

# JOINT AUDIT ADVISORY COMMITTEE



**Date:** Wednesday, 1<sup>st</sup> March 2022

**Time:** 13:00

**Venue:** OPCC Meeting Room, Cheshire Constabulary Headquarters, Clemonds Hey, Winsford, CW7 2UA

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Any member of the public who wishes to observe this meeting is asked to register their interest by midday on **Monday, 27<sup>th</sup> February 2023** via email to [police.crime.commissioner@cheshire.police.uk](mailto:police.crime.commissioner@cheshire.police.uk). A link to enable access to the meeting and joining instructions will then be provided to all attendees in advance of the meeting.

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## AGENDA

### Part 1 - Public Items

	<b>Contact</b>	<b>Report Page</b>
<b>1. Minutes of the Joint Audit Advisory Committee</b> <i>To approve the minutes of the Joint Audit Advisory Committee held on 30<sup>th</sup> November 2022.</i>	<i>P Bearpark</i>	3
<b>2. Action Log</b> <i>To consider the attached action log update.</i>	<i>P Bearpark</i>	7
<b>3. Police &amp; Crime Commissioner and Chief Constable Update</b>	<i>J Dwyer/M Roberts</i>	V

### Public Items - For Advice

<b>4. Draft Internal Audit Plan 2023-2024</b> <i>To consider the attached report by the Internal Auditor.</i>	<i>A Harrop</i>	8
<b>5. Internal Audit Follow Up Report</b> <i>To consider the attached report from the Internal Auditor.</i>	<i>A Harrop</i>	21
<b>6. Internal Audit BSF Financial Controls Mapping Briefing Note</b> <i>To consider the attached report from the Internal Auditor.</i>	<i>A Harrop</i>	28
<b>7. JAAC Terms of Reference – Gap Analysis Verbal Update</b>	<i>P Bearpark</i>	V
<b>8. JAAC Forward Plan Review</b> <i>To agree the attached Forward Plan Review.</i>	<i>C Hodgson</i>	38

### Public Items - For Information

<b>9. 2023/24 Budget and Medium-Term Financial Strategy</b> <i>To consider the attached reports.</i>	<i>W Bebbington/ C Hodgson</i>	39
<b>10. External Audit Progress Report Sector Update</b> <i>To consider the attached document from the External Auditor.</i>	<i>L Luddington</i>	76
<b>11. Internal Audit</b> <i>To consider the attached reports from the Internal Auditor.</i>	<i>A Harrop</i>	93

- (a) Progress Report
- (b) Data Migration Review Final Report
- (c) Financial Systems Review Terms of Reference

<b>12. Service Assurance Plan</b>	<i>To consider the attached report from the Chief Constable.</i>	<i>L Willis</i>	116
<b>13. Any Other Business</b>		<i>P Bearpark</i>	V

**PART 2**

*The following matters will be considered in private as they involve the likely disclosure of exempt information as defined in the Freedom of Information Act 2000, in accordance with the section indicated below: -*

<b>Item</b>	<b>Section</b>
Action Log	(31) Law Enforcement
Internal Audit: Final Report	(31) Law Enforcement
Joint Strategic Risk Register	(31) Law Enforcement

**Part 2 - Private Items**

	<b>Contact</b>	<b>Report Page</b>
<b>14. Minutes of the Joint Audit Advisory Committee</b> <i>To approve the minutes of the Joint Audit Advisory Committee held on 30<sup>th</sup> November 2022.</i>	<i>P Bearpark</i>	-
<b>15. Action Log</b> <i>To consider the attached action log update.</i>	<i>P Bearpark</i>	-

**Private Items – For Advice**

<b>16. Strategic Risk Register</b> <i>To consider the attached report by Chief Constable/PCC.</i>	<i>L Willis</i>	-
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**Private Items – For Information**

<b>17. Internal Audit</b> <i>To consider the attached final reports from the Internal Auditor.</i> <i>(a) Cyber Organisational Controls Review Final Report</i> <i>(b) Digital Media Investigations Unit Final Report</i>	<i>A Harrop</i>	-
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<b>18. Any other Business</b>	<i>P Bearpark</i>	-
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***For further information about this Agenda, please contact Clare Hodgson on 01606 364000.***

# Joint Audit Advisory Committee



## Minutes of the Joint Audit Advisory Committee Meeting 30<sup>th</sup> November 2022 – Part 1

### **Attendees:**

#### Joint Audit Advisory Committee

Phil Bearpark [Chair]

Jean Gleave [JAAC Member]

David Gilbert [Vice Chair]

Tony Snape [JAAC Member]

#### Office of the Police & Crime Commissioner

David McNeilage, DPCC

Clare Hodgson, Chief Finance Officer

Damon Taylor, Chief Executive

#### Cheshire Constabulary

Ali Ross, Chief Superintendent [part]

Wendy Bebbington, Head of Finance

Paul Woods, Head of Planning and Performance

Julie Gill, Assistant Chief Officer

David Bryan, Head of Legal Services

Louise Willis, Planning, Performance & Risk Mgr.

#### Internal Audit

Anne-Marie Harrop, Regional Assurance Director (MIAA)

Charles Black, Principal Auditor (MIAA)

#### External Audit

Michael Green, Director (Grant Thornton)

Liz Luddington, Senior Manager, Audit (Grant Thornton)

### **Apologies:**

John Dwyer, Police & Crime Commissioner

Mark Roberts, Chief Constable

### **Conflicts to Raise**

**The Chair** asked if there were any conflicts to raise. **David Gilbert** stated that he had recently been offered the role as a Non-Executive Director at Liverpool University Hospitals Foundation Trust and has accepted the role. He has been made aware that Liverpool University Hospitals provide a host system to MIAA. This could be a perceived conflict and after a discussion with the Chairman he would stand down from the Committee at the end of March 2023. **Clare Hodgson** thanked him for his contributions to the JAAC meetings.

### **Part 1 - Public Items**

#### **1. Minutes of the Joint Audit Advisory Committee**

The Minutes of the Joint Audit Advisory Committee held on 29<sup>th</sup> September 2022 were discussed and approved. **The Chair** thanked the Minute Taker for the speed in which the Minutes are distributed and stated that he felt the content was catching the salient points and was now suitable in length.

#### **2. Action Log – Reviewed by The Chair**

Action log updates were discussed. **The Chair** commented that it was positive that only one item was open on the Action Log and thanked the attendees for this.

### 3. Deputy Police and Crime Commissioner and Chief Superintendent Updates

#### Chief Superintendent

**HMIC** - The Force was making significant progress in a number of areas. **Advisory Notices/AFI's** - Rigorous meetings are held regularly and plans are constantly reviewed every 6-12 months to maintain sustainable improvement. **Victims Code** – Work being carried out in relation to how victims go through the criminal justice process. Positive comments received so far and a full report would be given by the HMIC in January 2023. **PEEL** – Anticipate the next inspection to be 2024, all the current work being done will report into this.

Excellent results around the Constabulary Performance, a detailed breakdown of figures was shared with the Committee including the following: -

- Charge Summons This has the highest outcome rate meaning Cheshire was the top performing force in the country.
- Response Model This was launched 21<sup>st</sup> November 2022. Results at the moment were outstanding at 97.75% for Grade 1's. This was still in post implementation review at the time.
- Operation Crossbow There was a joint operation in October with Merseyside and The British Transport Police, three hundred cars were stopped on Cheshire roads alone. The outcomes of what can be achieved when resources were pooled was evident.
- Operation Limit National response to drug driving which has been timed this year to coincide with the World Cup.

An infographic showing the results achieved by the force was shared with the attendees.

#### Deputy Police and Crime Commissioner

**Police and Crime Plan** – The Police and Crime Plan was being refreshed; the consultation period had finished but the signing off had been delayed due to the pre-election period for the Chester By-election. This should be signed off pre-Christmas.

**Budget** – The Budget for next year was being discussed and consultation with the public would begin in January 2023.

**Scrutiny Volunteers** - Scrutiny work was conducted by a large number of volunteers across a number of areas including custody visiting, dog welfare, call auditing etc. A very successful and positive event had been held in relation to issues that were going well and other matters that can be done better to make the volunteers experiences more effective. A large volume of data was collected and this will be reviewed.

**David Gilbert** – Budget resources were on the risk register. **Wendy Bebbington** confirmed it is forecast as week commencing 19<sup>th</sup> December 2022 to receive the main details from the government.

### Part 1 - Public Items – [For Advice](#)

#### 4. External Audit Annual Report 2021/2022

**The Chair** said 'Well Done' to all concerned as it was really good and positive report and was great to have the report signed off at this time of year with no major issues raised. **Michael Green** introduced the paper stating this was only one of only a very small number to be done this side of Christmas which is a great position to be in. Auditors report was completed and signed off 8<sup>th</sup> November 2022 and this was the first audit in the North of England to be signed off by Grant Thornton which reflects the hard work done by both parties to get to that position.

This was a very positive report with only two best practice improvement recommendations raised which was the lowest level of recommendations.

**Liz Luddington** reiterated that this was a very clean report and explained the detail around the two improvement recommendations, which will be tracked as part of the external audit.

Further good news re arrangements, in the areas of Economy, Efficiency and Effectiveness. At planning it was identified that there could be a weakness around the MFSS transition, however, this went really well and there were no significant weaknesses identified. Grant Thornton were content and this was now closed.

**Phil Bearpark** noted that the linking of operational and finance performance has sat for 2 years as an amber. He felt that an internal target should be for this to be a green next year.

**ACTION** - Internal target for Operation and Finance Performance to be moved from amber to green next year. **s151 Officers**

**Jean Gleave** raised questions in relation to the report around the comparative group, capital programme, risk register sustainability and the HMIC review. **Michael Green, Liz Luddington** and **Wendy Bebbington** responded accordingly.

All attendees agreed that it was a great report.

#### 5. Internal Audit Charter

**Anne-Marie Harrop** confirmed this Charter sets out the priorities and standards required and was provided for information.

#### 6. JAAC Terms of Reference

**The Chair** stated the new set of proposed Terms of Reference are more specific and reflects the CIPFA requirement. **The Committee** has evaluated the Terms of Reference and recommend that the Commissioner and Chief adopt these. It was felt a gap analysis needs to be undertaken by the Committee going forward, to ensure that the committee receive sufficient information to cover the extended areas.

**ACTION** - Committee to have a meeting to discuss and identify any gaps and bring these back to the next meeting. **Joint Audit Advisory Committee Chair**

**Jean Gleave** – Framework of assurance, were we doing any further work around this in relation to a full map? Under financial responsibilities at the moment, is there any further work going ahead around mapping that should put this under a different heading? **Louise Willis** said that under the annual governance statement, if it was felt that something was missing this can be looked at. **Clare Hodgson** stated the service assurance plan gave a good summary feeding into the annual governance statement.

**The Chair** confirmed that the Terms of Reference were recommended for approval by the Police and Crime Commissioner and Chief Constable and thanked those responsible for the work involved.

#### 7. JAAC Forward Plan Review

**The Chair** stated that the Single Point of Contact Roles date for 2023/24 need to be moved on the plan to July 2023. **David Gilbert** said it refers to the 2023 budget and medium term financial strategy coming in March, but the external auditors report suggested a midterm review, therefore should this be moved to November 2023? **Wendy Bebbington** agreed that November 2023 was the better date for this.

### Part 1 - Public Items – For Information

#### 8. Internal Audit

**Anne-Marie Harrop** went through the pack with the attendees.

No concerns to bring to the committee's attention regarding delivery by the 31<sup>st</sup> March 2023 as all on track.

**Jean Gleave** asked for more information regarding the changes to the audit plan on page 49 and the reasoning for the substitution. **Anne-Marie Harrop** explained the reasons for this. **Wendy Bebbington and Julie Gill** confirmed that the accounts work would be complex for 2022/23 as there would be 3 months in the old system and the rest in the new system therefore, although nothing was expected to have been missed, extra assurance would be useful.

**The Chair** asked about the reporting times and if the reports would be ready for March 2023 meeting. **Anne-Marie Harrop** confirmed the key financials would in the new year and would be ready, although they may be at draft stage, and the work on migration would be completed in the next few weeks so no concerns in relation to them being ready.

#### 9. Service Assurance Plan

**Louise Willis** went through the Assurance Plan. **The Chair** thanked Louise for her input and giving the Committee the wider assurance.

**10. JAAC Annual Report 2021-22**

**The Chair** presented the report to the attendees. No questions or comments raised.

**11. JAAC Member Recruitment**

**Clare Hodgson** went through the JAAC member recruitment timetable.

**The Chair** asked about the advert and the requirement of the candidate to live in the Cheshire area and if this was a legislative requirement as widening the area would give a lot more potential applications. **Clare Hodgson** would check on this and update if required **David Gilbert** commented that he has noted in other areas that you should be resident in the area or have strong connections.

**The Chair** proposed that this would be a good time for a break from the agenda in order to discuss the PSAA without the external auditors present. The meeting would re-convene at 2pm.

**12. Update on PSAA External Auditor Procurement**

A discussion was held in relation to the new auditors who will take over the contract for 2023/24 audit work, for a period of 5 years.

**13. Any Other Business**

No other business to discuss.





# Office of the Police and Crime Commissioner for Cheshire / Cheshire Constabulary

Draft Internal Audit Plan 2023/2024

# Contents

1. Executive Summary
2. Your Internal Audit, Assurance and Solutions Service
3. Internal Audit Risk Assessment
4. Internal Audit Plan On A Page
5. Operational Internal Audit Plan 2023/24

## Appendix A: MIAA Assurance and Solutions

### Your Internal Audit Team



**Anne-marie Harrop**  
*Engagement Lead*  
07920 150313  
Anne-marie.harrop@miaa.nhs.uk

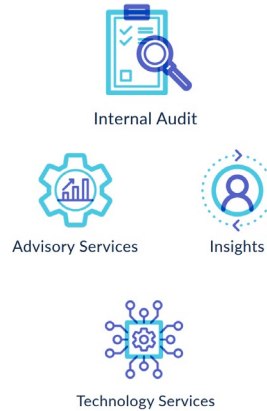


**Charles Black**  
*Delivery Manager*  
07554332410  
Charles.black@miaa.nhs.uk

# 1 Executive Summary

## 1.1 Working in partnership with you

MIAA Assurance, providing cost effective assurance, insight and foresight. These services are delivered in partnership with you to ensure they are personal and responsive, ensuring the best possible customer experience.



### Working with you

- ✓ Strong relationships
- ✓ In depth knowledge and understanding of the organisation
- ✓ Strong risk assessment
- ✓ Tailored plan focused on your risks
- ✓ Core assurances integral to your assurance framework
- ✓ Focus on areas for improvement
- ✓ Flexible and responsive
- ✓ Strong service KPIs and delivery
- ✓ Insights from our wider client base.
- ✓ Events and Networking
- ✓ Advisory support
- ✓ Fully compliant External Quality Assessment

## 1.2 Your Risk Assessment

A strong risk assessment underpins the Internal Audit Plan. This has focused upon your Strategic Risk Register as this represents both Cheshire Constabulary and the Office of the Police and Crime Commissioner for Cheshire's own assessment of the risks to achieving strategic priorities.

## 1.3 Your Internal Audit Plan

Your Internal Audit service includes core assurances, national and regional risk areas and strategic risks from your Risk Register. The draft plan is based on an initial risk assessment and provides indicative coverage for the organisation. The plan will remain flexible to allow for responses to emerging challenges that the organisation may face.

As this is the last year of our formal contract and will be subject to competitive tender we have not developed a forward looking 3 year strategic audit plan.

MIAA insights, briefings and events will be integral to your plan.

**Your internal audit fees for 2023/24 are £32,200**

## 2 Your Assurance and Solutions Services

### Internal Audit, Assurance and Solution Plans

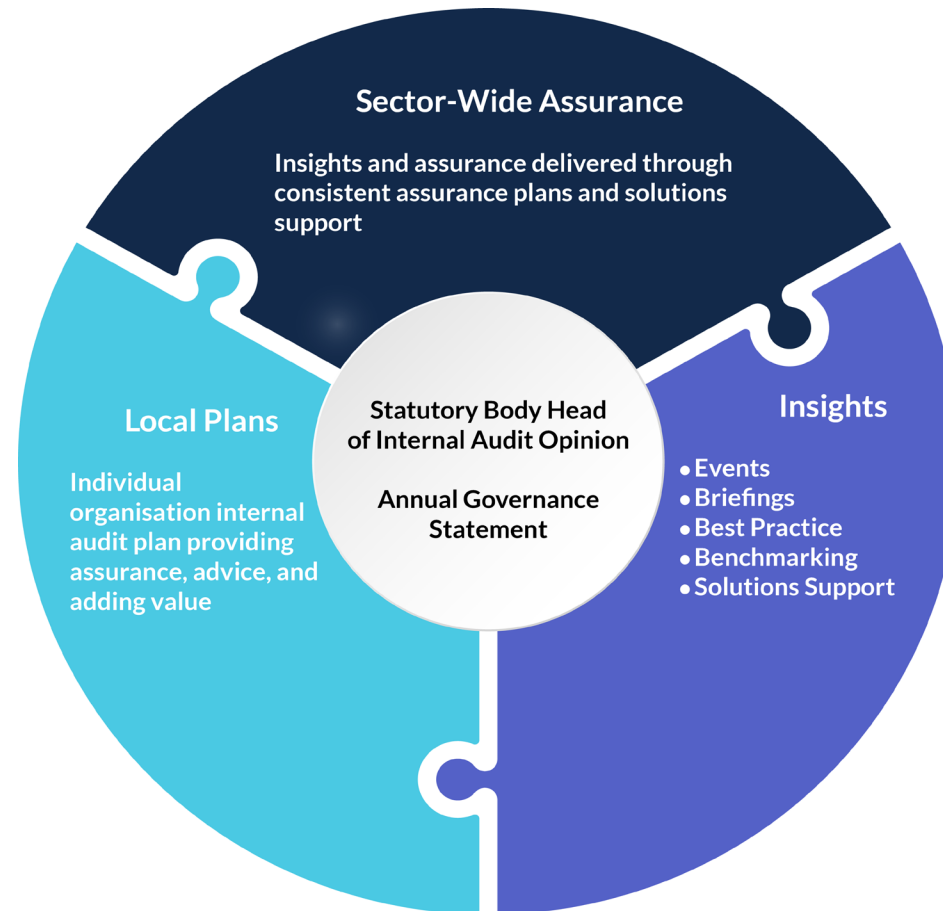
The public sector landscape in England continues to change, and the impact of COVID-19, international issues and economic challenges are likely to be felt for many years to come.

Our vision is for MIAA to continue to be a Trusted Advisor through the retention of personalised, local focus and relationships with the added benefits provided by an at scale provider.

This is about MIAA continuing to build on its shared services capability to create a comprehensive offering, which provides insight, adds value and supports transformational change whilst operating efficiently.

MIAA continue to review and adapt our audit service and the way we provide assurance to meet your needs in the changing landscape.

This is about risk assessment at every level and regrouping audit plans and advisory commissions to support organisations and the wider public sector.



# 2 Your Internal Audit, Assurance and Solutions Services – Adding Value

Client Focused  
Research & Development  
Briefings & Events  
Specialist Services  
Flexibility and ability to respond and adapt

Embedded external insights and local presence  
Access to MIAA Insights and Benchmarking  
Retention of corporate memory and relationships



Local presence  
Multi-disciplinary teams and specialist resource integral to the core service  
Use of technology to provide efficient and effective service  
Flexibility

No surprises  
Relations and ongoing communications  
Regular management and Joint Audit Advisory Committee reporting

ISO accredited systems  
Significant experience and knowledge brought from our extensive client base

# 2 Your Internal Audit, Assurance and Solutions Services – Adding Value

## Understanding Your Vision, Plans, Priorities and Risks

A key focus of our strategic risk assessment is understanding your vision and ensuring that the internal audit plan contributes to your plans and priorities. This in turn ensures that the assurances provided are built around your risks.

### Assurance Built Around Your Risks

- Financial sustainability
- Crime recording and policing standards
- Delivery of Police and Crime plan priorities and programmes
- Workforce
- Cyber and IT resilience

We map your strategic priorities and strategic risks to the Internal Audit Plan. This is reviewed as part of the risk assessment process to ensure that the plan remains focused on the organisation’s key risks and challenges and adds value. Given that this is the last year of our contract we have not produced a forward looking 3-year Audit Plan.



# 3 Internal Audit Risk Assessment

The internal audit plan is built from a risk assessment which has considered national and local risks and your local strategic risk assessment, along with our breadth of experience and understanding of the challenges you face.

A key focus of our strategic risk assessment is understanding your vision and ensuring that the internal audit plan contributes to your priorities. This in turn ensures that the assurances provided are built around your risks.

The initial strategic risk assessment and internal audit risk assessment has considered:

- **Organisation intelligence** – including review of your Strategic Risk Register, Police and Crime Plan 2021-2024 and operational plans and performance.
- **Benchmarking and national Police Audit Group mapping** – MIAA are part of the Police Audit Group (PAG) where we gain insight and share learning across audit providers working within the police sector.
- **Assurance mapping** – utilisation of the 3 lines of assurance model and professional standards to ensure focused coverage.
- **Core assurance** – including core systems assurances and Public Sector Internal Audit Standards requirements.
- **Previous Internal Audit coverage** – we have reviewed your previous Internal Audit coverage to ensure the proposed plan does not duplicate coverage.
- **Follow Up** – Internal Audit coverage will also include follow up of outstanding internal audit actions.





