

## 2014 Internal Audit Reports

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## **CUMBRIA SHARED INTERNAL AUDIT SERVICE**

### **INTERNAL AUDIT REPORT**

**FOR:  
THE POLICE & CRIME COMMISSIONER FOR CUMBRIA**

**ON:  
BUDGET MANAGEMENT  
&  
MAIN ACCOUNTING SYSTEM**

**Draft Report Issued: 15 April 2014  
Final Report Issued: 9 May 2014**

**1.0 INTRODUCTION**

- 1.1 Internal Audit undertook a review of the controls in place for Budget Management and the Main Accounting System in February 2014 as part of the 2013/14 internal audit plan.
- 1.2 Information during this review was provided by staff in the Financial Services department.
- 1.3 The systems for budget management and the Oracle accounting system are used by both the PCC and Constabulary.

**2.0 SCOPE**

2.1 The following table indicates the associated risks for the areas reviewed:

KEY CONTROL AREA	KEY POTENTIAL RISKS
Budget Management	<ul style="list-style-type: none"> <li>• Decision making affected by inaccurate information</li> <li>• Budget responsibility not clearly defined</li> <li>• Untimely financial reporting</li> </ul>
Main Accounting System	<ul style="list-style-type: none"> <li>• Financial information is inaccurate / incomplete.</li> <li>• Unauthorised access / input to accounting system.</li> <li>• No reconciliation to bank information.</li> </ul>

**3.0 SUMMARY**

**3.1 EVALUATION**

3.1.1 The evaluation of controls is based on testing carried out at the time of the review, including sampling. Internal Audit assesses the controls operating in each area under review as 'good', 'satisfactory', 'fair' or 'weak'. This assessment is based on the number and grading of recommendations made.

3.1.2 Evaluations of controls following testing carried out during this review:

CONTROL AREA	EVALUATION	RECOMMENDATIONS			REPORT REF
		GRADE			
		1	2	3	
Budget Management	<b>Good</b>	-	-	1	5.0
Main Accounting System	<b>Good</b>	-	-	-	6.0

**3.2 CONCLUSION**

**Budget Management**

3.2.1 Budget setting and monitoring arrangements are well controlled as in previous years. All budgets are clearly allocated.

3.2.2 Regular reporting of the budget position together with explanation of variances at an appropriate level remains in place.

**Main Accounting System**

3.2.3 Good controls are in place to minimise the chance of erroneous mispostings. Information recorded on the system can be agreed to supporting documentation and controls are in place to ensure that all journals balance prior to input.

3.2.4 Adequate controls are in place to protect accounting information from unauthorised access and ensure data integrity.

3.2.5 Bank reconciliations are performed on a regular and timely basis and the reconciliations are independently reviewed.

**3.3 RECOMMENDATIONS**

3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:

- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed
- Grade 2: Recommendation to be addressed in order to establish a satisfactory level of internal control
- Grade 3: Minor recommendation made to improve the system under review

3.3.2 One recommendation has been made as a result of testing carried out, details are included in Appendix A – Summary of Recommendations and Action Plan.

**4.0 FOLLOW-UP**

4.1 Four recommendations were made during the previous review in March 2013, details as follows:

RECOMMENDATION	GRADE	AUDITEE RESPONSE TO ORIGINAL ACTION PLAN	ACTIONS IDENTIFIED THIS AUDIT
Budget responsibilities and delegation should be fully and consistently documented.	3	Work will take place to ensure that formal delegations are complete and fit for purpose. A further check will be made to ensure these are also reflected in the approvals hierarchy. A new post has been added to the team to assist with this work from June 2013.	Budget responsibilities & delegation have improved however a further recommendation has been made, see section 5.1.2
Virements should only be processed following	2	Procedure to be introduced to ensure all	Procedures are in place to ensure

**CUMBRIA SHARED INTERNAL AUDIT SERVICE**

appropriate approval.		budget adjustments and virements are authorised by the Principal FSO's or Financial Services Manager. A list will also be maintained to record all virements and associated approvals.	virements are approved in line with financial regulations.
Care should be taken to ensure all figures provided by the Financial Services Officers in the monthly returns are incorporated into the management accounts.	3	A procedure will be established to ensure that any changes to management accounts submissions are made by the relevant FSO and resubmitted to the principal FSO for consolidation.	Procedures are in place to ensure FSO's submit changes to the Principal FSO for updating of the accounts.
Appropriate arrangements should be put in place to ensure that bank account reconciliations are undertaken on a timely basis during staff absence and peak pressures.	2	The demands on the financial services team at the start of the 2012-13 financial year were extraordinary, following the upgrade of the financial system, which required workload to be prioritised based on an analysis of risk. On an on-going basis it is intended that the bank reconciliation will be undertaken on a timely basis.	Testing confirmed that bank account reconciliations are undertaken timely.

**5.0 BUDGET MANAGEMENT**

- 5.1.1 Roles and responsibilities for budget holders are set out in the 2013/14 budget book issued by the Constabulary's Chief Finance Officer in May 2013.
- 5.1.2 All budgets are allocated to a named budget holder who signs a statement of budget holders' responsibilities to certify that they accept responsibility for the budget and will comply with the terms and conditions set out in the budget protocols and the Rules and Financial Regulations. Two budget holders at the top level had not signed the responsibilities form – Deputy Chief Constable (new post holder) and the Constabulary's Chief Finance Officer. The Constabulary's Chief Finance Officer had signed to accept delegated responsibility from the Director of Corporate Support but had not signed for the three individual budgets assigned to him personally.
- 5.1.3 Evidence of delegation of budgets downwards was on file. However staff working within Estates had not signed to accept their delegated responsibilities and one member of staff in HR had not signed the form.

- 5.1.4 Budgets are allocated in line with areas of devolved responsibility and the coding structure of the accounts also reflects this.
- 5.1.5 Detailed consideration is given to the annual budget setting process and the longer term financial strategy, as set out in the Medium Term Financial Forecast (MTFF), which was updated in February 2014. Detailed reports are considered in advance of the budget year. The Police and Crime Plan 2013/17 was formally approved by the Police and Crime Commissioner in March 2013. The 2014/15 budget and precept was approved by the Police and Crime Commissioner in February 2014 following review by the Police and Crime Panel in January and February 2014.
- 5.1.6 Virement responsibilities are shown in the OPCC Financial Regulations 2012/13 (published November 2012 to cover the period to March 2014). The 2014/15 Financial Regulations have recently been published. A sample of virements was checked to confirm they were appropriately authorised, no issues were noted.
- 5.1.7 Management accounts are compiled on a monthly basis and there is an established timetable for this. The Principal Financial Services Officer – Revenue and Systems runs a report in Oracle and downloads this data into a spreadsheet. This data is sent to the Financial Services Officers who are required to complete three columns for budget adjustments, forecasted actual and comments. The Oracle data and the returns are then consolidated into a Constabulary level report by the Principal Financial Services Officer – Revenue and Systems. Management Accounts are reviewed by the Deputy Chief Finance Officer before they are discussed with the Constabulary’s Chief Finance Officer prior to being presented to Chief Officer Group / Police and Crime Commissioner.
- 5.1.8 Management accounts for January 2014 were reviewed and checked back to supporting information in Oracle.
- 5.1.9 Variances were agreed to the returns from the Financial Services Officers.
- 5.1.10 The Constabulary’s Chief Finance Officer reports formally to the Chief Officer Group on a monthly basis and to the Police and Crime Commissioner on a quarterly basis. At the time of the review, the latest detailed budget report presented to the PCC was for the end of quarter 2, presented in November 2013, based on actual costs to the end of September 2013. A detailed analysis is provided to show the reasons for any material variances from budget.

<b>RECOMMENDATION</b>		
Ref	Recommendation and Grade	Risks if not Actioned
R1	<ul style="list-style-type: none"> <li>A budget responsibilities sheet should be signed by the Deputy Chief Constable &amp; the Constabulary’s Chief Finance Officer.</li> <li>All staff with delegated budget responsibilities should sign to accept them (Grade 3).</li> </ul>	<ul style="list-style-type: none"> <li>No evidence of acceptance of responsibilities.</li> </ul>

## **6.0 MAIN ACCOUNTING SYSTEM**

- 6.1.1 Input to Oracle (main accounting system) is via payroll upload, journals and automatic transfer. A sample month was selected to ensure that the input to Oracle is accurate and supported by authorised documentation. A sample of journals was

traced to supporting documentation and details agreed. System controls are in place to ensure that all input balances to zero and that invalid code combinations are not accepted.

- 6.1.2 A financial codebook is maintained electronically and is available to all relevant members of staff. New codes are controlled and a sample of codes created or amended during 2013/14 was traced to approved request forms.
- 6.1.3 Access to Oracle is controlled by Financial Services Department which authorises all change requests. Oracle access is granted once training has been received which consists of one-to-one training and provision of user manuals. A monthly review of access rights is carried out to ensure they are up to date.
- 6.1.4 There are no suspense accounts within the main accounting system as the use of invalid codes is rejected by the system.
- 6.1.5 A reconciliation of the main bank account is performed each month on a timely basis and is independently reviewed.

**THE POLICE & CRIME COMMISSIONER FOR CUMBRIA  
BUDGET MANAGEMENT & MAIN ACCOUNTING SYSTEM**

**SUMMARY OF RECOMMENDATIONS & ACTION PLAN**

REPORT REFERENCE	RECOMMENDATION	GRADE	PERSON RESPONSIBLE (to be completed by client)	AGREED / INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
R1	<ul style="list-style-type: none"> <li>A budget responsibilities sheet should be signed by the Deputy Chief Constable &amp; the Constabulary's Chief Finance Officer.</li> <li>All staff with delegated budget responsibilities should sign to accept them.</li> </ul>	3	Michelle Bellis Deputy Chief Finance Officer	<p>The budget responsibilities sheet will be signed by the DCC and CC CFO in relation to 2013/14 delegations.</p> <p>In future, increased checks will be done to ensure that all budget responsibilities &amp; delegations are correctly signed and kept up to date throughout the year.</p>	31 MAY 2014

<b>ACTION PLAN AGREED BY:</b>	Michelle Bellis – Deputy Chief Finance Officer	<b>DATE:</b>	23/04/2014
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<b>ACTION PLAN APPROVED BY THE CONSTABULARY'S CHIEF FINANCE OFFICER:</b>	Roger Marshall – Chief Finance Officer	<b>DATE:</b>	08/05/2014
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# **CUMBRIA SHARED INTERNAL AUDIT SERVICE**

## **FINAL AUDIT REPORT**

**FOR:  
THE POLICE & CRIME COMMISSIONER FOR CUMBRIA**

**ON:  
CONSTABULARY PAYROLL**

**Draft Report Issued: 4 February 2014  
Final Report Issued: 27 February 2014**

**1.0 INTRODUCTION**

- 1.1 A review of the controls in place for the administration of payroll for Cumbria Constabulary was undertaken in November 2013 as part of the 2013/14 internal audit plan. The audit also reviewed compliance with the recommendations in the Winsor Report parts 1 and 2.
- 1.2 The provision of the payroll service is currently undertaken by payroll staff employed by the Commissioner (who will transfer to Cumbria Constabulary from the 1<sup>st</sup> April 2014 as part of the Commissioner’s stage 2 transfer). The Northgate Resourcelink payroll system is used. This is owned and maintained by Capita Business Services Ltd. (“Capita”) which is based in Carlisle. The calculation of gross to net pay is undertaken by Constabulary payroll staff with Capita being responsible for the pay advices, undertaking system maintenance and producing end of year returns by Electronic Data Interface (EDI) to HM Revenue and Customs.
- 1.3 A new payroll system supplied by MidlandHR is currently being implemented, which will cover both the Commissioner and the Constabulary. Parallel testing is due to commence in January 2014, going live in April 2014. This system will incorporate online overtime & expenses claims and online payslips.
- 1.4 The Payroll and Transactional Services Manager is currently on secondment to the Payroll Implementation Project.
- 1.5 Gross Police payroll year to date costs for April to October 2013 are approximately £37.1 million, averaging £5.3 million a month.
- 1.6 The following staff provided information for this review:
  - Emma Cowper, Employee Services Team Leader
  - Michelle Blenkinsopp, Employee Services Officer
  - Nicky Mair, Administrative Officer.

**2.0 SCOPE**

2.1 The following table indicates the associated risks for each individual area reviewed:

<b>KEY CONTROL AREA</b>	<b>KEY POTENTIAL RISKS</b>
Access	Unauthorised access. Inappropriate amendment. Loss of data or processing facilities.
Procedures	Inability to operate system due to lack of operating instructions and unavailability of experienced staff. Erosion of key controls due to operating shortcuts.
Input	Unauthorised / incorrect payment. Delays in processing. Uncorrected errors. Payment to unauthorised bank account.

<b>KEY CONTROL AREA</b>	<b>KEY POTENTIAL RISKS</b>
Deductions	Incorrect deductions. Late payment to third parties, potentially resulting in financial penalty for statutory deductions.
Reconciliation	Inaccurate or incomplete accounting information. Unidentified errors.

### 3.0 SUMMARY

#### 3.1 EVALUATION

3.1.1 The evaluation of controls is based on testing carried out at the time of the review, including sampling. Internal Audit assesses the controls operating in each area under review as ‘good’, ‘satisfactory’, ‘fair’ or ‘weak’. This assessment is based on the number and grading of recommendations made.

3.1.2 Evaluations of controls following testing carried out during this review:

PAYROLL CONTROL AREA	EVALUATION	RECOMMENDATIONS			REPORT REF
		GRADE			
		1	2	3	
Access	Good	-	-	-	5.1
Procedures	Good	-	-	-	5.2
Input	Good	-	1	-	5.3
Deductions	Satisfactory	-	1	-	5.4
Reconciliation	Satisfactory	-	-	1	5.5
<b>Overall evaluation</b>	<b>Good</b>	-	2	1	

#### 3.2 CONCLUSION

3.2.1 Payroll processes are well established and no major areas of concern were identified as a result of testing.

#### 3.3 RECOMMENDATIONS

3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:

- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed
- Grade 2: Recommendation to be addressed in order to establish a satisfactory level of internal control
- Grade 3: Minor recommendation made to improve the system under review

3.3.2 Three recommendations have been made as a result of testing carried out, and are included in Appendix A – Summary of Recommendations and Action Plan.

**4.0 FOLLOW-UP**

4.1 One recommendation was made during the previous review of Police payroll in December 2012, details as follows:

RECOMMENDATION	GRADE	AUDITEE RESPONSE TO ORIGINAL ACTION PLAN	ACTIONS IDENTIFIED THIS AUDIT
Appropriate arrangements should be put in place to ensure that tasks (reconciliations) are undertaken timely during staff absence and peak pressures.	2	The demands on the financial services team at the start of the 2012-13 financial year were extraordinary, following the upgrade of the financial system, which required workload to be prioritised based on an analysis of risk. On an on-going basis it is intended that payroll control account reconciliations will be undertaken on a timely basis.	Testing confirmed that account reconciliations are undertaken timely.

**5.0 PAYROLL RESULTS**

**5.1 Access**

5.1.1 The payroll system is owned and administered by Capita. Access is restricted to authorised users and can be read only if necessary. Current users with access to the system were appropriate.

5.1.2 HR and payroll staff now fulfil a dual role but write access to the payroll system has been restricted to key staff carrying out specific roles. Exception reports are produced showing new starters and changes made; these are checked by a second member of staff. Changes can only be carried out from authorised paperwork.

5.1.3 Controls over segregation of duties will be reviewed again once the new payroll system is implemented.

5.1.4 Suitable physical and electronic security is in place to protect payroll records.

5.1.5 Disaster recovery procedures were not tested as they are part of the contractual agreement with Capita and are considered adequate by Central Services.

5.1.6 Management need to ensure that continued access to historical pay data is negotiated with Capita prior to the existing contract ending on 31 March 2014.

**5.2 Procedures**

5.2.1 Detailed sets of operational procedures are maintained within Payroll. These will be updated when the new payroll system is implemented and will cover both payroll and

HR procedures. A payroll timetable is produced annually, which details monthly deadlines for the input of data and payroll processing.

5.2.2 A pay cycle checklist is used to ensure all stages of the payroll process are completed in the appropriate order and to the required timescales. These are used to control the workload, and are signed off by the Employee Services Team Leader / Payroll and Transactional Services Manager as each stage is completed.

### **5.3 Input**

5.3.1 A sample of employees was traced from the payroll system to source documentation. Details were entered correctly into the system and documents were approved by appropriate staff.

5.3.2 Overtime claims for Police Officers and Police Staff are reconciled to the payroll system prior to payment. A sample of entries within the payroll system was verified to official, approved documentation.

5.3.3 Expense claims were included as part of testing. All payments agreed from the payroll system to the supporting documentation.

5.3.4 Two sickness payments were tested. Testing was limited to confirming that doctors notes were received for the period of absence being paid for and that payments were at the correct rate. Doctors notes were held on file and payments were correct.

5.3.5 Five maternity payments were tested. Dates agreed from the MATB1 forms to the payroll system and the employees appeared correctly paid based on the constabulary's occupational maternity scheme and statutory entitlements. An error was noted on the pay costing file for one maternity payment (see 5.5.2 for details).

5.3.6 It was confirmed that 'on-call' and 'away from home overnight' allowances are being paid in line with the Winsor review recommendation.

5.3.7 A sample of new starters from the current financial year was selected for testing. All had evidence of vetting and references on file, where applicable.

5.3.8 A sample of leavers was also selected for testing. It was confirmed that pay ceased on the last day for the entire sample. One of the sample (00876) appeared to have 9 hours outstanding leave omitted from their final salary payment.

5.3.9 Testing performed on the sample provided adequate assurance that controls are in place to ensure the accuracy of information entered into the system.

5.3.10 A monthly exception reporting routine is in place, which identifies specific anomalies within the pay-run. These are checked by the Administrative Officers and the Employee Services Team Leader / Payroll and Transactional Services Manager to identify and correct anomalies prior to processing. Reports are produced, checked and cleared on a monthly basis.

5.3.11 Basic salaries on a graded scale are attached to individual posts within the payroll system. Standard salaries are input to the system on an annual basis, based on

nationally agreed pay-scales provided by the Police Negotiating Board. Employees sampled were all paid salaries in accordance with guidance.

5.3.12 A pay rise of 1% was awarded in October 2013, back dated to September 2013. No checks were made on salary increases as the dates were outside the scope of this review.

5.3.13 The Winsor review recommended that competency related threshold payments are not given to new applicants. Review of a sample of these payments made during 2013/14 confirmed that the payments were not made to new applicants.

5.3.14 The Winsor review also recommended that Special Priority Payments ceased. The payfiles reviewed showed that one Special Priority Payment had been paid in April 2013. The employee had been on maternity leave when the final applications for this payment were made. She challenged the non-payment which was subsequently approved by HR.

RECOMMENDATION		
Ref	Recommendation and Grade	Risks if not Actioned
1	The outstanding annual leave for 00876 should be checked and paid. (Grade 2)	<ul style="list-style-type: none"> <li>Incorrect payments made to staff.</li> </ul>

#### 5.4 Deductions

5.4.1 Deductions are automatically calculated within the payroll system. The Payroll section extracts deductions from system prints and maintains a spreadsheet of deductions due within the current month. Appropriate creditor payments and journals are arranged from information in the spreadsheet.

