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|  |  |  | **Internal Audit** |  |
|  |  | **FINAL** |  |
|  |  |  |  |  |
|  | **The Police and Crime Commissioner for Cleveland**  **and the Chief Constable of Cleveland Police** |  |  |  |
|  | **Assurance Review of Collaborations** |  |  |  |
|  | **2019/20** |  |  |  |
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| **Executive Summary** |

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| **OVERALL ASSURANCE ASSESSMENT** |  | **OVERALL CONCLUSION** |
|  |  | |  |  | | --- | --- | | **Overall Collaboration arrangements are working well and with the appointment of the Director of Collaborative Legal Services this provides good direction.** | | |  | **A Business Case is prepared to support every Collaboration and Boards/Committees exist to monitor and review performance.** | |  | **Benefits realisation is not as robust it is should be and even for long standing collaboration arrangements benefits should continue to be confirmed and monitored.** | |
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| **SCOPE** |  | **ACTION POINTS** |
| The review considered the structure and agreements that are in place to include:   * the business planning of the collaborative working arrangements; * the roles and responsibilities; * the decision making processes; * the performance measurement; * monitoring of the partners; and * benefits realisation. |  | |  |  |  |  | | --- | --- | --- | --- | | **Urgent** | **Important** | **Routine** | **Operational** | | **0** | **1** | **0** | **0** | |

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| **Management Action Plan - Priority 1, 2 and 3 Recommendations** |

| **Rec.** | **Risk Area** | **Finding** | **Recommendation** | **Priority** | **Management**  **Comments** | **Implementation**  **Timetable**  **(dd/mm/yy)** | **Responsible**  **Officer**  **(Job Title)** |
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| 1 | Compliance | While at the outset there is a business case to support any collaboration and it would identify efficiency, cost and/or effectiveness benefits as required under the Police Act, it has been difficult to establish/prove that once the collaboration is established that the original business case benefits have actually been realised. While the NERSOU and CDSOU collaborations have been ongoing for some time it would be good practice to review benefits as an ongoing exercise, say annually. An ongoing collaboration should demonstrate that benefits are sustained or continue to accrue to justify its continuing existence. | All collaboration projects to have an annual benefits realisation report to confirm that benefits are continuing to be achieved and where possible benefits be tangible. | 2 | *Local projects will have benefits realisation reviews.*  *Regional reviews to be discussed at the governance groups to ascertain the ability to formulate annual reports.* | *31/03/20*  *31/03/20* | *CFO & ACO*  *ACC’s for Nersou & CDSOU* |

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| **Operational Effectiveness Matters** |

| **Ref** | **Risk Area** | **Item** | **Management**  **Comments** |
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| No Operational Effectiveness Matters were identified. | | | |

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| **Detailed Findings** |

**Introduction**

1. This review was carried out in October 2019 as part of the planned internal audit work for 2019/20. Based on the work carried out an overall assessment of the overall adequacy of the arrangements to mitigate the key control risk areas is provided in the Executive Summary.

**Background**

1. Sections of the Police Act 1996 provide for joint working between police forces and/or policing bodies and/or other parties where, in the opinion of the chief officer or policing body, the collaboration delivers greater efficiency or effectiveness to at least one of the participating forces or policing bodies. The section on Legal requirements for collaboration presents a detailed account of these provisions

**Materiality**

1. The North East Regional Special Operations Unit (NERSOU) which is the largest collaboration for Cleveland Police has a revenue budget for 2019/20 of £9.187m. Cleveland Police's contribution is some 24.62% (£2.262m).

**Key Findings & Action Points**

1. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed for their full impact before they are implemented.

**Scope and Limitations of the Review**

1. The review considered the structure and agreements that are in place to include:

* the business planning of the collaborative working arrangements;
* the roles and responsibilities;
* the decision making processes;
* the performance measurement;
* monitoring of the partners; and
* benefits realisation

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Internal Audit Plan.