# 4 Internal Audit Plan on a Page

For the OPCC for Cheshire and Cheshire Constabulary this is the planning approach we will adopt:

## Planning Approach

- Risk Assessment of the external environment, system and organisation (including your Strategic Risk Register and Police and Crime Plan).
- Engagement of the OPCC and Constabulary Senior Leadership to discuss priorities and confirm the plan.
- Coverage of Critical Business Systems to support organisation’s objectives through the strategic internal audit plan.
- Provision of sufficient resources and expertise.
- Compliance with Public Sector Internal Audit Standards (PSIAS).

## Your Plan

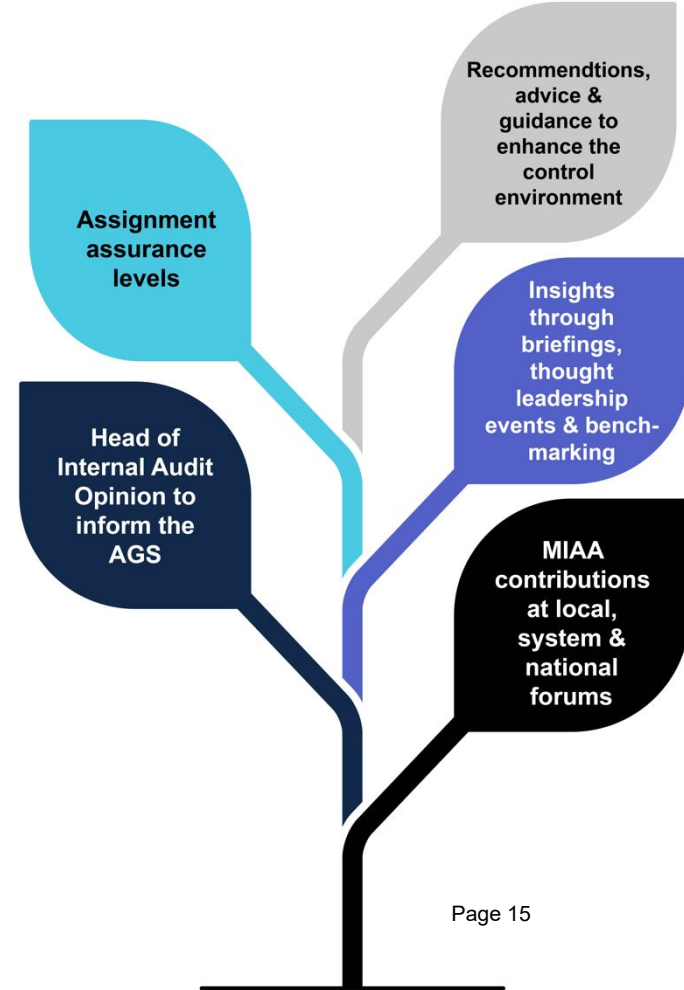
The outcome of your risk assessment is summarised below:

**Organisational Reviews**  
 Provision of assurances across core and risk based reviews

- **Firearms Licensing**
- **Key Financial Systems**
- **National Fraud Initiative**
- **Use of Force**
- **Stop and Search**
- **Payroll**
- **Data Protection**

## Follow Up and Contingency

## Outcomes



## Added Value

Recommendations, advice & guidance to enhance the control environment

Insights through briefings, thought leadership events & benchmarking

MIAA contributions at local, system & national forums

# 5 Operational Internal Audit Plan 23/24

Review & Scope	Risk / Rationale	Planned Delivery	Lead
Governance, Risk & Legality			
<b>Firearms Licensing</b> : To provide assurance on the adequacy and effectiveness of controls relating to the licensing of firearms by Cheshire Constabulary	<b>Police and Crime Plan 2021 – 2024/ Management Request</b>	Q1	
Finance & Sustainability			
<b>Key Financial systems</b> : To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.	<b>Core Assurance/ Joint Strategic Risk Register</b>	Q3	
<b>National Fraud Initiative</b> : Evaluation and investigation of the outcome of the NFI data match exercise.	<b>Mandated Requirement</b>	Q2	
Compliance			
<b>Use of Force</b> : To provide assurance on the procedures and internal controls in place regarding the recording, monitoring and reporting of 'use of force' in line with the Constabulary policy and the reporting of data externally. From April 2017, all police forces in the UK have been required to record this data. The use of force data collection is intended to hold police forces to account and to provide the public with greater information on the different types of force used and the context in which this occurs. This was last subject to audit in 2016/17 before the national reporting requirements were introduced.	<b>Police and Crime Plan 2021 – 2024/ Management Request</b>	Q1	
<b>Stop and Search</b> : To assess the efficiency and effectiveness of the processes for recording stop and search activity and the associated procedures for supervision, audit and governance.	<b>Police and Crime Plan 2021-2024</b>	Q2	



Review & Scope	Risk / Rationale	Planned Delivery	Executive Lead
<b>People &amp; Performance</b>			
<b>Payroll:</b> To provide assurance in respect of HR and payroll related controls since the move to Unit 4.	<b>Core Assurance</b>	Q3	XXXX
<b>Information Technology</b>			
<b>Data Protection :</b> To provide assurance over Data Protection compliance in line with the recent ICO audit recommendation for independent assurance .	<b>Management Request / ICO Audit Recommendation</b>	Q2	
<b>Follow up &amp; Contingency</b>			
<b>Follow up and Contingency</b>	<b>PSIAS requirement</b>	Q1 – Q4	XXXX
<b>Planning &amp; Reporting</b>			
<b>Planning, Management, Reporting &amp; Meetings</b>	<b>PSIAS requirement</b>	Q1 – Q4	XXXX

*The Internal Audit Risk assessment and plan will be reviewed on an ongoing basis throughout the year and any requests for change discussed and approved via the Audit Committee. A formal 6 month review of the plan will also take place.*

The following risk areas were identified as part of the annual risk assessment, but are not currently prioritised within the Internal Audit Plan coverage.

Risk Area	Review Origin	Rationale
IT Asset Management	Risk Assessment	To consider for 24/25
Professional Standards	Risk Assessment/ national risk	Other assurance mechanisms in place
THRIVE Assessments	Management Request	Limited days available in plan
Neighbourhood Policing	Management Request	Covered in prior year LPU audits
Child Protection / OCAIT	Management Request	Other assurance mechanisms in place
Roll out of M365	Risk Assessment / Management Request	To consider for 2024/25

*The Internal Audit Risk assessment and plan will be reviewed on an ongoing basis throughout the year and any requests for change discussed and approved via the Audit Committee. A formal 6 month review of the plan will also take place.*

# Appendix A – MIAA – Assurance and Solutions

MIAA, as an NHS not for profit shared service provides internal audit assurance and a range of specialist advisory support. Advisory support is not restricted to audit clients. Where advisory support is provided to audit clients, there is a clear separation of duties and no interdependencies. There is however an effective interrelationship to inform planning.

## MIAA Internal Audit Assurance

*Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

- Internal Audit operates to the Public Sector Internal Audit Standards, compliance with which is confirmed through independent external quality assessment.
- We develop risk-based plans to determine the priorities of our internal audit activity which is consistent with the organisation's goals.
- Whilst we undertake consulting/advisory activities these are completed in the context of the activities' potential to improve the management of risks, add value and improve the organisation's operations. These engagements must be reflected in the internal audit plan.
- Public sector requirement for an annual statement to be made by the Head of Internal Audit on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control
- We report to and are accountable to the Audit Committee.

## MIAA Solutions

MIAA has taken the step of establishing a separate advisory service offer. Agile support to any organisation including, but not restricted to NHS organisations.

- We provide expert delivery, advice and guidance in respect of system development, known system challenges and/or subject matter expertise to address corporate challenges and transformation.
- There is no annual plan. All commissions are on an agreed project basis.
- Projects may be cross system or at scale (e.g. region wide) and delivered to any organisation. Some may be internal audit clients, many are not.
- This service is managed and delivered independently of MIAA Assurance.
- Our advisory services are commissioned by and report to Executive leads.

## Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

## Limitations

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.



# Internal Audit Follow Up Report (Feb 2023)

Police and Crime Commissioner for Cheshire/ Cheshire Constabulary

# Contents

- 1 Report Distribution
- 2 Introduction
- 3 Summary of Findings

## Appendix A: Risk Classifications

## Acknowledgement and Further Information

### Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

### Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards

## 1 Report Distribution

This report has been compiled and issued solely for the consideration of the intended recipients named below.

Name	Position
Mark Roberts	Chief Constable
Chris Armitt	Deputy Chief Constable
Julie Gill	Assistant Chief Officer
John Dwyer	Police and Crime Commissioner
David McNeilage	Deputy Police and Crime Commissioner
Clare Hodgson	Chief Finance Officer (OPCC)
Damon Taylor	Chief Executive (OPCC)
Bill Dutton	Assistant Chief Constable
Una Kelly	Assistant Chief Constable
Louise Willis	Planning, Performance & Risk Manager
	Joint Audit Advisory Committee

## 2 Introduction and Background

In making recommendations and agreeing action plans, it is intended that improvements may be made to both internal controls and operational effectiveness. However, in order to verify that the benefits of the recommendations are achieved, it is necessary to subsequently follow up on the implementation of agreed actions, in order to fully assess:

- Whether implementation has occurred or been superseded by further events; and
- Whether the actions have produced the intended effect.

Follow-up is, therefore, a vital aspect of the internal audit process and it is our policy, in accordance with the Internal Audit plan, to revisit previous assignments.

### 3 Summary of Findings

The table below sets out the areas and recommendations which have been reviewed this time and the level of progress which has been made. Our review confirms that good progress has been made in implementing recommendations.

Audit Report	Total No. of Recs to be followed up	Implemented	Partial				Not Implemented				Superseded/ Not Accepted				Not Yet Followed Up				Comments
			C	H	M	L	C	H	M	L	C	H	M	L	C	H	M	L	
2021/22																			
North West Motorway Policing Group Collaboration Review	5	3			2														<p>Rec 1: Medium Risk Recommendation: Collaboration Agreement Feb 23 Update: Initial Section 22 agreement was produced and sent to partners for review and sign off. Subsequently one amendment has been requested and therefore an update has been drafted and is awaiting legal review and sign off</p> <p><b>Rec 1 - Revised Date 30th June 2023</b></p> <p>Rec 3: Medium Risk Recommendation: Performance Monitoring Feb 23 Update: Ongoing piece of work and now have access to Power Bi. Performance dashboard being explored. Recruiting Data Analyst to support.</p> <p><b>Rec 3: Revised Date 30th June 2023</b></p>
Body Worn Video	7	6											1						Complete
Estates	1	1																	Complete
Performance LPU	3	3																	Complete

Audit Report	Total No. of Recs to be followed up	Implemented	Partial				Not Implemented				Superseded/ Not Accepted				Not Yet Followed Up				Comments
			C	H	M	L	C	H	M	L	C	H	M	L	C	H	M	L	
2022/23																			
Vetting	3			1								2							Rec 1 Update: In progress aligned with electronic solution. <b>Rec 1 Revised Date: 31<sup>st</sup> July 2023</b>
Digital Media Investigations	2																2		Not due until April 2023
Property/ Evidence Management	5																4	1	Not due until March 2023

## Appendix A: Risk Classifications

Risk Rating	Assessment Rationale
Critical	<p>Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to:</p> <ul style="list-style-type: none"> <li>• the efficient and effective use of resources</li> <li>• the safeguarding of assets</li> <li>• the preparation of reliable financial and operational information</li> <li>• compliance with laws and regulations.</li> </ul>
High	<p>Control weakness that has or could have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.</p>
Medium	<p>Control weakness that:</p> <ul style="list-style-type: none"> <li>• has a low impact on the achievement of the key system, function or process objectives;</li> <li>• has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
Low	<p>Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.</p>

**To:** Wendy Bebbington – Head of Finance  
Philip Murphy – Governance Accountant  
Fiona Aston – Finance Services Manager  
Jerry Faulkner – Chief Accountant

**From:** Charles Black – Audit Manager  
Anne-Marie Harrop – Regional Assurance Director

**Date:** 16/02/2023

**Re:** **Financial Controls Mapping Review**

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## 1 Introduction and Background

Within the audit plan for 2022/23 we agreed that MIAA would undertake a controls mapping exercise to understand the control environment within the new Business Service Futures systems. This work also supports the Data Migration audit which will be undertaken alongside this review.

The overall objective of this review is to establish any changes in control environment as a result of the implementation of the new Unit 4 system which went live as part of the Business Service Futures programme in July 2022. This evaluation will support our understanding of the key controls within Unit 4 in preparation for the Key Financial Systems audit review where we will test the application of the controls in January 2023.

## 2 Objectives & Scope

Sub Objective	Risk
A mapping process will be undertaken to document the key controls and map the financial system control environment.	Gaps within the overall internal control framework;
Workarounds with regards to the key financial controls are in place after going live and are understood in terms of the risk and control evaluation.	Workarounds have not developed which may adversely impact key financial controls.

### 3 Conclusion

Unit 4 was implemented in July 2022 and we have conducted a mapping exercise to document the key controls that will be tested as part of the Financial Systems review in January 2023.

We have covered the areas that will be tested in the upcoming financial systems review which includes General Ledger, Accounts Payable, Accounts Receivable and Treasury Management.

Our walkthrough of the new system has confirmed that there are currently no workarounds in place which fall within the scope of the Key Financial Systems audit and therefore the audit scope will focus on key controls as originally planned. Mapping of the control environment is noted in the table below.

## 4 Financial Systems control mapping

### General Ledger

Expected Control	Oracle	Unit 4	Current findings	Audit Test to be conducted in Financial Systems Key controls audit
All balance sheet control accounts are formally reconciled monthly.	Data from Oracle would be fed into the key Control Account Reconciliations. (Accounts Payable Reconciliation, Accounts Receivable Reconciliation and Barclays General Fund) within Microsoft Excel. This would be prepared by a member of the Multi-Force Shared Service (MFSS) and a reviewed by a senior member of the MFSS.	The key controls for this objective have not fundamentally changed. Control Account reconciliations are still prepared and reviewed by members of staff from finance and are completed via Microsoft Excel. However, the data being fed to these spreadsheets is now from Unit 4.	A walkthrough was conducted to establish controls in operation and to ensure data from Unit 4 was accurately reflected within control account reconciliations. No issues identified.	Ensure for a 3-month sample that the reconciliations have been completed and reviewed on a timely basis independently by a senior officer and that balances reconcile back to the trial balance.  Review the reconciliations to ensure that reconciling items are being cleared and not carried forward from period to period without investigation.
Confirmation of preparation and review of balance sheet control account reconciliations and suspense account clearance achieved through central monitoring via a monthly control schedule.	A monthly control schedule is held within the Constabulary outside of Oracle. A monthly control schedule is used control account reconciliations within Oracle are completed in a timely manner.	The key controls for this objective have not fundamentally changed. The control schedule is still in place and now applies to control account reconciliations completed within Unit 4.	A monthly control schedule is in place and will be tested as part of the financial systems review.	For most recent month, obtain control schedule which confirms the status of each balance sheet control account reconciliation. Review for any omissions in reconciliation completion and senior management review of completeness.

Expected Control	Oracle	Unit 4	Current findings	Audit Test to be conducted in Financial Systems Key controls audit
<p>User privileges to post journal entries are restricted to certain accounts and journal values depending on the User with segregation between preparer and approval of journals.</p>	<p>Journal approval was not required within the oracle system, and therefore all instances of journals did not provide segregation of duties in place between the person preparing and authorising the journal. The auto-approval of journals did have a compensating control that only finance staff have the ability to post journals.</p>	<p>Journals are now entered manually via a direct posting to Unit 4 or via an upload of a Microsoft excel spreadsheet to Unit 4 incorporating a number of journals. These are prepared by a member of the finance team, and then these are independently reviewed by a senior member of the finance team.</p>	<p>A walkthrough of Unit 4 confirmed that Journals now require independent approval and the approver can be reconciled to the user access levels within Unit 4. User access levels are also tested as outlined below.</p>	<p>Obtain details of user privileges in relation to the posting of journals and confirm by management demonstration that there is restriction around certain accounts and journal values with segregation between preparer and approval of journals.</p> <p>Delegated limits within Finance team to be tested by the audit team to ensure significant limits of approval are with Senior members of the team.</p> <p>Test of 20 sample journals to ensure value of journal approved is within limits provided.</p>

**Accounts Payable**

<b>Expected Control</b>	<b>Oracle</b>	<b>Unit 4</b>	<b>Current findings</b>	<b>Audit Test to be conducted in Financial Systems Key controls audit</b>
<p>Authorised limits have been set up within the e-procurement system and are maintained</p>	<p>The Constabulary maintained an Authorised Signatory List (ASL) which was an excel spreadsheet maintained by the Principal Accountant. All members of the finance team were recorded with their limits within the spreadsheet and had been allocated approval limits.</p>	<p>User access levels are now incorporated within Unit 4. Approval limits are assigned automatically based on the role that the employee has been assigned. The Governance Accountant is currently working on a project to reduce the number of roles. A review has identified that 97% of staff can be included within 12 profiles and this work is currently being undertaken.</p>	<p>Although a working group are conducting a review of access levels and the number of roles within Unit 4, this will not affect the testing of the key controls. User access can still be tested within Unit 4 across the current profiles already in place and can be reconciled to the Constabulary's Scheme of Delegation.</p>	<p>Obtain copy of current procurement system approval limits. Select a sample of 20 signatories and ensure that their limits on the listing are consistent with the Scheme of Delegation. If it is not clear how the individual relates to the scheme of delegation i.e., job title then seek guidance from management.</p>
<p>All orders are supported by a requisition, which is appropriately authorised through logical access security within Unit 4</p>	<p>Oracle was able to provide purchase order reports and clearly evidenced who had requested and approved each invoice / requisition.</p>	<p>No fundamental change to controls, Unit 4 is able to provide a full purchase order report for the period requested (Last 3 months will be used for the MIAA Key Financial Systems review). A walkthrough of Unit 4 evidenced that if a sample of purchase orders is taken, the system will clearly state who has requested the order</p>	<p>A walkthrough of a Purchase Order confirmed that Unit 4 will clearly evidence all key information needed for internal audit testing. Testing for this objective has not fundamentally changed with the new Unit 4 system.</p>	<p>Review e-procurement system to ensure that requisition approval processes are enforced, i.e. all requisitions are automatically sent to an authorised approver for that cost centre. Select a sample of 10 PO invoices paid to ensure that there is segregation between the requestor and approver of the order, further to</p>

Expected Control	Oracle	Unit 4	Current findings	Audit Test to be conducted in Financial Systems Key controls audit
		and who this has been approved by.		this the approver is within the limit provided for system approval limits.
A high-level management review takes place of all payment runs to identify and challenge any high level/unusual payments and BACS Payment Runs are approved for release.	Previously, the extract from Oracle has to be manually reviewed and changed to a PTX file which was then uploaded to be processed online as a BACS file. A payment report was run and checked by two senior members of MFSS, prior to payment processing.	The extract from Unit 4 is now automatically changed to a PTX file to be uploaded for online processing. Therefore, there is now no manual review or a manual change of the document format. From there the key controls remain the same with two members of finance checking and reviewing prior to payment processing.	A walkthrough was evidenced and a submission summary can be supplied to evidence the date, preparer and reviewer. A walkthrough was also conducted to evidence the automatic change of format to a PTX file.	Review arrangements in place and test compliance for one month.
An authorised form is required for an amendment to supplier bank details. The form requires approval by a member of Trust management independent from input of details to the computer system.	These key controls fell outside of Oracle. Amendments to supplier details were controlled through MFSS. Supplier bank details changes were confirmed and logged through phone calls and e-mail trails.	Amendments to suppliers are now logged within Unit 4 and a full audit trail can be evidenced. This includes the request for amendment and how this was made, checks made including fraud, and approval. Approval can be reconciled to the relevant roles within the Unit 4 and their approval rights.	Testing of this key control will now be done within Unit 4 and the removal of e-mail trails and phone call logs outside of the system ensures a more consistent and accurate approach.	Select a sample of 10 supplier amendments to bank details from the changes log. Agree details to the approved request form and details from the supplier.
Amendments requested to supplier bank details are verified by phoning the	This process was completed by members of	This check is now completed alongside the supplier detail	Testing of this control will be done within Unit 4 as a full audit trail of changing	Seek evidence of the performance of the verification check by the Accounts Payable Team member to

Expected Control	Oracle	Unit 4	Current findings	Audit Test to be conducted in Financial Systems Key controls audit
supplier using a phone number quoted on the supplier's official web site. Performance of the check is recorded.	staff within MFSS and was not logged within Oracle.	change process within Unit 4 outlined above.	supplier bank details can be evidenced.	include details of contact at supplier spoken to, time and date etc.
A periodic review is performed of the log of amendments to current supplier's bank details including tracing back to request forms and confirming recording of the verification check.	This key control fell outside the capabilities of Oracle and review was completed by members of MFSS.	The availability of a full audit trail within Unit 4 will allow for MIAA to take the relevant sample and seek evidence as appropriate	Testing of this control will be done alongside Unit 4 to ensure a periodic review has taken place and test for documentation and monitoring.	For a sample of 4 periods, seek evidence of the performance of the review by management of amendments to current supplier's bank details to gain assurance that the required process is being followed.
Documented Standard Operating Procedure (SOP) in place for bank details changes for current suppliers.	The transfer to Unit 4 will result in the review of the SOP to ensure this has been updated to reflect the new Unit 4 processes and where this is documented.	The transfer to Unit 4 will result in the review of the SOP to ensure this has been updated to reflect the new Unit 4 processes and where this is documented.	Testing of this key control will ensure that an SOP is in place and reflects current processes.	Obtain copy of standard operating procedure and ensure these adequately reflect latest Anti Fraud guidance and have been disseminated to staff with responsibilities in this area.

