

**Police and Crime  
Commissioner  
North Yorkshire**



## **Chief Officer Pay Final Report**

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## **1 Executive Summary**

Chief Police Officers, like all police officers are paid according to specific legal rules, some of which are complex. The extent to which additional benefits can be paid, outside of the Regulations and Determinations, is considered by the Government to be a matter which can be determined to some degree on a local basis. Locally determined conditions of service have been quite commonly adopted in respect of Chief Police Officers. However, it is noted that a recent Police Negotiating Board (PNB) paper has set out the current position in relation to additional payments or benefits and limits the use of this power considerably. Additional payments or benefits may be lawful, provided that specific circumstances are such that they cannot be regarded as allowances, but PCC's are advised to take legal advice before planning such payments.

In 2012/13, the Police and Crime Commissioner Julia Mulligan and Chief Constable Dave Jones commissioned a review of Chief Officer Remuneration Terms and Conditions between the financial years 2008/2009 to 2012/13.

The review concluded that there had been several local allowances paid to Chief Officers in the past, which did not appear, with the benefit of hindsight, within the power of the Police Authority to pay.

The review also identified that records had not been maintained to a high enough standard, with some key documentation and paperwork noted as missing from the relevant personal files. A recommendation was made that a better system for Chief Police Officer personal files should be adopted.

Since the publication of the Chief Officer Remuneration Terms and Conditions report, a new procedure has been adopted in relation to the retention and storage of Chief Police Officer and Statutory Officer personal files. The new procedure now requires that Chief Police Officer and Statutory Officer personal files are stored within Joint Corporate Legal Services Department. This will provide added assurance that legal advice sought in respect of HR or remuneration decisions will be appropriately retained to support the decision making process. Regular reminders to relevant department heads are issued by Joint Corporate Legal Services Department which should provide some added assurance that other relevant documentation will be retained on the personal file, however, as identified in this report, there may be instances where standard documentation is either not completed or not retained and this would not be identified.

It was noted that the recommendations made in the Chief Officer Remuneration Terms and Conditions Report in respect of the termination of payments in respect of medical insurance for Chief Officers has been implemented.

Removal expenses were agreed as part of the Terms and Conditions following the appointment of Chief Constable Jones and Assistant Chief Constable Kennedy. The audit review identified some areas for improvement in both the recording of the original decision making process and subsequent monitoring of payments made to or on behalf of Chief Police Officers.

In relation to removal expenses for Chief Constable Jones, it was identified that whilst the expenses paid were in accordance with Police Regulation 35, Annex V, there was no evidence that a limit of what is considered reasonable expenses had been agreed. North

Yorkshire Police Authority had on two occasions set a limit of £12,000 in respect of removal expenses but did not establish a standard practice. In the case of Chief Constable Jones, there was a total liability of £40,717.45. The removal expense policy, relating to chief police officers, other than the Chief Constable, developed and published as a result of the Chief Police Officer Remuneration review, states there should be a maximum reasonable limit on removal expenses, although a limit has not yet been established. There is also no such policy in respect of the Chief Constable whose appointment is made by the Police and Crime Commissioner.

The implementation of the audit recommendations will provide added assurance that the Force and/or Police and Crime Commissioner are fully aware of their liability in relation to Chief Police Officer remuneration packages and can demonstrate effective management of public funds.

	<b>Commentary</b>
<b>Effectiveness of Risk Management Approach</b>	<b>Reasonable assurance can be provided that the main risks considered are being effectively managed in respect of Chief Police Officer remuneration. The revised procedure in relation to the retention of personal files within the joint Corporate Legal Services Department should ensure all legal advice is appropriately documented and retained in relation to remuneration decisions. The introduction of the Removal Expense Policy sets out the ambit of the removal and relocation regime and guidance on how decisions are made. However a policy has yet to be developed and published in relation to removal expenses incurred by the Chief Constable.</b>
<b>Efficiency of Risk Management Approach</b>	<b>Reasonable assurance can be provided in respect of the efficiency of the risk management approach.</b>
<b>Assurance Level</b>	<b>Reasonable Assurance</b>
<b>Overall Risk</b>	<b>5:5</b>

## 2 Scope and Approach of the Audit

Internal Audit reviewed the procedures to be adopted in relation to the storage and retention of Chief Police Officer personal files.