5.4.2 One of the sample tested had a deduction under the 'Bike to Work' scheme. The August deduction was £175.11 this was queried as the contract showed monthly payments of £58.37. The 'Bike to Work' deductions for July had been input as negative amounts by a new member of staff which resulted in employees being paid the amounts rather than have them deducted. The error was noticed too late to stop the payments being made. Scheme members were contacted and advised that additional payments would be taken from their August salary to correct the error.

5.4.3 The Payroll and Transactional Services Manager is to request that Capita amend the pay field so only positive amounts are accepted as with the 'Child Care Sacrifice' scheme.

RECOMMENDATION		
Ref	Recommendation and Grade	Risks if not Actioned
2	New members of staff should be closely supervised and their work checked prior to the pay run deadline so errors can be rectified before payments are made. (Grade 2)	<ul style="list-style-type: none"> <li>Incorrect payments made to staff.</li> </ul>

**5.5 Reconciliation**

5.5.1 Cost allocation details are included on costing files from Capita, which are received and actioned in Payroll. Payment runs are uploaded to the Main Accounting System by Finance.

5.5.2 The monthly payroll listing was used as the basis for testing. Of the maternity payments selected for testing one amount could not be reconciled from the listing to the payslip or manual record (01750 May 2013). This was queried with Capita and the explanation was that there had been a change of cost centre in the period and the automatic uplifts for SMP in excel can sometimes fail when this occurs but they are usually flagged on an exception report. For some reason the file still balanced to zero and therefore the error was not flagged for investigation.

5.5.3 The Payroll and Transactional Services Manager / Employee Services Team Leader reconciles gross to net pay as part of the monthly checking process. Variations within the various pay elements are analysed monthly.

5.5.4 The Payroll and Transactional Services Manager / Employee Services Team Leader reviews and approves payment runs, which are then initiated by Capita.

5.5.5 Several control accounts have been set up within the accounting system, which effectively reconcile uploaded accounting information to payments made. Reconciliations are performed on a monthly basis. A review of reconciliations found that all the accounts had been prepared and reviewed on a timely basis.

<b>RECOMMENDATION</b>		
<b>Ref</b>	<b>Recommendation and Grade</b>	<b>Risks if not Actioned</b>
3	Enquiries should be made to ensure that there were no other errors with the uplifts of maternity pay. (Grade 3)	<ul style="list-style-type: none"> <li>Accounting information is incorrect.</li> </ul>

**CUMBRIA CONSTABULARY  
PAYROLL ADMINISTRATION**

**SUMMARY OF RECOMMENDATIONS & ACTION PLAN**

REPORT REFERENCE	RECOMMENDATION	GRADE	PERSON RESPONSIBLE (to be completed by client)	AGREED / INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
1	The outstanding annual leave for 00876 should be checked and paid.	2	Ann Dobinson Head of Central Services	Arrangements have been made to make the payment of 9 hours annual leave.	MARCH 2014
2	New members of staff should be closely supervised and their work checked prior to the pay run deadline so errors can be rectified before payments are made.	2	Ann Dobinson Head of Central Services	Processes in place to ensure all work undertaken by new members of staff is checked before the payroll process is run.  Changes within the Northgate payroll system have been made to ensure only negative figures can be entered against salary sacrifice schemes.	NOVEMBER 2013  FEBRUARY 2014
3	Enquiries should be made to ensure that there were no other errors with the uplifts of maternity pay.	3	Ann Dobinson Head of Central Services	Capita to build in additional checks on the costing file on relation to maternity pay prior to submission to the Constabulary. New payroll system has a redesigned costing file process built in liaison with Financial Services.	MARCH 2014

<b>ACTION PLAN AGREED BY:</b>	<i>Ann Dobinson, Head of Central Services</i>	<b>DATE:</b>	24/02/2014
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<b>ACTION PLAN APPROVED BY THE CHIEF FINANCE OFFICER:</b>	ROGER MARSHALL, Chief Constable's Chief Finance Officer	<b>DATE:</b>	10/03/2014
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# **CUMBRIA SHARED INTERNAL AUDIT SERVICE**

## **FINAL AUDIT REPORT**

**FOR:  
THE POLICE & CRIME COMMISSIONER FOR CUMBRIA**

**ON:  
PAYROLL**

**Draft Report Issued: 4 February 2014  
Final Report Issued: 6 March 2014**

## 1.0 INTRODUCTION

- 1.1 A review of the controls in place for the administration of Cumbria Office of the Police and Crime Commissioner payroll was undertaken in November 2013 as part of the 2013/14 internal audit plan.
- 1.2 Testing relating to Cumbria Office of the Police and Crime Commissioner staff was limited due to the small number of staff in the department, currently 11, with an agreed establishment of 13.5, therefore controls and procedures for the payroll service for the OPCC were reviewed in conjunction with Cumbria Constabulary payroll review. Reliance is placed, in some areas, on the findings of the Constabulary payroll review.
- 1.3 The provision of the payroll service is currently undertaken by Cumbria Constabulary Payroll staff. The Northgate Resourcelink payroll system is used. This is owned and maintained by Capita Business Services Ltd. ("Capita") which is based in Carlisle. The calculation of gross to net pay is undertaken by Constabulary payroll staff with Capita being responsible for the pay advices, undertaking system maintenance and producing end of year returns by Electronic Data Interface (EDI) to HM Revenue and Customs.
- 1.4 Cumbria Police are currently implementing a new payroll system supplied by MidlandHR. Parallel testing is due to commence in January 2014, going live in April 2014. This system will incorporate online overtime & expenses claims and online payslips.
- 1.5 The Payroll and Transactional Services Manager is currently on secondment to the Payroll Implementation Project.
- 1.6 Gross OPCC payroll year to date costs for April to October 2013 are approximately £289,400, averaging £41,353 a month.
- 1.7 The following staff provided information for this review:
  - Emma Cowper, Employee Services Team Leader
  - Michelle Blenkinsopp, Employee Services Officer
  - Nicky Mair, Administrative Officer
  - Dawn Cowperthwaite, Budget Officer

## 2.0 SCOPE

- 2.1 The following table indicates the associated risks for each individual area reviewed:

KEY CONTROL AREA	KEY POTENTIAL RISKS
Access	Unauthorised access. Inappropriate amendment. Loss of data or processing facilities.
Procedures	Inability to operate system due to lack of operating instructions and unavailability of experienced staff. Erosion of key controls due to operating shortcuts.

Input	Unauthorised / incorrect payment. Delays in processing. Uncorrected errors. Payment to unauthorised bank account.
Deductions	Incorrect deductions. Late payment to third parties, potentially resulting in financial penalty for statutory deductions.
Reconciliation	Inaccurate or incomplete accounting information. Unidentified errors.

### 3.0 SUMMARY

#### 3.1 EVALUATION

3.1.1 The evaluation of controls is based on testing carried out at the time of the review, including sampling. Internal Audit assesses the controls operating in each area under review as ‘good’, ‘satisfactory’, ‘fair’ or ‘weak’. This assessment is based on the number and grading of recommendations made.

3.1.2 Evaluations of controls following testing carried out during this review:

PAYROLL CONTROL AREA	EVALUATION	RECOMMENDATIONS			REPORT REF
		1	2	3	
Access	Good	-	-	-	5.1
Procedures	Good	-	-	-	5.2
Input	Good	-	-	-	5.3
Deductions	Good	-	-	-	5.4
Reconciliation	Good	-	-	-	5.5
<b>Overall evaluation</b>	<b>Good</b>	-	-	-	

#### 3.2 CONCLUSION

3.2.1 Payroll processes are well established and no major areas of concern were identified as a result of testing.

#### 3.3 RECOMMENDATIONS

3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:

- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed
- Grade 2: Recommendation to be addressed in order to establish a satisfactory level of internal control
- Grade 3: Minor recommendation made to improve the system under review

3.3.2 No recommendations have been made as a result of testing carried out on the OPCC staff payroll.

## 4.0 FOLLOW-UP

4.1 As this is the first review of the arrangements in place for the OPCC payroll there are no recommendations for follow up.

## 5.0 PAYROLL RESULTS

### 5.1 Access

5.1.1 The payroll system is owned and administered by Capita. Access is restricted to authorised users and can be read only if necessary. Current users with access to the system were appropriate.

5.1.2 HR and payroll staff fulfil a dual role but write access to the payroll system has been restricted to key staff carrying out specific roles. Exception reports are produced showing new starters and changes made; these are checked by a second member of staff. Changes can only be carried out from authorised paperwork.

5.1.3 Controls over segregation of duties will be reviewed again once the new payroll system is implemented.

5.1.4 Suitable physical and electronic security is in place to protect payroll records.

5.1.5 Disaster recovery procedures were not tested as they are part of the contractual agreement with Capita and are considered adequate by Central Services.

5.1.6 Management need to ensure that continued access to historical pay data is negotiated with Capita prior to the existing contract ending on 31 March 2014.

### 5.2 Procedures

5.2.1 Detailed sets of operational procedures are maintained within Payroll. These will be updated when the new payroll system is implemented and will cover both payroll and HR procedures. A payroll timetable is produced annually, which details monthly deadlines for the input of data and payroll processing.

5.2.2 A pay cycle checklist is used to ensure all stages of the payroll process are completed in the appropriate order and to the required timescales. These are used to control the workload, and are signed off by the Employee Services Team Leader / Payroll and Transactional Services Manager as each stage is completed.

### 5.3 Input

5.3.1 There was one new starter in the period reviewed but this was not part of the sample selected for testing so reliance was placed on the findings from the Constabulary review of the processes relating to new employees. All had evidence of vetting and references on file. There were no matters arising.

5.3.2 Expense claims were included as part of testing. All payments agreed from the payroll system to the supporting documentation.

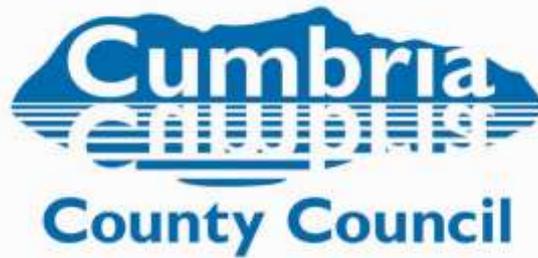
- 5.3.3 There was one leaver in the period reviewed which was tested as part of the audit review. No recommendations were made as a result of testing carried out.
- 5.3.4 Testing performed provided adequate assurance that controls are in place to ensure the accuracy of information entered into the system.
- 5.3.5 A monthly exception reporting routine is in place, which identifies specific anomalies within the pay-run. These are checked by the Administrative Officers and the Employee Services Team Leader / Payroll and Transactional Services Manager to identify and correct anomalies prior to processing. Reports are produced, checked and cleared on a monthly basis.
- 5.3.6 A pay rise of 1% was awarded in October 2013, back dated to September 2013. No checks were made on salary increases as the dates were outside the scope of this review.

## 5.4 Deductions

- 5.4.1 Deductions are automatically calculated within the payroll system. The Payroll section extracts deductions from system prints and maintains a spreadsheet of deductions due within the current month. Appropriate creditor payments and journals are arranged from information in the spreadsheet.
- 5.4.2 Only one type of deduction was identified for OPCC staff. This was not tested during the review but deductions were tested as part of the Constabulary review. Reliance was placed on the findings relating to the processes in operation. One recommendation was made as a result of testing undertaken, this related to the supervision of new members of staff inputting deduction information. The Payroll and Transactional Services Manager is to request that Capita amend the deduction pay field so only positive amounts are accepted.

## 5.5 Reconciliation

- 5.5.1 Cost allocation details are included on costing files from Capita, which are received and actioned in Payroll. Payment runs are uploaded to the Main Accounting System by Finance.
- 5.5.2 The Payroll and Transactional Services Manager / Employee Services Team Leader reconciles gross to net pay as part of the monthly checking process. Variations within the various pay elements are analysed monthly.
- 5.5.3 The Payroll and Transactional Services Manager / Employee Services Team Leader reviews and approves payment runs, which are then initiated by Capita.
- 5.5.4 Several control accounts have been set up within the accounting system, which effectively reconcile uploaded accounting information to payments made. Reconciliations are performed on a monthly basis. A review of reconciliations found that all the accounts had been prepared and reviewed on a timely basis.



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## **CUMBRIA SHARED INTERNAL AUDIT SERVICE**

### **FINAL INTERNAL AUDIT REPORT**

**FOR:  
THE POLICE AND CRIME COMMISSIONER FOR CUMBRIA**

**ON:  
CREDITOR PAYMENTS  
& PETTY CASH**

**Draft Report Issued: 15 May 2014**  
**Final Report Issued: 4 June 2014**

## 1.0 INTRODUCTION

- 1.1 Internal Audit undertook a review of the controls in place for creditor payments and HQ Petty Cash as part of the 2013/14 internal audit plan.
- 1.2 As at the end of March 2014, creditor payments for the OPCC and Constabulary for the 2013/14 financial year totalled approximately £50.4 million.
- 1.3 Information during this review was provided by staff in the Central Services and Financial Services departments.

## 2.0 SCOPE

- 2.1 The following table indicates the associated risks for each individual area reviewed:

KEY CONTROL AREA	KEY POTENTIAL RISKS
Creditor Payments	<ul style="list-style-type: none"> <li>• Payment of incorrect amount</li> <li>• Inappropriate purchases</li> <li>• Payment to wrong supplier</li> <li>• Delay in payment</li> <li>• Accounts do not reflect actual expenditure</li> </ul>
Petty cash	<ul style="list-style-type: none"> <li>• Inappropriate use of petty cash</li> <li>• Unauthorised transactions</li> <li>• Unsupported transactions</li> </ul>

## 3.0 SUMMARY

### 3.1 EVALUATION

- 3.1.1 The evaluation of controls is based on testing carried out at the time of the review, including sampling. Internal Audit assesses the controls operating in each area under review as 'good', 'satisfactory', 'fair' or 'weak'. This assessment is based on the number and grading of recommendations made.
- 3.1.2 Evaluations of controls following testing carried out during this review:

CONTROL AREA	EVALUATION	RECOMMENDATIONS			REPORT REF
		GRADE			
		1	2	3	
Creditors	<b>Good</b>	-	-	1	5.0
Petty Cash	<b>Good</b>	-	-	-	6.0

### 3.2 CONCLUSION

#### Creditors

- 3.2.1 All items processed through the e-procurement system were authorised as per the built in hierarchy determined by the Constabulary. For items not going through the e-procurement system the OPCC and Constabulary's approval lists were up to date and clearly showed codes with an authoriser against them.

### Petty Cash

3.2.2 Petty cash reimbursements and reconciliations are undertaken regularly and expenditure appeared reasonable.

## 3.3 RECOMMENDATIONS

3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:

- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed
- Grade 2: Recommendation to be addressed in order to establish a satisfactory level of internal control
- Grade 3: Minor recommendation made to improve the system under review

3.3.2 One recommendation has been made as a result of testing carried out, and is included in Appendix A – Summary of Recommendations and Action Plan.

## 4.0 FOLLOW-UP

4.1 Three recommendations were made during the previous review of Creditor Payments and Petty Cash (March 2013).

4.2 Actions taken to address these were followed up below:

RECOMMENDATION & GRADE		POTENTIAL RISK IF NOT ACTIONED	AGREED ACTION (IMPLEMENTATION DATE)	ACTION TAKEN / COMMENTS
The scheme of delegation should be fully updated, and authorisation levels adhered to, to ensure that only authorised staff approve invoices for payment.	2	Poor financial management  Unauthorised expenditure	The approvals hierarchy will be reviewed and will ensure that <ul style="list-style-type: none"> <li>• All expenditure categories have appropriate expenditure authorisers attached to them.</li> <li>• All codes are linked to an expenditure category.</li> <li>• That the approvals hierarchy accords with agreed budget delegations.</li> </ul> A process to regularly update the approvals hierarchy will be put in	The approvals hierarchy was reviewed and was up to date. All codes had an authoriser with their approval limits shown.

**CUMBRIA SHARED INTERNAL AUDIT SERVICE**

			place. All staff will be reminded of the importance of ensuring that expenditure is appropriately authorised in accordance with financial regulations.	
Appropriate arrangements should be put in place to ensure that tasks (reconciliations) are undertaken on a timely basis during staff absence and peak pressures.	2	Issues not identified in a timely manner.	The demands on the financial services team at the start of the 2012-13 financial year were extraordinary, following the upgrade of the financial system, which required workload to be prioritised based on an analysis of risk. On an on-going basis it is intended that accounts payable control account reconciliations will be undertaken on a timely basis.	Testing confirmed that reconciliations are undertaken on a timely basis.
All checks on new supplier records / amendments should be evidenced on the change form.	3	Incorrect payments made	Procedures have been revised to ensure that all new supplier records are checked by two people and that the supplier form is countersigned by both members of staff. All relevant staff have been informed.	Testing confirmed that procedures have been revised. Changes to supplier records are independently reviewed.

**5.0 CREDITORS**

- 5.1.1 Responsibilities for ordering and paying for work, goods and services are shown in the OPCC Financial Regulations 2012/13 (published November 2012 to cover the period to March 2014). The 2014/15 Financial Regulations were approved by the OPCC in March 2014, effective from 1 April 2014. The Constabulary are currently updating the Financial Rules which provide more detail on the practical application of the financial regulations.
- 5.1.2 Under the e-procurement system individuals' tasks are restricted by their system access levels.
- 5.1.3 One member of staff (A Cichon) had 2 user accounts set up for both Creditor Payments Accounts Payable Supplier Management and Creditor Payments Purchase Order Requisitions. She had originally been employed as agency staff and then appointed as permanent staff.

- 5.1.4 Requests for goods or services are initiated by staff completing a request form on Sharepoint which is authorised by the appropriate Manager, as per the built-in hierarchy, and then automatically forwarded to Central Services Department to raise an order. Some requisitions under £250 in value are designated as self-approved as set out in the scheme of delegation. Orders over £10,000 are automatically sent for further authorisation, based on a purchasing hierarchy set up in the system. This is designed to ensure that the proper procurement processes are followed in accordance with contract standing orders.
- 5.1.5 Processed requisitions are turned into supplier orders by 'buyers'. Ten staff have 'buyer' access levels but it was stated that on a day to day basis only two staff actually perform the role. Requisitioners cannot turn the requisition into an order and buyers cannot raise a requisition or receipt goods so there is an adequate segregation of duties in the process.
- 5.1.6 Items ordered through the e-procurement system must be 'goods received' onto the system before payment can be made to the supplier. Currently, 85 people are able to receipt goods in the system, including Central Services staff and some front counter / administrative staff.
- 5.1.7 A number of purchases remain outside the e-procurement system for items where orders are not used, for example utility bills. These are referred to as non-matched invoices. The OPCC and Constabulary's approvals listings are used by Central Services staff to determine who can authorise non-order invoices. The lists are managed and updated by the Financial Services department.
- 5.1.8 The Chief Superintendent Territorial Command is currently the only authoriser for a number of codes under 'Territorial'. This was raised with the Principal Financial Services Officer – Revenue and Systems as delays to requisitions and payments may arise when the Chief Superintendent is absent. Audit were advised that this issue is to be discussed with the Chief Superintendent Territorial Command.
- 5.1.9 A sample of 45 payments to suppliers was reviewed of which 19 had been processed through the e-procurement system (42%), 17 were non-order invoices, 7 were fleet orders processed using Tranman and 2 related to a credit note and salary deduction.
- 5.1.10 Invoices reviewed were bona fide, expenditure and coding appeared reasonable and in line with business requirements based on the description of items as per the invoices. All payments were authorised in line with the approvals hierarchy.
- 5.1.11 Invoices are scanned and attached to the record in Oracle. There was a clear audit trail of correspondence and approvals linked to orders within the system.
- 5.1.12 The majority of payments are processed by BACS. Access to the BACS system is restricted and effectively controlled.
- 5.1.13 Controls are in place to prevent duplicate payments occurring, including the creditors system not allowing an identical invoice number to be entered against a supplier account where it has already been processed. The OPCC is also involved in the biennial National Fraud Initiative data exercise which helps to identify any duplicate creditor payments and submitted its data for the latest exercise in October 2012.