**Accounts Receivable**

<b>Expected Control</b>	<b>Oracle</b>	<b>Unit 4</b>	<b>Current findings</b>	<b>Audit Test to be conducted in Financial Systems Key controls audit</b>
Outstanding debts are followed up regularly and documented evidence of follow-up action is maintained in line with documented policies and procedures.	An aged debt report would be run from Oracle which would identify all outstanding accounts receivable invoices including amount, how many days it was overdue and commentary regarding the chasing of that debt.	This key control has not fundamentally changed as a result of the transfer to Unit 4. An aged debt report can be run from Unit 4 highlighting all outstanding debt, how many days this is overdue and notes assigned to each invoice explaining the current situation and how many times this has been chased.	A walkthrough of Unit 4 confirmed that an aged debt report can be produced for testing and a sample can be taken to highlight follow up.	Select a sample of 20 targeted (see below note) overdue and outstanding debts. Obtain evidence of follow up action taken and that this is in line with required policies and procedures.
Aged debt analysis reports are produced and subject to regular scrutiny with actions required being noted and progressed.	An aged debt report would be run from Oracle which would identify all outstanding accounts receivable invoices including amount, how many days it was overdue and commentary regarding the chasing of that debt.	This key control has not fundamentally changed as a result of the transfer to Unit 4. An aged debt report can be run from Unit 4 highlighting all outstanding debt, how many days this is overdue and notes assigned to each invoice explaining the current situation and how many times this has been chased.	A walkthrough of Unit 4 confirmed that an aged debt report can be produced for testing and a sample can be taken to highlight follow up.	Review the most recent aged debt analysis for evidence of management review.  Review the most recent age debt analysis and assess whether there is evidence that review leads to appropriate action being taken when necessary. Verify that no long outstanding debts remain without agreed actions
Proposed debt write offs are reviewed appropriately to ensure all efforts have been	A process was in place for the approval of write offs which is outlined within the	This control has not changed. The process for write offs is still outlined within the Constabulary's	At time of this review, it was confirmed by members of staff that a	Review debt write-offs made in year to date and ensure these have been

Expected Control	Oracle	Unit 4	Current findings	Audit Test to be conducted in Financial Systems Key controls audit
made to recover the debt and write-offs are approved as required through the governance structure.	Constabulary financial delegations.	financial Scheme Of Delegation. Formal approval for write off will be obtained and appropriate write off action is taken within defined timescales which will be outlined within Unit 4.	write off had not yet occurred within Unit 4, but the process can be tested as a walkthrough as part of the Key Financial Systems review.	reviewed prior to submission for approval. Ensure approval is made via the appropriate governance process.

### Treasury Management

Expected Control	Oracle	Unit 4	Current findings	Audit Test to be conducted in Financial Systems Key controls audit
An up-to-date bank mandate is in place for each account and arrangements to instruct the bank of changes is adequately controlled and communicated in writing to the bank.	The bank mandate fell outside the scope of Oracle. The bank mandate and their signatories were held within each bank account. Additions and removals to the bank mandates were requested through e-mail.	No change to control environment. Bank mandates and signatories are still held separately to the finance system.	Discussions confirmed that the number of bank accounts in place has reduced to two accounts. One is the Barclays General Fund which will now be used for most transactions. The second is the pensions account. A review of how the bank accounts were removed including their signatories	Review mandate to ensure that officers listed are current and appropriate.  Test any changes made since 1st April to ensure that the required process has been followed.

Expected Control	Oracle	Unit 4	Current findings	Audit Test to be conducted in Financial Systems Key controls audit
			will be conducted as part of our audit.	
Cash Flow reports are reported to the Joint Management Board	Cash flow forecasting and monitoring was in place using Excel spreadsheets and data being fed directly from Oracle. Cash flow was then reported to the Joint Management Board on a quarterly basis as part of the financial reporting requirements.	The key controls for this objective have not fundamentally changed. The same Microsoft Excel spreadsheets are in place, however the data being fed to these spreadsheets is now coming from Unit 4.	A walkthrough confirmed that Unit 4 data is now providing the information for the cash flow forecasting used by the Constabulary.	Obtain evidence of management review for the most recent month to confirm consistency of reporting to the Trust Board/Governing Body and NHS Improvement.  For the most recent month, confirm consistency in the Cash Flow forecast reports to the Trust Board/Governing Body and NHS Improvement.

## Overview of topics to be covered during the period March 2023-December 202

Part 1 Items	Mar-23	Jul-23	Sep-23	Nov-23
Minutes of Joint Audit Advisory Committee	✓	✓	✓	✓
Matters Arising from Previous JAAC Meetings	✓	✓	✓	✓
Briefing from Police and Crime Commissioner & Chief Constable	✓	✓	✓	✓
JAAC Annual Report				✓
Single Point of contact roles for 2023/24		✓		
External Audit Findings Report			✓	
External Audit Plan		✓		
Informing the Audit Risk Assessment		✓		
External Audit Progress Report	✓			
External Audit VFM Report				✓
Annual Accounts		Draft	Final	
Annual Governance Statement		Draft	Final	
External Audit Letter of Representation			✓	
Internal Audit Annual Plan	Draft			
Internal Audit Progress Reports	✓	✓	✓	✓
Internal Audit Follow Up Report	✓	✓		
Head of Internal Audit Opinion		✓		
Internal Audit Final Reports	✓	✓	✓	✓
Internal Audit Charter				✓
NFI Data Matching		✓	✓	
Internal Audit Terms of Reference (Tor)	✓	✓	✓	✓
Value for Money profiles		✓		
Service Assurance Plan	✓	✓	✓	✓
2023/24 Budget & Medium Term Financial Strategy	✓			
Part 2 Items	Mar-22	Jul-22	Sep-22	Nov-22
Minutes of Joint Audit Advisory Committee	✓	✓	✓	✓
Matters Arising from Previous JAAC Meetings	✓	✓	✓	✓
Strategic Risk Register	✓	✓	✓	✓
Internal Audit ToR/Reports	✓	✓	✓	✓

## REVENUE BUDGET AND COUNCIL TAX 2023/24

### PURPOSE OF THE REPORT

1. The purpose of this report is to enable the Commissioner to finalise the budget for 2023/24 and meet their statutory duty to set a precept. An overview of the statutory requirements regarding the budget and precept setting including the timing of decision-making and interaction with the Police and Crime Panel is attached in Appendix 2.

### INTRODUCTION

2. The Commissioner is required to set an annual balanced budget and precept, taking into account Government funding, precept regulations and organisational demands. This requirement is supported by the production of a Medium-Term Financial Strategy (MTFS) with the annual budget forming the first year of the Strategy. The creation and maintenance of the MTFS is fundamental in promoting good financial planning and delivery of value for money.
3. The MTFS covers the period 2023 to 2028 with the first two years covered by the Spending Review as announced by the then Chancellor in October 2021, with the final years being estimated. In addition to the MTFS there are a number of other financial strategies relating to reserves, capital and treasury management that both inform and support the budget process. The current MTFS is available on the Commissioner's website via the following link – [www.cheshire-pcc.gov.uk](http://www.cheshire-pcc.gov.uk).

### FINANCIAL BACKGROUND

4. The Minister of State (Minister for Crime and Policing) on the 14 December 2022 presented a Written Ministerial Statement setting out police funding for 2023/24 together with confirmation of the precept flexibility of £15 Band D increase.
5. In summary, the statement outlined that the overall funding for policing will rise by up to £287 million compared to the 2022/23 funding settlement, bringing the total up to £17.2 billion for policing. Within this, funding to Police and Crime Commissioners will increase by up to an additional £523 million, of which £349m comes from an assumed full take-up of precept flexibility. This would represent an increase to Commissioner's funding in cash terms of 3.6% on top of the 2022/23 police funding settlement.
6. The Statement also included details of the Government's expectations in relation to efficiency and productivity, stating:

'Police, like all public services, must ensure that they make best use of public money. This means reducing inefficiencies and maximising productivity. As part of the Spending Review 2021, we expect to see at least £100 million of cashable efficiency savings delivered from force budgets by 2024/25.'

7. This year, more than any other for some considerable time, inflation has hit the headlines with the UK reporting a 40-year high of 10.1% in July, increasing further to a reported 11.1% in October. Over the last decade, inflation has remained around the 2% target rate, accompanied by near-zero interest rates. As such, the rapid increase in inflation is challenging, unforeseen in most cases and generally un-funded. However, it is not just the UK, inflation is a huge problem on a global scale and the pressure is only set to increase with conflict detrimental to food, energy and commodity prices, making the outlook challenging to predict. It is in this setting that the 2023/24 budget is being proposed and the impact cannot be underestimated.
8. Without additional funding afforded through the precept uplift, substantial savings would be required, and the level of services provided could not be maintained. However, it is recognised that inflationary pressures affect everyone and therefore considerable scrutiny has been applied to the Constabulary to ensure it is both efficient and effective. Savings have been identified through a rigorous review of all areas to contribute to the overall budget allowing the proposed precept uplift to be significantly less than inflation. In addition, reserves have been reviewed and where appropriate released to support the budget.

#### OUR PURPOSE – "DELIVERING EVEN SAFER COMMUNITIES FOR THE WHOLE OF CHESHIRE"

9. The Constabulary's priorities in support of the Commissioner's Police and Crime Plan are:
  - Delivering outstanding neighbourhood policing and protect the vulnerable
  - Proactively understand and prevent crime and harm
  - Tackle crime and antisocial behaviour
10. These are the key priorities that have been at the forefront of the proposed 2023/24 budget. The following paragraphs set out the operational demand led investments included.
11. The new Vulnerability and Safeguarding Team's overriding priority is to provide timely support to those who are vulnerable and in need of help from the Constabulary and its partners. Through continuous assessment of calls for help, our officers will contact callers to offer reassurance, advice and information on what support is available, putting victims and the vulnerable at the heart of our response.
12. The new Area Investigation Teams are local officers dedicated to the investigation of volume crime in their areas and providing an outstanding service to victims. They will visit scenes of crime, interview victims, witnesses and suspects, secure evidence and prepare prosecution files for submission to the Crown Prosecution Service and courts where appropriate. Their goals are to achieve the best outcomes for victims and deliver speedy justice to those responsible.

13. The overriding ethos of the Constabulary is to provide outstanding performance and service delivery. Over the last 12 months the number of arrests has increased by 35%, with arrests relating to domestic abuse up by more than 90% ensuring those intent on doing harm are placed in custody. Within this proposed budget additional resources are allocated to our Custody Suites to support this vital part of policing.

#### 2023/24 BUDGET PROPOSALS

14. The preparation of the 2023/24 budget commenced in 2022 utilising a planning process that had at its core the following key documents - the Commissioner's Police & Crime Plan; the Force Management Statement; the Chief Constable's Plan on a Page; local, regional and national commitments; and the Strategic Policing Requirement. Recognising both demand and risks, the Constabulary set out the key principles for that planning process:
  - Ensure the plans and proposals align to the priorities and demands as set out in the key documents, fully utilising the priority-based budgeting (PBB) process which examines all areas of the budget and matches resources according to priorities and risk;
  - Identify savings and efficiencies which can be made through the PBB process in support of the budget and spending plans.
  - Set a comprehensive, timely, balanced and realistic budget;
  - Takes into account pay and price inflation and achievability of savings;
  - Complies with the approved treasury management strategy;
  - Complies with the approved reserves strategy;
  - Raises awareness of and communicates key financial messages both internally and externally;
  - Ensure budgets set are affordable and do not jeopardise financial stability either in the short or long term;
  - All spending plans will need to demonstrate that they can achieve value for money;
  - Spending will be agreed only when the necessary funding is identified and approved;
  - External funding will be sought wherever it can be used in a sustainable manner that does not lead to unforeseen costs; and
  - Budget proposals will be publicised and consulted upon with stakeholders in an open and transparent manner.

#### PROPOSED REVENUE BUDGET 2023/24

15. Table 1 shows the outcome of the budget planning process with the proposed revenue budget for 2023/24. The impact of the threats and demands placed upon policing; commitments required; proposed savings and the total funding available to the Commissioner are reflected within these proposals.

16. The proposed revenue budget is considered vital by the Chief Constable in order to deliver a viable, sustainable police service to the public of Cheshire and to deliver the priorities and demands placed on the Constabulary.

Table 1: Proposed Revenue Budget	2023/24 £000
<b>2022/23 Gross Expenditure Budget</b>	257,397
Pay and Price Inflation	14,517
Legal & Unavoidable Commitments	667
Operational Demands and Pressures	586
Savings	-4,244
Use of Reserves	-2,407
<b>2023/24 Gross Expenditure Budget</b>	<b>266,516</b>
Other income and specific grants	-29,670
<b>2023/24 Net Budget Requirement</b>	<b>236,846</b>
Financed by:	
Government Police Grant & Formula Funding	-129,533
Legacy Council Tax Grant	-8,256
Council Tax Precept	-98,469
(Surplus)/Deficit on Collection Funds	-588
<b>2023/24 Net Budget Requirement</b>	<b>-236,846</b>

## INFLATION

17. Inflation in both pay and price terms is applied to budgets where appropriate. For 2023/24 the details are: pay awards are negotiated nationally and the increase is mandated for all forces., The proposed budget includes an estimated 3% pay award for September 2023 and the full year impact of the pay award from September 2022.
18. For non-pay items, the inflation applied is based on the Office of National Statistics Inflation Report using the most applicable inflation factor. However, the proposed budget acknowledges that certain non-pay items such as energy costs are significantly more expensive and additional inflation has been applied to those areas, together with contractual obligations for inflation based on specified indices. The following table shows the inflation applied.

Table 2: Inflation	2023/24 £000
Pay inflation (estimated at 3% - Sept 2023 award)	11,436
Price (non-pay) inflation provision	3,081
<b>Total Inflation</b>	<b>14,517</b>

## LEGAL & UNAVOIDABLE COMMITMENTS

19. Legal and unavoidable commitments come from two sources, the impact of decisions taken in previous years that have a financial impact in the forthcoming financial year and the financial impact of external decisions and changes such as the introduction of a new financial burden or change in legislation. The following table shows those items included in the 2023/24 budget proposal.

Table 3: Legal & Unavoidable Commitments	2023/24 £000
Prior year decisions - full year impact	-470
Collaborations - annual uplift	308
LGPS Actuarial uplift	270
Insurance	180
Court Fees	81
IT Licenses and Software	139
Home Office IT Charges & Police Digital	54
NPCC Charges	49
Estates Strategy - net borrowing costs	56
<b>Total</b>	<b>667</b>

20. Under Sections 22B and 22C of the Police Reform and Social Responsibility Act 2011, Chief Officers and Commissioners have a duty to keep collaboration opportunities under review and to collaborate where it is in the interests of the efficiency or effectiveness of their own and other police force areas. This is in recognition that there are certain services required, which are not affordable by individual forces alone – e.g., firearms provision. The above costs reflect the additional uplift requirements to the collaborations Cheshire is involved in, subject to partner forces full agreement.
21. Every three years the Local Government Pension Scheme (LGPS) is valued, and the following three year's employers' contribution rates are set accordingly. The last valuation was in 2022 with the new rates applicable from 1 April 2023. These have increased by 0.5%.
22. Insurance costs are based on the assessment of risks that are to be covered and the cost of meeting any legitimate claim. With the inflationary pressures and supply chain problems, coupled with forecast claims, the level of insurance premiums has increased considerably. Insurance is required to meet larger claims, with the Constabulary setting higher excess levels to try and mitigate some of the increases but additional funding is required for 2023/24.
23. Protecting the most vulnerable from harm is the highest priority with the use of Domestic Violence Protection Notices and Orders providing emergency protection to an individual believed to be the victim of domestic violence. This process includes hearings in Civil Courts for which fees apply. Due to the on-going focus on domestic violence the number of cases has increased together with the cost of the associated fees.

24. Information Technology is an integral part of the police service. The digital landscape is the fastest growing area within UK policing and making digital services accessible to the public is critical for long-term public confidence within policing. A modern police service needs to operate with new and innovative technology solutions to enable them to fight crime. Investment in software and licences is included above.
25. The National Police Chiefs Council (NPCC) is a national coordination body for law enforcement in the United Kingdom and the representative body for British police chief officers. Its role includes the coordination of a national response to specific policing issue such as biometrics and the promotion of best practice. Contributions are made to support these programmes and the above shows the increase from 2022/23.
26. In the Commissioner’s Police and Crime Plan it sets out the priority for delivering a modern police service. This includes looking at police buildings and ensuring that the needs of our communities are reflected in how the Constabulary operates its estate. The Estates Strategy sets the direction for this over the next 10 years and will ensure a modern, fit for purpose, environmentally efficient and cost-effective estate that meets the needs of police staff and officers and delivers for the public. Funding for this is recognised within this proposed budget.

#### OPERATIONAL DEMANDS AND PRESSURES

27. The following table sets out the additional investments included within the proposed budget and linked to the priorities set out earlier in the report.

Table 4 – Operational Demands & Pressures	2023/24 £000
Vulnerability and Safeguarding Team	106
Training – Police Officer Recruits	255
Digital Intelligence and Analysis	167
Other minor changes	58
<b>Total</b>	<b>586</b>

28. As set out in paragraph 11, protecting and safeguarding those who are vulnerable is crucial. Included in the budget is an uplift in Intelligence Review Officers - they take referrals from Officers (VPAs - Vulnerable Persons Assessment) and research additional systems to establish whether and what information should be shared with safeguarding partners via the Integrated Front Doors. This process also enables information to be shared with us via safeguarding partners - ultimately enabling children and vulnerable adults to be better protected.
29. The Police Education Qualification Framework (PEQF) is a standardised national framework that sets minimum qualification levels by rank or level of practice for all officers and staff. It provides a number of different entry routes into policing including degrees and apprenticeships. The cost of providing the associated recruitment and training for these routes is included in the above.

30. The Commissioner and Constabulary agreed a Digital Strategy in 2021 to “improve the way in which we maximise the value of digital solutions and data over the next three years and guide the delivery of new analytical advances”. The purpose of this programme is to support the Constabulary in becoming an intelligence led organisation better serving our communities through insight and provision of timely data. Investment in this programme is included in Table 4.

#### SAVINGS

31. A key requirement of the funding settlement is an assurance that public spending provides value for money and funding is prioritised in line with the Police and Crime Plan, operational demand etc. As part of the budget process, non-pay expenditure was scrutinised to ensure that all efficiency opportunities have been maximised without impacting on service delivery and resources focussed on key priorities. The savings opportunities are set out below.

Table 6 – Savings	2023/24 £000
Collaborations - ESN & NPAS	-450
Vacancy Management	-788
Review of capital programme - funding	-560
Workforce Planning	-1,200
Reduction in NI	-500
Review of contracts	-105
Review of non-pay expenditure	-203
Review of Programmes, including staffing	-113
Logistics Service Review	-31
End of temporary contracts etc.	-295
<b>Total</b>	<b>-4,245</b>

32. As part of the scrutiny of the collaborations, savings have been identified. The Emergency Services Network is a national programme currently undergoing a new procurement process, that is expected to take some time to complete. The regional team, for which the Constabulary is a partner, has been suspended and savings achieved. In addition, the National Police Air Service charge forces based on usage and savings have been made accordingly.
33. In order to make significant contributions to the budget shortfall, the Constabulary is robustly reviewing all vacancies under the Resources Board and Tracker Meetings. Each review will look at alternative options to recruitment together with the impact on service delivery and performance. It is expected that through attrition and this review process, sufficient vacancies can be removed permanently to provide the necessary savings included above.
34. General grant for capital investments is no longer provided which means sufficient funding has to be set aside within the revenue budget to cover the annual replacement cycle of vehicles, equipment etc. All investments have been reviewed and those that could either be postponed or removed have been reflected in the updated Capital Strategy, thus allowing a one-year reduction to the revenue funding.

35. Recruitment of officers is undertaken at various times of the year to maximise training opportunities and allow each cohort to learn as a team. The timing of the recruitment slots can be varied providing savings as officers leave and are subsequently replaced as part of the overall workforce planning.
36. On 6 April 2022, National Insurance Contributions (NICs) increased by 1.25%. The NICs increase was due to be replaced by the Health and Social Care Levy in April 2023. The Government confirmed in September 2022 that the increase would be reversed from 6 November 2022. Additionally, the new Health and Social Care Levy will no longer be introduced in April 2023. As such, the above table shows the associated net savings, but it should be noted that the Government has also removed the additional funding provided in 2022/23 for this purpose.
37. The remaining savings are the result of the scrutiny of all non-pay expenditure, contracts and temporary posts to ensure that maximum value for money is secured. Where programmes are ending, such as the Police Uplift, additional resources required to enable its delivery can now be removed as the programme closes.

