

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Constabulary



Audit of Budget Management (Payroll)

Draft Report Issued: **21st September 2015**

Final Report Issued: **11th November 2015**

Audit Resources

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Lead Auditor(s)	Rebecca Birkett	rebecca.birkett@cumbria.gov.uk	01228 226255

Audit Report Distribution

For Action:	Michelle Bellis (Deputy Chief Finance Officer)
For Information:	Mark Carter (Principal Financial Services Officer, Revenue & Systems) Stephen Kirkpatrick (Director of Corporate Support) Roger Marshall (Constabulary Chief Finance Officer) Ruth Hunter (OPCC Chief Finance Officer)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 8 th December 2015, 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 budget management of police pay. This was a planned audit assignment which was undertaken in accordance with the 2015/16 Audit Plan.
- 1.2. One of the priorities set out in the Police and Crime Plan 2013-17 is to deliver an effective policing strategy within budgetary constraints. For the financial year 2015/16 the police pay budget (excluding overtime) is approximately £73.8m, 57% of the annual revenue budget. It is therefore essential to the organisation that there are effective budget management arrangements in place for police payroll. Payroll is the biggest area of expenditure for the Constabulary and accurate information in this area is key to effective strategic decision making.

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 Roger Marshall, and the agreed scope areas for consideration, relating to officer's pay, were identified as follows:
 - Budget preparation methodology and links to the Workforce Plan;
 - Budget monitoring;
 - Reporting.
- 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 budgetary control of police pay 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 audit review.
- 4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:
 - Responsibility for developing the police officer payroll budget methodology has been clearly defined.
 - A zero based approach is taken to budget setting, with budgets being built up from the bottom based on existing post and staff data;
 - There is clarity over finance staff and budget holder responsibilities, which is annually restated through the use of a budget book;
 - There is ongoing and effective dialogue between the finance team, budget managers, HR and the change team which informs the budget model.
 - There is a challenge process in place over budget setting at various hierarchical levels. This challenge includes independent recalculation by the Chief Finance Officer with a commitment to further develop this process in the future;
 - There is a detailed forecast of spend by extrapolating existing staff costs, and incorporating the implications of decisions of the Workforce Development Group.
 - There are clear explanations for forecasts and variances in narrative reports signed off by the budget holder.
 - There is a clear reporting framework and consolidation process.
 - There is an appropriate escalation process to keep senior management fully informed.

4.4. **Areas for development:** No areas for development were identified during this review.

Comment from the Constabulary Chief Finance Officer

I am pleased that the Internal Audit Report on Payroll Budgeting has validated the approach the Constabulary's Financial Services team has taken in relation to preparation of the payroll budget. We recognise that payroll costs represent a significant proportion of the Constabulary's annual revenue budget and that producing accurate forecasts is therefore critical to the strategic planning process. In this context pay forecasting remains a high priority for the Financial Services team and we are committed to continuing to improve the methodology for preparing and cross checking the pay elements of the budget and MTFE for 2016-17.

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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 & OPCC



Budget Management

Draft Report Issued: **27 April 2015**

Final Report Issued: **27 May 2015**

Audit Resources

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Audit Report Distribution

For Action:	Michelle Bellis (Deputy Chief Finance Officer)
For Information:	Mark Carter (Principal Financial Services Officer, Revenue & Systems)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 23 June 2015 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 Constabulary and the Police and Crime Commissioner's (PCC) Budget Management arrangements. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. The Police and Crime Commissioner receives funding, including government grants and precepts and other income relating to policing and the reduction of crime. Funding for the Constabulary comes via the Commissioner. Responsibility for the financial management of the Constabulary, within the framework of the agreed budget is the responsibility of the Chief Constable, who is accountable to the PCC.
- 1.3. One of the targets set out in the Police Commissioner's Police and Crime Plan 2013-2017 is to deliver an effective policing strategy within budgetary constraints. It is therefore essential to the organisation that there are effective budget management arrangements in place.

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 Michelle Bellis (Deputy Chief Finance Officer) and the agreed scope areas for consideration were identified as follows:
 - Approvals (ensuring that expenditure is appropriately authorised)
 - Preparation of the management accounts (arrangements for ensuring that the management accounts are accurate and are prepared on a timely basis).
- 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 Budget 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. Management - achievement of the organisation’s strategic objectives	-	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.1.)	-	1	1
3. Information - reliability and integrity of financial and operational information (see section 5.2)	-	1	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	0	2	1

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

- A Scheme of Delegation is in place for both the Office of the Police and Crime Commissioner and for the Chief Constable.
- A financial timetable has been prepared for the preparation of the monthly accounts.
- A standardised template has been developed for the preparation of the monthly departmental returns, this includes year to date comparisons and a forecast outturn.
- There is ongoing communication between the budget holders, Financial Services Officers and the Principal Financial Services Officer in relation to budget forecast and variances.
- Suspense accounts are not in use and the Oracle system rejects invalid codes.
- The e-procurement system has a built in hierarchy restricting inappropriate authorisations taking place.

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:*

- None Identified.

4.4.2. *Medium priority issues:*

- Non-matched invoices should only be approved by authorised signatories.
- Information recorded on the spreadsheet (attached to the management accounts detailing the Top Level and Budget Adjustments) should include reference to who has made the request.

4.4.3. *Advisory issues:*

- Management might want to consider how they evidence checks carried out on users and their access / responsibilities as part of their overall assurance arrangements.

Comment from the Chief Finance Officer

I am pleased that the report gives 'Reasonable Assurance' regarding the robustness of processes and controls in relation to budget management. The procedural changes agreed in response to audit recommendations will improve accountability and accuracy of the budget management process.



5. Matters Arising / Agreed Action Plan

5.1. **Regulatory** - compliance with laws, regulations, policies, procedures and contracts.

● **Advisory issue**

Audit finding	Management response
<p>(a) Oracle Access Authorisation Changes or new user access to Oracle are actioned by ICT after being approved by Finance.</p> <p>Forms from the departments are forwarded to Finance for approval. The Principal Financial Services Officer, Revenue & Systems (PFSO), checks the current access rights for the user and if satisfied there will be no conflict, signs the form and forwards to ICT for processing.</p> <p>A copy of the form is not retained by Finance and no information is returned by ICT to confirm the request has been actioned. However, once a month an audit report is produced from Oracle detailing current users and their access / responsibilities. The PFSO or Financial Services Assistant – Systems check the report.</p> <p>There was no evidence on the report examined of what checks had taken place or who had carried them out.</p>	<p>Agreed management action: To introduce a more formal checking process, which includes a month on month comparison. Changes will be listed, with comments and any action required added as appropriate.</p> <p>Checks will be carried out by the Financial Services Assistant and reviewed by the Principal Financial Services Officer, Revenue & Systems.</p>
<p>Recommendation 1: Management might want to consider how they evidence checks carried out on users and their access / responsibilities as part of their overall assurance arrangements.</p>	<p>Responsible manager for implementing: Principal Financial Services Officer, Revenue & Systems</p> <p>Date to be implemented: From 31/05/2015</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Assurances provided to JASC are not as robust as they should be if checks carried out can't be demonstrated. 	