- 5.1.14 Reconciliation of the Accounts Payable Ledger to the General Ledger was reviewed for 2013/14. The account was reconciled on a timely basis with regular review by the Principal Financial Services Officer – Capital and Technical.
- 5.1.15 A sample of 10 new / amended suppliers were selected for testing to ensure that the changes were appropriately documented. All had supporting documentation for the change with checklists on file which were clearly initialled with evidence of checking by a second member of staff.
- 5.1.16 The promptness of invoice payments was reviewed for 2013/2014. 85.5% of payments had been paid to terms within the period (58% at the time of the last audit review). Monthly figures were between 73% and 93% paid on time. The average days late were 27.72, with monthly averages between 18.83 and 52.27 days. These statistics are published on the Central Services Department page of the Intranet.

RECOMMENDATION		
Ref	Recommendation and Grade	Risks if not Actioned
R1	The user authorisations for A Cichon should be reviewed (Grade 3)	<ul style="list-style-type: none"> <li>Poor control over system access</li> </ul>

## 6.0 PETTY CASH

- 6.1.1 The HQ petty cash is administered and held by the Central Services Department.
- 6.1.2 Information on petty cash overview and control is included in the OPCC Financial Regulations 2012/13 (published November 2012 to cover the period to March 2014). The Constabulary will update the Financial Rules in line with the 2014 OPCC approved Financial Regulations, which provide more detail on the practical application of the financial regulations.
- 6.1.3 The overall petty cash imprest is £3,500 which is split between the areas as follows:
- HQ - £2,000
  - Kendal / Barrow - £500 (£250 each)
  - Workington - £500
  - Carlisle - £500
- 6.1.4 The HQ petty cash was reconciled to the imprest level of £2,000 at the date of the audit.
- 6.1.5 The HQ and area petty cash activity was reviewed for the current financial year and expenditure appeared reasonable for the business and for petty cash usage and was supported by vouchers and VAT receipts where applicable.
- 6.1.6 Regular reconciliations of the petty cash are undertaken and one reimbursement made each month for HQ and areas together (when all supporting paperwork has been received from the areas).
- 6.1.7 Petty cash and the cheque book are held securely in a keypad safe in the Central Services Department with restricted access.

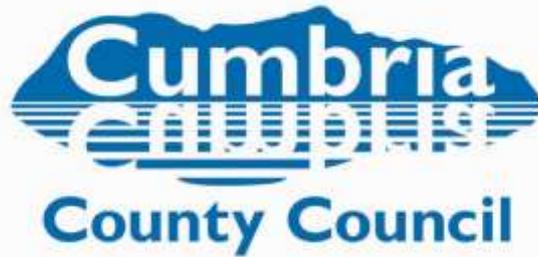
**THE POLICE & CRIME COMMISSIONER FOR CUMBRIA  
CREDITOR PAYMENTS & PETTY CASH**

**SUMMARY OF RECOMMENDATIONS & ACTION PLAN**

REPORT REFERENCE	RECOMMENDATION	GRADE	PERSON RESPONSIBLE <small>(to be completed by client)</small>	AGREED / INTENDED ACTION <small>(to be completed by client)</small>	IMPLEMENTATION DATE <small>(to be completed by client)</small>
R1	The user authorisations for A Cichon should be reviewed.	3	Ann Dobinson Head of Central Services	A Cichon's user access to the Creditor Payments Accounts Payable Supplier Management to be removed	Request for amendment to user access sent to Financial Services on 15 May 2014.

<b>ACTION PLAN AGREED BY:</b>	<i>Ann Dobinson, Head of Central Services</i>	<b>DATE:</b>	
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<b>ACTION PLAN APPROVED BY THE CONSTABULARY'S CHIEF FINANCE OFFICER:</b>	Roger Marshall, CC CFO	<b>DATE:</b>	04 June 2014
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*Serving the People of Cumbria*

# **CUMBRIA SHARED INTERNAL AUDIT SERVICE**

## **FINAL AUDIT REPORT**

**FOR:  
THE POLICE AND CRIME COMMISSIONER FOR CUMBRIA**

**ON:  
DEBTORS, INCOME AND BANKING**

**Draft Report Issued: 27 March 2014**  
**Final Report Issued: 2 April 2014**



## 1.0 INTRODUCTION

- 1.1 Internal Audit undertook a review of the controls in place for debtors, income and banking systems in January 2014 as part of the 2013/14 internal audit plan.
- 1.2 Information during this review was provided by staff in the Financial Services and Central Services departments.

## 2.0 SCOPE

- 2.1 The following table indicates the associated risks for the areas reviewed:

KEY CONTROL AREA	KEY POTENTIAL RISKS
Debtors/income/banking	<ul style="list-style-type: none"> <li>• Costs not billed where appropriate</li> <li>• Debt write off not controlled</li> <li>• Inaccurate accounting</li> <li>• Income due not received</li> <li>• Income not banked promptly</li> </ul>

## 3.0 SUMMARY

### 3.1 EVALUATION

- 3.1.1 The evaluation of controls is based on testing carried out at the time of the review, including sampling. Internal Audit assesses the controls operating in each area under review as 'good', 'satisfactory', 'fair' or 'weak'. This assessment is based on the number and grading of recommendations made.

- 3.1.2 Evaluations of controls following testing carried out during this review:

CONTROL AREA	EVALUATION	RECOMMENDATIONS			REPORT REF
		GRADE			
		1	2	3	
Debtors	Satisfactory	-	1	2	5.0
Income	Good	-	1	-	6.0
Banking	Good	-	-	-	7.0

### 3.2 CONCLUSION

#### Debtors

- 3.2.1 Debtor accounts are processed via the Oracle AR module. They were accurate and agreed to supporting documentation, where appropriate, though not all this documentation was held within the system. Debtor income is entered directly into the AR module and matched to invoices. Staff that raise invoices do not have access to receipt income.
- 3.2.2 Staff in the Financial Services Department undertake reconciliations between the Accounts Receivable ledger and the control account balance in the General Ledger. Testing confirmed that reconciliations are undertaken monthly.

3.2.3 Debt recovery procedures are included in the Financial Rules. The Business Services Team Leader stated that he reviewed the debt analysis report every month and testing confirmed that debt recovery work has been undertaken on a regular basis.

**Income**

3.2.4 Significant income sources were verified to supporting documentation. Controls are in place to check that income is received fully and on time.

3.2.5 The majority of income is received via direct credit to the bank, but where it is received manually, controls are in place to ensure that it is duly receipted, banked and correctly coded, in particular the split between miscellaneous income and income relating to debtors.

**Banking**

3.2.6 Bankings are undertaken regularly so delays are minimal.

**3.3 RECOMMENDATIONS**

3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:

- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed
- Grade 2: Recommendation to be addressed in order to establish a satisfactory level of internal control
- Grade 3: Minor recommendation made to improve the system under review

3.3.2 Four recommendations have been made as a result of testing carried out, and are included in Appendix A – Summary of Recommendations and Action Plan.

**4.0 FOLLOW-UP**

4.1 Five recommendations were made during the previous review of Debtors and Income in March 2013.

4.2 Actions taken to address these were followed up below:

RECOMMENDATION & GRADE	POTENTIAL RISK IF NOT ACTIONED	AGREED ACTION (IMPLEMENTATION DATE)	ACTION TAKEN / COMMENTS
Supporting documentation should be attached to the AR system wherever possible. (Grade 2)	No information in case of a query.	The need to attach supporting documentation was reiterated to the Financial Services Team on 26/03/13.	This is still an issue, see section 5 for details

<b>RECOMMENDATION &amp; GRADE</b>	<b>POTENTIAL RISK IF NOT ACTIONED</b>	<b>AGREED ACTION (IMPLEMENTATION DATE)</b>	<b>ACTION TAKEN / COMMENTS</b>
Appropriate arrangements should be put in place to ensure that control account reconciliations are undertaken on a timely basis during staff absence and peak pressures. (Grade 2)	Issues not identified in a timely manner.	The demands on the financial services team at the start of the 2012/13 financial year were extraordinary, following the upgrade of the financial system, which required workload to be prioritised based on an analysis of risk. On an on-going basis it is intended that accounts receivable control account reconciliations will be undertaken on a timely basis.	Testing confirmed that account reconciliations are undertaken timely.
Appropriate arrangements should be put in place to ensure that debt is followed up on a timely basis during staff absence and peak pressures. (Grade 2)	Debts become unrecoverable.	The Central Services Department was a newly created department on the 1 April 2012 and the demands faced by new staff into the department were huge. This combined with the implementation of two new systems, required workloads to be prioritised. A monthly debt collection routine has been undertaken since January 2013 and additional staff are being trained to provide resilience in this area.	Review of the debt analysis spreadsheet confirmed monthly routines are being followed.
It should be ensured that staff are aware of guidelines for banking large amounts, and that they are followed. (Grade 3)	Large values not promptly banked.	Staff responsible for banking income have been reminded about the guidelines around banking large amounts of money, 16.4.13.	No issues were noted
All income received should be receipted. (Grade 2)	Income not accounted for.	Importance of receipting all monies and communication between the administration of seized cash and banking arrangements have been reiterated to staff 16.4.13. Seized cash procedures amended to include a date money receipted and banked.	One amount of seized cash was not receipted in the period reviewed.

## **5.0 DEBTORS**

5.1.1 All invoices are raised via the Accounts Receivable (AR) module within Oracle.

- 5.1.2 Financial Services Officers are responsible for raising their own invoices within the Oracle system, as are the Alarms Unit. Invoices in respect of boarding up of properties are raised by Central Services Department.
- 5.1.3 An Accounts Receivable Training Manual has been produced by the Financial Services team as well as procedures for creating new customers and Oracle AR Income Receipting procedures.
- 5.1.4 Central Services Department have produced Debt Management procedural flow charts for staff.
- 5.1.5 Individuals' tasks are restricted by their system access levels and it was confirmed there is an appropriate segregation of duties between those who can raise invoices and those able to receipt the income received.
- 5.1.6 Information on debtors and income is included in the Financial Regulations and in more detail in the existing Financial Rules. Revised Financial Regulations were approved by the Commissioner in March 2014 and these are being adopted by the Constabulary. The revised financial regulations are effective from 1 April 2014. The Constabulary will update the Financial Rules which provide more detail on the practical application of the financial regulations.
- 5.1.7 A sample of invoices and credit notes issued in 2013/14 was obtained. Supporting documentation should be scanned and attached to the electronic AR file. No supporting documents were attached for the sample of 20 invoices reviewed. Audit was informed that supporting documentation would not be expected for 11 of the invoices as no backup information was sent with the invoice. The paperwork was subsequently provided for the remaining 9 records, audit were advised that these have now been scanned and electronically attached to the relevant invoice file.
- 5.1.8 Fifteen credit notes had been raised in the period April – December 2013. A sample of 6 was selected for testing. Internal procedures require credit notes to be authorised by the Deputy Chief Finance Officer before being issued. A 'Credit note authorisation for the month end' form is completed for sign off. Two of the sample had been authorised, 1 form was not signed and 3 forms were not on file.
- 5.1.9 No monitoring of the timeliness of raising invoices is undertaken. Those able to raise invoices should do so on a timely basis.
- 5.1.10 The Accounts Receivable ledger balance is reconciled to the control account balance in the general ledger. Reconciliations were undertaken monthly and reviewed by the Principal Financial Services Officer (Capital & Technical).
- 5.1.11 A monthly debt analysis report, showing debt over 3 months old or over £4,000, is prepared and reported to the Business Services Team Leader in the Central Services Department who has monthly meetings with the debt recovery team. The aged debt report is signed off and passed to the Deputy Chief Finance Officer.
- 5.1.12 At the time of the audit review the latest outstanding debt analysis report related to January 2014. Recent debt recovery action was noted against all the debts listed. There were a number of cases where information had been passed to Senior Officers or the Legal Department for assistance. Six cases were still not progressing and the

debt recovery team were chasing other departments for updates so that appropriate action could be taken to clear the debts.

5.1.13 A report from the CP Ledger as at 24 January 2014 showed outstanding debt was £301k. The report shows credit notes totalling £12,861 which leave a total of £289k outstanding debt. £31,257 of the outstanding debt was over 3 months old, which includes £10,079 which was passed for write off on 7 January 2014. The Deputy Chief Finance Officer advised that although the Commissioner’s Chief Finance Officer had given approval for this debt to be written off on 15 January 2014, system set up issues prevented this debt from being written off in the system, these issues have now been resolved and the debt has been written off.

5.1.14 The 2013/14 bad debt provision reduced slightly from the previous year and was approved by the OPCC Chief Finance Officer in March 2013. One debt of £1,489 has been written off during the current financial year with a request for an additional £10,079 write off approved by the OPCC Chief Finance Officer in January.

<b>RECOMMENDATIONS</b>		
<b>Ref</b>	<b>Recommendations and Grades</b>	<b>Risks if not Actioned</b>
R1	Supporting documentation should be attached to the AR system wherever possible (Grade 2).	<ul style="list-style-type: none"> <li>No information in case of a query.</li> </ul>
R2	Credit note authorisation forms should be retained on file to confirm compliance with internal procedures. (Grade 3)	<ul style="list-style-type: none"> <li>Internal procedures not followed</li> </ul>
R3	Departments contacted for information regarding outstanding debts should respond in a timely manner to facilitate debt recovery (Grade 3)	<ul style="list-style-type: none"> <li>Debts become unrecoverable</li> </ul>

## **6.0 INCOME**

6.1.1 A listing of total income posted in 2013/14 to December (totalling £100,367,149) was obtained and reviewed.

6.1.2 Central Services department staff open the post, on receipt into the department, on a rota basis. Once sorted, income is passed to one of seven staff members for receipting. Income is then held in the safe until the weekly banking process is complete. Finance staff prepare income documents listing income received which are sent to the Financial Services department to post the income into Oracle. Weekly bankings are undertaken by two members of staff, additional bankings are carried out if large sums are received.

6.1.3 Debtor’s income received through the post is recorded on an invoices spreadsheet and sent to Finance who add this to their list of debtor income received directly to the bank. This list is then sent back up to Central Services to enter into AR. Transactions from the AR module automatically transfer into the general ledger each night.

6.1.4 During the audit review a check was made of the main safe. This safe holds seized cash that cannot be banked as it may be required for evidential purposes and forensic examination. A summary of cash held is maintained. At the time of the audit cash held totalled £219,855.70, exceeding the £200k insurance limit. Audit brought this to the attention of the Deputy Chief Finance Officer who arranged for the safe

limit to be increased to £250k and steps have been taken to bank some of the cash held.

<b>RECOMMENDATION</b>		
<b>Ref</b>	<b>Recommendation and Grade</b>	<b>Risks if not Actioned</b>
R4	Staff should ensure that cash held does not exceed the safes insurance limits and inform the Deputy Chief Finance Officer if it does (Grade 2)	<ul style="list-style-type: none"> <li>• Cash held is not insured.</li> </ul>

## **7.0 BANKING**

7.1.1 From the sample of income tested it was confirmed that income is banked promptly. It was stated that income is banked once a week, meaning the likelihood of not meeting the banking target of within 5 working days of its receipt, as per the existing Financial Rules, is small.

7.1.2 A review of bank reconciliations confirmed that the bank account is reconciled on a monthly basis with independent review by the Principal Financial Services Officer (Capital & Technical).

**THE POLICE AND CRIME COMMISSIONER FOR CUMBRIA  
DEBTORS, INCOME AND BANKING**

**SUMMARY OF RECOMMENDATIONS & ACTION PLAN**

REPORT REFERENCE	RECOMMENDATION	GRADE	PERSON RESPONSIBLE (to be completed by client)	AGREED / INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
R1	Supporting documentation should be attached to the AR system wherever possible.	2	Michelle Bellis Deputy Chief Finance Officer	Staff have been reminded again of the need to attach supporting documentation to all debtors invoices.  A system of spot checks will be put in place to ensure compliance with the requirement.	27 March 2014
R2	Credit note authorisation forms should be retained on file to confirm compliance with internal procedures.	3	Michelle Bellis Deputy Chief Finance Officer	Financial Services staff have been reminded of the need to obtain approval for credit notes and attach proof to the debtors record for future reference.	27 March 2014
R3	Departments contacted for information regarding outstanding debts should respond in a timely manner to facilitate debt recovery.	3	Clive Davidson Business Services Team Leader	Meetings held with Legal Services to ensure a more robust and timely assistance is provided by Legal Services. New debt collection letters have been produced to speed up the process.	3 March 2014
R4	Staff should ensure that cash held does not exceed the safes insurance limits and inform the Deputy Chief Finance Officer if it does.	2	Clive Davidson Business Services Team Leader	New procedures have been introduced in February 2014 to ensure that all seized cash banked is entered onto a spreadsheet which highlights cash totals held in the safe.	3 February 2014

				Cash & limits are reviewed continually and where necessary insurance limits are increased by the Deputy Chief Finance Officer.	
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<b>ACTION PLAN AGREED BY:</b>	Michelle Bellis Deputy Chief Finance Officer & Ann Dobinson Head of Central Services	<b>DATE:</b>	27 March 2014
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<b>ACTION PLAN APPROVED BY THE CHIEF FINANCE OFFICER:</b>	Roger Marshall, Chief Finance Officer	<b>DATE:</b>	07 May 2014
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## **CUMBRIA SHARED INTERNAL AUDIT SERVICE**

### **INTERNAL AUDIT REPORT**

**FOR:  
THE CUMBRIA OFFICE OF THE POLICE AND CRIME  
COMMISSIONER**

**ON:  
PENSIONS ADMINISTRATION**

**Draft Report Issued: 6 January 2014**  
**Final Report Issued: 27 January 2014**

## 1.0 INTRODUCTION

- 1.1 Internal Audit undertook a review of the controls in place for the administration of Police pensions in November 2013 as part of the 2013/14 internal audit plan.
- 1.2 Police Pension Scheme administration is provided by Capita Hartshead. Police pension calculations for both the Police Pension Scheme 1987 and the New Police Pension Scheme 2006 and the maintenance of all serving officers' records is undertaken by Capita in Banstead with the Police pension payroll and lump sum payments being instigated by Capita in Darlington.
- 1.3 Gross Police pensions are around £1.94 million per month, with year to date costs for April to October 2013 of approximately £13.6 million. Most retiring officers elect to commute the maximum allowable amount of their pension into a lump sum payment.
- 1.4 The Payroll and Transactional Services Manager is currently on secondment to the Payroll Implementation Project.
- 1.5 The following staff provided information for this review:
  - Emma Cowper, Employee Services Team Leader
  - Michelle Blenkinsopp, Employee Services Officer
  - Mark Carter, Financial Services Officer - Corporate.