Personal files relating to Chief Police Officer appointments made since the date of the Chief Officer Remuneration review were assessed to ensure that the Terms and Conditions are appropriately retained and supporting documentation was available in regard to any decisions relating to Chief Police Officer remuneration. The supporting documentation was reviewed to ensure that there was sufficient reference to the fact that appropriate legal advice had been sought and considered in any decision making process relating to the Chief Officer remuneration. Chief Police Officer remuneration was also reviewed to ensure that all payments made to or on behalf of the officers were in accordance with the agreed Terms and Conditions.

Each recommendation is accompanied by an assessment of the likelihood and impact of the risk identified, to North Yorkshire Police/ the Commissioner as a whole.

## 3 Report Distribution

Name/Role	Draft	Final	Final with Response
Charlotte Clarke, Acting Deputy Force Solicitor	✓	✓	✓
Jane Wintermeyer, Head of Legal Services	✓	✓	✓
Joanna Carter, Chief Executive Officer	✓	✓	✓
Jane Palmer, Chief Constable's Chief Finance Officer	x	✓	✓
Michael Porter, Commissioner's Chief Finance Officer	x	✓	✓
Risk & Assurance Unit	x	✓	✓

## 4 Observations

### 4.1 Standard documentation

Risk Exposure			Root causes		
Failure to appropriately record and retain standard and/or statutory HR/personal documentation.			Lack of consistency in the standard documentation held on personal files.		
Probability	Financial	Reputation	Operational	Legal	Rating
Probable	Nil	Negligible	Nil	Negligible	6:2

The review of the personal file of Chief Constable Dave Jones identified that there was no evidence of the completion and retention of a starter form, confirming the start date of the Chief Constable. Whilst the start date was found to be accurate according to documentation in the payroll file, the retention of this document would be expected in any other personal file. There is no apparent checklist or similar system in place to prompt staff to ensure that all documentation which could be considered as standard HR/personal file requirements is completed and stored in the personal file. It is also noted that Police Regulations 2003, Regulation 15 specifies certain personal information that is required to be present on personal files of police officers, a checklist would help ensure compliance with these requirements.

#### Recommendation 1

Consideration should be given to formulating a checklist of standard documentation that might be expected to be completed and evident in personal files. The checklist could also incorporate the personal information required as per Police Regulations 2003. The checklist could act as a prompt to ensure that appropriate standard documentation has been completed and personal information recorded and retained on file.

Consideration could also be given to including categories which include the suite of documentation likely to be present in certain personal/HR situations, eg, change of post.

## 4.2 Removal expenses for Chief Constable

Risk Exposure			Root causes		
Financial and reputational risk as a result of failure to apply appropriate limits in relation to agreed reasonable expense reimbursement.			Lack of agreed financial limit in relation to the reimbursement of reasonable removal expenses incurred upon appointment to North Yorkshire Police.		
Probability	Financial	Reputation	Operational	Legal	Rating
Unlikely	Minor	Minor	Nil	Minor	5:5

The Report of the Review of Chief Police Officer Remuneration Terms and Conditions commissioned by Chief Constable Dave Jones and Police and Crime Commissioner Julia Mulligan states that the North Yorkshire Police Authority had one occasion in 2004 and another between the financial years 2008/09 and 2012/13, agreed to reimburse reasonable relocation/removal expenses up to £12,000. In regards to the previous Chief Constable, we understand that a limit was not applied.

The personal file relating to Chief Constable Dave Jones identifies that as part of his agreed remuneration package, reference was made to removal expenses. The file contains evidence of various communications and legal advice relating to the clarification of the elements which could be claimed in accordance with Police Regulation 35 Annex V.

Internal Audit has confirmed that a total of £40,717.45 has been reimbursed or paid on behalf of Chief Constable Dave Jones in relation to his relocation from Northern Ireland to North Yorkshire. Whilst individually, the various elements to be claimed are supported by the legal advice is documented in the personal file and the payments and reimbursements approved in line with delegated authorisation limits, it should be noted that the file does not include any details regarding the financial value of any of these elements, nor prescribe any total limit deemed reasonable.