● **Medium priority**

Audit finding	Management response
<p>(b) Manual Authorisation of Invoices</p> <p>A number of purchases remain outside the Constabulary’s e-procurement system for items where orders are not used, for example subscription renewals and contract payments etc. 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 and is available on the department’s shared ‘G Drive’.</p> <p>One of the Constabulary’s invoices examined had been authorised by T Chief Supt S Robinson who was not on the authorisation list received from Central Services.</p>	<p>Agreed management action:</p> <p>The Central Services Department (CSD) processes will be reviewed.</p> <p>A monthly check on the accuracy of the approvals listing will be carried out to ensure that changes are enacted promptly. CSD will be alerted to the updated list.</p>
<p>Recommendation 2:</p> <p>Non-matched invoices should only be approved by authorised signatories.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Inappropriately authorised transactions occur. 	<p>Responsible manager for implementing:</p> <p>Principal Financial Services Officer, Revenue & Systems</p> <p>Date to be implemented:</p> <p>30/06/2015</p>

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

● Medium priority

Audit finding	Management response
<p>(a) Budget Adjustments Adjustments are made to the budget on an ongoing basis. A spreadsheet, which is included with the monthly management accounts, is updated by the PFSO to record top level and budget adjustments.</p> <p>The spreadsheet maintained included a narration for the budget adjustment but did not always show who had made the request.</p>	<p>Agreed management action: A new column will be added to the spreadsheet to show who has requested the adjustment. The Deputy Chief Finance Officer will sign off the adjustments each month.</p>
<p>Recommendation 3: Information recorded on the spreadsheet (attached to the management accounts detailing the Top Level and Budget Adjustments) should include reference to who has made the request.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Inappropriate adjustments are made or are not substantiated. 	<p>Responsible manager for implementing: Principal Financial Services Officer, Revenue & Systems</p> <p>Date to be implemented: 30/06/2015</p>

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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



Audit of Communications Centre

Draft Report Issued: **29 January 2015**

Final Report Issued: **11 February 2015**

Audit Resources

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Audit Report Distribution

For Action:	Steven Johnson, T Assistant Chief Constable Kevin Spedding, Chief Inspector
For Information:	Roger Marshall (Chief Constable's Chief Finance Officer) Ruth Hunter (Chief Finance Officer, PCC) Sean Robinson Andrew Towler
Audit Committee	The Audit Committee, which is due to be held on 10 March, 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 **Communications Centre**. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. The Constabulary's Communications Centre was internally reviewed in 2013, and is now a single environment based at Carleton Hall. The Communications Centre acts as the initial interface via telephone for the public, and ensures that emergency and non-emergency calls are dealt with within specified timescales. A priority of the Constabulary is the reduction of the impact of anti-social behaviour, and key to this is the effective identification and logging at the point of call.

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 Temporary Assistant Chief Constable and the agreed scope areas for consideration were identified as follows:

- Staffing;
- Data Quality & Security;
- Performance.

- 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 Cumbria Constabulary around the Communications Centre 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 two audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives (see section 5.1.)	-	1	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	-	-
3. Information - reliability and integrity of financial and operational information (see section 5.2)	-	1	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-

Total Number of Recommendations	-	2	-
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4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- A training programme is in place for Communications Centre staff (the current priority being Anti-social behaviour in line with the Communications Centre action plan).
- Comprehensive induction training is in place for all new staff.
- Call handlers have access to a detailed training manual.
- Training issues are identified through data quality review of calls and live call listening.
- Roles and responsibilities for Communications Centre staff are clearly defined
- There is a rota system in place which is up to date, planned in advance and made know to staff to ensure adequate cover to meet anticipated call demand. The Duty Officer is now located in the Communications Centre enabling her to better support the Supervisors during office hours.
- There is a standard framework for call logging driven by defined screens within the system.
- There is an automatic system in place to monitor call answering times and to record this information in a format which enables on-going review by the Chief Inspector.

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:*

- None

4.4.2. *Medium priority issues:*

- Improvements to the Communications Centre action plan to better identify, prioritise, monitor and report ongoing areas of action within the Centre.
- The formal one-to-one process should be re-established where not in use.

4.4.3. *Advisory issues:*

- None.

Comment from the Temporary Assistant Chief Constable

The Constabulary accepts the findings of the audit in full and will put in place actions to address the issues raised.

5. Matters Arising / Agreed Action Plan

5.1. **Management** - achievement of the organisation’s strategic objectives.

● **Medium priority**

Audit finding	Management response
<p>(a) Action Plan</p> <p>The Communications Centre has an “Action Plan”, which is used by the Chief Inspector to record and monitor ongoing activities within the Communications Centre.</p> <p>The action plan includes a variety of tasks and targets from different sources – e.g. call handling targets, internal and external audit recommendations, HMIC inspections, corporately identified objectives. The current format of the plan makes it unclear where the target came from and to whom any progress should be reported. For seven of the actions there is no clear timescale for action.</p> <p>Whilst the action plan has a column for ‘outcomes’ this is not complete for four actions and the outcome for one of the actions is simply 2014/15.</p> <p>The plan includes prioritisation by using a RAG (red – amber – green) indicator column. At the time of the audit there were 11 areas of work on the plan that were prioritised as amber. Dates for achievement of outcomes were documented for three of the areas. The dates have passed and it is unclear from the document what actions are in place to bring the plan back on track. Given that the outcome dates have not been achieved the status of the outcome / action should be red.</p> <p>The plan is available to all staff via Share Point, and is updated on an ongoing basis by the Chief Inspector, with information for updates coming primarily from 1-to-1s with staff.</p> <p>The plan is a dynamic document, but does not include a date to show when it was last updated.</p> <p>The current Chief Inspector plans to review the format of the action plan clarify the source of the actions, and to whom progress should be reported.</p>	<p>Agreed management action:</p> <p>The Action Plan will be reviewed monthly and subject to TP command oversight.</p>