**Disclaimer**

1. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

**Risk Area Assurance Assessments**

1. The definitions of the assurance assessments are:

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| **Substantial Assurance** | There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved. |
| **Reasonable Assurance** | The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved. |
| **Limited Assurance** | The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved. |
| **No Assurance** | There is a fundamental breakdown or absence of core internal controls requiring immediate action. |

**Acknowledgement**

1. We would like to thank staff for their co-operation and assistance during the course of our work.

**Release of Report**

1. The table below sets out the history of this report.

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| **Date draft report issued:** | 17th October 2019 |  |
| **Date management responses received:** | 17th October 2019 |  |
| **Date final report issued:** | 22nd October 2019 |  |

1. The following matters were identified in reviewing the Key Risk Control Objective:

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| **Directed Risk: Failure to direct the process through approved policy & procedures.** |

* 1. The legal requirements for police collaboration can be found in sections of the Police Act 1996, as amended by the Policing and Crime Act 2009 and the Police Reform and Social Responsibility Act 2011.
  2. The Police Reform and Social Responsibility Act 2011 inserted sections 22B and 22C into the 1996 Police Act, which places new duties on Chief Officers and policing bodies 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 a stronger duty than the previous one for police authorities, who were required only to support collaboration by their own forces. The new duties require Chief Officers and policing bodies to work together to review opportunities to collaborate, to engage with their prospective collaboration partners and to make a judgement as to whether those opportunities present the best option available. Where collaboration is judged to be the best option, they must collaborate.
  3. Another key difference from the previous arrangements is that where collaboration would provide the best outcome for another police force or group of forces, then a Chief Officer or policing body should pursue it, even if they do not expect their own force to benefit directly itself. This is designed to ensure that collaboration takes place wherever it is in the wider public’s best interest.
  4. Cleveland Police has adopted the National Statutory Guidance for Police Collaboration issued by the Home Office as their Policy and Procedures for engaging with Collaborations. Cleveland has two Boards to identify, consider and review potential Collaborations with other Forces. These are the Coordination and Delivery Meeting (CDM) now assumed into the North East Delivery Board (NEDB) and the Joint Governance Board (JGB) now assumed into the North East Collaboration and Board (NECB).
  5. The three Forces/PCCs (Cleveland, Durham and North Yorkshire) have a Director of Collaborative Legal Services, who is on the Cleveland payroll but financially supported by all three Forces. The role is to promote and coordinate collaborations primarily across these three forces but also incorporating other Forces/organisations as deemed to be of benefit to the North East Region.
  6. The Chief Finance Officer at Northumbria manages the finances for the North East Regional Special Operations Unit (NERSOU). A report dated 17 January 2019 to the NERSOU Joint Committee identified a revenue budget for 2019/20 at £9.187m. A report dated 16 April 2019 to the NERSOU Joint Committee identified the financial contributions split for each Force/PCC for 2019/20 is as follows:
     + Northumbria 52.58%;
     + Durham 22.80%; and
     + Cleveland 24.62%.

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| **Compliance Risk: Failure to comply with approved policy and procedure leads to potential losses.** |