#### RISKS AND SENSITIVITY ANALYSIS

38. For 2023/24, there is a reasonable degree of certainty based on the Provisional Grant Settlement published on 14 December 2022. However, there remain some outstanding issues affecting next year such as the counter terrorism grant. Any changes to the funding will be reported to the Commissioner as soon as they are known together with the associated proposed changes to the budget.
39. As with any assumptions, there are risks that the actual outcome will be different. There are key assumptions included within this proposed budget that could significantly affect the proposed budget such as pay awards where a 0.5% movement in the pay award would have a potential £1m impact on the budget. Inflationary pressures have been reflected in this proposed budget, but with such volatility at present, the estimates made may change.
40. Reserves are held to provide flexibility in-year for such incidences and the Reserves Strategy included within this report covers this in more detail.

#### COUNCIL TAX PRECEPT

41. A precept is levied on the Council Tax for policing in Cheshire. It is the responsibility of the Commissioner to set the level of precept as part of the budget setting process. While the decision is the Commissioner's, the Government's spending review set out the flexibility for Commissioner's for three years, at a maximum increase of £15 per year on Band D. This is equivalent to 6.37% for Cheshire (2022/23 – 4.4%) which is significantly less than inflation. Cheshire's council tax remains in the 10<sup>th</sup> cheapest of all police forces.

42. To calculate the level of Council Tax funding, each local authority calculates the taxbase (the assimilated number of council tax bills issued) taking into account changes in the number of houses, council tax benefits etc. Compared to 2022/23, the overall taxbase has increased by 5744.36 compared to last year when the increase was 6,711.68. The following table shows the proposed level of precepts for each local authority and the individual amount levied per each Council Tax band.

	Number of Band D Equivalentents	Precept on Collection Fund £
Cheshire East	158,778.54	39,764,498
Cheshire West & Chester	127,573.90	31,949,608
Halton	36,241.00	9,076,196
Warrington	70,592.00	17,679,060
<b>TOTAL</b>	<b>393,185.44</b>	<b>98,469,362</b>

Band	Proposed 2023/24 £	Actual 2022/23 £	Change per year £	Change per week £p
A	166.96	156.96	10.00	0.19
B	194.79	183.12	11.67	0.22
C	222.61	209.28	13.33	0.26
D	<b>250.44</b>	235.44	<b>15.00</b>	<b>0.29</b>
E	306.09	287.76	18.33	0.35
F	361.75	340.08	21.67	0.42
G	417.40	392.40	25.00	0.48
H	500.88	470.88	30.00	0.58

43. In addition to the above precept, each of the four local authorities holds a council tax collection fund; this is a separate fund that records the income and expenditure relating to council tax. Any surplus or deficit on the fund is due to or paid for by the individual authorities, the Police & Crime Commissioner and Cheshire Fire Authority respectively.
44. The net amount declared surplus and payable by the Commissioner in 2023/24 amounts to £588k. The pandemic had a significant impact on the council tax collection funds and for 2021/22, there were considerable deficits reported for inclusion in the budget and while grants were provided for some of the income loss, some remained to be recovered locally. The Government also issued Regulations that allowed a proportion of these deficits to be spread over three years rather than fully recovered in 2021/22. The net 2023/24 surplus includes the final year of the three years spread.

## COMMISSIONING

45. In 2023/24, the approach to commissioning will continue to focus on victims of crime with the aim of ensuring that appropriate services are in place to assist them to cope with their ordeal and recover as best they can. The Commissioner will utilise the understanding gained from the Cheshire Victims Needs Assessment alongside national developments to prioritise areas for development. The initial supporting service for victims across Cheshire is Cheshire CARES, to which all reports of crime to the Constabulary are referred. However, this service can be accessed by victims of crime whether or not they make a formal complaint to the police. Cheshire CARES supports victims from the outset and throughout their journey through cope and recovery. This has recently been complemented through the provision of enhanced support to victims of Hate Crime through Remedi.
46. The Commissioner has additional responsibilities to have specialist services available, e.g., to support victims of rape and sexual abuse, child sexual abuse and domestic abuse as well as to provide a restorative justice service. The costs of victims' services commissioned are funded through an allocation provided from the Ministry of Justice. The core funding allocation for the 2023/24 Victims Grant is approximately £1.3m but as in previous years opportunities to attract further funding to support will be explored. Consequently, the Commissioner will continue to work with partners across all sectors to identify and address gaps and/or emerging areas for victims' services and to drive the effectiveness of the service commissioned through the Victim's Grant Fund in 2023/2024. As a result, of these efforts significant developments are anticipated this year in further developing the use of Restorative Justice and Mediation support services in particular the extension of those services to play a key role in the Criminal Justice System across Cheshire with an emphasis on reducing future offending.
47. During 2022/23, a further £1,752,748 was obtained to support front line Domestic Abuse and Sexual Abuse services, this not only supported front line victims but also delivered pan Cheshire Domestic Abuse Perpetrator interventions. These schemes were additional to anything that previously existed and have provided significant further support for victims. The commitment to support victims of Domestic Abuse will continue throughout 2023/2024.
48. In 2022/23, a further £1.5 (£1m 2022/23 FY and £500k 2023/24 FY) has been secured by the Commissioner under the Safer Streets 4; this year the Commissioner will continue to explore any opportunities to support Women and Girls who suffer from Violence. The forthcoming year's commissioning will build upon existing services and aim to maximise opportunities, both singularly and in partnership, to provide value for money and better outcomes for our communities.
49. In 2022/23 the Commissioner commissioned a pilot working in partnership with Warrington Borough Council and Halton Borough Council to address the needs of victims of Childhood Exploitation. This will continue into 2023/24, we will explore the benefits of this approach and if appropriate how we can spread benefits more widely.

## CAPITAL PROGRAMME

50. In addition to the revenue budget, a programme of capital investment is proposed for 2023/24. This programme links to the major strategies such as Estates, Digital and Fleet together with the annual replacement cycle for assets such as equipment.
51. Funding for this investment, is longer supported through Government grants and therefore is now covered by capital receipts (the net proceeds from the sales of assets), reserves held by the Commissioner, contributions and borrowing. The contributions include funding set aside within the general budget each year. For 2023/24 and in support of the savings required, it is proposed to reduce it and adjust the capital programme accordingly. Given that borrowing will need to increase to support this level of investment specifically around the Estates Strategy, it is vital that capital expenditure is prioritised to generate savings for future years, to help protect local policing services. A summary of the proposed programme and associated funding is shown below.

Table 8: Capital Strategy	2023/24 £000
Annual Replacement Schemes:	
Fleet Vehicles	1,970
IT and Communications	861
New Schemes:	
Estates - Maintenance and Environmental	1,375
Estates Strategy 2021-2031	2,600
IT and Communications	657
Operational Equipment	352
Collaboration/Funded Vehicles	312
<b>Capital Expenditure</b>	<b>8,127</b>

52. Full details of the individual schemes within the capital programme are provided in Appendix 4 of this report and in the Commissioner's Capital Strategy attached at Appendix 4. The proposed funding for the above capital investment is set out in the following table.

Table 9: Capital Financing	2023/24 £000
General/Specific capital grants	60
Capital Receipts	2,600
Revenue Contributions to Capital	2,440
Revenue and Capital Reserves	325
External Contributions to Capital	96
HQ IT Reserve	231
Borrowing	2,375
<b>Total Funding</b>	<b>8,127</b>

## ROBUSTNESS OF ESTIMATES

53. Section 25 of the Local Government Act 2003 places a requirement on Chief Finance Officers to report on the robustness of the estimates used in the preparation of this proposed budget. Details of how this requirement is met are in Appendix 3.

## RESERVES

54. Section 25 of the Local Government Act 2003 also places a requirement on Chief Finance Officers to formally report on the adequacy of the reserves. The Chief Finance Officers assess this in the context of the strategic, operational and financial risks and opportunities facing the Commissioner and the Constabulary.
55. While holding reserves is a recognised and recommended financial management tool, the levels of such reserves must remain prudent, appropriate to the level of risk and opportunity and not excessive. This is set out within the Commissioner's Reserves Strategy attached at Appendix 5.

## CONSULTATION WITH THE PUBLIC AND BUSINESS RATEPAYERS

56. A formal consultation exercise on the public's priorities and the precept was undertaken between 3 January and 24 January 2023. The survey was carried out online and paper copies were also printed and distributed to people who requested them, as well as to local police stations so that local teams could distribute to residents who were not able to have their say online.
57. Residents were encouraged to complete the survey via social media platforms e.g. Facebook, Twitter, LinkedIn, Instagram and Nextdoor, as well as via Cheshire Police Alert, the Commissioner's newsletter and press activity.
58. Ten public consultation roadshow sessions were held around the county. Here people could complete the survey in person or take a copy to return via freepost if they wished. These events took place at the times/locations detailed below:

Date	Location	Time
Friday 6 January	<b>Widnes</b> – Morrisons	10:00 - 11:30
Friday 6 January	<b>Runcorn</b> – Shopping City	13:00 - 14:30
Saturday 7 January	<b>Nantwich</b> – Market Hall	10:30 - 12:00
Wednesday 11 January	<b>Northwich</b> – Barons Quay	13:00 - 14:30
Thursday 12 January	<b>Chester</b> – Tesco	11:00 - 12:30
Thursday 12 January	<b>Ellesmere Port</b> – Ellesmere Port Market	13:30 - 15:00
Friday 13 January	<b>Crewe</b> – Market Hall	10:00 - 11:30
Friday 13 January	<b>Congleton</b> – Bridestone Shopping Centre	13:00 - 14:30
Saturday 14 January	<b>Macclesfield</b> – Grosvenor Shopping Centre	10:30 - 12:00
Saturday 21 January	<b>Warrington</b> – Golden Square Shopping Centre	10:30 - 12:00

59. The key message provided via the survey and at consultation roadshows was that the Commissioner wanted to protect key improvements made by Cheshire Police over the past year, and with the economic situation facing residents and the police service it was vital to get as many views as possible on their priorities and the precept.
60. The consultation ended at midday on Tuesday 24 January 2023. A total number of 4,059 responses were received, providing a 99% confidence level with a +/- 2% margin of error - This is the largest ever response to a budget consultation carried out by the PCC in Cheshire.
61. 3,978 respondents answered the question about the police precept. Beforehand, residents were provided with a table detailing the impact of each answer option on each Council Tax Band. A link and QR code were also provided so that people could check their Band if they were unsure. The following question was asked after the precept information was given:

*Which of these options for next year's police budget would you support?*

*Option 1: No increase - This would require a reduction in services significantly beyond the £6.7 million in savings already identified.*

*Option 2: Increase up to 6.4% - A 6.4% increase would allow Cheshire Constabulary to maintain the improved level of service that has been achieved over the past year.*

*Option 3: Increase of 10.7% in line with inflation - This would allow further investment to be made. This option would require a referendum to be held.*

62. 88% (3,513) of respondents to this question gave their views on the policing precept as part of the online survey and 12% (465) completed the survey at a consultation roadshow or returned the survey via freepost.
63. 76% (3,020) of respondents agreed to support some form of increase to the precept. The table below shows the breakdown of responses.

Survey completed via:	Option 1	Option 2	Option 3	Total
Online	886	1,536	1,091	3,513
Paper	72	201	192	465
<b>Total</b>	<b>958</b>	<b>1,737</b>	<b>1,283</b>	<b>3,978</b>
<b>Percentage</b>	<b>24%</b>	<b>44%</b>	<b>32%</b>	

64. The full results of this survey including the responses to questions about policing priorities will be published on the Cheshire PCC website at [www.cheshire-pcc.gov.uk/get-involved/have-your-say/outcomes-and-results/](http://www.cheshire-pcc.gov.uk/get-involved/have-your-say/outcomes-and-results/)

## BUDGET AND PRECEPT SETTING TIMETABLE

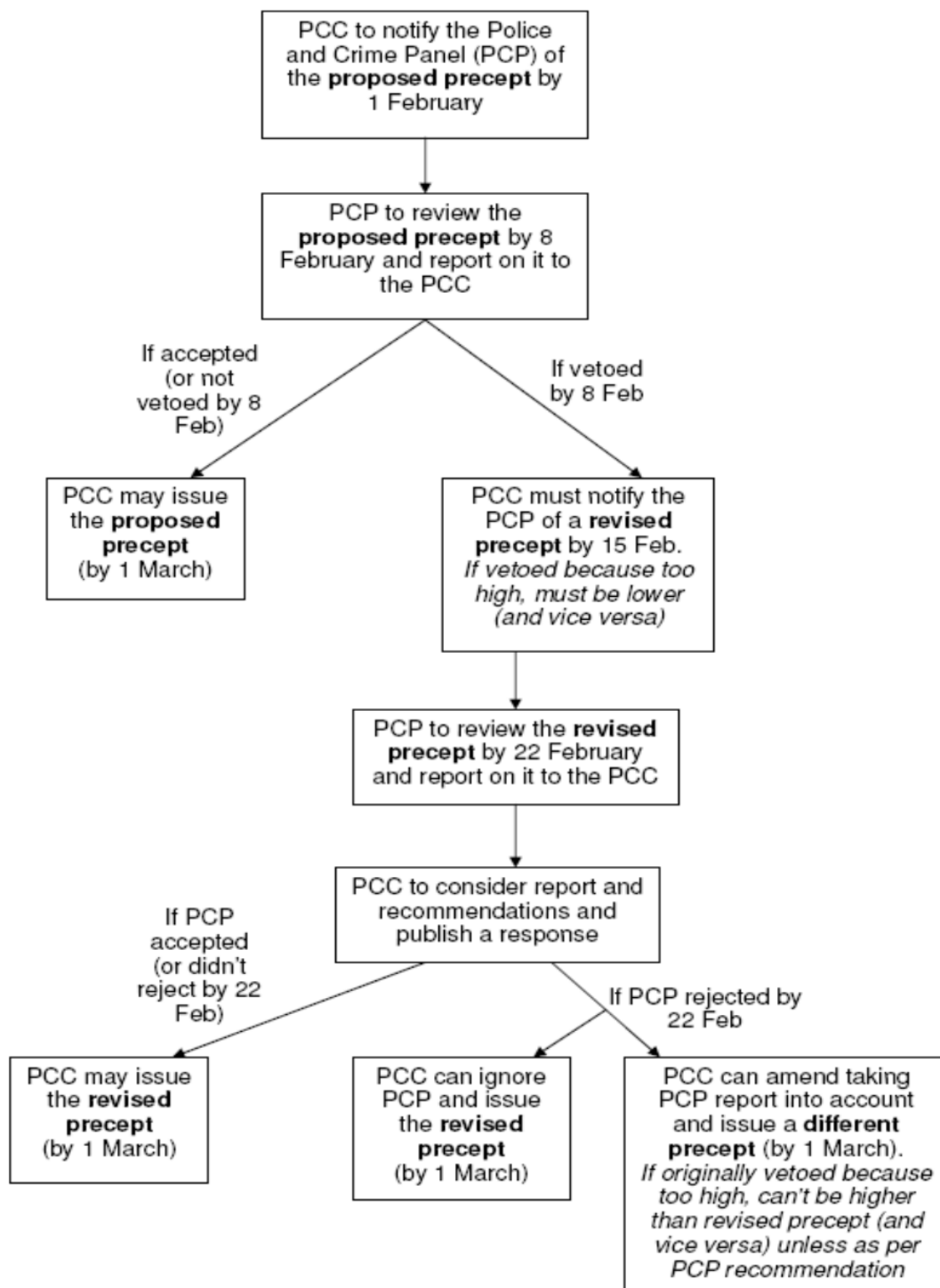
### PURPOSE

- a. To provide the Commissioner with an overview of the statutory requirements regarding budget and precept setting and the interaction with the Police and Crime Panel. It also provides a copy of the internal timetable developed to enable the Commissioner to meet the statutory timetable.

### STATUTORY REQUIREMENTS

- b. The statutory requirements for precepting authorities to set a budget and issue a precept for the next financial year are set out in Chapters 3, 4, and 5 of the Local Government Finance Act 1992. They include significant detail on how budget estimates and the precept must be calculated. The Police Act 1996 and the Police Reform and Social Responsibility Act 2011 amended these provisions for the change to police authorities and Police and Crime Commissioners respectively, but the basic statutory requirements remain the same.
- c. Schedule 5 of the Police Reform and Social Responsibility Act 2011 and The Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 provide further detail on the process the Commissioner must follow for notifying the Police and Crime Panel of the proposed precept by 1 February of the relevant financial year (Section 3 of the 2012 Act). They also cover the interaction between the Panel and the Commissioner leading to the determination of the precept by the Commissioner by 1 March. The process is set out with the due dates diagrammatically in Annex A.

## PCC PRECEPT APPROVAL (Final Regulations)



**ROBUSTNESS OF ESTIMATES**

- a. Section 25 of the Local Government Act 2003 places a requirement on Chief Finance Officers to report on the robustness of the estimates used in preparing the budget.
- b. The Commissioner has a policy and expenditure planning process that takes account of the service scenario and financial scenario in some detail for 2023/24. Alongside this, future capital programmes have been produced taking into account forecast Government funding, borrowing limits and council tax. For 2023/24 borrowing levels are also guided by the prudential indicators as set out in the Treasury Management Strategy.
- c. For 2023/24, full consideration of these issues had led to:
  - Policy and expenditure proposals that reflect the Government's Provisional Police Grant Settlement together with the on-going revenue impact of new capital projects, whilst recognising the outstanding issues and uncertainties.
  - A proposed capital-financing budget based on 2023/24 capital programme.
- d. When using estimates in preparing the budget every effort is taken to ensure that they take into account the most up to date data. However, it should be noted that there are a number of areas where the actual impact could vary from the estimates used in setting the budget. The principal areas are:
  - Pay awards, pension increases, national reviews of pay & inflation
  - Service financial performance (i.e., variances on budgets)
  - Ability to achieve projected savings
  - Operational demands
- e. To provide for all potential scenarios that may arise would be prohibitively expensive and result in demands on council taxpayers considerably higher than likely need. For 2023/24 £14.5m has been provided for pay and price increases.
- f. Many factors can affect financial performance in year including under or over-achievement of efficiency savings, income and other financial targets. The Commissioner takes a number of steps to minimise the impact by:
  - Seeking wherever possible to explore in full the implications and achievability of policy and expenditure options before the budget is set.
  - Promoting a robust approach to financial management requiring budget holders to monitor expenditure against budget and to take prompt action in reporting and responding to projected variances.
  - Quarterly reporting of the projected budgetary outturn supplemented by monthly exception reports to prompt remedial action if necessary.
  - Creation of appropriate and proportionate contingencies.
- g. It should be noted that while every effort is taken to ensure the budget is balanced, there is always the possibility of variances to the budget occurring. The Commissioner holds reserves to mitigate this as set out in the Reserves Strategy.

<b><u>CAPITAL PROGRAMME</u></b>	<b>2023/24 £000</b>
<b><u>Prior Year Schemes</u></b>	
Helpdesk Private Space for Public Reporting	75
A/C, lighting and heating controls at Blacon DHQ	30
Macclesfield PS upgrade lighting to 3 floors	50
Building property management system (Estates)	20
Security Upgrade at HQ	350
Chiller replacement at 3 x Custody Suites	250
FCS - Final 3 x phase 2 SAAB milestones	97
ESN - Control room software (Balance)	60
Business Services Futures	500
Annual Vehicle Replacement Programme	500
UWSU Vehicles	173
	2,105
<b><u>New Scheme</u></b>	
Estates Essential Maintenance and Improvement Schemes	100
Custody Desk replacement project	500
Estates Strategy - Major Projects *	2,600
Technology Refresh – Network, Servers, Laptop, Desktop	821
Technology Refresh – E-Forensics	40
In-Car ANPR/Video Refresh - Cheshire Vehicles	143
In-Car ANPR/Video Refresh - Alliance Vehicles	81
Annual Vehicle Replacement Programme	1,500
LESS Saving due to Vehicle Telematics	-30
Workshop Capital Equipment	14
Workshop Tools and Cabinets	114
Armed Vehicle Alliance Replacement Vehicles	139
	<b>8,127</b>

**Starred items** – marked \*. Any capital scheme can be ‘starred’ to reflect the Commissioner’s agreement in principle, but no further action can be taken without further approval being obtained when more detailed plans are available. The Estates Strategy includes several major schemes which will be submitted for approval individually as and when details proposals are prepared.