<p>Recommendation 1: The review of the format of the plan should be used as a means to develop it into a single point for identifying actions required, and monitoring and reporting of progress. Including, making more explicit:</p> <ul style="list-style-type: none"> • The source of the action, and to whom progress should be reported; • Who is responsible for the action, who should be taking the action and any target dates for implementation • Prioritisation of the actions; • Steps to address any slippage • Details of when and by whom it was last updated. 	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Out of date management information • Identified actions not explicit to staff; • Target dates not met. • Priority areas not identified 	<p>Responsible manager for implementing: Chief Inspector Comms Date to be implemented: 05/2015</p>

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

• **Medium priority**

Audit finding	Management response
<p>(a) Staff one-to-ones Staff should receive regular one-to-ones with their managers to ensure there is a formal, structured means of communication and feedback. Although there were no issues identified with communications, it was identified that for some call handlers the process of one-to-ones has fallen into abeyance.</p>	<p>Agreed management action: Staff 1:1's to be recommenced immediately.</p>
<p>Recommendation 2: All staff should receive regular, diarised one-to-ones.</p>	

Risk exposure if not addressed:

- Non communication of feedback, training needs or targets

Responsible manager for implementing:

Chief Inspector Comms

Date to be implemented:

05/2015

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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



Business Continuity Planning

Draft Report Issued: **27th April 2015**

Final Report Issued: **2nd June 2015**

Audit Resources

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Audit Report Distribution

For Action:	Steve Johnson, Temporary Assistant Chief Constable
For Information:	Michelle Skeer, Deputy Chief Constable
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 23 June 2015, 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 Business Continuity Planning. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. Business continuity planning is the process of planning for possibly unexpected, but nevertheless, foreseeable, events. Business continuity planning is important as it provides the constabulary with ways to minimise the effects of unexpected disruptions or emergencies as well as planning a return to normality as soon as practicable.
- 1.3. The Chief Constable is named within the constabulary's Business Continuity Strategy as the senior officer with responsibility for Business Continuity Management. The constabulary has statutory responsibilities for implementing business continuity management arrangements under the Civil Contingencies Act 2004.

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 Steve Johnson and the agreed scope areas for consideration were identified as follows:
 - Roles and responsibilities for business continuity planning and management;
 - Adequacy and effectiveness of business continuity plans;
 - Arrangements for testing of and training on plans;
 - Ensuring continuity of service when staff roles and responsibilities change or people leave the organisation; and
 - Arrangements for ensuring effective use of technology.

2.2.2. There were instances whereby the audit work undertaken was impaired by the availability of information and this may have had a bearing on the audit findings. The areas affected were:

- We were unable to obtain a copy of the constabulary's business continuity management policy

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 the constabulary provide **Partial** 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 seven audit recommendations arising from this audit review and these can be summarised as follows:

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

4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	2	5	0

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

- Business continuity plans are in place for each directorate
- Plans are prepared using a standard template and are available to staff via Sharepoint
- All plans were owned by a named officer
- Testing of the Communications Centre business continuity plan has been carried out and lessons learned as appropriate

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:*

- Arrangements should be introduced to provide regular assurance to the Chief Constable that the constabulary has effective business continuity management arrangements in place, and that plans are up to date, tested and staff are trained on them.
- An exercise should be undertaken to prioritise systems and activities to be recovered across the constabulary in the event of a significant business continuity event.

4.4.2. *Medium priority issues:*

- A business continuity policy should be developed to ensure that business continuity arrangements are driven by a corporately agreed stance and approach.
- The business continuity management strategy should be reviewed and approved by senior management.
- Procedures should be introduced to ensure that new legislation and standards are reflected within the arrangements and documentation.
- The constabulary should determine its requirements for testing of business continuity plans and ensure that these tests are carried out and lessons learned as appropriate.
- The constabulary should determine its requirements for review of business continuity plans and ensure that reviews are undertaken in line with agreed frequencies.

Comment from the Deputy Chief Constable

The contents are noted. Going forward the issues will be addressed by Chief Superintendent Steve Johnson in the form of an Action Plan.

5. Matters Arising / Agreed Action Plan

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

● **Medium priority**

Audit finding	Management response
<p>(a) Business Continuity Management Policy</p> <p>We were unable to obtain a copy of the constabulary's business continuity management policy. The existence of a policy is referred to within the BCM Strategy provided to us, however the policy was not provided and does not appear to be published on the constabulary's website. A clear, published policy is a critical component of effective governance of Business Continuity Management and sets the direction for effective business continuity planning in line with the organisation's stated objectives and priorities.</p> <p>Recommendation 1:</p> <p>We recommend that a business continuity management policy is developed and signed off by an appropriate senior management forum. Consideration should be given to including within the policy:</p> <ul style="list-style-type: none"> • The constabulary's commitment to effective business continuity management • The requirement of department heads to consider business continuity requirements for all areas within their control • The scope of the policy (including its application to third party arrangements and contracts) • The review frequency (of the policy) and approval mechanism • Key roles and responsibilities • Linkages with other functions and policies 	<p>Agreed management action:</p> <p>A Business Continuity Planning Policy will be developed.</p>

<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Business continuity arrangements do not align with constabulary aims, priorities and objectives • Business continuity is not seen as a priority without evidenced leadership and commitment • Business continuity arrangements are developed in isolation from other key policies 	<p>Responsible manager for implementing: Chief Superintendent, Territorial Policing</p> <p>Date to be implemented: 11/2015</p>
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• **Medium priority**

Audit finding	Management response
<p>(b) Business Continuity Management Strategy</p> <p>We were provided with a document headed 'Business Continuity Management Strategy' during the course of the audit. It is not clear whether the strategy is part of the constabulary's suite of formal documents as it does not follow the standard format of constabulary reports and does not contain evidence of review or approval by senior management.</p>	<p>Agreed management action: A Business Continuity Management Strategy will be developed in line with the Policy.</p>
<p>Recommendation 2:</p> <p>We recommend that the strategy is reviewed in line with best practice and formally approved by senior management and communicated as appropriate.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Business Continuity arrangements are not in line with organisational requirements • Managers responsible for implementing business continuity arrangements are unclear about the constabulary's approach and priorities in respect of BCM 	<p>Responsible manager for implementing: Chief Superintendent, Territorial Policing</p> <p>Date to be implemented: 11/2015</p>

• **High priority**

Audit finding	Management response
<p>(c) Assurance over Business Continuity Management Arrangements</p> <p>As the senior officer named within the Business Continuity Strategy, the Chief Constable is responsible for ensuring the constabulary has adequate and effective business continuity arrangements in place. We were unable to confirm that there are effective arrangements in place for the Chief Constable to receive assurances over these arrangements. We were provided with a</p>	<p>Agreed management action: Business continuity management arrangements will be reviewed 6 monthly at Operations Board.</p> <p>Operations Board will report to Chief Officers'</p>