## 2.0 SCOPE

- 2.1 The following table indicates the associated risks for each individual area reviewed:

KEY CONTROL AREA	KEY POTENTIAL RISKS
Contract	Police liability for any contractor errors. Poor service quality.
Entitlement	Incorrect calculation of pension/lump sum entitlement.
Payments	Incorrect payments made. Payments to those not/no longer entitled to receive these.
Deductions	Incorrect deductions.
Accounting	Pension transactions not fully/accurately reflected in Oracle GL.

## 3.0 SUMMARY

### 3.1 EVALUATION

- 3.1.1 The evaluation of controls is based on testing carried out at the time of the review, including sampling. Internal Audit assesses the controls operating in each area under review as 'good', 'satisfactory', 'fair' or 'weak'. This assessment is based on the number and grading of recommendations made.

3.1.2 Evaluations of controls following testing carried out during this review:

PENSION CONTROL AREA	EVALUATION	RECOMMENDATIONS			REPORT REF
		GRADE			
		1	2	3	
Contract	Good	-	-	-	5.1
Entitlement	Good	-	-	-	5.2
Payments	Good	-	-	-	5.3
Deductions	Good	-	-	-	5.4
Accounting	Good	-	-	-	5.5
<b>Overall evaluation</b>	<b>Good</b>	-	-	-	

**3.2 CONCLUSION**

3.2.1 Police Pension processes are well established and no major areas of concern were identified as a result of testing. There are good working relationships with Capita and there is appropriate monitoring of performance.

**3.3 RECOMMENDATIONS**

3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:

- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed
- Grade 2: Recommendation to be addressed in order to establish a satisfactory level of internal control
- Grade 3: Minor recommendation made to improve the system under review

3.3.2 No recommendations have been made as a result of testing carried out

**4.0 FOLLOW-UP**

4.1 Two recommendations were made during the previous review of Police pensions (November 2012). Actions taken are shown in the table below:

RECOMMENDATION	GRADE	AUDITEE RESPONSE TO ORIGINAL ACTION PLAN	ACTIONS IDENTIFIED THIS AUDIT
It should be determined whether leaver notifications require signing by a member of HR before being processed.	3	It has been formally agreed to change the process so that all police leaver notifications are accepted once signed off by Chief Officers and the completion of a change of circumstances form signed by Personnel staff / Employee Services staff has been removed.	Not applicable

Consideration should be given to adding to the KPI's reported on by Capita for transfer values in so that it can be determined that Employee Services have received all information on these.	3	Capita Hartshead has been informed to add an additional report providing details of all completed Transfer Values in to the monthly performance standards report. The first report will be included in the February 2013 performance standards report.	A report covering the period January to August was received in September. Capita have now been requested to send this data monthly.
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## 5.0 PENSION RESULTS

### 5.1 Contract

5.1.1 A contract is in place between the Police and Capita Hartshead for the provision of Police pension administration and payroll. The initial contract ended on 31 August 2008, but has been extended annually. The latest agreed extension ends on 31 August 2014.

5.1.2 The contract includes a detailed specification of work to be carried out by Capita and also includes a set of performance measures that are reported on a monthly basis to the Head of Central Services. The latest performance measures show that the contract is operating well and no issues have been noted.

5.1.3 In September Capita sent a report detailing all Transfers In received for the period January to August 2013. It is expected that this report will be sent monthly in future and Employee Services are setting up a system to enable them to monitor this information. Details of scheme leavers, transfer values-in and transfer values-out had been received for November 2013.

5.1.4 The contract clearly states Capita's responsibility for ensuring that calculations and subsequent payments are correct and made on time. It also specifically requires Capita to immediately reimburse the Police for any overpayment and then seek recovery from the party that was overpaid.

### 5.2 Entitlement

5.2.1 Employee Services inform Capita of forthcoming pensioners and provides them with standard details for each new pensioner including age, length of service and pensionable pay (including any Competency Threshold Payments), which are the key factors in determining pension entitlement. Additional information is also provided by the retiring officer to confirm their commutation option and to which bank account they want their lump sum and monthly pension to be paid into. Details are reviewed and authorised by the Employee Services Team Leader prior to submission to Capita.

5.2.2 Capita calculates the monthly pension due and the amount of the lump sum. A copy of the calculation is then sent to Employee Services so that the lump sum amount can be noted for subsequent checking, when Capita request release of the funds.

Where an officer has opted not to commute any part of their pension into a lump sum, copy calculations are not provided, as no checks are made by the Police over individual monthly entitlements. Reliance is placed on Capita to calculate these correctly and there are provisions in the contract to protect the Police if errors are made.

5.2.3 A sample of six new pensions was tested. All were supported by authorised notification from the retiring officer and approved requests/supporting information to Capita. Pensionable pay calculations were checked back to payroll and length of service was agreed to personal files and payroll. Each of the sample had a copy of their retirement letter or a letter informing them they were to be retired on ill health grounds on file. Where Competency Threshold Payments made up the final pensionable pay these had been calculated on the best of the last three years in accordance with guidance.

5.2.4 Change of circumstances forms are no longer completed. A copy of the retirement / resignation letter is passed to payroll after authorisation by a Chief Officer. All letters had been duly authorised.

5.2.5 In terms of on-going pension entitlement, Capita is informed directly of any deaths of pensioners by the next of kin, so that the necessary adjustments can be made to the pension payroll. The Police subscribe to the biennial National Fraud Initiative (NFI) data matching exercise run by the Audit Commission. They are currently examining the 2012/13 records and a report will be published once this exercise is complete.

### **5.3 Payments**

5.3.1 Both lump sum payments and monthly pensions are initiated by Capita, Darlington. For lump sums, Employee Services maintain a spreadsheet record of lump sums due, taken from copy calculations provided by Capita. As each lump sum falls due, Capita requests approval to release payment and this is confirmed via email by an appropriate officer. Sample testing confirmed appropriate checks and authorisation of lump sums is in place.

5.3.2 A monthly pension file is provided to Employee Services for approval prior to payment. The Payroll and Transactional Services Manager / Employee Services Team Leader reviews the overall level of payments and deductions in relation to previous periods, prior to authorising payment via BACS. Based on the sample tested it is confirmed that appropriate checks and authorisation of the monthly pension payroll is in place.

5.3.3 Audit checks were carried out to ensure monthly payments to new pensioners reflected calculated amounts. It was confirmed that for the sample tested the correct monthly amounts had been paid to individual pensioners based on the latest payroll (October 2013). Correct lump sums had also been paid.

### **5.4 Deductions**

5.4.1 New contribution rates for employees on both the old and new pension scheme came into effect in April 2013. New rates are based on employee earnings.

- 5.4.2 Employee pension deductions are automatically calculated within the payroll system. A sample of pension deductions was manually rechecked and this confirmed that the correct percentage deductions were being applied to the appropriate pay components.
- 5.4.3 Employer pension contributions for the same sample were also manually rechecked and found to be at the correct rate.
- 5.4.4 Employee Services stated that they had checked pension contributions in September for the Annual Benefits Statements due 31 August 2013. Errors had been found in the contribution rates paid by three employees on Tier 3. Employees affected had been contacted and arrangements made for the contribution shortfalls to be repaid over a three month period. Capita were also contacted and asked to amend the records accordingly.

## **5.5 Accounting**

- 5.5.1 A monthly costing file of Police pension payments is provided by Capita, Darlington, to enable transactions to be entered into Oracle GL. The costing file is uploaded via standard ADI journal templates and checks are made on screen to ensure that all code validation rules have been met and the total data has been accepted by the Oracle system. This process is carried out by staff in Finance and a system report is retained to evidence the upload. This was seen for a sample period and the totals agreed to the pension payroll summary.
- 5.5.2 An Oracle query report is run to ensure that net pay is correct. Sampling results confirmed its accuracy.
- 5.5.3 A sample of lump sum payments was agreed to Oracle and payments were traced to the bank statements.
- 5.5.4 One lump sum coded as an 'ordinary' lump sum in Oracle was actually an 'ill-health' lump sum. Finance carry-out checks on the coding every two months. The next check was due to be carried out and this would be amended at the beginning of December. The mis-coding will be amended as part of this process when checking was next undertaken.
- 5.5.5 Receipts for transfer values in to the pension scheme and for transfer values out of the scheme are separately recorded in Oracle. Again Capita deal with these and for transfers in, deposit cheques into the Police bank account from Darlington and then advise the Police of this. Similarly request for payments of transfers out also originate from Capita. Transfer values in and out for the current financial year were traced from Oracle to the bank statements and for transfers out to the authorisation of the payments.



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## **CUMBRIA SHARED INTERNAL AUDIT SERVICE**

### **FINAL AUDIT REPORT**

**FOR:  
THE POLICE AND CRIME COMMISSIONER FOR CUMBRIA**

**ON:  
CAPITAL PROGRAMME MONITORING & ASSET REGISTER**

**Draft Report Issued: 3 March 2014  
Final Report Issued: 4 March 2014**

## 1.0 INTRODUCTION

- 1.1 Internal Audit undertook an audit review of capital programme monitoring and the asset register in December 2013 as part of the 2013/14 internal audit plan.
- 1.2 The following staff provided information during this review:
- Lorraine Holme, Principal Financial Services Officer (Capital & Technical);
  - Clive Davidson, Business Services Team Leader;

## 2.0 AUDIT SCOPE

- 2.1 The following table indicates the associated risks reviewed by Internal Audit for each individual area:

KEY CONTROL AREA	KEY POTENTIAL RISKS
Capital Programme Monitoring & Asset Register	<ul style="list-style-type: none"> <li>• Capital projects / assets not in line with business needs;</li> <li>• Capital projects are unaffordable;</li> <li>• Capital costs /assets are not recorded properly;</li> <li>• Capital costs are not controlled / monitored.</li> </ul>

## 3.0 OVERALL EVALUATION, CONCLUSION & RECOMMENDATIONS

### 3.1 EVALUATION

- 3.1.1 The evaluation of controls is based on testing carried out at the time of the audit, usually based on sampling. Internal Audit assesses the controls operating in each audited area as 'good', 'satisfactory', 'fair' or 'weak'. This assessment is based on the number and grading of recommendations made.
- 3.1.2 Table A: Evaluations of controls following testing carried out during this audit review:

AREA REVIEWED	EVALUATION	RECOMMENDATIONS			REPORT REF
		1	2	3	
Capital Programme Monitoring & Asset Register	Good	-	-	-	5.0

### 3.2 CONCLUSIONS

- 3.2.1 A capital strategy was approved by the OPCC in February 2013, informed by the various asset strategies and replacement programmes. The approved capital strategy for 2013/14 is £11.9 million, less outturn adjustments, leaving an approved base budget of around £9 million. Capital spend in 2013/14 is projected to be just over £7.6 million.

- 3.2.2 Individual schemes are managed effectively and are subject to regular scrutiny and review. Monitoring reports are provided to the Chief Officer Group and the Police and Crime Commissioner.
- 3.2.3 Costs are recorded against specific capital schemes and sampled payments were reasonable. 80% of the sample had been processed through the i-procurement system and had been authorised in line with the scheme of delegation provided. Of the remaining invoices sampled; 2 were through the TranMan system and 1 was a non-order invoice which was authorised in line with the scheme of delegation.
- 3.2.4 Asset registers are maintained on an annual basis by financial services, who calculate depreciation charges for upload into Oracle. All asset registers had been updated for 2012/13 and checked back to the ledger. All had been formally certified as accurate and signed by the department.
- 3.2.5 The capital strategy clearly sets out the anticipated costs of the programme and how this will be funded and this is reflected in both the medium term financial forecast and the prudential indicators.
- 3.2.6 Risk in respect of capital is included as part of the Financial Services Risk Register and control measures stated in the register are in place.

### **3.3 RECOMMENDATIONS**

- 3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:
  - Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed.
  - Grade 2: Recommendation which should be addressed in order to establish a satisfactory level of internal control.
  - Grade 3: Minor recommendation made to improve the system under review.
- 3.3.2 No recommendations have been made as a result of testing carried out.

### **4.0 FOLLOW UP TO THE PREVIOUS AUDIT REVIEW**

- 4.1 Monitoring arrangements for the capital programme were last reviewed in December 2012 and were assessed as satisfactory. The four recommendations made in the previous report were examined to determine the action taken. See table below:

<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>AUDITEE RESPONSE TO ORIGINAL ACTION PLAN</b>	<b>ACTIONS IDENTIFIED THIS AUDIT</b>
All costs / credits against a specific project should be reported on the same scheme line in Committee reports.	3	A review will be undertaken to ensure that all costs are correctly reported to COG and PCC.	No issues were identified during this review.

RECOMMENDATION	GRADE	AUDITEE RESPONSE TO ORIGINAL ACTION PLAN	ACTIONS IDENTIFIED THIS AUDIT
The capital coding list should be reviewed to ensure that descriptions are not misleading.	3	Capital code list has been reviewed and descriptions amended as appropriate	Capital code list has been updated and descriptions amended.
Asset Registers should be signed annually as accurate and complete and a copy retained on file by Finance.	3	Procedure notes for the completion of assets registers have now been developed and include a step to get asset registers signed by the relevant Head of Service prior to inclusion in the final accounts file. The Deputy Chief Finance Officer will check to ensure that this has been done	All asset registers had been signed by an appropriate member of staff at the year end.
The guidance / procedural notes for compiling the monthly capital monitoring reports should be updated.	3	The procedure notes will be updated and circulated to all relevant staff.	Guidance notes have not been produced. The Principal Financial Services Officer gives new staff one-to-one training on capital monitoring.

## 5.0 DETAILED FINDINGS & RECOMMENDATIONS

### Strategy / Programme

- 5.1.1 A revised Estates Strategy for 2013/17 was being prepared at the time of this audit review (December 2013) for approval by the OPCC. There are rolling fleet replacement and adaptation programmes and an ongoing IT replacement programme.
- 5.1.2 The capital strategy is derived from these strategies and the current overall capital programme for 2013/14, including schemes brought forward from previous years, was approved by the OPCC in February 2013. It included details of estates, fleet and ICT capital schemes for the next ten years. Individual capital schemes require a business case to be approved by the OPCC. Internal Audit agreed a sample of schemes to approved business cases.
- 5.1.3 Reports on the capital programme include detailed explanations of any slippages against timescale and any material cost variances.
- 5.1.4 All capital projects are allocated a budget holder and project manager, so responsibility for delivering individual schemes is clear. Monthly and quarterly capital monitoring reports are distributed by Financial Services so that costs can be checked and reviewed against budgets. Controls are in place to ensure that information is accurate and complete.

### Monitoring

- 5.1.5 All project managers complete a monthly capital project monitoring report which requires an estimate of future costs and timing of payments, together with explanations of any variances. The information from the monthly reports is subject to financial diligence by the Deputy Chief Financial Officer and is then used to collate overall capital monitoring reports on a quarterly basis for the OPCC.
- 5.1.6 All quarterly reports reviewed were signed by both the project manager and budget holder (though not necessarily dated). It was noted that not all monthly monitoring reports had been signed, dated, and returned by the project managers, however Finance reported that they follow up responses on bigger projects and where it is considered items need reporting or follow up.
- 5.1.7 Stephen Kirkpatrick, Director of Corporate Support, is the budget holder for 84% of the number of schemes with a capital budget approved for 2013. Monthly meetings are held between Director of Corporate Support, department heads and finance to discuss capital projects / budgets. For schemes overseen by the Director of Corporate Support finance propose moving to a quarterly consolidated report for sign off for all the capital projects he is budget holder for (monthly where meetings allow). The project managers will continue to report monthly and for all non Corporate Support projects the budget holder will continue to sign the monthly sheet at the quarter end.

#### **Audit tests**

- 5.1.8 Capital invoices are clearly coded and costs for specific projects are allocated to unique codes. A sample of invoices was selected for testing and of these 80% related to orders placed through the i-procurement system. All were authorised in line with the scheme of delegation provided. The others related to items ordered through the TranMan System and one non-order invoice. Coding was reasonable for all but one record. One invoice sampled was coded to C5345 – Computer and Printing Consumables, this code is disabled within Oracle. The order had been placed in March 2013 and received in May 2013. The code had been left open until the invoice was received. The coding adjustments have now been made.
- 5.1.9 No changes have been made to how capital accruals and retentions are dealt with at year-end routines.

#### **Asset register**

- 5.1.10 Six asset registers are maintained by Finance on excel spreadsheets on behalf of the respective departmental business owners responsible for the accuracy of the base data. The asset registers are as follows:
- Intangible Assets;
  - Equipment;
  - Plant;
  - IT Fixed Assets;
  - Vehicles;
  - Land & Buildings.
- 5.1.11 The registers are collated on an annual basis at the year-end from Oracle GL and depreciation charges are calculated for input to Oracle GL. As part of the final accounts process asset registers are forwarded to relevant departmental managers to check that they are accurate and complete and agree to local records. A signed copy is returned to Finance. All asset registers had been signed as agreed for the year ending March 2013.

5.1.12 Asset register spreadsheets are held on the Finance department network, within the technical folder. It was stated that this folder is restricted to Finance employees, but that only relevant members of staff access and amend the registers.

### **Depreciation**

5.1.13 A sample of assets was tested to confirm that the 2012/13 depreciation charged was calculated in accordance with the Commissioner's accounting policy and reflects the estimated useful lives of relevant assets. No issues were noted.

### **Capital funding**

5.1.14 The funding of the capital programme is clearly set out in the capital strategy (2013-14 and beyond). Over the 4 year life of the medium term budget 2016/17, capital scheme expenditure is estimated as £23 million. The sources of funding are capital receipts (£1.1m), capital grants (£7.7m), revenue contribution to capital (£4.8m), capital reserves (£7.5m) and borrowing (£2m).

5.1.15 A number of properties were sold in the 12 month period to December 2013. Proceeds from the sale of the properties was traced from the capital receipt spreadsheet maintained by finance to the bank statements confirming that the monies had been received.

### **Procedures**

5.1.16 The OPCC Financial Regulations includes a section on the Capital Programme and Assets, setting out the overall framework and control in this area. Operational guidance / procedure notes for maintaining and completion of asset registers have been produced.

5.1.17 Procedures relating to the compilation of the monthly capital monitoring reports have not been formally documented. Current budget holder / project managers have been in post for a number of years and are aware of their responsibilities regarding scheme monitoring. Finance will provide one-to-one training to any new budget holder / project manager.

### **Risk Management**

5.1.18 The Financial Services Risk Register includes a risk relating to capital projects / expenditure. This was reviewed by the Head of Financial Services in November 2013 and control measures stated in the register are in place and operational.