# Medium-Term Financial Strategy 2023-2028





# Introduction

*"The medium-term financial strategy is a key document for the Constabulary as it underpins everything we do in keeping Cheshire even safer. Without the confidence of knowing what we can afford it is impossible to make the balanced judgements about where we need to invest and where we can take efficiencies. After a decade of austerity when the service was incrementally asked to do ever more with less resource, we had a fleeting window of financial optimism in support of the Government's uplift programme which enabled us to shift the conversation and look to where we could enhance the service or soak up extra demand. Those gains have been baked into our way of working, guided by the analytical assessment of the Force Management Statement. Without that financial perspective we would not for example, have been able to give a major uplift to our team tackling child abuse, drastically improve our performance in answering calls from the public and increase our officer numbers to their highest ever level.*

*As everyone will be aware, the national finances have hit another interesting period and we feel the effects of that volatility through increased costs driven by inflation and a degree of uncertainty which makes planning harder. As you will see from the detail in this report, the bulk of our budget is spent on people and the Government have been clear that elements of our funding are tied to maintaining the uplift numbers. Following ten years of making savings it is hopefully evident that we have little flexibility in making any savings. Cheshire is in the lowest ten forces nationally (out of 43) when it comes to our precept level to the public whilst we are top of Government league tables in key areas such as how many offenders we charge and bring to justice. I am grateful to the support we receive from our PCC John Dwyer and his team. John's office have an outstanding record in attracting additional Government funding for Cheshire Constabulary which enables myself and my team to give the best possible service to the people of Cheshire. My aim is that Cheshire Constabulary will be the best Police force in the country and to achieve that we need a strong financial plan. This report articulates how we will maintain and enhance the significant performance improvements we have already made."*



**Chief Constable  
Mark Roberts QPM**



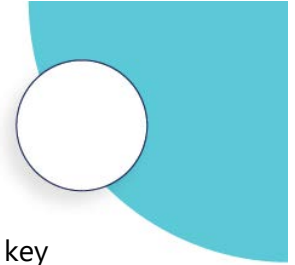
**Police and Crime Commissioner  
John Dwyer**

# MEDIUM TERM FINANCIAL STRATEGY 2023 TO 2028

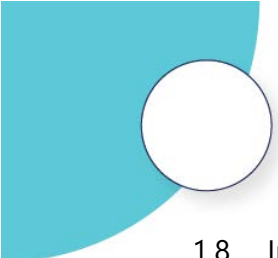
## 1. INTRODUCTION

- 1.1. The purpose of the Medium-Term Financial Strategy (MTFS) is to provide the Police & Crime Commissioner, Chief Constable, officers, staff, the public and other stakeholders with information on the financial outlook and the estimated available financing over the next five years. The strategy takes into account future high-level potential revenue and capital expenditure over the period based upon current information.
- 1.2. The Commissioner undertook a refresh of his Police and Crime Plan during 2022. As part of the refresh the Commissioner consulted the public stating that 'Cheshire residents' views have been paramount in developing and refreshing this Plan'. The full plan is available on the Commissioner's website ([www.cheshire-pcc.gov.uk/what-i-do/making-cheshire-safer/police-and-crime-plan](http://www.cheshire-pcc.gov.uk/what-i-do/making-cheshire-safer/police-and-crime-plan)).
- 1.3. The Police and Crime Plan sets out the priorities Cheshire Constabulary will deliver between 2021 to 2024, to make Cheshire even safer.



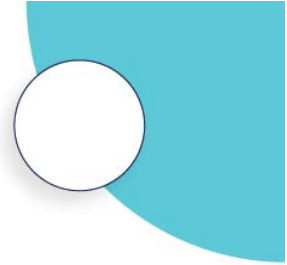


- 1.4. In addition to the Commissioner's Police and Crime Plan there are three further key documents that support the MTFs. Firstly, is the Force Management Statement which is a self-assessment that Chief Constables prepare and give to Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) each year. It is the Chief Constable's statement and explanation of:
- the demand the force expects to face in the next four years;
  - how the Constabulary will change and improve its workforce and other assets to cope with that demand;
  - how the Constabulary will improve its efficiency to make sure the gap between future demand and future capability is as small as it can reasonably be; and
  - the money the Constabulary expects to have to do all this.
- 1.5. As such the Force Management Statement and MTFs are integral to each other. One to provide details on the demand and shape of the Constabulary going forward and the other to reflect the monetary impact.
- 1.6. Secondly, is the Strategic Policing Requirement (SPR). This was first issued in July 2012, in accordance with Section 77 of the Police Reform and Social Responsibility Act 2011. The Home Secretary has produced this strategy in regard to how Commissioners and Chief Constables should contribute to national policing issues. Due to the complexity of modern-day policing, there is a statutory requirement for all forces to deliver the SPR alongside problem solving local issues. It was last updated in 2015 to introduce Child Sexual Abuse (CSA) as an additional national threat. The latest SPR currently covers the following issues:
- Terrorism
  - Serious and organised crime
  - Cyber security
  - Public disorder
  - Civil emergencies
  - Child sexual abuse
- 1.7. Thirdly, the Home Office has set out a series of national priorities to achieve significant reductions in crime and restore the public's confidence in the criminal justice system, including the Beating Crime Plan. The priorities are:
- Reduce murder and other homicide
  - Reduce serious violence
  - Disrupt drugs supply and county lines
  - Reduce neighbourhood crime
  - Improve satisfaction among victims, with a particular focus on victims of domestic abuse
  - Tackle cyber crime
  - Tackle acquisitive crime including burglary and theft

- 
- 1.8. In July 2021, the Home Secretary produced a strategy 'Tackling violence against women and girls' which sets out a clear ambition to increase support for victims and survivors, increase the number of perpetrators brought to justice and reduce the prevalence of violence against women and girls in the long term. This is fully echoed by both the Commissioner and Chief Constable.
  - 1.9. As part of the overall budget process, the Chief Constable must satisfy himself and the Commissioner that the requirements of the SPR are achievable within the financial scenarios.

## 2. THE MEDIUM-TERM FINANCIAL STRATEGY

- 2.1. With the above plans, statements and objectives in mind, the purpose of this strategy is to provide a basis for determining:
  - The level of funding available in the future to deliver national and local priorities;
  - The future demands upon the revenue budget;
  - The impact of external factors;
  - The financial implications of collaborations;
  - The amount of capital investment which is required to achieve corporate objectives;
  - The revenue consequences of such capital investment;
  - The future reserve levels;
  - The impact of additional demands on the level of council tax; and
  - The main financial risks facing the organisation.
- 2.2. The above determines the level of funding and demands on finances over the MTFS period enabling strategic financial planning processes to address the challenges and outcomes. The following set out the key principles for that planning process:
  - Ensure that plans contribute to improved outcomes in support of set priorities;
  - Set a comprehensive, timely, balanced and realistic budget;
  - Take into account pay and price inflation and achievability of savings;
  - Complies with the approved treasury management strategy;
  - Complies with the approved reserves strategy;
  - Raise awareness of and communicate key financial messages both internally and externally;
  - Ensure budgets set are affordable and do not jeopardise financial stability either in the short or long term;
  - All spending plans will need to demonstrate that they can achieve value for money;
  - Spending will be agreed only when the necessary funding is identified and approved;
  - External funding will be sought wherever it can be used in a sustainable manner that does not lead to unforeseen costs; and
  - Budget proposals will be publicised and consulted upon with stakeholders in an open and transparent manner.

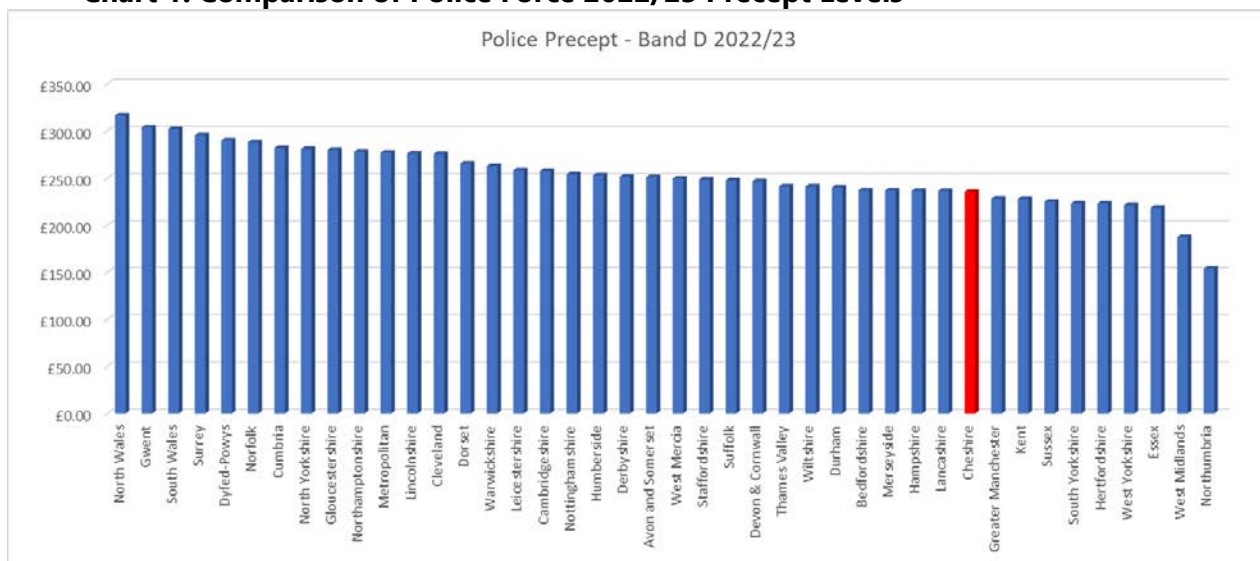


### 3. FINANCIAL SCENARIO

- 3.1. It is imperative that the MTFS takes account of the regional, national and global economic climates and the short to medium term impact of the current inflationary pressures both in service delivery and financial outlook.
- 3.2. The Commissioner receives his main funding from two sources – Government grants and local council tax (known as a precept). Government grants account for around 58% with local council tax funding covering the remaining 42%. The following paragraphs sets out the current financial scenarios for both.
- 3.3. Government funding is the aggregate amount of grants for police purposes comprising of the Home Office Police Core Grant, the Ministry of Levelling Up, Communities, and Local Government (MLUCLG) Formula Funding Grant; and Legacy Council Tax Grants.
- 3.4. The Minister of State (Minister for Crime and Policing) on the 14 December 2022 presented a Written Ministerial Statement setting out police funding for 2023/24 together with confirmation of the precept flexibility of £15 Band D increase.
- 3.5. The Statement outlined the Government’s stance that for 2023-24, they will maintain settlement funding for programmes that prevent crime and help keep communities safe.
- 3.6. The Statement also included details of the Government’s expectations in relation to efficiency and productivity, stating:

‘Police, like all public services, must ensure that they make best use of public money. This means reducing inefficiencies and maximising productivity. As part of the Spending Review 2021, we expect to see at least £100 million of cashable efficiency savings delivered from force budgets by 2024/25.’
- 3.7. A precept is levied on the Council Tax for the policing in Cheshire and it is the responsibility of the Commissioner to set the level of precept as part of the annual budget setting process. To calculate the level of funding, each local authority calculates the taxbase (the assimilated number of council tax bills issued) taking into account changes in the number of houses, council tax benefits, discounts etc. These vary each year and the MTFS includes assumptions for these changes based on discussions and forecasts supplied by the local authorities.
- 3.8. To aid understanding of the context in which the precept is set, the actual level of council tax levied by each Police & Crime Commissioner for 2021/22 is shown below (Band D equivalent). Cheshire still has one of the lowest ten band D equivalent charges of all forces nationally.

**Chart 1: Comparison of Police Force 2022/23 Precept Levels**



3.9. Each year Council Tax income is calculated based on assumed levels of collection rates by the local authorities. This means that, at the end of each year, an adjustment has to be made to reflect the actual collection rates. This can lead to a one-off surplus or deficit on the fund which is accounted for within the calculation of the following year’s net budget requirement, but the actual amounts are not declared until mid-January each year. Prior to the pandemic, it was a reasonable assumption that there would be a surplus declared each year and include a modest amount within the MTFs. However, the pandemic impact on council tax collection is still present and as such, the appropriate assumption is that the collection funds will balance. This will be monitored closely and in consultation with the four local authorities in Cheshire.

4. FINANCIAL ASSUMPTIONS

4.1. The level of expenditure incurred increases each year based on a number of factors such as pay awards, inflation, changing priorities and additional demands or burdens. The following lists the financial assumptions that are included within the current MTFs:

- Pay inflation – the 2022 police officer pay award provided an increase based on a set amount which varied the percentage uplift dependent on rank. Nationally this was the equivalent of 5%. Additional funding was provided towards the cost of pay awards but did not fully fund the awards. The police staff pay award was settled at 2.1% and backdated to 1 April 2022, with further increases for specific allowances and pay grades. It was also agreed that if the police officer pay award was higher than 3%, the negotiations would be re-opened. As this was the case, the staff pay award was amended to reflect the same set amount as for officers. Therefore, additional pressures are placed on current and future year’s budgets. Based on current pay awards, inflationary pressures and economic challenges the forecast for future year’s pay awards have been increased accordingly to 3% for 2023 and 2% thereafter. Cheshire is a Living Wage Foundation employer.

- National Insurance – On 6 April 2022, National Insurance Contributions (NICs) increased by 1.25% with the NICs increase due to be replaced by the Health and Social Care Levy in April 2023. The Government confirmed in September 2022 that the increase would be reversed from 6 November 2022. Additionally, the new Health and Social Care Levy will no longer be introduced in April 2023. These have now been removed from the MTFS, together with the loss of associated funding.
- Pensions - Every three years the Local Government Pension Scheme (LGPS) is valued, and the following three year's employers' contribution rates are set accordingly. The last valuation was in 2022 with the new rates applicable from 1 April 2023 at an increase of 0.5% with further increases over the next two years.
- Police Pension Scheme - The Government Actuary Department (GAD) valuation reported the employer's rate increases from 22.1% to 31% in April 2019. As part of the 2019/20 Government Settlement, general funding was increased to meet approximately half of these additional costs with a specific pension grant to cover the remaining increase. The 2023/24 settlement also included the pension grant at the same amount, but there is no indication as to whether this will continue. For the purpose of this MTFS, the assumption is that this grant will continue without any increase, due to the impact the outcome will have on forces should it cease.
- Price inflation – In 2022 more than any other year for some considerable time, inflation has hit the headlines with the UK reporting a 40-year high of 10.1% in July, increasing further to a reported 11.1% in October. Over the last decade, inflation has remained around the 2% target rate, accompanied by near-zero interest rates. As such, the rapid increase in inflation is challenging, unforeseen in most cases and generally un-funded. However, it is not just the UK, inflation is a huge problem on a global scale and the pressure is only set to increase with conflict detrimental to food, energy and commodity prices, making the outlook challenging to predict. Inflation applied within the forecast is based on the Office of National Statistics Inflation Report using the most applicable inflation factor. The MTFS acknowledges that certain non-pay items such as energy costs are significantly more expensive and additional inflation has been applied to those areas, together with contractual obligations for inflation based on specified indices
- Borrowing – additional borrowing is required to meet the planned capital programme, although the exact timing will depend on spend and interest rate movement. Interest payable is based on forecast interest rates. Additionally, funding (known as the Minimum Revenue Provision or MRP) has to be set aside to repay debt over time and as new borrowing is undertaken this amount will increase. Estimated MRP amounts have also been built into the figures in this MTFS.
- Funding – indicative figures for policing were provided in the Spending Review 2021 and subsequent Government announcements and are included within this MTFS accordingly. For the final two years of the MTFS, it is assumed that funding will increase by 1% in line with Government's statement. Precept increases were also permitted in the Spending Review at £10 per year, with a further uplift flexibility for 2023/24 only of £15 at Band D. These are all subject to Commissioner approval each year. The final two years include estimated precept rises of 3%.



## 5. FINANCIAL CHALLENGES AND OPPORTUNITIES

- 5.1. In 2021, the Commissioner approved the Estates Strategy, Environmental Strategy and Fleet Strategy. The Estates Strategy sets the direction for the estate over the next 10 years to deliver the benefits of a modern, fit for purpose, environmentally efficient and cost-effective estate. The Environmental Strategy recognises and reflects Government targets and sets out enhanced targets for Cheshire Constabulary in line with the aspirations of the Constabulary and Commissioner to reduce the Constabulary's environmental footprint. The Fleet Strategy focuses on improved fleet utilisation, cost savings and vehicle emission reduction. It aims to support front line operations by delivering high quality vehicles, which are safe, fit for purpose, and meet the needs of modern-day policing. The financial impact of these strategies has been included in this MTFS. Since these were approved, the impact of inflation and supply chain issues have amended the profiling of expenditure and costs which are now reflected in this current MTFS.
- 5.2. The planned move to a new National Emergency Services Network (ESN) is a major Government led project currently experiencing significant delays which will impact on both local and national financing, expenditure and funding plans. It is inevitable that there will be a mixture of new equipment costs, savings opportunities and impacts on future national funding levels that are still unknown at this point. During 2022, the national programme approved a new procurement process for a significant element of this project which is likely to take some considerable time to complete. A new business case will be presented in 2023 which should provide some clearer indication of the costs which will fall on local forces and when these can be expected.
- 5.3. In the Government's Autumn Statement 2022, the Chancellor states that 'to help get debt falling, for the years beyond the current Spending Review period, planned departmental resource spending will continue to grow, but slower than the economy, at 1% a year in real terms until 2027-28.' Should this translate into a 1% increase for police funding for those years and inflation, including pay awards, remains above that level the ability to maintain services at their current performance levels will be challenging. The income forecasts include the 2023/24 PUP Grant as it is assumed this will remain either as a grant or transferred into base funding. Without this, the retention of officers will be unsustainable.

## 6. FINANCIAL FORECASTS 2023 to 2028

- 6.1. It is important to note that the MTFS is a high-level strategy document that summarises plans over the medium term as they stand based upon current projections and assumptions. As additional updated information becomes available these plans will be subject to change and updated accordingly. A certain amount of detailed budget information is presented, and this should be regarded as indicative and illustrative only. Any budget shortfall is assumed to be cleared for the following year's budget. This document will inform the Commissioner's budget setting process, as will other tools such as consultation with residents.

6.2. Based on current information, priorities and assumptions, the following table sets out indicative budgets for 2023 to 2028 recognising the volatility and uncertainty of funding and the flexibility or not afforded to Commissioners to uplift the council tax.

<b>Table 1 – MTFS Revenue Budgets</b>	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Base budget (Gross)	257,397	268,334	274,612	278,581	284,567
Inflation	14,517	7,351	6,334	5,260	5,374
Commitments & Unavoidable Demand	1,253	924	226	509	300
Savings identified	-4,244	0	0	0	0
<b>Gross Expenditure</b>	<b>268,923</b>	<b>276,609</b>	<b>281,172</b>	<b>284,350</b>	<b>290,241</b>
Income and specific grants	-29,670	-29,469	-29,221	-29,282	-29,344
	239,253	247,140	251,951	255,068	260,897
Transfer to/(from) reserves	-2,407	-1,507	0	0	0
<b>Net Budget to be funded</b>	<b>236,846</b>	<b>245,633</b>	<b>251,951</b>	<b>255,068</b>	<b>260,897</b>
Government grant	-129,533	-131,805	-133,123	-134,454	-135,801
Legacy Council Tax Grant	-8,256	-8,256	-8,256	-8,256	-8,256
Council tax – Precept	-98,469	-103,575	-107,981	-112,575	-117,363
Council tax - Collection Fund	-588	0	0	0	0
<b>Net Budget Requirement</b>	<b>-236,846</b>	<b>-243,636</b>	<b>-249,360</b>	<b>-255,285</b>	<b>-261,420</b>
<b>Budget Gap / (Surplus)</b>	<b>0</b>	<b>1,997</b>	<b>2,591</b>	<b>-217</b>	<b>-523</b>

6.3. Please note that all of the budget gaps or surpluses are prior to any additional growth or demands not currently identified and therefore these will increase when amounts are known and the MTFS updated accordingly. It is assumed that any significant growth will be matched by appropriate savings each year. With the current financial uncertainties, the final two years are speculative and subject to considerable change.

6.4. Each year there are commitments and unavoidable demands that require funding. These are in addition to inflation and form part of the standstill budget proposal. For example, the financial impact of borrowing – interest and repayment.

## 7. SENSITIVITY ANALYSIS

7.1. As with any assumptions, there are risks that the actual outcome will be different. There are three key assumptions included within this MTFS that could impact significantly upon the figures presented in table 1 above. These are the level of Government funding, the amount of council tax payable towards local police funding and the level of pay awards agreed nationally. As such, the following details the financial impact of changes to the levels assumed in these tables. It is also important to note that these changes would be cumulative as they represent a change to base level funding.

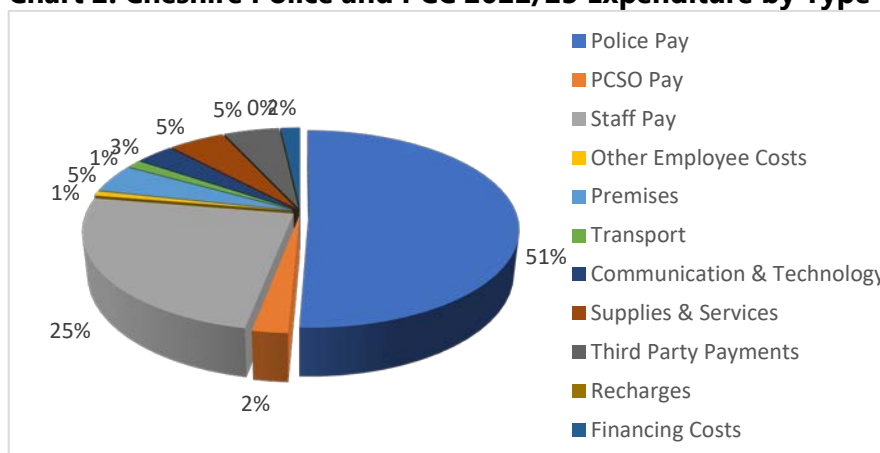
- For each change of 0.5% in the level of government funding, the impact would be either a reduction or increase in the budget gap of around £0.65m.
- For every 0.5% increase or decrease in council tax would have a potential impact of £0.49m per annum.
- Within the MTFS, it is assumed that the council taxbase will marginally increase each year in line with local authorities' forecasts. A 0.5% overall increase in the taxbase results in £0.49m of additional funding.
- A 0.5% movement in the pay award would have a potential £0.9m impact on the budget gap.

7.2. To put the above figures into context, a change in funding or additional costs of £0.5m per annum would equate to eight police constables per annum based upon average salary costs.