<p>spreadsheet that lists all the plans in place, however this does not currently contain details that would assist in providing assurance that the plans are up to date, regularly reviewed, communicated and tested.</p>	<p>Group.</p>
<p>Recommendation 3: We recommend that a mechanism is established to provide assurance to the Chief Constable that all business continuity plans have been prepared, are in line with organisational requirements and the approved business continuity policy and strategy, and are updated in line with the organisations agreed timescales.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Business Continuity arrangements are not adequate and effective • Chief Constable is unable to provide assurance to the Police and Crime Commissioner that the constabulary has effective business continuity arrangements in place. 	<p>Responsible manager for implementing: Assistant Chief Constable (Operations)</p> <p>Date to be implemented: 11/2015</p>

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

● **Medium priority**

Audit finding	Management response
<p>(a) Identification of relevant legislation Whilst there is a nominated officer with responsibility for identifying relevant legislation and good practice with regard to business continuity management, we identified that this is not yet reflected through into the constabulary’s business continuity arrangements. The standard business continuity plan template refers to BS 25999-1. The British Standard was withdrawn in 2012 (part 1) and 2013 (part 2) and replaced by international standards ISO22301 and ISO22313.</p>	<p>Agreed management action: Checks will be made to ensure that legislation is up to date when Policy is updated.</p>
<p>Recommendation 4: We recommend that arrangements are introduced to ensure that emerging legislation and best practice is reflected in the constabulary’s arrangements. The current plan template should be updated to refer to the current Standards for BCM.</p>	

Risk exposure if not addressed:

- Business Continuity arrangements do not conform to legislative requirements or best practice

Responsible manager for implementing:

Chief Superintendent, Territorial Policing

Date to be implemented:

11/2015**5.3. Information** - reliability and integrity of financial and operational information.● **High priority****Audit finding****Management response****(a) Identification of critical activities and functions**

Business Continuity Plans are prepared at directorate level. Whilst the critical activities have been identified for each directorate, these have not yet been assessed against one another to determine the respective priorities in the event of a business continuity incident across the constabulary.

Agreed management action:

Critical activities will be reviewed as part of the Policy review.

Recommendation 5:

We recommend that a corporate review of critical activities and functions is undertaken to ensure that these are priorities across the constabulary. ACPO guidance has suggested 13 critical activities for police forces which may be a useful reference for this work.

Risk exposure if not addressed:

- Critical activities are not restored to an acceptable level as resources are being utilised on less critical areas.
- Resources are not deployed effectively in the event of a business continuity incident

Responsible manager for implementing:

Chief Superintendent, Territorial Policing

Date to be implemented:

05/2016● **Medium priority****Audit finding****Management response****(b) Testing of Business Continuity Plans**

We were advised that there is currently no overarching testing plan for business continuity arrangements.

Agreed management action:

Testing and training regimen will be part of the Policy.

<p>Recommendation 6: We recommend that the constabulary determines what its requirements are for testing of business continuity arrangements in order to ensure that they work effectively and to support the assurances given to the Chief Constable over the robustness of the arrangements.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Business continuity arrangements are not effective in the event of a business continuity incident. 	<p>Responsible manager for implementing: Chief Superintendent, Territorial Policing Date to be implemented: 11/2015</p>

● **Medium priority**

Audit finding	Management response
<p>(c) Review and update of Business Continuity Plans From a sample of business continuity plans, we were able to confirm that these follow the standard corporate template and all were dated and marked with a version number. We did note that the plans do not contain the date of next review and there are differences of several years in the dates of last review ranging from 2009 to 2015. It was not clear from the documentation available whether the constabulary has determined how frequently business continuity plans need to be reviewed so we have been unable to confirm whether there has been compliance with organisational requirements in this regard.</p> <p>We note that the Central Administration department issues reminders to managers to update their plans, however there does not appear to be a follow up if this doesn't happen.</p>	<p>Agreed management action: Policy will dictate how often it is to be reviewed and by whom.</p>
<p>Recommendation 7: We recommend that consideration is given to the frequency that the constabulary expects business continuity plans to be reviewed and that this is documented and communicated to all plan owners. Consideration should also be given to amending the template to incorporate the date of next review.</p>	

Risk exposure if not addressed:

- Business Continuity Plans become out of date and do not reflect the arrangements in place resulting in ineffective use of resources or inability to recover to an acceptable level in the event of a business continuity incident.

Responsible manager for implementing:

Chief Superintendent, Territorial Policing

Date to be implemented:

11/2015

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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



Audit of the Duty Management System

Draft Report Issued: **1st July 2015 (Re-issued)**

Final Report Issued: **20th July 2015**

Audit Resources

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Audit Report Distribution

For Action:	Lee Skelton (Inspector)
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Cumbria Shared Internal Audit Service

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For Information:	Mark Pannone (T/Chief Superintendent Territorial Policing – Audit Sponsor) Dick Harding (Sergeant) Michelle Bellis Deputy (Chief Finance Officer) Stephen Kirkpatrick (Director of Corporate Support) Steve Johnson (Chief Superintendent Territorial Policing)
Audit Committee	The Audit Committee, which is due to be held on 3 rd September 2015, will receive the report.

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

1 Background

- 1.1 This report summarises the findings from the audit of Cumbria Constabulary's Duty Management System (DMS). This was a planned audit assignment which was undertaken in accordance with the 2015/16 Audit Plan.
- 1.2 The Duty Management System is part of the overall Origin HR system. It is important to the organisation because it is used for duty and event planning across the force and contributes to efficient and successful achievement of strategic and operational policing objectives.
- 1.3 Overtime is planned and recorded within the Duty Management System and either taken as time off in lieu (TOIL) or paid through the payroll system. Towards the end of 2014 the Constabulary commissioned the Change Team to carry out an internal review of TOIL processes within the Duty management System. This was after a number of issues came to light. One of these issues related to the accrual of significant TOIL balances within the system. In December 2014 a decision was taken to activate a trigger within the Duty Management System whereby any TOIL over three months old is automatically paid in accordance with national policing guidelines. The findings of the Change team review were reported to Business Board in May 2015.

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 the Temporary Chief Superintendent Territorial Policing and the agreed scope areas for consideration were identified as follows:

- Governance arrangements.
- Policies, procedures and training.
- System data.

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 in respect of the Duty Management System provide **partial** 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 11 audit recommendations arising from this review.