The review of the Chief Constable's remuneration since his appointment confirmed that no payments or expenses other than those included as part of the agreed offer letter and supported by legal advice have been made.

It is noted that in the aim of being open and transparent, the breakdown of the costs associated with the Chief Constable's relocation to North Yorkshire are published on the North Yorkshire Police website. In the event of challenge, North Yorkshire Police and the Police and Crime Commissioner, can clearly demonstrate how each item of expenditure is supported by appropriate legal advice and is in line with the requirements of Police Regulation 35, Annex V.

The audit confirmed that in accordance with Recommendation 5 of the Review of Chief Police Officer Remuneration Terms and Conditions report, a policy has now been developed in accordance with the Determination of Regulation 35 of the Police Regulations 2003, setting out the ambit of the removal and relocation regime within North Yorkshire Police. The policy includes guidance as to how decisions about individual items of expenditure are made.

Section 4.3 of the policy states North Yorkshire Police should set a maximum reasonable

limit on removal expenses, however no limit on police officers, who report to the Chief Constable, has yet been instituted.

Internal Audit was advised there is currently no policy in place in relation to the appointment of the Chief Constable by the Police and Crime Commissioner, therefore no policy which would apply regarding removal expenses in relation to the Chief Constable.

### **Recommendation 2**

**Where Police Regulations allow, consideration should be given to prescribing limits in relation to the reimbursement of reasonable expenses in relation to relocation/removal costs, for police officers, other than the Chief Constable. In circumstances that limits cannot be applied, the financial liability should be recognised and recorded at the time the decision is made and approved.**

### **Recommendation 3**

**The Office of the Police and Crime Commissioner should consider adopting the current North Yorkshire Police Removal Expense Policy, or alternatively develop their own policy which clearly sets out the ambit of the removal and relocation regime within the Office of the Police and Crime Commissioner and establish a limit in each case.**

### **4.3 Appointment of Assistant Chief Constable Kennedy**

The offer letter to Assistant Chief Constable Kennedy included reference to the payment of relocation costs. No other documentation or information is available in the personal file relating specifically to relocation/removal expenses.

However, a review of Mr Kennedy's payroll files indicates that removal expenses of £2,020.23 were incurred on 22/8/13. Though there was no evidence in the personal file that this expense had been specifically approved, the payment of relocation costs had been agreed as part of the Assistant Chief Constable's offer letter and the payment was approved in line with delegated authorisation limits.

No other expenses or payments in respect of either temporary accommodation or relocation were noted on the payroll file or on Mr Kennedy's remuneration records.

The review of the Assistant Chief Constable's remuneration since his appointment confirmed that no payments or expenses other than those included as part of the agreed offer letter have been made.



#### 4.4 Confirmation of Chief Police Officer Remuneration

Risk Exposure			Root causes		
Failure to identify additional payment of allowances or expenses which have not been agreed and documented in line with Force/OPCC decision making framework and may be ultra vires.			There is no reconciliation of the payments made to or on behalf of Chief Police Officers to ensure they are in line with their documented and agreed terms and conditions and where appropriate supported by robust and fully documented legal advice.		
Probability	Financial	Reputation	Operational	Legal	Rating
Unlikely	Minor	Minor	Nil	Minor	5:5

Audit testing confirmed that no payments outside of those agreed in the Terms and Conditions were evident as being paid to current Chief Officers in 2013/14 or 2014 to date.

There is no evidence of a periodic review of payroll or P2P to ensure that any payments made to or on behalf of Chief Police Officers is in line with their documented and agreed term and conditions and where appropriate, supported by robust and fully documented legal advice.

#### Recommendation 4

Consideration should be given to undertaking a periodic review of payroll and P2P to ensure that all payments/claims made to/by Chief Police Officers are in accordance with their agreed Terms and Conditions and that where additional payments are made, these are fully supported and documented to ensure they have been approved in accordance with the Scheme of Delegation and Decision Making Framework and there is evidence that the decision is supported by appropriate legal advice.