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# SHARED INTERNAL AUDIT SERVICE

## INTERNAL AUDIT REPORT

A REPORT FOR  
THE CUMBRIA OFFICE  
OF  
THE POLICE & CRIME COMMISSIONER

A REPORT ON

Data Quality: Anti Social Behaviour

Draft Report Issued: 3<sup>rd</sup> February 2014  
Draft Report Re-issued: 12th March 2014  
Final Report Issued: 17<sup>th</sup> March 2014

## 1.0 INTRODUCTION

- 1.1 In December 2013 Internal Audit undertook a review of Anti-Social Behaviour, at the request of the Chief Finance Officer / Deputy Chief Executive of the Cumbria Office of the Police and Crime Commissioner.
- 1.2 The review was requested in October 2013 following an upward trend in the levels of anti-social behaviour since May 2013, with a steep rise in July 2013, reported by the Constabulary.
- 1.3 The Police and Crime Plan for Cumbria 2013-17 highlights anti-social behaviour as a priority issue with a clear objective to reduce the impact anti-social behaviour has on our communities. The specific performance aim is to remain as one of the two lowest areas for anti-social behaviour in Cumbria's Most Similar Forces Group.
- 1.4 Cumbria Constabulary's Anti-Social Behaviour Strategy 2011 defines anti-social behaviour as:

“any aggressive, intimidating or destructive activity that damages or destroys another person's quality of life”.

A victim of anti-social behaviour is assessed as vulnerable if:

“a victim of anti-social behaviour is vulnerable if the conduct in question causes an adverse impact on their quality of life; or they believe they are vulnerable; or they have suffered anti-social behaviour or something similar before”.

- 1.5 The contacts for this review were:-
  - Peter Berry – Force Crime Registrar
  - Ruth Harmer – Force Incident Registrar
  - Paul Jenner – Anti-Social Behaviour Steering Group
  - Stephanie Stables – Performance Consultant
  - Sarah Smith – Information Management Assistant

## 2.0 SCOPE

- 2.1 The scope of the audit was as follows:
  - Document the system(s) for collating and recording anti-social behaviour and consider their appropriateness.
  - Ascertain what internal checking of the data is carried out and what findings have been reported (including subsequent actions).
  - Review a sample of anti-social behaviour incidents in the system to ascertain whether they have been correctly classified and meet the National Standard for Incident Recording. Ensure coverage across all Territorial Policing Areas and compliance with current procedures.
  - Conclude on the overall robustness and accuracy of the data.

- Consider how the reported reduction in anti-social behaviour overall has been achieved.

## 3.0 SUMMARY

### 3.1 EVALUATION

- 3.1.1 The evaluation of controls is based on testing carried out at the time of the review. Internal Audit assesses the controls operating in each area under review as 'good', 'satisfactory', 'fair' or 'weak'. This assessment is based on the number and grading of recommendations made.
- 3.1.2 The overall evaluation for the controls operated in this area is **fair**.

### 3.2 CONCLUSION

- 3.2.1 Anti-social behaviour is a clear strategic priority for the Constabulary. A comprehensive Anti-Social Behaviour Strategy and Toolkit is in place, guidance is widely available for staff, training is ongoing and a well-established internal system of incident data quality checking exists. Actions arising from both internal and external data quality reviews are incorporated into an Anti-Social Behaviour Implementation Plan and followed up by the Anti-Social Behaviour Steering Group.
- 3.2.2 The results of this internal audit review and the Force Incident Registrar's review of anti-social behaviour highlight that further work is required to meet the necessary standards. Call listening tests indicate that call handlers appreciate the importance of establishing vulnerability, repeat occasions, the impact upon anti-social behaviour victims and the need for Anti-Social Behaviour Risk Assessments but this information is not consistently logged and relayed to attending officers in accordance with established procedures. This information is fundamental to identifying vulnerable victims, providing an appropriate level of support and achieving positive outcomes for victims and their communities. There remains a need for established anti-social behaviour protocols to be strictly adhered to. Closer joint working between the Central Crime Management Unit and the Communications Centre regarding data quality issues has the potential to raise standards in this area.
- 3.2.3 35% of incidents failed to comply with National Crime Recording Standards. This is an ongoing issue within Cumbria Constabulary, already highlighted by Force Crime Registrar reviews and Internal Audit data quality reviews. Activities have been ongoing to address the data quality risks highlighted. Key recommendations arising from Audit and Inspection work are monitored on an ongoing basis with quarterly updates to the Joint Audit and Standards Committee. An HMIC inspection of crime and incident recording is scheduled for mid-2014.

### 3.1 RECOMMENDATIONS

- 3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:

- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed.
- Grade 2: Recommendation which should be addressed in order to establish a satisfactory level of internal control.
- Grade 3: Minor recommendation made to improve the system under review.

3.3.2 Recommendations are included to this report as Appendix A – Summary of Recommendations and Action Plan (for the attention of Cumbria Constabulary).

## 4 DETAILED FINDINGS & RECOMMENDATIONS

### 4.1 Incident Recording

4.1.1 The Constabulary records incidents of anti-social behaviour in accordance with the provisions of the National Standards for Incident Recording (NSIR). In 2011/12 a new framework of definitions for categorising incidents of anti-social behaviour recorded by the police was introduced and greater emphasis was placed on a risk based victim-based approach to recording. The framework divides anti-social behaviour incidents into three categories that have been adopted by the Constabulary:

- Nuisance – where the caller is affected because they are witnessing the incident or because of their location at the time e.g. children playing out late and keeping local residents awake.
- Personal – the behaviour is directed to a specific individual or group e.g. disputes between neighbours.
- Environmental – the behaviour is having an effect on the environment e.g. non-permanent graffiti.

4.1.2 These three categories represent the incident opening codes within ASPIRE (Call recording & logging system) and STORM (System for Tasking & Operational Resource Management). Incident classifications are selected from drop down lists of clear, current options. This is one of a number of built in controls within STORM to reduce the scope for human error, missing data and inaccurate data. Others include mandatory fields and access security levels. For instance there is a requirement to specify whether a victim is vulnerable / upset and to indicate if an Anti-Social Behaviour Risk Assessment (ASBRA) is required.

4.1.3 Reliance is placed on call handlers within the Communications Centre to probe callers to establish if they are repeat victims and if they are vulnerable and record this appropriately. Communications Centre staff also have access to previous call logs on both ASPIRE and STORM to establish if the caller is repeat or not. These two elements are key to the anti-social behaviour process and determine the incident grading and subsequent deployment.

4.1.4 Call handlers and dispatchers are required to log a basic level of information, thereafter officers add additional information to the log. Where Anti-Social Behaviour Risk Assessments generate silver or gold scores then it is necessary to open a CASEMAN record within the crime recording system. This file is used to record and track follow up contact with victims and action taken and requires supervisor sign off.

## 4.2 Strategy & Guidance Material

- 4.2.1 In 2010 Her Majesty's Inspectorate of Constabulary (HMIC) carried out a review of anti-social behaviour in England and Wales producing individual reports on each police force. Follow up reviews were undertaken and reported upon by the HMIC in 2012. The follow up report noted continuous progress since 2010 with a refreshed Anti-Social Behaviour Strategy and a clear Improvement Plan. However the report also identified that Cumbria Constabulary still need to do more to ensure that all anti-social behaviour victims are identified as soon as they contact the police and that supervisors actively track all anti-social behaviour victims.
- 4.2.2 Cumbria Constabulary published an updated Anti-Social Behaviour Strategy in 2011 to address the findings of the 2010 review. The Strategy is comprehensive and reflects the Constabulary's commitment to addressing all incidents of anti-social behaviour. The Strategy is published on the Constabulary's intranet.
- 4.2.3 At an operational level there is a 'Tools and Powers Guide for Dealing with Anti-Social Behaviour' which outlines the process for dealing with anti-social behaviour incidents in Cumbria. The guide includes information regarding Anti-Social Behaviour Risk Assessments (ASBRA), process maps, a Victim's Toolkit to help provide a better level of service to victims and an Offender's Toolkit covering ways of dealing with offenders. The Guide is available to all staff on the Constabulary's intranet.
- 4.2.4 Further information about anti-social behaviour is available on the Constabulary's intranet such as performance information, Home Office guidance, community resolution material and links to SLEUTH (crime recording system) to perform specific anti-social behaviour searches. There is also an anti-social behaviour e-learning package designed for Police Officers, Police Community Support Officers and Special Constables, with an introduction from the Assistant Chief Constable.
- 4.2.5 An Anti-Social Behaviour Improvement Plan was drafted following the 2010 HMIC review to address the suggested improvements. The plan is overseen and managed by the Anti-Social Behaviour Steering Group chaired by the Chief Superintendent and regularly attended by the Assistant Chief Constable. The group meets on a quarterly basis to review and discuss progress.

## 4.3 Incident Data Quality

- 4.3.1 Anti-social behaviour training takes place to ensure that high quality incident data enters the ASPIRE and STORM systems. Call handlers and dispatchers receive intensive training on incident recording as part of their initial training programme. Thereafter, adhoc training is provided as new initiatives and protocols arise. Newly recruited Police Officers receive anti-social behaviour training as part of their initial training and this is revisited after a year to check knowledge and understanding and reinforce crucial messages. Training material is not always available for reference on the force intranet.
- 4.3.2 The Central Crime Management Unit (CCMU) provides much of this training which is designed to improve data quality by reducing the risk of incident recording errors,

missing information and interpretation issues. Detailed handouts are provided to delegates in areas such as the National Crime Recording Standards. One example was provided of training around the categorisation of anti-social behaviour incidents and assessment for vulnerability given to Communications Centre staff. The slides demonstrated how numerous examples of anti-social behaviour incidents had been provided for consideration. The material stresses the importance of good quality, comprehensive data, making judgements about vulnerability and identifying the need for Anti-Social Behaviour Risk Assessments (ASBRAS).

- 4.3.3 Ultimately all call handlers, dispatchers and officers have a responsibility for data quality and the training helps to reinforce these data quality expectations and responsibilities.
- 4.3.4 The Central Crime Management Unit (CCMU) is responsible for supporting the crime and incident recording process across the force. Officers in this unit have detailed knowledge of Home Office guidance on crime and incident recording. Ongoing advice is offered to staff during operational activity regarding the crime and incident recording process. This helps to ensure that crime and incident data is recorded accurately, consistently, completely and in accordance with Home Office requirements.

#### **4.4 Crime Figures**

- 4.4.1 The Information Management Unit (within Strategic Development) extracts crime data from SLEUTH on a monthly basis for reporting purposes using a series of established queries. The data automatically populates a performance crime dashboard on the force intranet and a Home Office reporting template, CRIMSEC 3. Formulae are established within the dashboard to calculate performance measures in accordance with current Home Office Counting Rules for Recorded Crime.
- 4.4.2 The crime statistics dashboard presents crime data by category and displays the number of recorded crimes in the selected period, the number of detections and the rate of detection. It also records the number of anti-social behaviour incidents overall and youth anti-social behaviour incidents. The dashboard shows 19,672 anti-social behaviour incidents recorded during April 2012 to January 2013, falling to 19,000 in the same period of 2013/14, a reduction of 3.4%. The data is broken down as follows:-

**Table 1 – Numbers of Anti-Social Behaviour Incidents**

<b>Anti-Social Behaviour Incidents</b>	<b>April '12 to Jan '13</b>	<b>April '13 to Jan '14</b>	<b>% change</b>
Anti-Social Behaviour Incidents	19,672	19,000	- 3.4%
Youth Anti-Social Behaviour (sub set)	4,673	3,901	-16.5%

- 4.4.3 Constabulary performance reports acknowledge a 2% increase in anti-social behaviour incidents for the 12 months to August 2013 compared to the same period in the previous year. The rise is attributed to the exceptional warm and sunny weather during 2013, with the number of incidents peaking in July 2013. However from August 2013 there has been a downward trend in anti-social behaviour incidents leading to an overall reduction of 3.4% in the 10 month period to January

2014, compared to the same period in the previous year. Proactive operations dealing with anti-social behaviour around Halloween are reported to have contributed to this reduction.

## 4.5 Audit Testing

- 4.5.1 The Central Crime Management Unit is also responsible for auditing the accuracy of crime and incident data. The Home Office has published a Data Quality Audit Manual to support and guide this process. The Force Crime Registrar and Force Incident Registrar perform various audits of crime and incident recording on a periodic basis utilising this guidance material. Whilst retrospective in focus any issues arising from the audits are reported to senior officers for action. They are followed up by the Crime Management Unit through an established monitoring routine to ensure they are fully addressed and this helps to ensure data quality standards are maintained.
- 4.5.2 Following the publication of a new Anti-Social Behaviour Strategy and supporting Tools and Powers Guide for dealing with Anti-Social Behaviour in 2011 the Force Incident Registrar performed an audit of this area during August 2011. Over 1,000 logs were checked over a four month period, calls were listened to and some members of the public who has reported anti-social behaviour were contacted to ascertain their perception of the police response. The purpose of the audit was to check compliance with the new guidance material, highlight good practice and identify any weaknesses in the process.
- 4.5.3 The review highlighted a number of issues: incomplete call history in ASPIRE, issues identifying repeat callers, call handler reluctance to state whether or not an ASBRA is required and insufficient information on logs. The report was followed up through the ASB Steering Group with actions incorporated into the Anti-Social Behaviour Implementation Plan. A follow up review was scheduled to commence in December 2013.
- 4.5.4 The internal audit review was scheduled to coincide with the Force Incident Registrar's review, sample testing anti-social behaviour incidents recorded during October and November 2013. The internal audit sample was selected to give a good cross section of Territorial Policing Areas (TPAs), cover more than one call handling shift and to include both gold and silver ASBRAs. In total 20 anti-social behaviour incidents were selected for testing.
- 4.5.5 The ASPIRE log, STORM record, and where applicable SLEUTH record in respect of each incident in the audit sample was examined and the initial call for service and transmission between dispatcher and officer was listened to. A series of tests was undertaken in respect of each incident to establish compliance with current procedures.
- 4.5.6 The key audit findings are summarised as follows:-

### Call Handling

Tests show that repeat occasions of anti-social behaviour are verbally checked in 83% of cases and the vulnerability of callers / victims is verbally checked in 62% of cases. Overall it was felt that the impact on the victim was explored properly in 58% of cases. Call listening showed that callers often volunteered information about their

repeat status or vulnerability rather than it being established through questioning and then it often wasn't explored further.

Overall ASBRAs are suggested where necessary and all incidents are graded correctly.

Call handlers are required to identify repeat occasions and vulnerability, through questioning, at the point of report. This is a key stage in the Anti-social behaviour process as it determines subsequent action, and the quality of service provided to the victim. There is a risk that vulnerable victims are not being identified at the initial point of report. Call handlers should be reminded of their crucial role in ascertaining vulnerability, repeat occasions and the impact upon victims of anti-social behaviour **(R1)**.

#### Initial Dispatch

The need for an ASBRA is not being relayed to attending officers; they are updated with repeat status in 29% of cases and vulnerable status in 57% of cases. Overall adequate detail is passed to officers in 59% of incidents attended. These figures suggest a large proportion of officers attend incidents unprepared, with inadequate information on the state of the caller or any history regarding repeat occasions and unaware of the requirement to conduct an ASBRA. This limits their ability to provide victims with an appropriate level of support and a high quality service **(R2)**.

#### Incident record Closure

In total 35% of incidents in the sample were not compliant with National Crime Recording Standards (NCRS). The non-compliance was largely due to initial reports of threats, damage etc. not being fully addressed and documented. This is also the reason for less than half of the incident closure records not containing an adequate summary. Only 4 of the incidents in the sample reviewed required closure by a supervisor and this was actioned correctly in 2 cases. This indicates that ASPIRE is not kept up to date with current ASBRA information and ASBRA incidents are not consistently subject to supervisory review **(R3)**

Anti-social behaviour incidents are being incorrectly categorised (closure codes) in 30% of cases. There is some misinterpretation regarding whether anti-social behaviour incidents are personal or nuisance, domestic or criminal damage. It should be noted that there is no evidence of under-recording of anti-social behaviour.

There is a need for National Incident Recording Standards to be reinforced with dispatchers **(R4)**.

It should be noted that there were some examples of very good practice in the sample reviewed regarding the level of follow up action and resolution for victims of anti-social behaviour.

- 4.5.7 For almost a year Supervisors within the Communications Centre have been undertaking a monthly 'dip' sample of calls for service received in the centre. This quality assurance process includes reports of anti-social behaviour incidents. To date the outcomes of this monthly process have not been shared with the Central Crime Management Unit. There is a potential to raise incident recording standards through closer joint working in this area **(R5)**.

RECOMMENDATIONS		
Ref	Recommendation	Grade
R1	Vulnerable victims should be identified at the point of report, with the nature of their vulnerability fully logged.	2
R2	Attending officers should be clearly updated of the need for a ASBRAs and the repeat and vulnerable status of victims.	2
R3	ASBRA incidents should be subject to supervisory review on a consistent basis.	2
R4	The low rate of compliance with National Incident Recording Standards should be fully addressed.	2
R5	There should be closer liaison between the Central Crime Management Unit and the Communications Centre regarding incident recording issues highlighted by quality assurance checks.	2

**CUMBRIA CONSTABULARY  
DATA QUALITY - ANTI SOCIAL BEHAVIOUR**

**SUMMARY OF RECOMMENDATIONS & ACTION PLAN (J310023)  
(FOR THE ATTENTION OF CUMBRIA CONSTABULARY)**

REPORT REF	RECOMMENDATION	GRADE	PERSON RESPONSIBLE (to be completed by client)	AGREED / INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
R1	Vulnerable victims should be identified at the point of report, with the nature of their vulnerability fully logged.	2	Ch/Inspector Comms  Force Incident Registrar	<p>In depth training has been provided by CMU to all call handlers and supervisors in 2011-12 and is also delivered to new members of staff, in conjunction with input by Comms Centre Management. A refresher message is to be rolled out emphasising the importance of exploring vulnerability and noting it adequately on the log.</p> <p>The refresher message will be reinforced once the Comms single site is established. At this point there will be more supervisory capacity to quality-assure ASB calls in real time (which will include listening to the initial call) and this will allow them to intervene where necessary. Supervisors will be specifically tasked with looking at establishing vulnerability at the point of call and recording it accurately, providing feedback where necessary.</p>	May-September 2014

				<p>CMU will measure the success of this action by conducting another full ASB review in September 2014.</p> <p>It should be noted that not all vulnerable people feel confident in discussing such matters over the phone and may vulnerabilities are identified in follow up actions by officers/PCSOs.</p>	
R2	Attending officers should be clearly updated of the need for a ASBRAs and the repeat and vulnerable status of victims.	2	<b>Ch/Inspector Comms</b>	<p>Training in ASBRA and the general approach by officers and PCSOs has reduced the impact of this issue, however the importance of passing all relevant ASB and vulnerability information is to be reinforced with relevant Comms staff.</p> <p>This will be reinforced through Comms Centre Supervisors dip sample audits and via the ASB steering group as a performance issue.</p> <p>Success of this intervention will be assessed through the next CMU ASB review in September 2014</p>	<b>Post 01/01/14</b>
R3	ASBRA incidents should be subject to supervisory review on a consistent basis.	2	<b>Ch/Inspector Comms</b>	<p>Comms supervisors are not the only supervisors in the ASB process and sergeants and inspectors ensure compliance at</p>	<b>Post 01/01/2014</b>