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives (see section 5.1)	2	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	-	1	-
3. Information - reliability and integrity of financial and operational information (see section 5.3)	-	7	-

4. Security - safeguarding of assets (see section 5.4)	-	1	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	2	9	-

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

- Cumbria Constabulary is involved in the Origin National User Group and Origin Service Management Group thus keeping abreast of legislative and regulatory changes in the human resources field and ongoing system issues.
- High standards of integrity, conduct and ethical behaviour are clearly promoted within the organisation and include claiming expenses and payment in kind.
- Management are committed to developing and improving the Strategic Resourcing Unit and addressing issues within the Duty Management System.
- Officers are required to electronically confirm the accuracy and validity of the data contained within iTrent overtime claim forms.

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:*

- The Objectives of the Duty Management System haven't been defined and linked to relevant service plan or policing priorities.
- Governance arrangements for the Duty Management System have not been clearly defined and communicated to those involved.

4.4.2 *Medium priority issues:*

- Officers are not required to make a declaration regarding the validity and accuracy of overtime data being uploaded to the Duty Management System.
- There are no formal procedures in place, within the Strategic Resourcing Unit, for staff involved in updating and maintaining data within the Duty Management System.

- There has been no formal identification of the skill set requirement or preparation of a formal training plan to effectively deliver training to Resourcing Co-ordinators across the force.
- Resourcing Co-ordinators are not subject to regular, structured supervision and feedback regarding their performance.
- The Duty Management System does not make the selection of pay or time for each entry of overtime mandatory during the input stage.
- The reporting function for DMS is under-utilised for data quality assurance activity.
- Users with update access permissions can input overtime against their own records.
- There is currently no mechanism in place to identify all overtime recorded in DMS and give assurance that it is either paid or rolled forward correctly as TOIL.
- Arrangements to ensure DMS access permissions are adjusted / removed for staff who change jobs within the organisation are not currently in place.

4.4.3 *Advisory issues:*

No advisory issues were identified.

Comment from the Chief Superintendent Territorial Policing

I note the report and thank the audit team for their assistance in identifying areas of strength and also for highlighting a number of issues that we will address.

It is our intention to address these matters as part of the ongoing work in developing a Strategic resourcing Cell that will work in conjunction with the Constabulary Command & Control Room and all recommendations will be picked up and completed during this phase.

5 Matters Arising / Agreed Action Plan

5.1 Management - achievement of the organisation’s strategic objectives.

● High priority

Audit finding	Management response
<p>a) Duty Management System Objectives</p> <p>The objectives of the Duty Management System haven’t been defined and linked to relevant service plan or policing priorities. Consequently there is no ongoing consideration of whether the system meets its objectives and the current / continuing / future needs of the Constabulary.</p>	<p>Agreed management action:</p> <p>We will locate objectives within the Cedar system.</p> <p>We will then proceed to map these objectives against what we want the system to do moving forward.</p>
<p>Recommendation 1:</p> <p>The objectives of the Duty Management System should be defined, with clear links to strategic policing priorities. There should be periodic evaluation of system objectives.</p>	<p>Responsible manager for implementing:</p> <p>Mark Pannone (T/Chief Superintendent Territorial Policing)</p> <p>Date to be implemented:</p> <p>12/2015</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Strategic aims and priorities aren’t achieved because the Duty Management System no longer meets the needs of the Constabulary. 	

● High priority

Audit finding	Management response
<p>b) Governance</p> <p>There is some ambiguity regarding ownership of, and responsibility for, the Duty Management System and what it entails. This follows the recent transfer of resource management out of HR and</p>	<p>Agreed management action:</p> <p>We will define governance arrangements for the</p>

<p>into an operational support function.</p> <p>There is a lack of clarity around roles and responsibilities, decision making arrangements and reporting requirements.</p>	<p>Duty Management system and will communicate these arrangements accordingly.</p>
<p>Recommendation 2: Governance arrangements for the Duty Management System should be defined and clearly communicated to those involved.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> The Constabulary cannot deliver its strategic objectives because DMS is operated inefficiency, there is no clarity around roles and responsibilities, issues are not brought to the attention of the appropriate audience and decisions are not taken at the right time, by the right people. 	<p>Responsible manager for implementing: Mark Pannone (T/Chief Superintendent Territorial Policing)</p> <p>Date to be implemented: 12/2015</p>

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

● **Medium priority**

Audit finding	Management response
<p>a) Overtime Validity & Accuracy</p> <p>Overtime data is input to the Duty Management System directly by a Sergeant or Inspector or by a Resourcing Co-ordinator following receipt of an email request. The email request may come directly from a supervisor or from an officer with their supervisor copied into the message. The overtime data input to the Duty Management System can be taken as time off in lieu (TOIL) or claimed for payment.</p> <p>If the overtime is claimed for payment then an officer must submit a claim form via iTrent. As part of</p>	<p>Agreed management action:</p> <p>A pre-formatted electronic form will be used with the necessary declarations included.</p>

<p>this submission they are required to electronically confirm the accuracy and validity of the data contained therein. At no point is an officer required to confirm the accuracy and validity of the overtime data being uploaded to the system and subsequently taken as TOIL.</p>	
<p>Recommendation 3: Officers should be required to confirm the accuracy and validity of all overtime data entered to the Duty Management System, whether elected for payment or TOIL.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Flawed decisions based on poor quality data (invalid and inaccurate TOIL entries). • Difficulties addressing any issues / potential frauds that may arise because officers haven't confirmed the validity and accuracy of the overtime data entered to the system. 	<p>Responsible manager for implementing: Lee Skelton (Inspector) Date to be implemented: 12/2015</p>

5.3 Information - reliability and integrity of financial and operational information.

● **Medium priority**

Audit finding	Management response
<p>a) Procedures</p> <p>There are no formal procedures in place, within the Strategic Resourcing Unit, for staff involved in updating and maintaining data within the Duty Management System. This has contributed to inconsistent practices across the force. One particular area of inconsistency is the authorisation of iTrent overtime claim forms (where payment is to be made rather than TOIL taken) and the level / type of checks to be made to the Duty Management System as part of this process.</p>	<p>Agreed management action:</p> <p>Standard operating procedures will be put in place for the Duty Management System.</p> <p>Procedures will be consolidated into one document to allow for clarity and consistency.</p> <p>(There is a new shift system in the pipeline with an implementation date of 28/09/15).</p>
<p>Recommendation 4: Duty management procedures should be documented and made available to staff, with arrangements to subject the procedures to periodic management review. Relevant training should</p>	

<p>be provided.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Flawed decisions based on poor quality data (invalid and inaccurate TOIL entries). • Inefficient resource management practices. 	<p>Responsible manager for implementing: Lee Skelton (Inspector) Date to be implemented: 12/2015</p>