## 8. CONTEXT

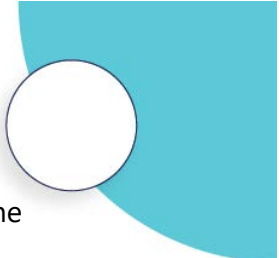
8.1. As part of the ongoing review of expenditure and the search for further efficiencies and savings, it is important to understand how the Commissioner and Constabulary currently spend their funding. The following chart shows that 78% is spent on pay with the remaining funding spread over premises, transport etc.

**Chart 2: Cheshire Police and PCC 2022/23 Expenditure by Type**



## 9. PLAN TO ADDRESS THE FINANCIAL FORECASTS

9.1. Priority based budgeting (PBB) is a method of planning for and assigning effort and money to best achieve the Police & Crime Plan priorities for policing Cheshire and tackle the key areas of threat and demand as identified within the Force Management Statement. During PBB managers and staff consider the relative benefits of future expenditure to ensure money and effort are directed to achieve the required outcomes. To ensure efficiencies are driven out of the PBB process, HMIC's Value for Money Profiles are used to challenge and benchmark individual service areas and ensure best value is achieved, together with operational demand and performance data.

- 
- 9.2. In the Chief Constable's plan on a page, he sets out his vision and priorities for the Constabulary as follows:
- Delivering outstanding neighbourhood policing and protect the vulnerable
  - Proactively understand and prevent crime and harm
  - Tackle crime and antisocial behaviour
- 9.3. Using these priorities and linking in with the Commissioner's Police and Crime Plan, the outcome of the PBB process will allow resources to be allocated accordingly and within the legal requirement to balance the budget.
- 9.4. The delivery of efficiencies and savings have been part of budget planning from the beginning, but with austerity followed by the pandemic, it has brought challenges and opportunities previously unthinkable. However, this has meant that any easy wins have already been delivered and any future efficiencies and savings harder to achieve.
- 9.5. Key within the main strategies is 'invest to save' programmes such as the modernisation of the estate; the move to carbon neutral; the use of technology; and the opportunity for increased productivity and efficiencies as a result. For example, the Digital Intelligence and Analysis programme will potentially release savings of a minimum £125k from 2024.
- 9.6. In addition, as the implementation of the new Business Services systems is fully optimised, resources will be released, further contributing to the savings required.

## 10. ESTABLISHMENT

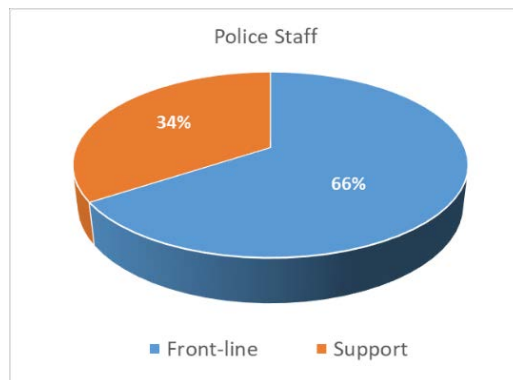
- 10.1. At the Joint Management Board in November 2022, the Commissioner approved the People Strategy. The Strategy has been developed to support the Chief Constable's strategic vision and the Commissioner's Police and Crime Plan and makes a clear statement about how the Constabulary values and treats its people, and the culture it wishes to foster to enable everyone to achieve outstanding and sustain excellence in all areas of policing activity. It aims to ensure that the Constabulary is an employer of choice with a culture, policies and procedures that set high performance expectations, whilst providing a stimulating and rewarding environment for its people and the communities it serves.
- 10.2. It is recognised that the people working for Cheshire Constabulary are our greatest asset. From police officers and PCSOs to police staff and volunteers, everyone plays a vital role in keeping Cheshire safe. The Government's Police Uplift Programme has increased investment to the frontline. The following paragraphs set out the key establishment details.

## Police Officers

For the 2023/24 financial year, the Constabulary starts the year with its officer establishment at 2347 FTE, the largest it has been since the Constabulary was created. It is not currently expected that this establishment will change for the next two years but will be subject to review dependent on Government funding and the implications of the 2023/24 PUP grant going forward.

## Police Staff

The police staff establishment comprises numerous roles including PCSOs, civilian investigators, emergency call takers and many others that work on front-line policing. These roles have continued to increase year on year with dedicated posts in areas such as analytical capabilities and specialist civilian investigators supporting our most complex cases. The Constabulary is supported by roles in the enabling services such as HR, Training and IT. Overall, the split of front-line staff to support staff 66% to 34% as shown in the following chart.



## Specials and Volunteers

The Constabulary continues to strive to maximise the number of Special Constables that it maintains each year focusing to achieve a 10% ratio to budgeted officers. As the Constabulary are increasing Officer numbers to 2347, the focus is on achieving an establishment of 235 Specials in 2023/24. This will require a continual replacement and training programme across the year maximising intakes of 30 where possible.

## 11. RESERVES

- 11.1. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when preparing budgets. In establishing reserves, the Commissioner must comply with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Chief Finance Officer is required as part of the budget setting process to provide a statement on the adequacy of reserves.

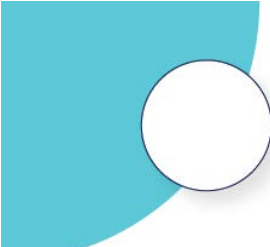
11.2. In compliance with the above, the Reserves Strategy ensures that the Commissioner's reserves are sufficient to meet the known risks and issues facing the Constabulary without holding excessive amounts. The view of the Government is that reserves are a valid tool in sound financial management, but their steer is that they should be utilised and not held indefinitely. The Strategy addresses specific (earmarked) and general reserves both for capital and revenue expenditure and considers the principles that should be applied that support the Police & Crime Plan. Reserves support the Police & Crime Plan by ensuring there is sufficient financial resilience to mitigate the impact of significant demands on funding. Such demands could include the cost of a prolonged major inquiry or an 'invest to save' capital programme.

11.3. The Strategy requires the transfer of monies between reserves in future periods in order that those identified risks and issues are adequately provided for. In considering future risks two horizons have been considered, a shorter-term horizon of three years where it is proposed all known issues and risks are provided for if sufficient funds are available and a longer horizon of five years where certain provisions may not be fully made but will be considered. A key principle should be the avoidance or minimisation of extreme changes to available funding arising from one-off costs. Therefore, whilst the strategy should not be subject to frequent change the specific reserves should be dynamic and responsive to changing circumstances. The dynamic use of reserves can be an effective tool in medium term financial planning, if maintained at reasonable levels reflective of the scale of risk.

11.4. The following table shows the level of reserves forecast over the MTFS period.

### **RESERVES FORECAST**

	31-Mar-23 £000	31-Mar-24 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-27 £000
Revenue Reserve for Capital	-364	-292	0	0	0
ESN Reserve	-3,089	-1,418	-225	-225	-225
<b>Earmarked Capital Reserves</b>	<b>-3,453</b>	<b>-1,710</b>	<b>-225</b>	<b>-225</b>	<b>-225</b>
Redundancy Reserve	-501	-501	-501	-501	-501
Medium Term Finance Strategy Reserve	-3,253	-3,253	-3,253	-3,253	-3,253
POCA Reserve	-192	0	0	0	0
Hardship Loan Reserve	-50	-50	-50	-50	-50
Pay and Pensions Reserve	-734	-554	-370	-183	-183
Major Investigations Reserve	-944	-702	-702	-702	-702
Council Tax Deficit Reserve	-1,580	-1,000	-1,000	-1,000	-1,000
Estates Strategy Reserve	-500	-500	-500	-500	-500
<b>Earmarked Revenue Reserves</b>	<b>-7,754</b>	<b>-6,560</b>	<b>-6,376</b>	<b>-6,189</b>	<b>-6,189</b>
Police Fund - General Reserve	-5,773	-5,773	-5,773	-5,773	-5,773
<b>Total Reserves</b>	<b>-16,980</b>	<b>-14,043</b>	<b>-12,374</b>	<b>-12,187</b>	<b>-12,187</b>



11.5. Cheshire Constabulary acts as lead force for a number of collaborations and where appropriate, holds reserves on behalf of all partners. Details can be found in the Reserves Strategy and Statement of Accounts.

## 12. HORIZON SCANNING

12.1. Although this current MTFs covers the period 2023 to 2028, there are a number of financial challenges that need to be considered within the context of this timeframe. The principal three are the Private Finance Initiative (PFI) contract for Headquarters; the delivery of the Estates Strategy and the Government's review of the formula funding.

12.2. The PFI contract ends in 2033 when the Headquarters building and services are handed over to the Cheshire. There are considerable estates, procurement, legal and financial work required in preparation for this and a PFI Board has been created to facilitate this change. PFI contracts when originally created were accompanied by specific Government grant and this will also conclude at the end of the contract. Provision will need to be made within the MTFs as it moves forward to recognise this and the change to associated costs.

12.3. As part of the funding proposals for the Estates Strategy, borrowing is required. The financial impact of this needs to be covered within the Capital, Medium Term Financial and Treasury Management Strategies going forward to ensure borrowing is taken at the optimum point and the consequential costs of interest and repayment built into the revenue budget.

12.4. The Minister for Crime, Policing and Fire has confirmed their commitment to the Police Funding Formula Review. The formula is the mechanism by which police funding is distributed to individual forces. It is anticipated that this review will issue a public consultation in early 2023. Should the review materially amend the share each force receives – which is anticipated, it is expected that transitional arrangements will be put in place to allow forces time to implement the changes. It is currently too early in the review to forecast what this may mean for Cheshire, therefore all assumptions included here are based on the current allocations.

## 13. INDICATIVE CAPITAL PROGRAMME

13.1. In addition to the revenue budget, there is a proposed capital investment programme to both maintain essential buildings, equipment, IT and vehicles together with new investment in priority areas. The funding of this programme comes from a number of sources including revenue funding set aside for capital purposes, use of reserves and other contributions. However, if this is not sufficient to fund the programme any shortfall can be met by borrowing – although there is an annual cost to this in terms of interest and Minimum Revenue Provision (MRP) - setting aside funds to repay the loan.



13.2. As with the revenue budget, assumptions are required over the level of funding available for capital investment. Over the last decade, the level of government grant allocated to Cheshire has fallen to £0.17m in 2020/21 and no generic capital grant provided since. Equally, with borrowing being required over the MTFS period, assumptions are made on both the interest rates applicable at the time of the loan and the length of the loan. Both have direct impact on the revenue budget and have been included in the revenue projections earlier in this Strategy.

13.3. In line with the Capital Strategy, supported by specific strategies such as Estates and IT, the following table shows the proposed capital investment programme together with the associated funding. Final approval for each year's capital programme remains with the Commissioner as part of his budget setting process each January.

<b>Table 2 Capital Strategy</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>
Annual Replacement Schemes:					
Fleet Vehicles	1,970	1,980	2,500	2,500	2,500
IT and Communications	861	902	945	990	1,037
New Schemes:					
Estates - Maintenance & Environmental	1,375	1,178	500	600	300
Estates Strategy 2021-2031	2,600	5,650	5,400	8,000	13,400
IT and Communications	657	0	0	0	0
Operational Equipment	352	818	150	150	150
Collaboration/Funded Vehicles	312	0	0	0	0
<b>Capital Expenditure</b>	<b>8,127</b>	<b>10,528</b>	<b>9,495</b>	<b>12,240</b>	<b>17,387</b>
<u>Financed by:</u>					
Specific capital grants	60	0	0	0	0
Capital Receipts	2,600	4,200	500	0	3,050
Revenue Contributions to Capital	2,440	3,000	3,000	3,000	3,000
Revenue and Capital Reserves	325	291	0	0	0
External Contributions to Capital	96	32	0	0	0
HQ IT Reserve	231	231	231	231	231
Borrowing	2,375	2,774	5,764	9,009	11,106
<b>Total Funding</b>	<b>8,127</b>	<b>10,528</b>	<b>9,495</b>	<b>12,240</b>	<b>17,387</b>

#### 14. RISK ASSESSMENT

14.1. This Strategy contains the most up to date information and data available at the time of writing. However, it is important to note that the financial environment in which this is created is volatile and subject to material change. There are a number of financial risks that could alter key assumptions and therefore change the financial outlook. An assessment of these risks is set out below.

	<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigating Action</b>
1	Pay awards and inflation are higher than forecast	Possible	High	Budgets set based on latest information and updated when required. Reserves held for in-year mitigation
2	PUP Grant and Pension Grant not included in future funding	Possible	High	NPCC liaison with Home Office; review of establishments and use of reserves until permanent savings are achieved
3	Formula Funding Review	Probable	High	Regular monitoring of the national review; transitional arrangement expected for any changes
4	Capital Strategy – funding higher than expected	Possible	Low	Borrowing costs are in line with current interest forecasts and closely monitored
5	Ability to deliver planned savings	Possible	Medium	Clear processes are in place to deliver and monitor planned savings. Monthly budget reports are provided to enable decision to be made in a timely manner as required

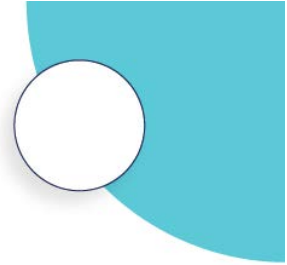
14.2. Not all risks are identified here, the Strategic Risk Register is the primary document for the organisational risks, and it is maintained and reported on a regular basis. The table shows the main risk areas that could materially impact on the MTFS only.

## 15. CONCLUSION

15.1. The use of priority-based budgeting with its flexibility to increase or decrease services to match funding, in a way that clearly links to the priorities of the Police and Crime Plan; Force Management Statement; demands and Strategic Policing Requirement, allowing more considered planning even in uncertain times. The provision of a three-year spending review has enabled a clearer direction of travel in the short-term, although there are a number of areas that still need to be refined and clarified. With the publication of the Provisional Police Settlement in December 2022, the funding for 2023/24 at force level was confirmed, but at this detailed level is still for one year only.

## 16. NEXT STEPS

16.1. With the 2023/24 budget being confirmed, the budget setting process will be rolled forward and preparation will be made to commence the 2024/25 budget cycle. Should any major changes occur which impact on this Strategy in the meantime; further updates will be made accordingly and reported through Joint Management Board.



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# Cheshire Police Audit Progress Report and Sector Update

**Year ending 31 March 2023**

For 1 March 2023 JAAC meeting



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the entity or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Key Grant Thornton team members



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Michael will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Police and Crime Commissioner and Chief Constable, ensuring you have access to Grant Thornton's full service offering;
- being a key contact for the Chief Finance Officers and the JAAC meeting frequently with key members of management;
- taking overall responsibility for delivering high quality audits which meet professional standards;
- agreeing with you the annual joint audit plan, and a timetable for delivering the work;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audits;
- reviewing and signing off all audit reports;
- attending JAAC to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors; and
- sharing good practice identified at other organisations.



**Liz Luddington**

Senior Manager

T 0161 953 6410

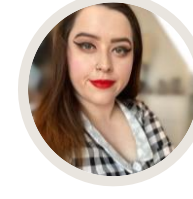
E [liz.a.luddington@uk.gt.com](mailto:liz.a.luddington@uk.gt.com)

Liz will ensure that all work allocated is carried out on a timely basis in accordance with the firm's professional standards and to the satisfaction of clients and engagement lead.

As the key contact Liz will be responsible for building and maintaining good working relationships with all colleagues and clients.

To support delivery of the testing strategy she will:

- assist the engagement lead in establishing audit objectives and overall scope;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- review the work of in-charge auditor and the wider fieldwork team;
- finalise our draft reports to management;
- manage, motivate and coach team members; and
- control the audits in relation to timescales, budgets and risk management procedures.



**Chelsey Taylor**

Audit In-Charge

T 0151 224 2425

E [chelsey.l.taylor@uk.gt.com](mailto:chelsey.l.taylor@uk.gt.com)

Chelsey will work as part of the team, leading the on site audit team, providing a service which meets or exceeds client expectations and supports the engagement lead / manager team. Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy;
- communicating any issues relating to the audit with the engagement manager or engagement lead;
- overseeing all aspects of audit fieldwork and completion;
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit;
- maintaining good working relationships with client staff; and
- delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training / coaching.

# Introduction & headlines

This paper provides the Joint Audit Advisory Committee with a report on progress in delivering our responsibilities as your external auditors

The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Audit Advisory Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



# The auditor's statutory responsibilities

## Opinion on the audited body's financial statements

Our work enables us to give an opinion as to whether the financial statements:

- give a true and fair view of the financial position of the audited body and its expenditure and income; and
- have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards and other directions.

Our planning will document our understanding of your key risks, your control environment and inform our testing strategy. This will continue until we begin our final accounts testing.

Since we last reported we have:

- continued to have regular discussions with management discussing issues identified in previous audits, and emerging themes which are expected to impact on the current audits;
- reviewed meeting papers and the latest financial and operational performance reports ensuring we understand your current challenges;
- considered any reports from regulators regarding your operational effectiveness.

We expect to issue our joint audit plan summarising our approach to key risks on the audit in July 2023. We will report any key findings from the planning and interim audit visit in our verbal update to the July Joint Audit Advisory Committee.

We will deliver our final accounts audits in September and summarise our work in the Auditors' Annual Report at the November 2023 meeting.

## Work on value-for-money arrangements

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Police and Crime Commissioner and Chief Constable "has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources."

Our initial risk assessment will build on our understanding of your arrangements, taking into account any findings from previous work on value for money. We will report our risk assessment to you at your July Joint Audit Advisory Committee against the following reporting criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditors' Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of the Police and Crime Commissioner and Chief Constable's arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against any recommendations raised in previous audits.

# The auditor's statutory responsibilities

## Other responsibilities

We are required to give an opinion on whether:

- other information published together with the financial statements is consistent with the financial statements.

We are also required to:

- consider whether the Annual Governance Statement complies with relevant disclosure requirements and whether it is consistent with the information we are aware of from our audit; and
- examine and report on the consistency of 'Whole of Government Accounts' consolidation schedules with the financial statements.

We will complete this work as part of our financial statements visit.

## Other statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audits.

Our work to date has not required us to report any such matters to you.

## Added value

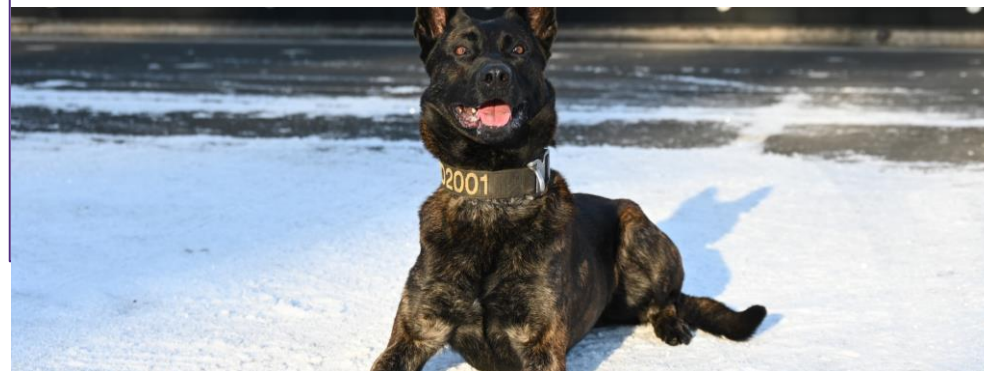
Grant Thornton has a large Public Sector practice and is a key supplier to the market. As a valued audit client, you will receive:

- the opportunity to access support from experienced technical colleagues. This means you will be at the forefront of accounting developments. Through this relationship we also ensure that communication works both ways and feed issues back from our clients.;
- insight from our regular meetings within the sector where we discuss emerging developments. We will also raise any areas of concern that you have over policy, procedure, or regulation with your regulators; and
- technical and sector updates for the Joint Audit Advisory Committee.

### Events

We provide a range of workshops, along with network events for members and publications to support the Police and Crime Commissioner and Chief Constable. Your officers attended our Accounts Workshop in February 2023, where we highlighted financial reporting requirements for the 2022/23 accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Police and Crime Commissioner, Chief Constable and JAAC members are set out in our Sector Update section of this report.



# Progress at February 2023

## Financial Statements Audit

In June we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2021/22 financial statements. This was presented at the July 2022 Joint Audit Advisory Committee meeting.

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing drafted accounts to 31 July 2022 and audited local authority accounts to 30 November 2022 for the 2021/22 accounts. This is enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022. The deadline for publishing audited local authority accounts for 2021/22 is extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28. We received the draft financial statements in advance of this deadline on the 29 June 2022.

Our financial statements audit commenced in early July 2022 and was substantially completed (subject to external factors such as Pension Fund Auditors' Assurance) by 30 September 2022. We formally met with the finance team on a regular basis to update on progress and our Audit Findings Report was presented to the September 2022 Joint Audit Advisory Committee and our unqualified opinion was subsequently signed on 8 November 2022.

## Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We issued our Auditor's Annual Report to the November JAAC meeting within 2 weeks of the opinion date.