				<p>later stages. A repeat direction will be issued to Comms to emphasise the need for supervisors to review and close all ASBRA incidents (including updating the associated ASPIRE record). In addition to this, STORM will be updated to mandate that only supervisors can close incidents opened as ASB-Personal (the ASB opening code most likely to contain the high risk incidents).</p> <p>As per R1, supervisors will also quality assure selected ASB-Personal logs on a real time basis.</p> <p>The supervisor will update logs inspected by marking the supervisor check qualifier.</p>	
R4	The low rate of compliance with National Incident Recording Standards should be fully addressed.	2	<p><b>Force Incident Registrar</b></p>	<p>CMU NSIR audits will recommence.</p> <p>The sample used in this audit was skewed (due to its remit). A wider NSIR audit will be carried out to provide an accurate baseline. From this, results and themes will be shared with the Comms Centre and guidance issued accordingly.</p> <p>The FIR will present quarterly reports on NSIR compliance to</p>	<p><b>December 2014</b></p>

				the Comms Centre Management Team. The FIR will also attend Comms Supervisor meetings to address NSIR issues. These forums will be used to drive NSIR focus and compliance with specific guidance on problem areas circulated among relevant staff.	
R5	There should be closer liaison between the Central Crime Management Unit and the Communications Centre regarding incident recording issues highlighted by quality assurance checks.	2	<p><b>Force Incident Registrar</b></p> <p><b>Ch/Insp Comms</b></p>	<p>The current Comms QA checks are to be re-designed to ensure that problem areas identified by the FIR are incorporated in routine QA. In addition they will be written so that meaningful data can be extracted and analysed by both Comms and CMU.</p> <p>As per R4 the FIR will attend both the Comms Centre Management group meetings and also Supervisor meetings where performance and compliance will be discussed and addressed.</p>	<b>Post 01/04/2014</b>

<b>ACTION PLAN COMPLETED BY:</b>	<b>Ruth Harmer – Force Incident Registrar</b>	<b>DATE:</b>	<b>17/03/2014</b>
<b>ACTION PLAN APPROVED BY</b>	<b>Steve Johnson – Chief Superintendent, Territorial Policing</b>	<b>DATE:</b>	<b>17/03/2014</b>





*Serving the People of Cumbria*

# **SHARED INTERNAL AUDIT SERVICE**

## **INTERNAL AUDIT REPORT**

**A REPORT FOR  
THE CUMBRIA OFFICE  
OF  
THE POLICE & CRIME COMMISSIONER**

**A REPORT ON**

**Data Quality: Victim Satisfaction - Crime**

**Draft Report Issued: 7th April 2014**  
**Final Report Issued: 7<sup>th</sup> May 2014**

## 1.0 INTRODUCTION

- 1.1 In March 2014 Internal Audit undertook a review of the quality of victim satisfaction data. The review was carried out in accordance with the Internal Audit Plan 2013/14.
- 1.2 The Chief Finance Officer / Deputy Chief Executive of the Cumbria Office of the Police and Crime Commissioner requested that Internal Audit undertake a number of data quality audits to provide assurance over the systems used to produce data.
- 1.3 The Police and Crime Plan for Cumbria 2013-17 highlights the satisfaction of victims and witnesses as a priority issue with a clear objective to ensure victims of crime have access to support and redress.
- 1.4 The contacts for this review were:-
  - Stephanie Stables – Performance Consultant
  - Claire Griggs – Performance Consultant
  - Andy Burgess – Management Information Officer
  - Sarah Smith – Information Management Assistant
  - Karen Crump – Procurement Manager

## 2.0 SCOPE

- 2.1 The scope of the audit was as follows:
  - Document the system(s) for collating, recording and reporting public (user) satisfaction measures and consider their appropriateness.
  - Review the method used to select victims of crime for inclusion in user satisfaction surveys.
  - Where data is received from external parties ascertain whether direct reliance can be placed on this.
  - Ascertain whether there is any internal checking of data.
  - Check adherence to relevant Home Office Guidelines.
  - Test a sample of measures and conclude on the overall robustness and accuracy of victim satisfaction data.

## 3.0 SUMMARY

### 3.1 EVALUATION

- 3.1.1 The evaluation of controls is based on testing carried out at the time of the review. Internal Audit assesses the controls operating in each area under review as 'good', 'satisfactory', 'fair' or 'weak'. This assessment is based on the number and grading of recommendations made.

3.1.2 The overall evaluation for the controls operated in this area is **satisfactory**.

## 3.2 CONCLUSION

- 3.2.1 In the Police and Crime Plan for Cumbria 2013-17 the Commissioner pledges to ensure that the 'public's views and priorities are the driving force behind policing'. Victim and community consultation is a clear strategic priority for Cumbria Constabulary and performance measures have been established to quantify and monitor public satisfaction with the police service.
- 3.2.2 Performance figures show that overall satisfaction with the police remains high in Cumbria compared to other forces across England and Wales. Cumbria Constabulary is committed to maintaining these high standards and improving the quality of service it provides to users wherever possible.
- 3.2.3 This review highlights that further work is required to achieve an independent level of assurance regarding the data received from Social & Market Strategic Research (SMSR) and reported at a national level. There is also a need for signed agreements to be in place with suppliers who have been 'called off' National Framework contracts to formalise expectations on both sides.

## 3.1 RECOMMENDATIONS

- 3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:
- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed.
  - Grade 2: Recommendation which should be addressed in order to establish a satisfactory level of internal control.
  - Grade 3: Minor recommendation made to improve the system under review.
- 3.3.2 Recommendations are included to this report as Appendix A – Summary of Recommendations and Action Plan (for the attention of Cumbria Constabulary).

## 4 DETAILED FINDINGS & RECOMMENDATIONS

### 4.1 Home Office Requirements

- 4.1.1 Police forces have a duty to consult the public about policing services in their local areas and different methods are used to obtain feedback. One method required by the Home Office is for all forces to complete a user satisfaction survey. The survey is designed to identify issues related to satisfaction and dissatisfaction with the service offered to victims and users. It is a telephone survey made up of a number of mandatory and recommended questions for specific victim groups. Survey data is required by the Home Office on a quarterly basis.

4.1.2 A comprehensive 'Victim Satisfaction Survey Guidance' document has been prepared by the Survey Technical Advisory Group to promote consistent survey practices across the service. The Survey Technical Advisory Group is jointly chaired by the Association of Chief Police Officers and the College of Policing. The guidance is available to staff within Information Management Services for reference and internal procedures ensure adherence to it. The guidance specifies four groups of victim for consideration:

- Domestic Burglary
- Violent Crime
- Vehicle Crime
- Racist Incidents

The core questions are designed to cover five stages of interaction:

- Initial Contact
- Actions
- Follow Up
- Treatment
- Whole Experience

The data is returned to the Home Office on a quarterly basis to enable the calculation of victim satisfaction measures that are disseminated via iQuanta (national benchmarking data).

4.1.3 Cumbria Constabulary has also chosen to conduct telephone surveys with a random sample of people who have reported antisocial behaviour to see how satisfied they are with the service provided. The results are not shared with the Home Office; they are used internally to help drive improvements in service delivery standards.

4.1.4 The quarterly user satisfaction returns to the Home Office are prepared by Information Analysts and checked by a Management Information Officer before transmission. Tests confirm that 2013/14 returns are up to date and accurately prepared on the basis of the information provided by the contractor.

## 4.2 Contractor

4.2.1 The victim satisfaction surveys are undertaken by an external market research company SMSR (Social & Market Strategic Research) that is contracted to Cumbria Constabulary, following a mini-competition in 2011. This company is one of a small number of national providers of this service that meet the requirements of the national framework contract developed by the Home Office. SMSR were awarded a place on the Thames Valley Police National Collaborative Framework Contract for Public Opinion and Staff Surveys in January 2011 and thus provide common delivery standards, at an agreed cost that adhere to Home Office guidelines.

4.2.2 Cumbria Constabulary uses the framework contract to deliver antisocial behaviour satisfaction surveys, in addition to the mandatory Home Office satisfaction survey.

- 4.2.3 Cumbria Constabulary prepared a briefing document for the mini-competition process clearly specifying service requirements. Suppliers were asked to complete the pricing schedule within the document and indicate that they are able to undertake all the requirements specified.
  
- 4.2.4 A copy of the briefing document completed by SMSR was provided to Internal Audit for review and clarifies service requirements and costs, however a contract / agreement between Cumbria Constabulary and SMSR is not in place. A signed agreement would clarify the expectations the client has of the contract and the role and responsibilities of the contractor and what they are actually expected to achieve. It also reduces the scope for differences of opinion **(R1)**.
  
- 4.2.5 The National Collaborative Framework Contract for Public Opinion and Staff Surveys expires on 31<sup>st</sup> March 2015. It is unclear at this stage if the national contract will be re-tendered as the Home Office has not confirmed future requirements for forces.
  
- 4.2.6 The Procurement Manager and Management Information Officer both confirmed that the contract has run smoothly since May 2011 and there have been no performance issues. The framework lead at Thames Valley Police also confirms this at a national level with all forces satisfied with the performance of the contract and the service they receive from SMSR. Periodic meetings take place between Cumbria Constabulary and SMSR to discuss contract issues and service requirements.
  
- 4.2.7 Minimum quality assurance requirements are built into the National Framework but each force is expected to quality assure supplier provision of services as part of routine contract monitoring arrangements. A specific example cited in Cumbria Constabulary's briefing (specification) document is for the force to conduct follow up interviews with a small number of victims to ask about their experience of being interviewed. No quality assurance checks are undertaken by Cumbria Constabulary on SMSR, reliance is placed on the contractor's internal data quality assurance arrangements. There is a need for Cumbria Constabulary to achieve an independent level of assurance regarding the data received from SMSR and reported at a national level, in accordance with contract documentation **(R2)**.

RECOMMENDATIONS		
Ref	Recommendation	Grade
R1	Formal, signed agreements should be in place for 'call-off' agreements from National Framework contracts.	2
R2	Cumbria Constabulary should undertake some data quality assurance checking in respect of data provided by SMSR.	2

### **4.3 Victim Selection**

- 4.3.1 Home Office guidelines require victims to be contacted between 6 and 12 weeks after the event to maximise the chances of respondents remembering the details of the service they received and to give sufficient time for all follow up action to be taken.
  
- 4.3.2 Victims are drawn from each month of the year and passed to SMSR for surveying to ensure that the sample is representative when considered across 12 months of the

year. Staff within Information Management Services select victim samples in accordance with internal procedures and Home Office guidelines.

- 4.3.3 Standard queries have been developed to extract victim samples from the SLEUTH crime recording system. Victims are selected from the four prescribed groups whilst applying a number of exclusions recommended by the Home Office. For example victims are selected from the age range 16 – 80 years to exclude children and elderly victims who may be considered vulnerable. The resulting files are passed to SMSR for surveying to commence, in accordance with the contract and sample requirements specified at the start of the contract year. SMSR select the victim sample from the full list of victims provided to ensure a sufficient level of sampling is achieved, and without bias.
- 4.3.4 The Home Office stipulates a need to obtain a sufficiently large number of people to be representative at a force level, for each victim group, over all Territorial Policing Areas (TPAs) and across a 12 month period. Forces are also expected to demonstrate that their respondent profile is representative of their sample base in terms of age, gender and ethnicity. Cumbria is a small force and experiences difficulty obtaining sufficiently large samples due to lower numbers of reported incidents. This impedes the achievement of a fully representative sample. These problems are fully acknowledged in the Home Office guidance material.
- 4.3.5 The required sample sizes are calculated to give a 95% confidence level with a 4% standard error. The sample sizes requested by Cumbria Constabulary in 2013/14 are shown below against the number of surveys undertaken to date:-

<b>User Group</b>	<b>Basic Required Sample 13/14</b>	<b>Number of Surveys Received from SMSR April 13 to Feb 14.</b>
Burglary	156	111
Violent Crime	247	213
Vehicle Crime	252	147
Racist Incident	36	0
Antisocial Behaviour	373	466
<b>Totals</b>	<b>1064</b>	<b>937</b>

- 4.3.6 The above table shows that the overall number of specified customer satisfaction surveys should be undertaken by the end of 2013/14, thereby ensuring a representative sample. It should be noted that the numbers specified have to be based on the previous year's incident figures. There has been a decrease in vehicle crime in the period April 2013 to February 2014 when compared to the same period in the previous year and this is reflected in the number of surveys undertaken to date.
- 4.3.7 The Management Information Officer monitors survey rates on an ongoing basis to ensure they reflect the number of incidents reported in each group to attain the necessary sample levels required by the Home Office. However it is generally accepted that small forces such as Cumbria will experience difficulties obtaining statistically representative samples with low numbers of reported incidents, particularly racist incidents. For instance in September 2013 only one racist incident satisfied survey criteria for forwarding to SMSR as part of the monthly victim listing.

4.3.7 A budget of £7,721 is available in 2013/14 to survey crime and antisocial behaviour victims, of which £6,559 has been spent in the 11 months to date. Expenditure is forecast to be within budget at the year end.

#### 4.4 Performance Measures

- 4.4.1 Information Management Services populates a performance user satisfaction dashboard on the force intranet on a monthly basis, in accordance with an established timetable. Tests confirm that the dashboard was up to date to February 2014. The dashboard displays victim satisfaction data in respect of specific crimes and antisocial behaviour. Comparisons are made with earlier comparable periods highlighting percentage changes in figures.
- 4.4.2 Data is discussed each month at a Constabulary Monthly Performance Tasking Meeting and any exceptions are discussed fully and followed up.
- 4.4.3 Audit tests confirm that survey results received from the contractor are transferred accurately and intact to constabulary systems where they are analysed correctly to provide precise figures for internal and external reports. The process is largely automated.

#### 4.5 Reporting

- 4.5.1 On a bi-monthly basis a comprehensive performance report is produced for Cumbria Police and Crime Commissioner's Executive Board. The report is distributed to senior officers for finalisation and approval before publication. The latest report is for the 12 month rolling period to December 2013 covering performance against a selection of measures in the Performance Management Framework.
- 4.5.2 The performance aim for the following measures featured in the report is to be better than the Most Similar Group (MSG) average:-
- Satisfaction with the whole experience for victims of burglary, violent crime and vehicle crime.
  - Satisfaction with progress updates for victims of crime.
  - Satisfaction with ease of contact for crime victims.

The report shows that Cumbria Constabulary continues to show higher levels of satisfaction for various aspects of service when compared to its most similar group average.

- 4.5.3 The latest figures published in the report for the period April to December 2013 show that overall satisfaction levels have increased for each aspect of service delivery. There are two exceptions, the whole experience for crime has seen a 0.1% reduction in satisfaction and satisfaction with treatment for antisocial behaviour has reduced by 2.2% when compared to the same period in the previous year. As shown in the table below:-

### SHARED INTERNAL AUDIT SERVICE

Aspect of Service	Apr – Dec 2012	Apr – Dec 2013
<b>CRIME:</b>		
Ease of Contact	97.4%	98.8%
Actions Taken	86.5%	92.4%
Progress Updates	81.5%	88.2%
Treatment	93.9%	96.9%
Whole Experience	90.1%	90.0%
<b>ANTISOCIAL BEHAVIOUR:</b>		
Ease of Contact	93.6%	94.1%
Actions Taken	74.7%	82.3%
Progress Updates	63.9%	67.1%
Treatment	91.4%	89.2%
Whole Experience	79.2%	84.0%

4.5.4 The minutes of Cumbria Police and Crime Commissioner’s Executive Board meetings show that the performance reports are presented by the Assistant Chief Constable and generate a high level of discussion. Where performance issues are raised there is evidence of requests for additional information to be presented to future Executive Board meetings. A Quality of Service project initiated by the Constabulary has been underway since December 2013 to improve service delivery standards, demonstrating its commitment to continually improving the service it provides to the people of Cumbria.

**CUMBRIA CONSTABULARY  
DATA QUALITY – VICTIM SATISFACTION**

**SUMMARY OF RECOMMENDATIONS & ACTION PLAN (J310024)  
(FOR THE ATTENTION OF CUMBRIA CONSTABULARY)**

REPORT REF	RECOMMENDATION	GRADE	PERSON RESPONSIBLE (to be completed by client)	AGREED / INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
R1	Formal, signed agreements should be in place for 'call-off' agreements from National Framework contracts.	2	<b>Julie Johnstone</b>	<b>Agreed</b> Following a review of the Procurement function within the Constabulary and the introduction of new procurement regulations, this recommendation will be implemented as part of the process changes identified.	<b>1 July 2014</b>
R2	Cumbria Constabulary should undertake some data quality assurance checking in respect of data provided by SMSR.	2	<b>Andrew Burgess</b>	<b>Actions already taken</b> 1. As part of the process of setting up national framework contract, the lead force has undertaken quality assurance for all the companies available, using professional survey experts to evaluate standards and data quality. All companies on the list met the standard required. This is why Cumbria's ITT criterion was exclusively cost. 2. IMS Officers meet with the company to discuss any issues (note – none have been identified to date), and	<ol style="list-style-type: none"> <li>1. <b>No further action</b></li> <li>2. <b>Sept 2014</b></li> <li>3. <b>No further action</b></li> </ol>

				<p>to health check the process. One meeting is outstanding and this will be scheduled as soon as possible.</p> <p>3. At the stage where SMSR have telephoned the victim to find out their views of the service received, victims of crime have already:</p> <ul style="list-style-type: none"> <li>• Been interviewed at least once by officers as part of the investigative process</li> <li>• May have attended court to give evidence</li> <li>• May have been contacted by a sergeant as part of internal quality assurance processes</li> <li>• Been telephoned and surveyed by SMSR</li> <li>• May have initiated a service recovery, which means that the Constabulary will contact them again</li> </ul> <p>The view of the Constabulary is that it is not good use of staff time nor good public relations to re-contact victims to ask about their experience of being surveyed by a company, which is asking for their views on experience with the police.</p>	
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<b>ACTION PLAN COMPLETED BY:</b>	<b>Julie Johnstone</b>	<b>DATE:</b>	<b>7 May 2014</b>
<b>ACTION PLAN APPROVED BY:</b>	<b>Jane Sauntson</b>	<b>DATE:</b>	<b>7 May 2014</b>





*Serving the People of Cumbria*

# **SHARED INTERNAL AUDIT SERVICE**

## **AUDIT REPORT**

**FOR:  
THE CUMBRIA OFFICE OF THE POLICE AND CRIME  
COMMISSIONER**

**ON:  
CUMBRIA CONSTABULARY  
SEIZED / HELD PROPERTY HANDLING AND CLAIMS**

**Draft Report Issued: 11 November 2013  
Final Report Issued: 17 February 2014**

## 1.0 INTRODUCTION

- 1.1 Internal Audit undertook a review of Seized / Held Property and Property Held in Storage during October 2013.
- 1.2 The review was undertaken at the request of the Chief Executive of the Office of the Police and Crime Commissioner and the Director of Legal Services following concerns over the number and value of payments being made to people whose property has been lost or damaged whilst they were held in Police Custody. Concern has also been raised over several cases of property going missing from various stores following its recovery by the Police.
- 1.3 Retention of property by the Police is a complex area. The Police and Criminal Evidence Act 1984 provides the police with statutory powers concerning the seizure and retention of property. The Criminal Procedure and Investigations Act 1996 & Code of Practice requires investigating officers to take certain actions in respect of material which may be relevant to a criminal investigation. For example, often material must be retained until a decision is taken whether to instigate proceedings against a person for an offence. Additionally, there are legal requirements which must be applied to the retention of property connected with major and serious crime. In some circumstances property must still be retained following a conviction.
- 1.4 The following staff provided information for this review:
  - Inspector Sara Ruddick (Temporary Inspector – Section 2 Patrol Carlisle)
  - Gary Humes (Front Counter Team Leader – North and W. Cumbria)
  - Stuart Russell (Front Counter Staff – Durranshill)
  - Emma Cowper (Employee Services Team Leader – Central Services Department / Corporate Support Directorate)
  - Andrew Dobson (Director of Legal Services)

## 2.0 SCOPE

- 2.1 The objective of this review is to provide management with an independent assessment of the adequacy of the systems and procedures in place relating to the handling of seized and retained property.
- 2.2 The main areas of assessment are as follows:
  - Ascertain if there are policies or procedures in place for the handling of seized / retained property
  - Determine the current process for handling seized / held property
  - Determine the current process for handling claims relating to property which has been damaged or lost whilst being retained by the Police.
  - Investigate a sample of claims registered with the Constabulary.
  - Assess the adequacy of systems and consider possible improvements

### Scope Limitations

- 2.3 Audit testing focussed on the North Territorial Policing Area.