#### **4.5 Improved procedure for the retention and storage of Chief Police Officer personal files.**

The Review of Chief Police Officer Remuneration Terms and Conditions identified that in some instances, key documentation in respect of Chief Police Officer remuneration was not retained on the relevant personal files. Recommendation 1 of the report related to an improved system for Chief Police Officer personal files.

As a result, a new procedure has been developed in relation to both Chief Police Officer and Statutory Officer personal files. The procedure seeks to ensure that there is a clear and concise process for identifying and delivering relevant paperwork to be included in the appropriate personal file and will now be stored within the Joint Corporate Legal Services Department. The retention and storage of personal files within the Legal Service Department should provide added assurance that relevant legal advice in relation to Chief Police Officers is appropriately recorded on the personal file and available to support the decision making process and the periodic reminders issued to relevant department heads should provide some assurance that other, non-legal documentation is forwarded to Legal Services and retained on the personal file.

However, as identified in this report at 4.1, the new procedure will not provide any added assurance that standard non-legal personal/HR documentation not appropriately completed is identified. The implementation of Recommendation 1 would provide added assurance that all key personal/HR documentation and information required by Police Regulations 2003 is appropriately completed and retained on the relevant personal file.

#### **4.6 Payment of private medical insurance**

The audit confirmed that in accordance with Recommendation 5 of the Review of Chief Police Officer Remuneration Terms and Conditions report, the arrangement in place in respect of Deputy Chief Constable Madgwick to pay monthly medical allowance of £60.50 ceased as at 1/2/2014. No other payments to Chief Officers in respect of medical allowance or personal healthcare insurance were evidence as being paid in 2013/14 or 2014 to date.

## 5 Recommendations

#	Recommendation	Category of Rec.	Management Action	Action Manager & Completion Date	Satisfactory Response (IA View)
1	<p>Consideration should be given to formulating a checklist of standard documentation that might be expected to be completed and evident in personal files. The checklist could also incorporate the personal information required as per Police Regulations 2003. The checklist could act as a prompt to ensure that appropriate standard documentation has been completed and personal information recorded and retained on file.</p> <p>Consideration could also be given to including categories which include the suite of documentation likely to be present in certain personal/HR situations, eg, change of post.</p>	Merits Attention	<p>New Starter Checklist adapted from form used by HR for other staff and officers. Sent to relevant line managers or representative for future use when new appointments made. A Content of Personal Records Reference Sheet has also been produced for Chief Police Officer files, to act as checklist against requirements of contents as prescribed by Police Regulations. Copy sent to relevant line managers or representative to use when carrying out review of files in line with review provision of Guidance Notice on Storage of Chief Officers and Statutory Officers Personnel files. Copies also added to each of Chief Officer Personnel files currently held.</p>	<p>Acting Deputy Force Solicitor - Charlotte Clarke 17/9/2014 Recommendation Closed.</p>	Yes

#	Recommendation	Category of Rec.	Management Action	Action Manager & Completion Date	Satisfactory Response (IA View)
2	Where Police Regulations allow, consideration should be given to prescribing agreed limits in relation to the reimbursement of reasonable expenses in relation to relocation/removal costs. In circumstances that limits cannot be applied, the financial liability should be recognised and recorded at the time the decision is made and approved.	Merits Attention	<p>The current Removals Procedure states:</p> <p>'North Yorkshire Police will also from time to time, as directed by the Chief Constable or their allocated designate, set a maximum reasonable limit on removal expenses.'</p> <p>If not already done so, the CC will be asked if he wishes to set a limit as per the recommendation. If so the following steps will be implemented:</p> <ul style="list-style-type: none"> <li>- Research undertaken which will include speaking with other Forces to establish if any have limit.</li> <li>- The findings will be presented to the CC for his consideration</li> <li>- The Removal procedure will be amended if appropriate</li> </ul>	<p>Corporate HR Consultant - Catherine Gargett</p> <p>To be completed by 31 December 2014</p>	Yes
3	The Office of the Police and Crime Commissioner should consider adopting the current North Yorkshire Police Removal Expense Policy, or alternatively develop their own policy which clearly sets out the ambit of the removal and relocation regime within the Office of the Police and Crime Commissioner.	Merits Attention	The Office of the Police and Crime Commissioner accept recommendation 3 and a Removal Expenses Policy will be put in place.	<p>PCC CFO - Michael Porter</p> <p>To be completed by 31 March 2015</p>	Yes