# 2022/23 deliverables

## 2022/23 Deliverables

	Planned Date	Status
<p><b>Accounts Joint Audit Plan</b></p> <p>We are required to issue a detailed accounts joint audit plan to the Joint Audit Advisory Committee setting out our proposed approach in order to give our opinions on the 2022/23 financial statements.</p>	July 2023	Not yet due
<p><b>Joint Audit Findings (ISA260) Report</b></p> <p>The Joint Audit Findings Report will be reported to the September Joint Audit Advisory Committee.</p>	September 2023	Not yet due
<p><b>Auditors Reports</b></p> <p>These are the opinions on your financial statements and annual governance statements.</p>	September 2023	Not yet due
<p><b>Auditor's Annual Report</b></p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). A draft of the AAR will be taken to the November Joint Audit Advisory Committee.</p>	November 2023	Not yet due

# Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from sector specialists**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font.

Public Sector

A dark purple rectangular button with the text "Police" in white, sans-serif font.

Police

# Home Office



Home Office

## NPCC led review: operational productivity of policing

Total funding for policing in 2022 to 2023 is nearly £17 billion - the highest for over a decade. By April 2023 central government will have invested over £3.5 billion in supporting the recruitment of 20,000 additional police officers through the Police Uplift Programme, of which 13,790 have been recruited so far.

It is therefore crucial that national forces deliver the best possible value for the public from this investment. The Home Secretary has asked the National Police Chiefs' Council to lead a review of productivity in policing. This review intends to improve the understanding of effectiveness and productivity in policing, identifying the barriers and the most efficient operating models. The review will also look at the scope for using new technology or streamlining processes and removing bureaucracy to drive efficiency and better outcomes.

The review will be led by Sir Stephen House, supported by an advisory board including His Majesty's Chief Inspector of Constabulary and Fire & Rescue Services (HMICFRS), the chief executive of the College of Policing and Association of Police and Crime Commissioners (APCC). Terms of reference will be published in due course, following agreement by the advisory board and Home Office. It is expected to report within 12 months and with interim findings in spring 2023

The full article can be found [here](#).

# Association of Police and Crime Commissioners

## NCA Director General set to prioritise fraud

Home Secretary (at the time) Priti Patel appointed Graeme Biggar CBE as Director General of the National Crime Agency (NCA) to lead the fight against serious and organised crime and bring drug and people traffickers to justice.

One of his focuses as Director General will be on improving fraud investigations and ensuring the NCA have the resources it needs to investigate and disrupt widespread corruption, tackle fraud as well as go after businesses that enable money laundering.

APCC Lead for Fraud and Police and Crime Commissioner, Mark Shelford said: “I am delighted to hear the news that the new Chief of the NCA will be prioritising fraud, especially as this type of crime continues to increase exponentially. Fraud is one of the fastest growing crime types and I have heard first-hand how it impacts those who fall victim to it. We must get a handle on this situation to stop more people becoming victims and recognising fraud as a priority is the first step in effectively investigating this type of crime.”

See the full article [here](#).



# Association of Police and Crime Commissioners

## Leading the way in tackling climate change

APCC Environment and Sustainability Leads say Police and Crime Commissioners (PCCs) are ‘at the heart of the decarbonisation agenda’ in the latest In Focus report published in August.

Climate change is an important issue for the British public and this gives PCCs a strong mandate as the public’s voice to ensure that policing is striving to meet its challenges and taking the steps to mitigate the risks that it poses. Joint National Leads and Police and Crime Commissioners Joy Allen and Tim Passmore pledge their commitment to ensuring all commissioners play their full part in achieving the Net Zero ambition in the latest In Focus report on Environment and Sustainability.

The report highlights the work that PCCs are doing up and down the country to reduce the carbon footprint in their force area and ensure a sustainable future.

With the Government committed to achieving Net Zero carbon emissions by 2050, and the College of Policing identifying climate change as one of the ten most significant challenges for policing over the next ten years, the APCC has joined forces with its policing partners at the National Police Chiefs Council and Bluelight Commercial, to deliver a policing decarbonisation programme, first launched in November 2021.

Review the full report [here](#).



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# Association of Police and Crime Commissioners

## APCC Impact Report 2021/2022

The Association of Police and Crime Commissioners has published its annual Impact Report, setting out how the organisation and PCCs have been making a difference over the past year. Work highlighted within the 2021/22 report includes how the APCC has supported members post the 2021 elections and how membership has grown.

Review the full report [here](#).



# Audit Committees: Practical Guidance For Local Authorities And Police – CIPFA

In October CIPFA published this guide, stating “This fully revised and updated edition takes into account recent legislative changes and professional developments and supports the 2022 CIPFA Position Statement. It includes additional guidance and resources to support audit committee members, and those working with and supporting the committee’s development.”

CIPFA go on to state “Audit committees are a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. They play an important role in supporting leadership teams, elected representatives, police and crime commissioners and chief constables.

This edition updates CIPFA’s 2018 publication to complement the 2022 edition of the CIPFA Position Statement on audit committees.

The suite of publications has separate guidance resources for audit committee members in authorities, members of police audit committees, and a supplement for those responsible for guiding the committee.

New aspects include legislation changes in Wales and new expectations in England following the Redmond Review. All authorities and police bodies are encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.

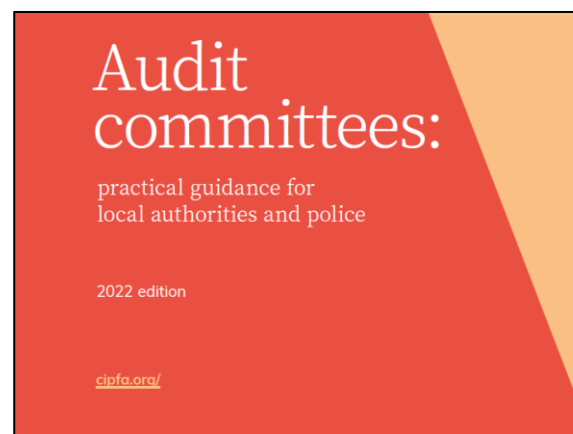
The appendices include suggested terms of reference, a knowledge and skills framework and effectiveness improvement tools.”

The guide covers a number of key areas for Audit Committees, including:

- Purpose
- Core functions:
  - Governance, Risk and Control
  - Accountability and Public Reporting
  - Assurance and Audit arrangements
  - Ensuring focus
- Independence and accountability
- Membership and effectiveness

The guide can be purchased via the CIPFA website:

[Audit Committee Guidance: 2022 update | CIPFA](#)



# Audit Market Developments

## Financial Reporting Council Report On The Quality Of Local Audit

In late October 2022 the Financial Reporting Council (FRC) published its inspection findings into the quality of major local body audits in England, which includes large health and local government bodies.

The Quality Assurance Department (QAD) of the Institute of Chartered Accountants in England and Wales (ICAEW) inspects a sample of local audits that do not meet the definition of a ‘major’ local audit and the FRC’s report also includes a summary of their findings.

The FRC reported that 71% of Grant Thornton audits inspected (7 in total) were assessed as either good or limited improvements required.

This is a pleasing result and reflects on our significant investment in audit quality over recent years. The positive direction of travel over the past five years is illustrated below:

The FRC also inspected our work on VfM arrangements at four bodies.

It is pleasing to note that all of these inspections were assessed as requiring no more than limited improvements (which is the same as the previous year).

As far as the ICAEW are concerned, overall, the audit work reviewed was found to be of a good standard.

Seven of the eight files reviewed (88%) were either ‘good’ or ‘generally acceptable’, but one file ‘required improvement’.

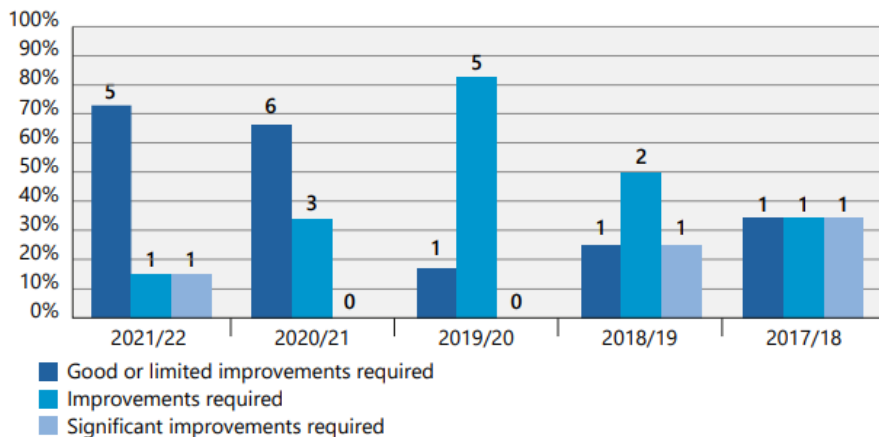
The ICAEW identified one of our files as requiring ‘Improvement’ – but it should be noted that this was a 2019-20 file and therefore the learnings from prior years’ review could not have been taken into account, an issue recognised by the ICAEW in their report to us.

The ICAEW found that our VfM work was good on each of the files reviewed, and they did not identify any issues with this aspect of the audit teams’ work.

Whilst are pleased with our continuing improvement journey, we continue to invest in audit quality to ensure that the required standards are met.

The full report can be found [here](#).

**Our assessment of the quality of financial statement audits reviewed**



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# Full list of links (if not accessible via click here)

[NPCC led review: operational productivity of policing - GOV.UK \(www.gov.uk\)](#)

[NCA Director General set to prioritise fraud \(apccs.police.uk\)](#)

[apcc-environmental-and-sustainability-in-focus.pdf \(apccs.police.uk\)](#)

[impact-report-2021-22.pdf \(apccs.police.uk\)](#)

[Audit Committee Guidance: 2022 update | CIPFA](#)

[Major Local Audits \(frc.org.uk\)](#)



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# Internal Audit Progress Report Audit Advisory Committee (March 2023)

Office of the Police and Crime Commissioner for Cheshire / Cheshire  
Constabulary

# Contents

## 1 Introduction

## 2 Key Messages for Audit Advisory Committee Attention

### Appendix A: Contract Performance

### Appendix B: Performance Indicators

## Your Team

Name	Role	Contact Details
Anne-marie Harrop	Engagement Lead	Anne-marie.harrop@miaa.nhs.uk 07920 150313
Charles Black	Audit Manager	Charles.black@miaa.nhs.uk

## Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

## Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards.

## 1 Introduction

This report provides an update to the Joint Audit Advisory Committee in respect of the progress made in against the Internal Audit Plan for 2022/23 and brings to your attention matters relevant to your responsibilities as members of the Joint Audit Advisory Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to Committee Members. In addition a consolidated follow up position is reported on a periodic basis to the Joint Audit Advisory Committee.

This progress report covers the period December 2022 to February 2023.

## 2 Executive Summary

Since the last meeting we have focused on the following areas:

<p>2021/22 Audit Reviews</p>	<p>The following reviews have been finalised:</p> <ul style="list-style-type: none"> <li>• Digital Investigation</li> <li>• Cyber – Organisational Controls</li> <li>• Business Services Futures Control Mapping</li> <li>• Data Migration Review</li> </ul> <p>The reviews below are currently in progress:</p> <ul style="list-style-type: none"> <li>• Financial Systems - Fieldwork</li> </ul>
<p>Follow Up</p>	<p>A separate report is provided for the Committee.</p>
<p>Audit Plan Changes</p>	<p>No further changes to the audit plan.</p>
<p>Cyber Essentials</p>	<p>MIAA are committed to delivering and demonstrating the highest standards of information governance and cyber security in order to protect not only our information and systems but to protect the data we collect and create through our audit and advisory activities with clients.</p> <p>We have consistently submitted a compliant NHS Data Security and Protection Toolkit return and have, for several years, been certified to the national Cyber Essentials standard.</p> <p>This October, however, we enhanced this further becoming one of only circa 20 NHS organisations certified to the more exacting Cyber Essentials Plus standard. Certification to this standard required rigorous independent testing of our cyber security controls across</p>

	<p>our devices. That we have achieved this certification is a demonstration not only of the security of our devices but also a validation of the proactive monitoring and maintenance that we have in place to protect data and systems from malicious threats.</p>
<p>MIAA Quality of Service Indicators</p>	<p>MIAA operate systems to ISO Quality Standards. Public Sector Internal Audit Standards (PSIAS) require MIAA to ‘develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.’ This programme must include internal and external assessments.</p> <p>External assessments must be conducted at least once every five years. Our last external assessment was completed in 2020 and concluded that MIAA fully complies with PSIAS (as previously reported to Audit Committee).</p> <p>We also undertake regular internal assessments to ensure our ongoing compliance with requirements. We have recently completed our annual self-assessment of compliance with PSIAS and can confirm full compliance with PSIAS.</p>
<p>Insights</p>	<p><b>Briefings</b></p> <p>Our latest briefings/blogs are:</p> <ul style="list-style-type: none"><li>• <a href="#">22/23 MIAA ICB Checklist Series - Quality Governance</a></li><li>• <a href="#">Key NHS Publications - January 2023</a></li><li>• <a href="#">22/23 MIAA ICB Checklist Series - Financial Governance</a></li><li>• <a href="#">Data Security and Protection Toolkit Audit Committee Briefing</a></li><li>• <a href="#">22/23 MIAA ICB Checklist Series - Governance</a></li><li>• <a href="#">TIAN News - December 2022</a></li></ul> <p><b>Advisory and Support Role</b></p> <p>We have continued to keep you updated on the latest key guidance through the regular issue of The Internal Audit Network (TIAN) Insight Report and News and our Fraud Threats and Advice Briefings.</p> <p><b>Audit Committee Chairs Webinars</b></p> <p>We are continuing to hold webinars with groups of Audit Committee Chairs focusing upon governance challenges and other key issues.</p>



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## Collaborative Masterclass Events

### [Authentic and compassionate leadership \(9<sup>th</sup> March 2023\)](#)

Events are free please book via our website: [www.miaa.nhs.uk](http://www.miaa.nhs.uk)  
and click on events.

## Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

### Audit Plan 2022/23

HOIA Opinion Area	Status	Assurance Level
<b>Core/ Mandated Assurances</b>		
Key Financial Controls	Fieldwork	
<b>Risk Based Assurances</b>		
Vetting	Complete	Substantial
Business Services Futures – Controls Mapping	Complete	N/A
Data Migration	Complete	High
Property/ Evidence Management	Complete	Substantial
Digital Investigation	Complete	Substantial
Cyber – Organisational Controls	Complete	Substantial
<b>Follow Up</b>		
Qtr 2	Complete	N/A
Qtr 4	Complete	N/A

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

## Appendix B: Performance Indicators

The primary measure of your internal auditor’s performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Each Report	Green	All final reports contain a link to post audit questionnaire.
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	Noted in all final reports
Percentage of recommendations which are implemented	Twice per audit year	Green	Follow Up report provided twice per year.
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff. The Senior Team delivering the Internal Audit Service are CCAB/IIA qualified.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA’s compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

# Data Migration Review Assignment Report 2023/23 (Final)

Police and Crime Commissioner and Chief Constable for Cheshire

Report Ref: 301CPCC\_2223\_010

Date of Issue: February 2023

# Contents

- 1 Executive Summary
- 2 Engagement Objectives and Scope
- 3 Detailed Findings and Recommendations

## Appendix A: Assurance Definitions and Risk Classifications

### Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing

## Report Distribution

Name	Title
Julie Gill	Assistant Chief Officer
Wendy Bebbington	Head of Finance
Nicola Bailey	Head of Human Resources
Louise Willis	Planning, Performance and Risk Manager
Mark Roberts	Chief Constable
Chris Armitt	Deputy Chief Constable
John Dwyer	Police and Crime Commissioner
David McNeilage	Deputy Police and Crime Commissioner
Clare Hodgson	Chief Finance Officer (OPCC)
Damon Taylor	Chief Executive (OPCC)

## Audit Team

Name	Contact Details	
Charles Black – Audit Manager	Charles.black@miaa.nhs.uk	07554332410
Anne-Marie Harrop – Regional Assurance Director	Anne-marie.Harrop@miaa.nhs.uk	07920150313

## Acknowledgement and Further Information

MIAA would like to thank all staff for their co-operation and assistance in completing this review. This report has been prepared as commissioned by the organisation, and is for your sole use. If you have any queries regarding this review please contact the Audit Manager. To discuss any other issues then please contact the Director. MIAA would be grateful if you could complete a short survey using the link below to provide us with valuable feedback to support us in continuing to provide the best service to you.

[https://www.surveymonkey.com/r/MIAA\\_Client\\_Feedback\\_Survey](https://www.surveymonkey.com/r/MIAA_Client_Feedback_Survey)

# 1 Executive Summary

## 1.1 Objective

This review was requested by Chief Officers and has given assurance with regards to the data migration from Oracle Cloud to the newly implemented Unit 4. Unit 4 went live in July 2022 and therefore the first 3 months of financial data which will be reported within this year’s financial accounts was held in Oracle.

The Constabulary selected Unit 4 to deliver a modern and integrated information infrastructure. Before July 2022, the Constabulary used the Oracle Cloud Platform managed via the Multi-Force Shared Services (MFSS). All partners within MFSS agreed to cease the collaboration at the end of the current contract in 2022. Cheshire Constabulary, as a consequence, had to bring its core back-office solutions in-house.

The Constabulary’s focus has been on delivering the requirements around Core HR, Payroll, Finance and Procurement and a safe transfer to the new Unit 4 system for the entire Force.

The overall objective of our audit was to provide assurance on the control environment, processes and checks which were carried out as part of the data migration between Oracle Cloud and Unit 4. The review also aims to confirm that the closing balances and data held in Oracle matches that of the opening balances and data held in Unit 4 systems. It was agreed with Chief Officers that the review focused on these areas of data migration:

- Finance
- Payroll
- Human Resources

## 1.2 Opinion

<b>High Assurance</b>	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
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## 1.3 Key Findings

The following provides a summary of the key themes.

Sub Objective	Key Themes
Project Documentation	Areas of good practice: <ul style="list-style-type: none"><li>• Prior to the implementation of the migration process, a number of strategies, plans and documents were developed in preparation for the migration process. These include:</li></ul>

Sub Objective	Key Themes
	<ul style="list-style-type: none"> <li>- A Data Reconciliation Strategy – This document clearly outlined each stage of the migration process, including objectives, scope, dates for each reconciliation, and the approach that was taken. Version control is clearly documented and has been kept up to date throughout the migration process.</li> <li>- Data Migration Plan on a Page – This document gave a full overview of the timeline for full migration from Oracle to Unit 4</li> <li>- Cutover Data Migration Plan – This spreadsheet was used to document each cutover date for the data to be imported into Unit 4. It identified each pre-implementation tasks, planned start and finish dates and whether this had been completed. A pre-load issue log was maintained and all data which needed to be transferred was given a timeline to be migrated.</li> <li>- Unit 4 Implementation Plan – This document was prepared by Unit 4 at the request of Cheshire Constabulary to provide details of the data migration approach and to introduce a common understanding of the delivery methodology to be used in the management of the project.</li> </ul>
Reconciliation	<p>Areas of good practice:</p> <ul style="list-style-type: none"> <li>• To undertake our migration review, we obtained reports from the Oracle Cloud archive, Reports from the current Unit 4 ERP system and reconciled the data between the two to ensure complete accuracy. We also took samples from each sub system and performed deep dive testing to confirm the accuracy of data transfer.</li> <li>• From our testing we can confirm the following:                     <ul style="list-style-type: none"> <li>- <b>General Ledger Reconciliation</b> – A full reconciliation was completed between the trial balances from Unit 4 and the Oracle Archive. A deep dive on a sample of journals was also completed to ensure these were accurate to the extracted reports. No issues were identified.</li> <li>- <b>Accounts Payable (AP) Reconciliation</b> – A full reconciliation was completed on all AP invoices at June 2022 when the Oracle archive was taken to Unit 4. A deep dive was also taken on a sample of invoices to ensure accuracy to the extracted reports. No issues were identified.</li> </ul> </li> </ul>

Sub Objective	Key Themes
	<ul style="list-style-type: none"><li>- <b>Accounts Receivable Reconciliation</b> – A full reconciliation was completed on all aged debt as at June 2022 when the Oracle archive was migrated to Unit 4. A deep dive was also conducted on a sample of aged debt invoices to ensure accuracy to the extracted reports. No issues were identified.</li><li>- <b>Employee Records Reconciliation</b> – A full reconciliation was completed between Oracle Cloud and Unit 4 with regards to employee records, including position, pay scale and employee start date. No issues were identified.</li><li>- <b>Personal Records reconciliation</b> – A full reconciliation was completed between Oracle Cloud and Unit 4 with regards to personal information, including name and address, and national insurance. No issues were identified.</li><li>- <b>Payroll reconciliation</b>– A sample was taken from the monthly HMRC return to details within Unit 4. No issues were identified.</li></ul>

## 2 Engagement Objectives and Scope (Terms of Reference)

### Audit Objective

The overall objective of the review is to provide assurance on the processes and checks which were carried out as part of the data migration between Oracle Cloud and Unit 4. The review will provide assurance that the process was well controlled, comprehensive, and performed to a very high level of accuracy. It has been agreed with Chief Officers that the review will focus on these areas of data migration:

- Finance
- Payroll
- Human Resources

### Audit Scope

Sub Objective	Risk
To ensure the data migration process was suitably planned and supported with appropriate project documentation, backup plans, and test documentation.	A lack of data migration planning may mean the project will not take into account all the possible scenarios and plans for them. This leads to incomplete migration, which leads to errors and delays.
To ensure that the data in the new platform Unit 4 reconciles to the data archives extracted from Oracle Cloud.	Incorrect mapping of source data leads to incorrect information being loaded into Unit 4.
If any errors or mistakes were identified, suitable counter measures have been implemented to mitigate their impact.	A lack of workarounds and risk management may result in an incomplete system and errors in data.