● **Medium priority**

Audit finding	Management response
<p>b) Training</p> <p>There are plans to roll out training to Resourcing Co-ordinators across the force to provide resilience and ensure the requirements of the Neighbourhood Policing Team (NPT) restructure and Command & Control project can be met. However there has been no formal identification of the skill set requirement or preparation of a formal training plan to deliver this objective.</p>	<p>Agreed management action: We are currently in the process of implementing training to Resourcing Co-ordinators using a recent new recruit as a starting point.</p>
<p>Recommendation 5:</p> <p>The skill set requirement for Resourcing Co-ordinators should be formally identified and a training plan to effectively upskill Resourcing Co-ordinators across the force should be developed.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Poor quality data resulting in flawed decision making. • Strategic resourcing failures because co-ordinators cannot effectively provide resilience. • The requirements of the NPT restructure and Command & Control project cannot be met. 	<p>Responsible manager for implementing: Lee Skelton (Inspector) Date to be implemented: 12/2015</p>

● **Medium priority**

Audit finding	Management response
<p>c) Staff Performance</p> <p>Resourcing Co-ordinators are not subject to regular, structured supervision and feedback regarding their performance. Annual appraisals haven't taken place for around two years and there is no arrangement for staff to receive regular one-to-ones with their managers.</p>	<p>Agreed management action:</p> <p>There is a model for Police staff already in place which we will review.</p>
<p>Recommendation 6:</p> <p>Arrangements should be in place for Resourcing Co-ordinators to receive formal, structured supervision on a regular basis, especially during this period of re-structure and change.</p>	<p>We will implement diarised one to one's with an agreed agenda template.</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Strategic resourcing failures because Resourcing Co-ordinator performance is not kept under review, training, development and support needs are not identified and addressed and there is an overall failure to continuously improve the service. 	<p>Responsible manager for implementing: Lee Skelton (Inspector)</p> <p>Date to be implemented: 09/2015:</p>

● **Medium priority**

Audit finding	Management response
<p>d) Mandatory Fields</p> <p>The system does not make the selection of pay or time for each entry of overtime mandatory. It is possible to choose a blank option from the drop down list. If the blank option is selected during the input stage the additional time is not sent for payment or added to the individual's TOIL record.</p>	<p>Agreed management action:</p> <p>We will set option b in place as an interim until option a is achieved.</p>
<p>Recommendation 7:</p> <p>a) The blank option should be removed from the drop down list during the overtime input stage OR</p>	<p>DMO's will be the only employees able to action this until option a is implemented.</p>

<p>b) Clear procedures should be issued in this area, with monitoring arrangements in place to pick up on and correct overtime entered against this option.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Incorrect figures are reported in the accounts. • Officers work overtime and accrue TOIL that is neither taken as time off nor paid. 	<p>Responsible manager for implementing: Lee Skelton (Inspector) Date to be implemented: Option b 12/2015 Option a 07/2016</p>

● **Medium priority**

Audit finding	Management response
<p>e) Data Quality</p> <p>The finance team perform a monthly check for duplicate payments (within a defined period) and potential debit balances but overall data quality assurance activity is limited. There is no monitoring or exception reporting to identify the following:</p> <ul style="list-style-type: none"> • Overtime that is not allocated for TOIL or payment. • Overtime that is older than 3 months. • Instances of self-authorisation of overtime. • Levels / type of manually input data (adjustments). • Ineligible TOIL levels (overtime worked by Inspector level and above) • TOIL levels generally across different functions / areas. <p>The reporting function for DMS is under-utilised.</p>	<p>Agreed management action:</p> <p>We will consider our requirements and seek to develop reports to present the information in an appropriate manner.</p> <p>Where reports cannot be prepared we will need to accept the risks around this.</p>
<p>Cumbria Shared Internal Audit Service: Internal Audit Report</p>	<p>Page 12</p>

<p>Recommendation 8: A suite of reports should be developed to give management assurance over the quality of data in the system and levels of TOIL in different functions / areas.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Flawed decision making due to poor quality data. • Inaccurate financial reporting of short term compensated absences. 	<p>Responsible manager for implementing: Lee Skelton (Inspector) Date to be implemented: 12/2015</p>

● **Medium priority**

Audit finding	Management response
<p>f) Overtime Authorisation</p> <p>The Duty Management System requires an appropriate collar number to be input against each entry of overtime to demonstrate authorisation. The system does not flag or restrict sergeants / inspectors from inputting overtime against their own records utilising someone else’s collar number with the relevant level of permission to authorise the data. This also applies to any adjustments. There is no monitoring in this area. Authorisers are not asked to periodically review the overtime that has been authorised against their collar number and there are no procedures in place that require this to be checked subsequently, as part of the overtime claim form authorisation process.</p> <p>In May 2015 Business Board approved a recommendation to route all input of DMS overtime via Resourcing Co-ordinators to address this issue.</p>	<p>Agreed management action:</p> <p>We have chosen option b and this will be included in procedures and implemented accordingly.</p>
<p>Recommendation 9: The Business Board decision to route all input of DMS overtime input via Resourcing Co-ordinators</p>	

<p>should be implemented forthwith. On implementation-</p> <p>a) Sergeant and Inspector update access permissions should be removed.</p> <p>OR</p> <p>b) Sergeants and Inspectors should be made aware of the new procedures for routing all DMS overtime input via Resourcing Co-ordinators and monitoring arrangements should be established to check adherence.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Unauthorised and invalid overtime being paid or taken as time off in lieu. • Financial loss through over payment. • Reputational damage arising from the submission of fraudulent overtime claims. 	<p>Responsible manager for implementing: Lee Skelton (Inspector)</p> <p>Date to be implemented: 12/2015</p>

● **Medium priority**

Audit finding	Management response
<p>g) Reconciliation</p> <p>There is no monthly reporting / reconciliation process to identify all overtime recorded in DMS and give assurance that it is either paid or rolled forward correctly as TOIL.</p> <p>The ICT team has highlighted TOIL on the system older than three months that should have been paid. This issue was referred to Capita (the system provider) four months ago but remains unresolved. There is also a significant amount of ineligible TOIL recorded on the system relating to manual entries on behalf of Inspectors (who are not eligible for overtime). This information should be cleared out of DMS and recorded separately if necessary.</p>	<p>Agreed management action:</p> <p>We will discuss this issue with HR and Finance. The responsibilities will be determined as part of the governance arrangements detailed in recommendation 2.</p>
<p>Recommendation 10:</p> <p>Overtime data in DMS should be cleansed with any outstanding issues followed up. Thereafter a mechanism should be established to give management ongoing assurance that all overtime is</p>	