## 3.0 SUMMARY

### 3.1 EVALUATION

- 3.1.1 The evaluation of controls is based on testing carried out at the time of the review, including sampling. Internal Audit assesses the controls operating in each area under review as 'good', 'satisfactory', 'fair' or 'weak'. This assessment is based on the number and grading of recommendations made.
- 3.1.2 Overall, we consider that examination of evidence for the areas assessed provides '**Weak**' assurance that there are effective procedures and controls operating over the handling of seized and retained property.

### 3.2 CONCLUSION

- 3.2.1 The Weak assessment is a reflection of a lack of documented policies and procedures in place to ensure the effective and efficient handling of property whilst in the possession of the Constabulary. In addition, the lack of documented procedures for claims handling has resulted in insured claims being settled by ex-gratia payments when a legal response may have been more appropriate.
- 3.2.2 A number of opportunities to enhance controls have been identified; these matters are detailed in Appendix A – Summary of Recommendations and Action Plan. The key issues arising from this review are:
- The Constabulary does not have a Property Handling Policy.
  - Main Store capacities are stretched and there is a possibility too much property is being retained.
  - With the exception of Lost / Found property, the Constabulary has no retention periods for retained property.
  - A process does not exist to ensure that Officers in Charge proactively review their outstanding property.
  - There is scope for improvement in property descriptions.
  - Items of property (often small and high value) going missing from police stores.
  - The Claims Handling process is not documented.
  - Some Insured claims have bypassed Legal Services.

### 3.3 RECOMMENDATIONS

- 3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:
- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed

- Grade 2: Recommendation to be addressed in order to establish a satisfactory level of internal control
- Grade 3: Minor recommendation made to improve the system under review

3.3.2 10 recommendations have been made as a result of testing carried out, and are detailed in Appendix A – Summary of Recommendations and Action Plan.

## 4.0 FOLLOW-UP

4.1 This is the first time an audit has been conducted in this area.

## 5.0 FINDINGS

### 5.1 Policy & Legislation

#### Custody

- 5.1.1 The Constabulary follows the guidance produced by the Association of Chief Police Officers (ACPO) - The Safer Detention and Handling of Persons in Police Custody 2012 when dealing with detainees in custody.
- 5.1.2 This document is wide ranging and sets out the legal framework within which the police must operate to tackle crime and the protections and safeguards for the public. It complements the Police and Criminal Evidence Act 1984 (PACE) and its associated Codes of Practice.
- 5.1.3 The Guidance is primarily focussed on the activities of the custody suite. It recommends that appropriate policies and procedures for custody are in place and fully implemented. Internal Audit was advised that custody procedures exist. Copies were requested for review but at the time of this report they have not been received.
- 5.1.4 The advice relating to property is limited to the responsibilities of the Custody Officer and maintaining the custody record. It does not detail the handling or storage of seized property, lost property or recovered property.
- 5.1.5 The Constabulary has support documentation covering the use of its online Sharepoint Property Registers. These registers have been developed in-house and allow officers to log and track seized and lost / found property. The support documents offer basic guidance in the use of the registers, property classification and general Sharepoint advice.
- 5.1.6 The Constabulary does not have a documented Property Handling Policy. An internet search revealed that several other Forces have a Property Handling Policy in place.
- 5.1.7 The lack of official policy and procedures means there is currently a lack of guidance for the handling, administration and storage of property. This increases the risk of unnecessary / extended retention of property, could potentially expose police officers to allegations of misconduct and leaves the Constabulary vulnerable to reputational damage and financial loss.
- 5.1.8 We consider that the Constabulary should adopt a policy and procedures for property handling to ensure that retained property is dealt with in an efficient and effective manner across the Force. It should establish staff responsibilities and

provide detailed and specific guidance on the handling, administration and storage of property. To assist with this, the Constabulary could refer to existing policies produced by other Forces (**see Recommendation R1**).

RECOMMENDATION		
Ref	Recommendation and Grade	Risks if not Actioned
R1	The Constabulary should adopt a policy and procedures for property handling. (Grade 1)	<ul style="list-style-type: none"> <li>• Staff unaware of their responsibilities</li> <li>• Unnecessary / extended retention of property</li> <li>• Officers potentially exposed to allegations of misconduct</li> <li>• Reputational damage</li> <li>• Litigation/financial loss</li> </ul>

**5.2 Current System for Handling Seized / Held Property**

5.2.1 The Constabulary seizes a significant amount of property from people taken into Custody. Other sources of property include lost and found and items recovered by the police.

**Seized Property**

5.2.2 Seized property items are documented on the custody log by the Custody Sergeant. Items are also logged on the Property Register by the officer who has seized the property – the Officer in Charge.

5.2.3 The Property Register is a Sharepoint website which is accessed from the Constabulary’s intranet. All officers in the County have access to this system.

5.2.4 Unique reference numbers are generated by the property register when the property is booked onto the system. Logged property is bagged, securely tagged and labelled by the officer.

5.2.5 All items should be individually bagged (footwear is sometimes bagged along with clothing) and have the same property number. However, each item is also given a unique exhibit number. Exhibit numbers are usually the officer’s initials followed by a number i.e. ITA/1, ITA/2 etc.

5.2.6 Testing revealed that the method used for logging property varies between officers. Some book items as individual entries whilst others log them against one entry and list them individually on the description. Policy should dictate whether related items are listed separately or as single entities. It was also noted during testing that the quality of descriptions varies and in some cases there were entries where excessive detail was provided whilst in others they lacked sufficient information e.g. generic descriptions. There have been some instances where bagged items have not been logged on the property register.

- 5.2.7 Clothing is the most commonly seized item and mobile phones are often seized for evidential purposes. Seized items are placed in a holding store. All police officers have access to this area but only front counter staff are able to access the main store.
- 5.2.8 The front desk counter staff clear the holding store each morning and move any seized items to the main store. All bags are checked to ensure that the items recorded on the register are present. If any are missing, an entry is made against the item to say so.
- 5.2.9 It is possible that a detainee may be dealt with before the property is moved to the main store. In this case, the seized property may be returned by the Officer in Charge who should mark up the register accordingly to indicate that the item(s) have been returned.
- 5.2.10 If property is removed from any store an entry should be made on the register to say so. Likewise, when it is returned the register should also be updated. Internal Audit was informed that on occasions this does not happen and front desk staff have to chase up officers to establish the whereabouts of the property item(s).

#### *Seized Cash*

- 5.2.11 The holding store has a safe for the safe storage of seized cash. Only the Front Office Counter staff and the Duty Custody Sergeant have access to this. Cash should not be left anywhere else in the holding store although Internal Audit was informed that it has been found outside the safe on some occasions.
- 5.2.12 Cash seized from detainees is documented on the custody log. The money is counted in front of the person and again when it is returned. The money must be signed for when it is returned to its owner.
- 5.2.13 The cash is placed in the holding store safe until it processed by the front counter staff the following morning. It is then transferred to another safe at the front enquiry counter and logged with an entry on the property register.

#### *Lost / Found Cash*

- 5.2.14 Occasionally cash is handed in to the police by the general public. Anything received is stored in the enquiry office safe and booked onto the Lost / Found Register. This is also a Sharepoint website on the intranet. It is separate from the Property Register but accessible to all officers in the Force.
- 5.2.15 Small amounts of cash are usually retained for a few days to see if anyone comes forward to claim it. The reason for this is that once money is banked it can only be reimbursed by cheque and it can take HQ up to 6 weeks to process payment and issue a posted cheque if the owner subsequently comes forward. However, larger amounts are banked at the end of the day.
- 5.2.16 All amounts will be banked by the admin staff after a few days. A note is put against the appropriate entry in the register and the receipt number is recorded in the remarks column.

#### *Other Cash*

- 5.2.17 There are separate arrangements for amounts over £500. Money is double bagged and counted in the presence of two individuals under video surveillance before being re-secured.

- 5.2.18 Suspected counterfeit cash is sent off to the Bank of England by the Scenes of Crime team. This is to check the authenticity.

### Lost / Found Property

- 5.2.19 Members of the public can hand in items they have found at any police station. Lost and found property is retained in a separate store.
- 5.2.20 The police also receive calls from the members of the public to report found property. In the majority of these cases, where willing, the person will be asked to retain the property for safe keeping. Past experience has shown that people who find the property usually live in the same area as the people who lose it. This also allows the Police to avoid the need to retain additional items of property.
- 5.2.21 Whether retained by the finder or handed in, the property is logged on the Lost / Found Property Register along with the contact details of the finder. If the owner contacts the police they can be put in touch with the finder.
- 5.2.22 Where some form of ID is found with the property, every effort is made to return it to its owner. If there is a contact number they will be phoned otherwise a letter will be sent by recorded delivery explaining that some property has been found which may belong to them. The letter does not say what the property is and the owner will be asked to describe it and provide some form of ID before they can be reunited with it.
- 5.2.23 The retention period for lost / found property is 28 days. After this any retained property should be disposed of. Finders generally acquire good title to the property if the owner cannot be identified. There are some exceptions for items such as debit / credit cards, keys, mobile phones etc. (i.e. any items which may contain personal data).

### Stolen Property

- 5.2.24 Details of stolen property are logged on the Sleuth system. This is where the Constabulary records its intelligence. Data is searchable although the quality of the search result depends on the quality of the information entered (e.g. descriptions).
- 5.2.25 The system is not linked to any of the property registers but if any items are recovered they should be given a cross reference to the property register when booked into the store.

## 5.3 Current System for Handling Lost / Damaged Property Claims

- 5.3.1 The Front Counter Team Leader was asked how claims for damage to / loss of property whilst retained by the Police, are handled.

### Registering a Claim

- 5.3.2 Complainants are asked to put their grievance in writing and send a letter to the Area Commander.
- 5.3.3 Once received, the officer who seized the property is tasked to either comment upon the alleged damage or to undertake an additional check of the property stores to try and locate the property. If this procedure does not result in the matter being resolved it will be forwarded to the Legal Services Department for further investigation.

5.3.4 The Director of Legal Services was asked about Legal Services role in the claims process. Claims are dealt with as follows:

- Insured claims - Legal Services
- Uninsured Claims - Central Services Department / Territorial Policing Areas.

#### *Insured Claims*

5.3.5 Insured claims are where the Constabulary has been seen to be negligent, or the claimant believes this to be the case. Claims that are insured are unlawful arrest, false imprisonment, claims where it is alleged that the police have lost property or damaged it in error etc. Settled claims are paid out of a Constabulary insurance fund. The Constabulary's insurance has an excess so any payment less than this amount will always be paid by the Constabulary.

5.3.6 Legal Services does not have a documented process but follows Civil Procedure Rules. When a letter is received from a claimant Legal Services will investigate the circumstances of the complaint and then having done so, form a view on liability. If Legal Services believe they have a defence they will defend it. Conversely, if the Constabulary accept liability or the litigation risk is greater than 50:50, they may explore settlement with the claimant.

#### *Uninsured Claims*

5.3.7 Claims which are not insured include those for deliberate damage i.e. damage to doors whilst conducting property searches. These are dealt with via the Central Services Department or Territorial Policing Areas and are reimbursed by an ex-gratia payment. Ex-gratia payments are made without the Constabulary accepting liability or legal obligation. Legal Services may offer advice behind the scenes if requested.

5.3.8 The Employee Services Team Leader was asked to confirm the current process. The claim arrives from the individual and goes through to Area for approval. Once it is approved by someone of at least Inspector level it is returned to the Central Services Department. The claim is then sent to the Chief Executive for the Office of the Police and Crime Commissioner for their approval. If approved a cheque will be issued and posted to the claimant. The budget for ex-gratia claims sits with Finance.

#### **Claims Sample**

5.3.9 Extracts of legal and ex-gratia claims received over the last 2 years were obtained and a sample was chosen for further analysis. The results of this testing are commented on in the relevant sections of this report.

### **5.4 Property Handling – Summary of Issues Identified & Suggested Improvements**

5.4.1 The Constabulary does not possess a formal Property Handling Policy (see paragraph 5.1.6). Internal Audit enquiries revealed that several other Forces in the country possess such a policy.

5.4.2 An official policy is necessary to ensure that retained property is dealt with in an efficient and effective manner and that all staff involved with handling property are aware of their responsibilities. This should be supplemented by detailed procedures

and guidance notes and clearly communicated for clarity and consistency across the Force.

- 5.4.3 There is an issue with store capacity, for example, the main store at Durranshill is almost full. This makes it difficult to locate property and increases the risk of items being lost or damaged. A lack of officially defined retention periods (with the exception of Lost / Found property) increases the risk of items being kept indefinitely.
- 5.4.4 The Criminal Procedure and Investigations Act 1996 & Code of Practice sets out the legal requirements concerning retention of property. Essentially the more serious the offence, the longer the property needs to be retained, either pending detection/prosecution or after prosecution, as the property may be required in connection with a subsequent appeal. With lesser crimes, the Force should seek to dispose of property earlier where it is appropriate to do so. For example, Derbyshire Constabulary has set a maximum retention of 120 days unless property is connected with major/serious crime or has been subject to positive forensic examination (**see Recommendation R2**).
- 5.4.5 The Police and Criminal Evidence Act 1984 (PACE) provides that property should not be retained if a photograph or copy would suffice. It was not possible to ascertain how often the Constabulary utilises photography in this manner and Internal Audit was informed that the judicial process prefers the use of tangible exhibits. However, if managed on a case by case risk basis, this method could be considered an enabler for allowing some property items to be returned to their owner sooner or alternatively, freeing it up for disposal (**see Recommendation R3**).
- 5.4.6 Front counter staff are prevented from disposing of property until the Officer in Charge gives their assent. For some items there will be a genuine reason for its retention i.e. evidence relating to a major/serious crime or an upcoming trial. Seized property items should be under constant review and Officers should be reminded that they are also responsible for any items of property they have seized. We consider that a process should be introduced to ensure that outstanding property is regularly reviewed and that clear and legitimate reasons are given for its continued retention (**see Recommendation R4**).
- 5.4.7 We also consider that a process should be adopted to ensure that a more proactive approach is adopted towards monitoring the booking in, retention and disposal of property taken into police possession by officers. This may be achieved through greater use of the Officers Dashboard which has the facility to show how many items of outstanding property are linked to an officer (**see Recommendation R5**).
- 5.4.8 Testing highlighted that in some cases there was a lack of detailed descriptions logged against items of property on the property registers. Examples include:
- Vague or generic descriptions (e.g. a quantity of garden tools) lacking significant detail such as the number of items, what the items are, make/model etc.
  - Items bagged and placed in the holding store but not logged on the Property Register.

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- Items logged but not placed in the holding store or the whereabouts of the property not recorded (e.g. items retained for further enquiries).
- Not recording the condition of items when they are seized.
- Resulting difficulties identifying missing items and following up with the Officer in Charge for further information and an inefficient use of resources.

5.4.9 It is acknowledged there is a fine balance between recording too much or not enough information. However, the highlighted examples show there is an increased risk of claims or inflated claims if an appropriate level of consistency for property information cannot be achieved. There is also no opportunity for mitigation where identifying details are absent (**see Recommendation R6, R7 & R8**).

5.4.10 A review of claims suggests that some fragile and high value items of property may be placed in stores without adequate protection or security. This is backed up by the frequency of damage / loss claims submitted for items such as smart phones. Front counter staff confirmed that Jiffy bags and boxes are available for the additional protection of items but it is up to individual officers to make use of them. In extreme cases, a lack of care with these items has the potential to affect trial evidence (**see Recommendation R9**).

RECOMMENDATION		
Ref	Recommendation and Grade	Risks if not Actioned
R2	<p>The Force should take immediate steps to review and, where possible, reduce the amount of property it currently has stored.</p> <p>Retention periods for property items should be established. These should be linked to the nature of the crime an item is connected to. (Grade 2)</p>	<ul style="list-style-type: none"> <li>• Main Store capacity</li> <li>• Potential increased costs for storage.</li> <li>• Unnecessary / extended retention of property</li> <li>• Lack of officer accountability</li> <li>• Inefficient use of resources.</li> <li>• A lack of accountability for retention of property</li> </ul>
R3	<p>The Constabulary should consider, on a case by case basis, photographing items of property where circumstances allow in order to enable the return or disposal of the item. (Grade 2)</p>	
R4	<p>A process should be introduced to ensure that outstanding property is regularly reviewed and that clear and legitimate reasons are given for its continued retention.</p> <p>Requests for information/communication from front counter staff should be responded to in a timely fashion. (Grade 2)</p>	
R5	<p>A process should be introduced to ensure that a more proactive approach is adopted towards monitoring the booking in, retention and disposal of property taken into police</p>	

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	possession by officers. (Grade 2)	<ul style="list-style-type: none"> <li>Officers are unaware of appropriate legal requirements, policies or procedures in relation to property.</li> </ul>
R6	Appropriate levels of consistency should be established and applied to property descriptions. Policy should dictate what information should be recorded and whether related items are listed separately or as single entries. (Grade 2)	<ul style="list-style-type: none"> <li>Items are unaccounted for and lost.</li> <li>Items difficult to locate in stores and property register searches.</li> <li>Increased vulnerability to spurious damage /loss claims.</li> </ul>
R7	All officers and staff need to ensure that when items of property are removed from, or returned to any store, the Property Register is updated with its current location. (Grade 2)	<ul style="list-style-type: none"> <li>Property misplaced</li> <li>No audit trail of movements.</li> </ul>
R8	ICT should consider the greater use of tool tips or field descriptions in the property register to aid the capture of the most applicable information. (Grade 3)	<ul style="list-style-type: none"> <li>Poor data quality.</li> </ul>
R9	The Constabulary should review how it handles small, high value items of property such as smart phones. Consideration should be given to placing such items in a safe. (Grade 2)	<ul style="list-style-type: none"> <li>Valuable items damaged/lost leading to claims against the Constabulary.</li> </ul>

### 5.5 Property Claims Handling – Summary of Issues Identified and Suggested Improvements

5.5.1 The Constabulary's Claims Handling process is not documented and subsequently it is not clear how claims should be handled or where they should be directed to.

5.5.2 This issue was highlighted during testing when it was shown that several claims for loss or damage had been handled by the Central Services Department / Territorial Policing Areas when, as insured claims, they should have been directed to Legal Services. This was queried with the Director of Legal Services who concurred that the claims should have been passed to Legal Services (**see Recommendation 10**).