## Appendix A: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation’s objectives in relation to: <ul style="list-style-type: none"> <li>the efficient and effective use of resources</li> <li>the safeguarding of assets</li> <li>the preparation of reliable financial and operational information</li> <li>compliance with laws and regulations.</li> </ul>
High	Control weakness that has or could have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> <li>has a low impact on the achievement of the key system, function or process objectives;</li> <li>has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

## Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

# Financial Systems Review Final Terms of Reference

Police and Crime Commissioner and Chief Constable for Cheshire

## 1 Introduction and Background

The 2022-23 Internal Audit Plan approved by the Joint Audit and Advisory Committee includes review of the Constabulary's core financial systems controls.

The audit will focus on a broad range of key controls within the following key systems:-

- General Ledger
- Accounts Payable
- Accounts Receivable
- Treasury Management

## 2 Audit Objective

The overall objective of the review is to provide assurance that the most significant key controls in the areas detailed in the scope below are appropriately designed and operating effectively in practice.

## 3 Audit Scope

The review will focus on the key controls within the areas below to support the achievement of the Constabulary's key financial duties and to minimise the risk of error, misappropriation and fraud.

### **General Ledger**

Control and Suspense Accounts

Journals

Processes to support Reporting

User Access Levels

System Back-Up and Recovery

### **Accounts Payable**

Purchase Order System Controls

Non-Purchase Order Payments

Goods Received Not Invoiced Monitoring and Reporting

BACS Payment Run Controls

Supplier Bank Detail Changes

## **Accounts Receivable**

Credit Control

Aged Debt Reporting and Analysis

Write-off of Debts

## **Treasury Management**

Cash Flow Reporting

Control of Bank Accounts

Urgent Payment Processes

Bank Reconciliations

The controls reviewed will relate to the 2022-23 financial year to date.

## **4 Audit Approach**

Following discussion with key staff, it has been agreed that the review is to be undertaken both remotely and onsite. As such, we have set out below key points as to how we will conduct the audit and our expectations in undertaking the work remotely:

- We fully recognised that a number of staff are working flexibly, as such, we will work with you to agree our information requirements in advance, including at key points during the audit. This will include the timetable for delivery and availability of key contacts.
- We will confirm the designated contact point at your organisation, to support the provision of the identified information requirements and to assist the audit process as required. This may include providing access to the organisations systems, including the intranet, if required.
- We will use software such as Skype/ MS Teams to conduct virtual meetings and to share screens to support the auditor in documenting and assessing the controls and operating effectiveness of the system being reviewed.
- Whilst working remotely, we will ensure that regular contact is maintained throughout the audit process to feedback on progress and matters arising.
- We are aware that there may be restrictions which could potentially impact on the delivery of the review. We will ensure that any potential issues are escalated appropriately.

## **5 Information Requirements**

We will discuss at the initial scope meeting our information requirements and the best method to securely receive the information required.

We have provided below details of indicative documentation we may require to undertake the review. Please note that this list is not exhaustive and there may be other documents that we request once we have commenced the fieldwork. Similarly, if you are aware of any other documents that would assist the review which are not listed below, we would be grateful if you could make these available to us:

- Control Account Schedules
- Reports of journals posted
- Finance reports
- Trial Balances
- User Access Reports/Delegated Expenditure Approval Limits
- Contracts with systems suppliers showing support, back-up and recovery arrangements
- Management Board papers/minutes showing approval of Annual Budget
- Scheme of Delegation
- PO and Non-PO Payment Listings
- Supplier Bank Detail Change Reports
- BACS Payment Listings
- Aged Debt Reports/Analysis
- Debt Write-Off Papers
- Cash Flow Reporting
- List of Urgent Payments
- Bank Mandates
- Bank Reconciliations

## 6 Proposed Timescales

Stage	Proposed Date
Fieldwork commences	January 2023
Discussion document to client	February 2023
Responses by client	February 2023
Final report	February 2023

## 7 Key Contacts and Report Distribution

Name	Title	Report
Julie Gill	Assistant Chief Officer	Draft / Final
Wendy Bebbington	Head of Finance	Draft / Final
Louise Willis	Planning, Performance and Risk Manager	Draft / Final
Mark Roberts	Chief Constable	Draft / Final
Chris Armitt	Deputy Chief Constable	Draft / Final
John Dwyer	Police and Crime Commissioner	Draft / Final
David McNeilage	Deputy Police and Crime Commissioner	Draft / Final
Clare Hodgson	Chief Finance Officer (OPCC)	Draft / Final
Damon Taylor	Chief Executive (OPCC)	Draft / Final
External Audit		Final
Joint Audit Advisory Committee		Final

## 8 Data Protection and Freedom of Information

MIAA takes its responsibility for the security and protection of information acquired and used during the delivery of its work seriously.

MIAA are compliant with the requirements of the NHS Data Security and Protection Toolkit and are Cyber Essentials certified. We have in place a comprehensive Information Security and Privacy Management system based upon ISO 27001 and ISO 27701 and have implemented a range technical controls to protect data.

In delivering this assignment MIAA will acquire supporting information from you, some of which may be confidential or otherwise sensitive. This information will be used solely for the completion of this assignment and for informing our Head of Internal Audit Opinion.

In this context, MIAA are considered data processor for that information and, thus are subject to the requirements of the Data Protection Act and the UK General Data Protection Regulation, where personally identifiable information is concerned, and the Freedom of Information Act, where corporate information is concerned.

MIAA will, therefore, be required to not only comply with the laws and regulations in respect of our control of the data but will also be responsible for any appropriate disclosure under the legislation

## 9 Your Acceptance

Please do not hesitate to contact MIAA should you have any comments regarding the Terms of Reference (these will be assumed as agreed if MIAA are not informed otherwise).

## 10 MIAA Key Contacts

Name	Charles Black	Name	Anne-Marie Harrop
Title	Audit Manager	Title	Regional Assurance Director
	07554332410		07920150313
	<a href="mailto:Charles.black@miaa.nhs.uk">Charles.black@miaa.nhs.uk</a>		<a href="mailto:Anne-Marie.Harrop@miaa.nhs.uk">Anne-Marie.Harrop@miaa.nhs.uk</a>

## Cheshire Constabulary Service Assurance Plan – 2022/23

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
MIAA	Performance Management - Local Policing Units (LPU)	A rolling programme of reviews across the eight local policing units to assess performance management against Business Plan objectives and compliance with the key corporate procedures e.g. Financial, HR, Duty of Care and Service Delivery. Three LPUs in 2021.	Transferred from Q4 21/22 (15 days)	<b>April 2022:</b> Internal Audit aiming to have draft report out by the end of April. <b>May 2022:</b> Draft report circulated and management responses returned. <b>June 2022:</b> Final report circulated.	Joint Audit Advisory Committee July 2022
MIAA	Vetting	To evaluate the efficiency and effectiveness of the vetting function against the Authorised Professional Practice (APP)	Q1 12 days	<b>June 2022:</b> Final TOR has been circulated. <b>August 2022:</b> Final Vetting assignment review report circulated.	Joint Audit Advisory Committee September 2022
MIAA	Key Financial Controls	To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.	Q4 12 days	<b>February 2023:</b> Field work to commence mid February.	Joint Audit Advisory Committee
MIAA	Business Services Futures – Controls Review	Audit days are allocated to support the BSF programme and evaluation of control environment, process maps and data transfer	Q1-3 9 days	<b>November 2022:</b> Draft ToR circulated for review. <b>February 2023:</b> Work complete and briefing issued.	Joint Audit Advisory Committee March 2023
MIAA	Data Migration Review	To provide assurance on the processes and checks which were carried out as part of the data migration between Oracle Cloud and Unit 4	Q3-4	<b>November 2022:</b> Draft ToR circulated for review. <b>February 2023:</b> Final Report Circulated – received High Assurance and with no recommendations raised.	Joint Audit Advisory Committee March 2023
MIAA	Stock Take following transition to Cheshire Only Systems	To provide assurance regarding stock level assessments/valuation included within the financial accounts.	Q2 4 days	Completed	Assistant Chief Officer and Head of Finance.
MIAA	Property/Evidence Management	To provide assurance that Cheshire Constabulary is dealing professionally with all evidence and property, safeguarding its integrity to support the prevention and detection of crime.	Q1 12 days	<b>May 2022:</b> Work underway to create the draft TOR. <b>June 2022:</b> TOR in development, Initial scoping	Joint Audit Advisory Committee Nov 2022

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
				meetings taken place. <b>30 June 2022:</b> Draft TOR circulated. <b>Sep 2022</b> Draft report circulated for management response. <b>October 2022:</b> Management responses submitted awaiting circulation of the final report. <b>November 2022:</b> Final report circulated for comments.	
MIAA	Digital Investigation	Investigation of digital devices is high on the national and local agenda with demand increasing year on year. This review will evaluate how Cheshire Constabulary are responding to these risks and the plans in place to manage increased caseloads, the workforce demands and skill sets required.	Q2 12 days	<b>July 2022:</b> Meeting to be convened in August 2022 to develop TOR. <b>Sep 2022:</b> TOR agreed and circulated. <b>January 2023:</b> MIAA have confirmed still awaiting responses, a meeting is planned w/c 16/01/23 to obtain management responses and issue the following week. <b>February 2023:</b> Final Report circulated.	Joint Audit Advisory Committee March 2023
MIAA	Cyber – Organisational Controls	The National Cyber Security Centre Cyber (NCSC), in recognising the strategic importance of cyber security published a toolkit for board assurance. This review will evaluate the effectiveness of the current cyber control framework arrangements in place against that framework .	Q3 12 days	<b>August 2022:</b> TOR circulated for review; fieldwork commenced in October. <b>February 2023:</b> Final report with recommendations circulated.	Audit Advisory Committee March 2023
MIAA	National Fraud Initiative (NFI)	The National Fraud Initiative (NFI) matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies.		<b>August 2022:</b> MIAA will use the contingency day within the MIAA Internal Audit Plan for the 2022-23 year, agreed by the Joint Audit Advisory Committee, to complete the preparatory work and an initial review of the data matches (expected 21st January	Audit Advisory Committee

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
				2023). <b>February 2023:</b> data matches prep complete no further work in this financial year	

## On-going Regular Monitoring Activity – 2022/23

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
NCRS	Enhanced review of Violent Crime / Domestic Abuse / Sexual Offences for NCRS compliance.	This ongoing work will establish that the three key areas of crime recording continue to comply with the 'victim focused' approach of NCRS.	June 2022	Audits of Sexual, Domestic and Violence incidents continue to be subject to FCR audits based on perceived risk and regularly reporting the Force performance Day and to the Strategic Crime Recording User meeting chaired by Ch Supt Ross. Such audits were undertaken in April 2022, together with an additional audit of ASB. An audit of Vulnerable Victim crime is currently being undertaken.	Force Performance Day  Strategic Crime Recording User Group
NCRS	Enhanced review of Violent Crime / Domestic Abuse / Sexual Offences for NCRS compliance.	This ongoing work will establish that the three key areas of crime recording continue to comply with the 'victim focused' approach of NCRS.	September 2022	Audits of Sexual, Domestic and Violence incidents continue to be subject to FCR audits based on perceived risk and regularly reporting to Force Performance Day and to the newly formed CDI continuous improvement group chaired by Ch Supt Ross. Such audits were undertaken in September 2022, together with an audit of crime outcomes. In addition an audit of Vulnerable Victim crime was undertaken in June 2022.	Force Performance Day  CDI Continuous Improvement Group
NCRS	Enhanced review of Violent Crime / Domestic Abuse / Sexual Offences for NCRS compliance.	This ongoing work will establish that the three key areas of crime recording continue to comply with the 'victim focused' approach of NCRS.	December 2022	Audits of Sexual, Domestic and Violence incidents continue to be subject to FCR audits based on perceived risk and regularly reporting to Force Performance Day and to the newly formed CDI continuous improvement group chaired by Ch Supt Ross. Such audits were undertaken in November 2022. An audit of crime outcomes in Domestic Abuse cases was undertaken in December. In addition an audit of Vulnerable Victim	Force Performance Day  CDI Continuous Improvement Group  DA Governance Board

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
				crime was undertaken in November 2022.	
NCRS	Enhanced review of Violent Crime / Domestic Abuse / Sexual Offences for NCRS compliance.	This ongoing work will establish that the three key areas of crime recording continue to comply with the 'victim focused' approach of NCRS.	March 2023		Force Performance Day  CDI Continuous Improvement Group  DA Governance Board
Information Compliance	PNC Transaction Monitoring (#TE)	PNC Transaction Monitoring is a requirement established by Her Majesty's Inspectorate of Constabulary (HMIC) and the Association of Chief Police Officers (ACPO) to ensure the security and integrity of the Police National Computer System.	Quarterly	PNC Transaction Monitoring (#TE) Ongoing reviews being completed with compliance reported quarterly. Any issues are raised to PSD or Line Manager (as appropriate on an individual basis).	Any issues identified are reported to Line Manager and PSD if required.
Information Compliance	Police National Database (PND) Auditing and Transaction Monitoring	To ensure the security and integrity of this national CONFIDENTIAL system, forces are required to undertake transactional monitoring of Constabulary users. Monthly reports to the PND Governance Group chaired by Director of Intelligence.	Quarterly	Police National Database (PND) Auditing and Transaction Monitoring Ongoing reviews with compliance reported quarterly. Reports are issued to the PND Governance Group which is chaired by the Director of Intelligence.	Reports to the PND Governance Group chaired by Director of Intelligence.

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
Information Compliance	Driver Validation Service (DVS) Transaction Monitoring	DVS is a browser based system owned by the Driver Vehicle Licensing Authority (DVLA). It provides nominated staff with direct access to DVLA driver records for road traffic offences.	Ongoing	Ongoing reviews completed, with compliance reported quarterly. Any issues are raised with the Line Manager or PSD (as deemed appropriate on an individual basis. Any breaches are required to be reported to DVLA.	Any issues identified are reported to Line Manager and PSD if required. Breaches are reportable to DVLA.
Information Compliance	Automatic Number Plate Recognition (ANPR) Transaction Monitoring	ANPR data is currently accessed through three systems: Northgate, Cleartone and the National ANPR Service (NAS). National audit guidelines have been issued and a National Auditor appointed, in preparation for all Forces to move to the NAS.	Ongoing	Ongoing reviews completed, any issues are raised with the Line Manager or PSD (as deemed appropriate on an individual basis).	Any issues identified are reported to Line Manager and PSD if required.
Information Compliance	Child Abuse Indecent Images (CAID) transaction monitoring.	Transaction Monitoring commenced Feb 2022 – this is a new process and will continue to develop. It is a requirement to audit to ensure compliance and integrity with national policy and codes of connection.	Ongoing	Ongoing reviews completed, any issues are raised with the Line Manager or PSD (as deemed appropriate on an individual basis).	Any issues identified are reported to Line Manager and PSD if required.
Information Compliance	Records Management Paper Records Archiving	Audit of paper documents sent to Records Management and effect on storage – to determine if force can adopt 'Scan & Bin', align with other forces	Q2 In progress	<b>September 2022:</b> Testing complete, report in progress. <b>October 2022:</b> Report completed and is included on the IRG agenda on 9th November.	Information & Risk Management Board

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
Information Compliance	PNB – transfer to new process	To provide assurance that physical PNB are centrally stored and information is compliant post implementation of the electronic solution.	Transferred from Q4 2021-22 <b>COMPLETE</b>	<b>April 2022:</b> Ongoing monitoring of progress confirms legacy PNB's continue to be submitted. Formal report to TPTT and IRG to follow. <b>July 2022:</b> Formal report to be completed by CI Jez Taylor, all Info Compliance complete.	Information & Risk Management Board
Information Compliance	Refresh and complete data flow audit (Transferred from 20-21)	Refresh mandatory Record of Processing Activities and identify areas of risk or non-compliance. Mandatory requirement under DPA 2018	Transferred from Q4 2021-22 <b>COMPLETE</b>	<b>April 2022:</b> The majority have been refreshed and completion is expected in time for the ICO audit follow up in June 2022. <b>July 2022:</b> Allowing for some minor post ICO actions in progress (completion pending), the audit is complete and has been signed off by the ICO.	Information & Risk Management Board
Information Compliance	PPD – domestic violence disclosures (Transferred from 20-21)	To provide assurance that disclosure process ensures compliance with MOPI and Data Protection requirements	Transferred from Q4 2022	<b>February 2022:</b> Due to the prioritisation of ICO Data Protection audit actions this audit has been delayed until later in 2022. <b>January 2023:</b> Auditors currently providing resilience within the Information Compliance Team – currently on hold.	Information & Risk Management Board
Information Compliance	Firearms Licensing - Optional	To provide assurance that disclosure process ensures compliance with MOPI and Data Protection requirements	Q3 2022	Post ICO to be scoped to determine benefits/risk of auditing, need to determine the status following changes in process and Niche module. <b>January 2023:</b> Auditors currently providing resilience within the Information Compliance Team – currently on hold.	Information & Risk Management Board
Information Compliance	Security - Optional	To determine compliance in Physical security risk, and data protection and records management.	Q3 2022	Post ICO – to liaise with the Chief Information Security Officer <b>January 2023:</b> Liaised with Information Security Officer - Audit to continue with site checks, ongoing.	Information & Risk Management Board

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
Information Compliance	Records Management Paper Records Archiving	Audit of paper documents sent to Records Management and effect on storage – to determine if force can adopt 'Scan & Bin', align with other forces	Q2 In progress Q3 Complete	Testing complete, report in progress. <b>December 2022:</b> Report completed and submitted to IRG 09/11/2022, further assurance meetings in progress.	Information & Risk Management Board
Information Compliance	Security review	To determine compliance in Physical security risk, and data protection and records management.	<b>Complete</b>	<b>July 2022:</b> In June a test review was conducted on one police station to determine compliance, results were poor and a report will be submitted to the next IRG, and will be a contributory factor to determine necessity for full review.	Information & Risk Management Board
Information Compliance	ICO Mobile Phone Review		<b>Complete</b>	<b>Completed September 2022</b>	Information & Risk Management Board
Information Commissioner's Office	Recommendations resulting from the ICO Audit of Mobile Phones data	Assurance regarding compliance against legislation for this area of business. Monitor progress against recommendations resulting from this audit.	Ongoing	<b>Status February 2023:</b> Final recommendation report received and action plan commenced.	Information & Risk Management Board
Governance Of Collaborations	Qtrly	To review collaborations of which Cheshire Constabulary is a party and check that performance reports have been received and given transparency at the relevant Force/ Regional Meeting.	Ongoing Monthly	<b>April 2022:</b> West Coast NICHE Collaboration S22a and Firearms and Dogs Alliance S22a went to SCT on 23/02/2022. As well as NWROCU updates. <b>Aug 2022:</b> NWROCU & NWMPG Collaboration updates went to SCT in April 2022. <b>Nov 2022:</b> Collaborations Board scheduled for 17.11.22. Updates to be provided to NWJOC quarterly on collaborations for which Cheshire is the Lead and presumably other NW leads will update on the collaborations that they lead. <b>January 2023:</b> Collaborations Board	Senior Command Team

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
				held on 17/11/22 where all Cheshire led collaborations were reviewed by the DCC. Next Collaborations Board will be held in May 2023.	
Taser Downloads	Governance and compliance monitoring	Audit of completion of Taser downloads	Taser's downloaded every 8 weeks (Feb, April, June, Aug, Oct, Dec) <b>Audited quarterly</b>	<b>April 2022:</b> Audit Complete <b>June 2022:</b> Audit Complete <b>August 2022:</b> Audit Complete <b>October 2022:</b> Audit Complete <b>December 2022:</b> Audit Complete <b>February 2023:</b> Audit Complete	Procedural Justice Meeting
Finance - Compliance with GPC Cards Guidance Manual	Annually due September 2022 Re-arranged to December 2022	Dip sample to ensure compliance in the use of GPC Cards guidance against MFSS reports on GPC card use.	Annually	<b>September 2022:</b> Head of Finance advised that this has now been put back to December - the implementation and go-live with the new Business Services systems has diverted resources away from supporting this review. <b>January 2023:</b> Head of Finance confirmed that the dip sample has been carried out and they are currently working through the output. A report will be prepared for SCT shortly.	Information & Risk Management Board
Evidence / Property Management	Exhibit Management – annual dip sample	To receive an annual report from Exhibit Management of dip samples undertaken to test compliance with process.	Quarterly - evidence of dip samples  Annually – Annual report due November 2023	<b>February 2023:</b> Each of the 6 property stores are audited once a month where the supervisor selects 5 random occurrences to check that all items are accounted for and checked at the time. There is a record of all audits held on the Criminal Justice sharepoint platform.	Information & Risk Management Board

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
Planning, Performance & Risk Management	Policy & Procedure Monitoring	<p>Cheshire Constabulary's Policy &amp; Procedures are published when the National Guidelines laid down by College of Policing – Authorised Professional Practice (APP) do not have adequate detail, specifically in respect of Cheshire local practices.</p> <p>It is important that these Policies &amp; Procedures are kept up to date and reviewed on a regular basis.</p>	Ongoing	Ongoing regular monitoring and reviews, any overdue policies or procedures or issues are raised directly with the Policy Owner, Author and Business Area Leads.	Status reported at Information & Risk Governance Board twice yearly (April & September, or more frequently should there be any concerns).