<p>either paid or rolled forward accurately as TOIL.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Underpayment to staff and subsequent claims. • Poor data quality which impacts upon decisions and financial reporting. 	<p>Responsible manager for implementing: Mark Pannone (T/Chief Superintendent Territorial Policing)</p> <p>Date to be implemented: 03/2016</p>

5.4 Security - safeguarding of assets.

• **Medium priority**

Audit finding	Management response
<p>a) Access Permissions</p> <p>DMS access permissions are not reviewed on a periodic basis to ensure access levels continue to reflect job roles and responsibilities (e.g. when Constables act up as Sergeants their access permissions to DMS are upgraded from read only to update access).</p> <p>The ICT team have an established monthly routine in place whereby assignment changes are checked to access permissions and adjustments are made. However, this routine does not currently incorporate the Duty Management System.</p>	<p>Agreed management action:</p> <p>We will ensure that IT extend the established monthly routines involving assignment changes being checked and adjustments made to incorporate the Duty Management system.</p>
<p>Recommendation 11:</p> <p>Arrangements should be in place to ensure DMS access permissions are adjusted / removed so that they correctly reflect job roles and responsibilities.</p>	

<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none">• Unauthorised access.• Deletion or manipulation of information.• Fraudulent overtime claims.	<p>Responsible manager for implementing: Lee Skelton (Inspector) Date to be implemented: 09/2015</p>
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Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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



Audit of Governance: Anti-Fraud & Corruption Policy

Draft Report Issued: 16th December 2014

Final Report Issued: 14th January 2015

Audit Resources

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Audit Report Distribution

For Action:	Paul Duhig (Director of Professional Standards)
For Information:	Jason McKenna (DS Anti-Corruption Unit) Roger Marshall (Chief Finance Officer: Constabulary) Ruth Hunter (Chief Finance Officer / Deputy Chief Executive)
Audit Committee	The Audit Committee, which is due to be held on 10 th March 2015, 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 Governance. The focus of this audit was the Anti-Fraud and Corruption Policy. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. Anti-Fraud and Corruption arrangements are important to the organisation because they are a key element of the overall governance framework. A good governance framework establishes a high degree of transparency, fairness, standards and accountability to the public that contribute to efficient and successful achievement of policing objectives.
- 1.3. The Chief Constable is responsible for putting proper governance arrangements in place within the Constabulary. The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account and this includes ensuring that adequate and effective governance arrangements are in place within the Constabulary.

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 the Director of Professional Standards and the agreed scope areas for consideration were identified as follows:
 - Roles and Responsibilities
 - Implementation
 - Monitoring
 - Review
- 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 in respect of anti- fraud and corruption 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 **6** audit recommendations arising from this review.

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives achieved	-	2	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	3	-
3. Information - reliability and integrity of financial and operational information	-	1	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-

Total Number of Recommendations	0	6	0
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4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Quarterly reporting by the Constabulary to the OPCC Executive Board on anti-fraud and corruption activity.
- Clear definitions of fraud and corruption within Anti-Fraud and Corruption procedures.
- Arrangements for confidential reporting are published with clear contact information.
- Commitment to developing and improving the governance framework through the establishment of an independent panel to scrutinise decision making and ethical working across Cumbria Constabulary and the OPCC.
- Clear promotion and publication of Anti-Fraud and Corruption activity and procedures through an ongoing programme of staff awareness raising (e.g. articles in staff newsletters, posters etc.) and training presentations.
- Clear promotion of high standards of integrity, conduct and ethical behaviour within the organisation.

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:*

- Delays in approving, publishing and implementing an up to date Anti-Fraud and Corruption Policy.
- No job description in place for the post of Director of Professional Standards Department.
- Lack of provision for supervisory review and challenge of gift and gratuity submissions.
- Monitoring activity in respect of gifts and gratuities is not reported to the Professional Standards Department management team for review and action on a regular basis.
- Contract / procurement records are not cross-checked with gifts & hospitality registers, records of business interests, details of secondary occupations and intelligence data on a regular basis and subject to management review.
- Anti-Fraud and Corruption procedures do not include a requirement to promptly report incidents as they arise to the Chief Finance Officers of both the Constabulary and the OPCC.

4.4.3. *Advisory issues:*

No advisory issues were identified.

Comment from the Director of Professional Standards

Cumbria Constabulary is committed to ensuring all our officers and staff demonstrate the highest levels of integrity. We can only achieve our objectives of keeping Cumbria safe if the public we serve have confidence in the conduct of our workforce.

A key part of maintaining public confidence is having an effective anti-fraud and corruption policy and demonstrating appropriate implementation. Therefore I welcome this audit of our performance regarding how we tackle fraud and corruption.

I am reassured that several areas of our performance have been highlighted as strengths and that there are no high priority areas for development. The medium priority issues identified have either been addressed already or are in the process of being actively addressed to ensure our ability to prevent and tackle fraud or corruption is further enhanced.

5. Matters Arising / Agreed Action Plan

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

● **Medium**

Audit finding	Management response
<p>(a) Anti-Fraud & Corruption Policy</p> <p>An updated version of the Constabulary's Anti-Fraud and Corruption Policy was drafted in March 2014 but was never subject to formal approval and publication within the Constabulary's Policy Library. Arrangements are currently being made for an equality analysis of the policy before it can be presented for formal approval and fully implemented across the force.</p>	<p>Agreed management action:</p> <p>The policy was approved at the Constabulary Business Board on 15/12/14. The approved policy has now been published on the Constabulary e-library imminently.</p>
<p>Recommendation 1:</p> <p>The updated Anti-Fraud and Corruption Policy should be formally approved so that it can be published within the Constabulary's Policy Library and fully implemented in accordance with the Constabulary's Policy and Procedure Guidelines.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Strategic aims and priorities aren't achieved because resources are diverted from service provision due to fraud and corruption. 	<p>Responsible manager for implementing: Director of Professional Standards</p> <p>Date to be implemented: 15/12/14</p>

● **Medium**

Audit finding	Management response
<p>(b) Anti-Fraud & Corruption Lead</p> <p>The Director of Professional Standards is the designated lead for Anti-Fraud & Corruption. An up to date structure chart has been prepared for the Professional Standards Department, showing all the areas which the Director is responsible for and reporting lines. However a job description is not in</p>	<p>Agreed management action:</p> <p>The Director of Professional Standards will progress the matter with HR and the Deputy Chief</p>

