.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of Property, Plant and Equipment and the Pension Liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Group and PCC's financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Property, Plant and Equipment and Pension Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kinadom 2017/18.

Management representation letter

Management Representation Letter 2017/18

Management Rep Letter

- 2. We confirm that the significant assumptions used in making the accounting estimate of property, plant and equipment and pensions appropriately reflect our intent and ability to carry out providing services on behalf of the entity.
- 3. We confirm that the disclosures made in the Group and PCC's financial statements with respect to the accounting estimates are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
- 4. We confirm that no adjustments are required to the accounting estimates and disclosures in the Group and PCC financial statements due to subsequent events.

L. Retirement benefits

On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,
Ian Thompson - Chief Financial Officer to the Police and Crime Commissioner
Anthony Stansfeld - Police and Crime Commissioner for Thames Valley

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ED None

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