#	Recommendation	Category of Rec.	Management Action	Action Manager & Completion Date	Satisfactory Response (IA View)
4	Consideration should be given to undertaking a periodic review of payroll and P2P to ensure that all payments/claims made to/by Chief Police Officers are in accordance with their agreed Terms and Conditions and that where additional payments are made, these are fully supported and documented to ensure they have been approved in accordance with the Scheme of Delegation and Decision Making Framework and there is evidence that the decision is supported by appropriate legal advice.	Merits Attention	Our usual expenditure authorisation processes are conducted in accordance with the Scheme of Consent, Financial Regulations and the DRM. We already have regular internal and annual external audits which encompass our expenditure authorisation process and our payroll processes. I am unclear what additional benefit would be obtained by a fuller review or check.	CC CFO & CA - Jane Palmer 28/08/2014 Recommendation Closed.	Yes

Classification of Recommendations	
<b>Fundamental</b>	Action is needed to address risks that could impact on the organisation's ability to achieve its objectives. Action will typically be organisation-wide and be necessary at the highest level. Other fundamental recommendations will be made in regard to potentially serious breaches of statutory obligations.
<b>Significant</b>	Action is needed to address risks that impact primarily on one major business area or to address lower risks on an organisation-wide basis.
<b>Merits Attention</b>	Action is advised to enhance control, remedy minor breaches of current controls or to improve efficiency.

## 6 Appendix: Assurance Level

Internal Audit assesses the effectiveness of internal control, within the scope of what is audited. This measure is therefore a relative one.

Category	Description
1	Reasonable assurance can be provided that the main risks considered are being effectively managed; action may still enhance the management of risk in a small number of areas. In addition Internal Audit has identified that the approach taken to address risk as representing good practice in this area.
2	Reasonable assurance can be provided that the main risks considered are being effectively managed. Limited management action may be required to address a small number of significant issues.
3	Limited assurance can be provided that the main risks considered are all being effectively managed. Significant management action is required to address some important weaknesses.
4	Inadequate assurance can be provided that the risks identified are being effectively managed. Significant weaknesses have been identified in the risk management action, these are likely to involve major and prolonged intervention by management. These weaknesses are such that the objectives in this area are unlikely to be met.

## 7 Appendix: Overall Assessment Criteria

Risks in this report have been assessed using the following criteria. It is the same criteria as that used by North Yorkshire Police to assess risk for the Risk Register.

Probability	Highly Probable	Nil	5:7	4:12	2:14	1:16
	Probable	Nil	5:4	5:8	3:13	2:15
	Unlikely	Nil	6:2	5:5	5:10	4:11
	Highly Improbable	Nil	6:1	6:3	5:6	5:9
	Nil	Nil	Nil	Nil	Nil	Nil
		Nil	Negligible	Minor	Significant	Catastrophic
		Impact				

Probability	Nil	< 20% Highly Improbable (HI)	20% – 40% Unlikely (UL)	40% - 60% Probable (P)	> 60% Highly probable (HP)
Impact	Nil	Negligible	Minor	Significant	Catastrophic
Financial (£)	Nil	< 10K Minimal impact upon either devolved budget or the Police fund	10 – 30K Minor impact upon either devolved budget or the Police fund	30 - 75K Significant impact upon either devolved budget or the Police fund	>75K Catastrophic impact upon either devolved budget or the Police fund
Reputation	Nil	Negligible adverse publicity. Minimal impact upon public perception	Localised adverse publicity. Minor/transient impact upon public perception of Force or Authority	Criticism at local Government level. Lasting impact upon public perception of Force or Authority	Intense national media. Criticism at national government level.
Operational	Nil	Negligible impact upon ability to deliver service and meet Force targets	Minor impact upon ability to deliver service and meet Force targets	Significant impact upon ability to deliver service and meet Force targets	Catastrophic impact upon ability to deliver service and meet Force targets
Legal Compliance	Nil	Negligible prospect of legal challenge	Minor/Transient prospect of legal challenge	Serious non compliance. Litigation/challenge	National legal issue