* 1. The following Collaboration agreements were reviewed:
     + Cleveland and Durham Special Operations Unit (CDSOU);
     + North East Region Special Operations Unit (NERSOU);
     + Evolve Programme (Dogs Support Unit (DSU)); and
     + Evolve Legal Services.
  2. Section 22A and Section 23 of the 1996 Police Act enable Chief Officers of two or more Police Forces to make a collaboration agreement about the discharge of functions by officers and staff of any of their Forces in the interest of efficiency or effectiveness. A Chief Officer may, however, only enter into a collaboration agreement with the approval of the Police and Crime Commissioner responsible for maintaining the Chief Officers Force. Similarly the Police Act 1996 enables Police and Crime Commissioners to enter into collaboration agreements about the provision of support.
  3. The Chief Constables and Police and Crime Commissioners for Cleveland, Durham and North Yorkshire are all parties to the Evolve Collaboration Project. The Evolve Overarching Agreement came into force on 20 April 2015 with all parties signing the agreement on that date.
  4. Flowing from the Evolve Overarching Agreement, the six parties (Three Chief Constables and three Police and Crime Commissioners) have all signed the collaboration agreement for the provision of a Dog Support Unit (DSU), dated 22 July 2016. This collaboration agreement although achieving the savings which the business case had predicted had encountered operational difficulties and was to be disbanded.
  5. North East Regional Specialist Operations Unit (NERSOU) includes Cleveland, Durham and Northumbria Police Forces (Chief Constables) and PCCs :The units/teams which are supported by NERSOU include:
     + An Enhanced Regional Intelligence Unit;
     + Regional Asset Recovery Team;
     + Regional Organised Crime unit;
     + Regional Prison Intelligence Unit;
     + Accredited Undercover Unit; and
     + Regional Confidential Unit.
  6. The internal audit for NERSOU is through the Northumbria PCC/CC arrangement with Gateshead Council. Gateshead undertook an audit into NERSOU during 2018/19 and on the 1 May 2019 in a letter to the Chief Constables the internal auditors concluded:

"The audit found control systems are operating well and no findings have been raised."

* 1. It was established that the 2018/19 audit considered the following areas:
     + Governance arrangements are effective and are fit for purpose;
     + Robust and effective performance reporting and monitoring processes exist;
     + Funding arrangements and controls are operating effectively;
     + Risk management and business continuity arrangements are effective;
  2. There is a robust procedure at Cleveland Police for the consideration of and decision to support a collaboration arrangement.
  3. The Minutes of four meetings of the North East Region Police and Crime Commissioners and NERSOU Joint Committee were reviewed. The meeting in July 2019, as an example, dealt with the following key issues:
     + UK Protected Persons Service (UKPPS) Funding; - as this is to go to NCA
     + 2018/19 Final Outturn Position for the finances of NERSOU;
     + 2019/20 Q1 Budget Monitoring Report;
     + Police Task Force (PTF) Evaluation Reports;
     + S22A Collaboration Agreement Update Report;
     + Q1 2019/20 NERSOU Performance Update;
     + NERSOU Update Report; and
     + Embedded Officer Accommodation.

The list of reports presented and reviewed by the Joint Committee demonstrates appropriate and adequate governance regarding NERSOU collaborations.

* 1. While at the outset there is a business case to support any collaboration and it would identify efficiency, cost and/or effectiveness benefits as required under the Police Act, it has been difficult to establish/prove that once the collaboration is established that the original business case benefits have actually been realised. While the NERSOU and CDSOU collaborations have been ongoing for some time, it would be good practice to review benefits as an ongoing exercise, say annually. An ongoing collaboration should demonstrate that benefits continue to accrue to justify its continuing existence.

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| **Recommendation: 1** | **All collaboration projects to have an annual benefits realisation report to confirm that benefits are continuing to be achieved and where possible benefits be tangible.** |
| **Priority: 2** |

* 1. This audit also considered the Evolve Programme - Legal Services. The Business Case for the Legal Services collaboration between Cleveland, Durham and North Yorkshire identified four key areas for benefits arising from the collaboration: Legal, HR, ICT and Financial. The Director of Collaborative Legal Services is currently drafting an interim benefits realisation report on the legal services collaboration. In addition, the Director has the following good practice and data analysis, all of which goes a long way to support the underlying intelligence of the service and how benefits will be identified and reported.
     + Skills matrix – which identifies what each member of the team is able to do;
     + Detailed data analysis – to identify where low value tasks are performed by high value staff;
     + A breakdown of daily activities – to provide better data to understand priority of work and performance.

This is excellent practice to better understand a demand led operation and to help maximise the real benefits that flow from a collaborative arrangement.

* 1. Overall collaboration arrangements are working well, however, benefits realisation needs to be an integral part of the project with at least an annual appraisal of the benefits to demonstrate that the project/collaboration should continue. An important part of any project/collaboration is the post completion review and to be able to demonstrate the continuing benefits of the project/collaboration.

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