RECOMMENDATIONS		
Ref	Recommendation and Grade	Risks if not Actioned
R10	<p>The claims process should be documented to ensure a consistent approach to claims handling.</p> <p>This should include guidance on how claims should be handled from receipt to resolution.</p> <p>The Constabulary may also consider directing all claims via Legal Services in the first instance to ensure that they have sight of all claims received. (Grade 2)</p>	<ul style="list-style-type: none"> <li>• Undocumented processes are open to misinterpretation</li> <li>• Claims are handled by the wrong area</li> <li>• Claims may have no legal basis</li> </ul>

**THE CUMBRIA OFFICE OF THE POLICE AND CRIME COMMISSIONER  
SEIZED / HELD PROPERTY HANDLING AND CLAIMS**

**SUMMARY OF RECOMMENDATIONS & ACTION PLAN  
(FOR THE ATTENTION OF THE CUMBRIA OFFICE OF THE POLICE AND CRIME COMMISSIONER)**

REF	RECOMMENDATION & GRADE		PERSON RESPONSIBLE (to be completed by client)	AGREED / INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
R1	The Constabulary should adopt a policy and procedures for property handling.	1	C/Supt Johnson	<p>On completion of the implementation of the front counter review and as part of the detailed work regarding property management a 'draft' policy document in relation to the handling of property has been written and is in the final stages of work prior to progression through the policy agreement process. A dedicated sergeant has been tasked with this and it is anticipated that work will be finalised by January 2014 and full implementation by the end of March 2014. The agreement of policy and supporting documentation will need to go through existing mechanisms for consultation etc. prior to 'go-live'.</p> <p>This will be supported by detailed procedures relating to all aspects of the Constabulary's handling of all types of property will be developed as Standard Operating Procedures (SOPs) and will be supported by a full legal reference appendix.</p>	APRIL 2014

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APPENDIX A

R2	<p>The Force should take immediate steps to review and, where possible, reduce the amount of property it currently has stored.</p> <p>Retention periods for property items should be established. These should be linked to the nature of the crime an item is connected to.</p>	2	C/Supt Johnson	<p>A full property inventory has taken place (Commissioned November 2013 due for completed during January 2014) Once the policy has been agreed a review of compliance against inventory will be completed and where necessary any property that does not require the Constabulary to hold will be disposed of in accordance with policies.</p> <p>The Constabulary already makes use of an 'officer performance dashboard' and five weekly performance reviews to monitor what property each officer has booked in to which stores and why it is retained. The inclusion of property management within the performance regime will assist in providing sufficient oversight on the management of property.</p>	APRIL 2014
R3	<p>The Constabulary should consider, on a case by case basis, photographing items of property where circumstances allow in order to enable the return or disposal of the item.</p>	2	C/Supt Johnson	<p>The option of using a photograph as an alternative to retention of the original article is already one which officers consider and make use of. It should however, be noted that it is not always apparent what the probative value of a seized item is at the point of seizure and the current</p>	ALREADY IN PLACE

				approach recognises that issues of forensic capability and capacity need to be included in decision making.	
R4	<p>A process should be introduced to ensure that outstanding property is regularly reviewed and that clear and legitimate reasons are given for its continued retention.</p> <p>Requests for information/communication from front counter staff should be responded to in a timely fashion.</p>	2	C/Supt Johnson	<p>As referred to above the officer performance dashboard already presents all officers and their respective supervisors with the current information on what property each officer has booked in to which stores and they are held to account for the property they have. Once the policy has been finalised and rolled out the compliance review will be conducted.</p> <p>The requests from staff to officers are responded to directly by officers, any delays in the main are accounted for by variances in shift patterns and ability to return property/answer queries. Again the performance management at 5 weeks will identify and medium to long term issues.</p>	<p>ALREADY ACTIONED</p> <p>SEPTEMBER 2014</p>
R5	A process should be introduced to ensure that a more proactive approach is adopted towards monitoring the booking in, retention and disposal of property taken into police possession by officers.	2	C/Supt Johnson	This will be a policy and SOP compliance matter and is covered within the checks detailed at R2 & R4	APRIL 2014
R6	Appropriate levels of consistency should be established and applied to property	2	C/Supt Johnson	Having dip sampled property in Workington it is agreed that there are	FULL POLICY IMPLEMENTATION APRIL 2014

	descriptions. Policy should dictate what information should be recorded and whether related items are listed separately or as single entries			<p>some minor improvements to be made and the detail on the property spreadsheet needs to be improved, but in the main the descriptions provided by officers on those dip sampled was adequate to identify what the item was. It is an area that will be monitored closely during the compliance review.</p> <p>The policy will provide clarity on the requirements and whether or not items are stored individually or collectively, much will depend on what and why the property is retained and future purpose.</p>	
R7	All officers and staff need to ensure that when items of property are removed from, or returned to any store, that the Property Register is updated with its current location.	2	C/Supt Johnson	The policy document clarifies the need for and importance of continuity for the police storage of property and the SOPs will enable an auditable continuity system to be adopted.	FULL POLICY IMPLEMENTATION APRIL 2014
R8	ICT should consider the greater use of tool tips or field descriptions in the property register to aid the capture of the most applicable information.	3	C/Supt Johnson	I am satisfied (R6) that to develop an IT solution is both unnecessary and also would be of significant expense and would potentially yield a minimal return on any investment at this time. Given the complexity of 'descriptions' it is also impractical to suggest 'key words' and I believe any system would quickly become un wieldy. I will raise this issue during the review	

				of front counter changes as an IT solution may offer significant benefits in the future if the right system and finances can be identified.	
R9	The Constabulary should review how it handles small, high value items of property such as smart phones. Consideration should be given to placing such items in a safe	2	C/Supt Johnson	<p>The Constabulary already makes significant use of safes within the organisation and bank safety deposit boxes to store small, high value items.</p> <p>It should be noted that officers are not trained to 'value' items and should not assume the value or otherwise of something they seize, they should accurately record what it is and store it appropriately.</p> <p>The property audit will highlight any inconsistencies in approach and the revised SOPs used to ensure compliance.</p>	FULL POLICY IMPLEMENTATION APRIL 2014
R10	<p>The claims process should be documented to ensure a consistent approach to claims handling.</p> <p>This should include guidance on how claims should be handled from receipt to resolution.</p> <p>The Constabulary may also consider directing all claims via Legal Services in the first instance to ensure that they have</p>	2	Andrew Dobson	Agreed, the policy will identify a new SOP regarding the process for receiving and managing all claims made to the Constabulary and this will be progressed jointly by CSD and Legal services.	APRIL 2014

	sight of all claims received.				
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<b>AGREED BY:</b>	<i>Steve Johnson</i>	<b>DATE:</b>	<i>14/02/2014</i>
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<b>APPROVED BY THE HEAD OF FINANCIAL SERVICES:</b>	Roger Marshall	<b>DATE:</b>	14/02/2014
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# Cumbria Shared Internal Audit Service

## Internal Audit Report for Cumbria Constabulary

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Draft Report Issued: **26 June 2014**

Final Report Issued: **15 July 2014**

## Audit Resources

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## Audit Report Distribution

For Action:	Philip Robinson (Head of Estates)
For Information:	Stephen Kirkpatrick (Director of Corporate Support) Roger Marshall (Chief Constable's Chief Finance Officer) Ruth Hunter (Chief Finance Officer, PCC) Stuart Edwards (Chief Executive PCC)
Audit Committee	The Audit Committee, which is due to be held on 22 September 2014, will receive the report.

*Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.*

### Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



## 1. Background

- 1.1. This report summarises the findings from the audit of the project management arrangements for the new police station in Barrow in Furness. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. In March 2012 a business case for the development of a new capital scheme for Barrow Police Station and custody arrangements was presented to a meeting of the Police Authority. The business case pointed out that the replacement of the current Barrow Police Station was a Police Authority and Constabulary priority. In spite of some investment the custody facilities were below acceptable standards and provided insufficient cell capacity. Operational accommodation was also said to be below the standard of what was required and the cellular nature of the building did not promote high levels of staff integration.
- 1.3. The Project is designed in part to minimise risks to individuals in custody which is an item on the constabulary's strategic risk register. The current budget for the project is £9M.
- 1.4. The audit review was carried out to provide assurance over the management of the project.

## 2. Audit Approach

### 2.1. Audit Objectives and Methodology

- 2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4 of this report.

### 2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Phil Robinson and the agreed scope areas for consideration were identified as follows:
  - The governance arrangements around the management of the project.
  - Arrangements in place to ensure the project is delivered to budget
  - The arrangements in place to ensure that the timescale is achieved
  - Arrangements for ensuring the project is delivered to the appropriate quality

2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

## 3. Assurance Opinion

3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within project management provide **Substantial** assurance.

*Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.*

## 4. Summary of Recommendations, Audit Findings and Report Distribution

4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2. There are no audit recommendations arising from this review.

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. <b>Management</b> - achievement of the organisation's strategic objectives achieved	-	-	-
2. <b>Regulatory</b> - compliance with laws, regulations, policies, procedures and contracts	-	-	-

3. <b>Information</b> - reliability and integrity of financial and operational information	-	-	-
4. <b>Security</b> - safeguarding of assets	-	-	-
5. <b>Value</b> - effectiveness and efficiency of operations and programmes	-	-	-
<b>Total Number of Recommendations</b>	0	0	0

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Sound governance arrangements are in place with regular monitoring and reporting of the project's progress to the Project Board and PCC.
- A suitably qualified / skilled project management team including a team of consultants has been appointed to enable delivery of the project this includes a Quantity Surveyor, Architects, Structural and Service Engineers and a Clerk of Works.
- Input is provided as appropriate by other internal specialists including the legal and finance teams.
- A budget monitoring process is in place and the budget is on track and includes appropriate contingency.
- There are arrangements in place to ensure that interim payments for the project are appropriately authorised.
- Monthly meetings are held with the Contractor, who also prepares progress reports for the Project Team. If updates are required between meetings the Board members have electronic access to the Contractor's work programme.
- A system is in place for the recording and reporting of any risks identified during the project, together with details of the mitigation strategy.
- A contract performance bond has been drawn up should the main contractor default on the contract.

4.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.4.1. *High priority issues:*

- No high priority issues were identified

4.4.2. *Medium priority issues:*

- No medium priority issues were identified

4.4.3. *Advisory issues:*

- No advisory issues were identified

**Comment from the Director of Corporate Support**

*I am delighted with the findings of this report which achieved a substantial level of assurance thus recognising the many strengths and examples of good practice in place regarding procedures and project management arrangements.*

*The lack of any recommendations is a testament to the excellent efforts of all involved in the project to procure and deliver the new Barrow Police Station.*

*I would like to thank both the Cumbria Shared Internal Audit Service and Constabulary/OPCC colleagues for their work in conducting this audit.*

## Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
<b>Substantial</b>	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls &amp; management of risks.</p>
<b>Reasonable</b>	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
<b>Partial</b>	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
<b>Limited / None</b>	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

## Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

Definition:		
<b>High</b>	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
<b>Medium</b>	●	Some risk exposure identified from a weakness in the system of internal control
<b>Advisory</b>	●	Minor risk exposure / suggested improvement to enhance the system of control

### Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

# Cumbria Shared Internal Audit Service

## Internal Audit Report for Cumbria Constabulary



Draft Report Issued: **20 June 2014**

Final Report Issued: **15 July 2014**

## Audit Resources

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## Audit Report Distribution

For Action:	Andrew Taylor – Head of Human Resources
For Information:	Stephen Kirkpatrick – Director of Corporate Support Nicola Broomfield – Partnerships and Strategy Manager (OPCC) Stuart Edwards – Chief Executive (OPCC)
Audit Committee	The Audit Committee, which is due to be held on 22nd September 2014, will receive the report.

*Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.*

### Cumbria Shared Internal Audit Service



Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker

## 1. Background

- 1.1. This report summarises the findings from the audit of Cumbria Constabulary Absence Management. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. Attendance management is important to the organisation because it contributes to efficient and successful service delivery against the Policing Plan.
- 1.3. Effective attendance management maximises resources, reduces costs and minimises the potential impact on service delivery so that Cumbria Constabulary can provide the highest standards of policing.

## 2. Audit Approach

### 2.1. Audit Objectives and Methodology

- 2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

### 2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Director of Corporate Support and the agreed scope areas for consideration were identified as follows:
  - Efficient and cost-effective arrangements are in place to resolve uniform police and police staff sickness absence cases with a focus on longer term uniform police absence.
  - Ensure timely and robust information is reported on sickness absence to ensure prompt action to address any issues identified.
  - Clearly written and up to date policies and procedures are in place, they are adhered to and arrangements are in place to monitor adherence to the policies and procedures.
  - Staff and senior managers are aware of and understand the policies.
  - Senior management are kept up to date on activities / issues in this area.

2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

### 3. Assurance Opinion

3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within absence management provide **reasonable** assurance.

*Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.*

### 4. Summary of Recommendations, Audit Findings and Report Distribution

4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2. There are three audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. <b>Management</b> - achievement of the organisation's strategic objectives achieved (see section 5.1.)	-	-	1
2. <b>Information</b> - reliability and integrity of financial and operational information (see section 5.3)	-	2	-
3. <b>Regulatory</b> - compliance with laws, regulations, policies, procedures and contracts (see section 5.2.)	-	-	-

4. <b>Security</b> - safeguarding of assets (see section 5.4)	-	-	-
5. <b>Value</b> - effectiveness and efficiency of operations and programmes (see section 5.5)	-	-	-
<b>Total Number of Recommendations</b>	-	<b>2</b>	<b>1</b>

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

Level of commitment within the constabulary to reducing employee absence demonstrated by:

- Widely published policy and arrangements in place to ensure managers are kept up to date
- HR's robust process to ensure that the policy is adhered to by managers
- Close working between HR and managers to resolve sickness absence cases.
- Regular monitoring of absence against defined targets
- Timely and comprehensive reporting on sickness absence to Senior Management.

4.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.4.1. *High priority issues:*

- No high priority issues were identified

4.4.2. *Medium priority issues:*

- Documenting procedures for collating and reporting absence data.
- Further developing the Origin HR system to provide greater automation, comprehensive record keeping, improved reporting and better linkage to the duty management system.

4.4.3. *Advisory issues:*

- Ensure the absence management policy is reviewed by the revised target deadline

**Comment from the Director of Corporate Support**

*I am very pleased with the findings of this report and accept the recommendations made together with the timescales agreed for action.*

*I am also pleased to observe the highlighted strengths within the Constabulary, specifically regarding the shared focus across HR and all line managers to effectively manage and resolve sickness absence cases.*

*I would like to thank both the Cumbria Shared Internal Audit Service and Constabulary/OPCC colleagues for their efforts in conducting this audit.*

## 5. Matters Arising / Agreed Action Plan

### 5.1. Management - achievement of the organisation's strategic objectives.

● **Advisory**

Audit finding	Management response
<p><b>(a) Procedure Notes</b> A clearly written absence management policy was produced in 2009 covering short and long term absence. The policy was identified as a priority for review in the Corporate Support Business Plan 2013-17. It became clear in 2013/14 that there would be some slippage against the original target of March 2014. A new target to update the policy by September 2014 is in place with a first draft available by the end of June 2014.</p>	<p><b>Agreed management action:</b> The policy is now updated and the draft is going out for one month's consultation this week. The final document will be issued by the target date of 1<sup>st</sup> September 2014.</p>
<p><b>Recommendation 5.1a:</b> Senior Management should monitor progress to ensure that the absence management policy is reviewed by the revised target deadline.</p>	
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>The absence management policy is not current.</li> </ul>	<p><b>Responsible manager for implementing:</b> <b>Head of Human Resources</b> <b>Date to be implemented:</b> <b>09/2014</b></p>

### 5.2. Information - reliability and integrity of financial and operational information.

● **Medium priority**

Audit finding	Management response
<p><b>(b) Procedure Notes</b> Guidance notes are not available to staff involved in the collation and reporting of absence data. Guidance notes would provide some resilience in the team, ensure staff are clear about what is expected of them and ensure consistent processes.</p>	<p><b>Agreed management action:</b> To document procedures for the collation and reporting of quarterly absence data.</p>

<p><b>Recommendation 5.2a:</b> Procedures should be documented for the collation and reporting of quarterly absence data.</p>	
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>• Decisions based on unreliable data.</li> </ul>	<p>Responsible manager for implementing: <b>Head of Central Services</b> Date to be implemented: <b>08/2014</b></p>

• **Medium priority**

<b>Audit finding</b>	<b>Management response</b>
<p><b>(c) Attendance Information</b> There are elements of manual data input in respect of the recording of sickness information. There is also a degree of manual intervention in the collation and reporting of absence statistics in terms of transferring data to spreadsheets, merging and filtering data and some calculation of rostered hours lost to sickness. This reduces confidence in the integrity of the management information produced.</p>	<p><b>Agreed management action:</b> Discussions are currently underway regarding prioritising ICT resources. Priority is being given to operational policing systems although developments to the Origin HR system will commence during 2014/15.</p>
<p><b>Recommendation 5.2b:</b> Consideration should be given to including the following enhancements within the scope of planned developments to the Origin HR system:-</p> <ul style="list-style-type: none"> <li>• Greater automation,</li> <li>• Comprehensive record keeping,</li> <li>• Improved reporting,</li> <li>• Enhancing the interface with the duty management systems (DMS).</li> </ul>	
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>• Decisions based on unreliable data.</li> </ul>	<p>Responsible manager for implementing: <b>Head of Human Resources</b> Date to be implemented: <b>03/2016.</b></p>

## 5.3 Value - effectiveness and efficiency of operations and programmes.

### Audit finding

No issues were identified.

## 5.4 Security - safeguarding of assets.

### Audit finding

No issues were identified.

## 5.5 Regulatory - compliance with laws, regulations, policies, procedures and contracts.

### Audit finding

No issues were identified.

## Outstanding Actions from Previous Audit Review

<p>(a) <b>Absence Records</b></p>	11/2011	<p><b>Associated risks:</b></p> <ul style="list-style-type: none"> <li>Poor data quality.</li> <li>Inefficient use of staff time.</li> </ul>
<p><b>Previous Recommendation :</b> Absence management data should be held in one comprehensive record for effective monitoring and reporting.</p>		<p><b>Previously agreed action to be taken:</b> The shared service (CSD and HR) will address this. A suggestion that this could be re-audited post implementation date.</p>
<p><b>Current status:</b> Employee absence records have been centralised but the Origin HR system still doesn't provide one comprehensive record of employee absence. Due to the limitations of the Origin HR system the HR team continues to maintain separate records to monitor implementation of the Attendance Management Policy.</p>		
<p><b>Conclusion:</b> The requirement to record absence management data in more than one system hampers effective monitoring and reporting and increases the amount of manual data handling involved. Developing ORIGIN HR to provide one comprehensive record of employee absence would streamline the monitoring and reporting system.</p>		<p><b>Further action required?</b> Yes Incorporated within recommendation 5.2b above.</p>
<p>(b) <b>Cost of Sickness Absence</b></p>	11/2011	<p><b>Associated risks:</b></p> <ul style="list-style-type: none"> <li>Flawed decision making based on misleading management information.</li> </ul>
<p><b>Previous Recommendation :</b> Consideration should be given to calculating and reporting the cost of sickness absence.</p>		<p><b>Previously agreed action to be taken:</b> Costing resumed in October 2011 to Police Authority Meeting and will be provided quarterly thereafter.</p>

**Current status:**

The cost of sickness absence across the force is calculated on a quarterly basis.

**Conclusion:**

The recommendation has been fully addressed.

**Further action required?**

No

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