<p>place for this post clarifying responsibilities.</p> <p>A job description would help to align the post with the Constabulary's goals and provide clarity in the evaluation of job performance and accountability.</p>	Constable.
<p>Recommendation 2:</p> <p>A job description for the post of Director of Professional Standards Department is required to document the duties, responsibilities and reporting relationships of this post.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Insufficient direction and control to address anti-fraud and corruption risk. • Lack of accountability for the post holder. 	<p>Responsible manager for implementing: Director of Professional Standards</p> <p>Date to be implemented: Mid-January 2015</p>

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

● **Medium (Recommendations 3, 4 & 5)**

Audit finding	Management response
<p>(c) Monitoring Arrangements</p> <p>Staff and officers make ongoing electronic submissions of gifts and gratuities (accepted and declined) that populate a central register. The submissions are monitored by Professional Standards Department, but there is no provision for supervisory review and challenge as part of the process.</p> <p>The updated Anti-Fraud and Corruption procedures state that '<i>All recorded offers of hospitality and gifts are monitored by supervisors as part of the electronic workflow</i>'. A request was forwarded to the ICT team in June 2014 to facilitate this check within the system but the request has not been actioned. The Professional Standards Department agreed to follow this up at the time of the internal audit review.</p>	<p>Agreed management action:</p> <p>R3: We will confirm a scope and deadline for the development work with ICT.</p> <p>R4: The PSD analyst will bring gifts and gratuities details to the attention of the Director of Professional Standards as part of the monthly Tactical Task and Co-ordination Group (TT&CG) meeting so that they can be compared against intelligence data.</p> <p>R5: The Procurement Manager will report conflicts</p>

Electronic submissions of gifts and gratuities are reviewed by a Professional Standards Department Auditor on an ongoing basis for trends and issues but the findings are not currently reported to the Professional Standards Department management team on a regular basis for review and action. It was agreed at the time of the internal audit review that this reporting would commence forthwith.

The Procurement team review records of business interests maintained within Corporate Services when they are negotiating new contracts and report any issues to the Professional Standards Department for examination. There is a need for more comprehensive cross-checking within Professional Standards Department of procurement / contract records, business interests, secondary employments, gifts and gratuities and possibly even intelligence data.

Recommendation 3:

Provisions should be made in the gift and gratuity reporting system for an appropriate level of supervisory review and challenge of gift and gratuity submissions. This supervisory activity should be properly evidenced. There is a need to agree the scope and timetable for this piece of development work with the ICT team.

Recommendation 4:

Monitoring activity in respect of gifts and gratuities should be reported to the Professional Standards Department management team for review and action on a regular basis.

Recommendation 5:

A mechanism for periodic cross checking contract / procurement records with gifts & hospitality registers, records of business interests, details of secondary occupations and intelligence data should be fully documented with responsibilities clearly defined. Outcomes should be reported to the Professional Standards Department management team for review and action. Monitoring arrangements should be detailed in the Anti-Fraud and Corruption procedures for transparency and clarity.

Risk exposure if not addressed:

- Sanctions for non-compliance with legislation.
- Reputational damage.

of interest to PSD in early January 2015. Thereafter for key procurement decisions made PSD will cross check against appropriate department records.

Responsible manager for implementing:
R3: DS Anti-Corruption Unit
R4: Director of Professional Standards

- Legal challenge.
- Complaints.

R5: Director of Professional Standards

Date to be implemented:

R3: End January 2015

R4: End January 2015

R5: End January 2015

5.3 Information - reliability and integrity of financial and operational information.

● **Medium**

Audit finding

(d) Reporting Anti-Fraud & Corruption Incidents

The Anti-Fraud and Corruption policy and procedures don't include a requirement to promptly report incidents as they arise to the Chief Finance Officers of both the Constabulary and the OPCC so that they can discharge their respective responsibilities effectively.

This limitation has been picked up recently in respect of fraud. An instruction has been issued to Professional Standards Department supervisors to keep the Chief Finance Officers of both the Constabulary and the OPCC updated on fraud investigations.

The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account and this includes ensuring that adequate and effective governance arrangements are in place within the Constabulary. To do this effectively the OPCC needs to be kept informed of all serious fraud and corruption incidents as they arise, rather than just fraud investigations.

Reporting requirements should be included in Anti-Fraud and Corruption procedures for clarity. All current and future staff need to be aware of their responsibilities in this area.

Management response

Agreed management action:

As an interim measure PSD supervisors will refer any investigations or intelligence linked to fraud to the Director of Professional Standards who will decide whether the matter should be referred to the Constabulary and OPCC Chief Finance Officers.

This process will be written into the policy by the end of February 2015.

<p>Recommendation 6:</p> <p>Anti-Fraud and Corruption procedures should include a requirement to promptly report incidents as they arise to the Chief Finance Officers of both the Constabulary and the OPCC so that they can discharge their respective responsibilities effectively.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Up to date information on corrupt and fraudulent activity is unavailable leading to ineffective decision making. • Reputational damage arising from a lack of awareness of current instances of fraud and corruption. 	<p>Responsible manager for implementing: DS Anti-Corruption Unit</p> <p>Date to be implemented: End February 2015</p>

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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



Audit of Mobile Devices Project

Draft Report Issued: **24th September 2015**

Final Report Issued: **12th November 2015**

Audit Resources

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Audit Report Distribution

For Action:	Jason Corbishley, Head of ICT
For Information:	Stephen Kirkpatrick, Director of Corporate Support
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 8 th December 2015, 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 Mobile Devices Project which focussed on Tranche 1. This was a planned audit assignment which was undertaken in accordance with the 2015/16 Audit Plan.
- 1.2. The Mobile Devices project forms a key part of the Mobile and Digital Programme which is included in the Business Plan 2013-17. The Programme was approved by Cumbria Constabulary in May 2013 with subsequent approval by the Police & Crime Commissioner for Cumbria in the same month. Budget approval was given in November 2014. The capital budget for the entire project is £3.8m, with a revenue budget of £2.6m.
- 1.3. The programme will modernise the police service and supports elements in the Police and Crime Plan through use of technology to reduce costs, ensure sustainability, work better and improve visibility.
- 1.4. The main objectives of Tranche 1 of the Mobile and Digital Programme (which is now complete and which the audit focussed on) were to;
 - Procure smartphone devices & apps
 - Manage the business changes required
 - Provide a digital enabling infrastructure and support and hand over to business as usual
 - Prepare for Tranche 2

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 Steve Johnson, Chief Superintendent of Territorial Policing Command and the agreed scope areas for consideration were identified as follows:

- Governance arrangements (ownership, accountability, monitoring and reporting)
- Project management (planning, implementation, risk management and budget management).

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 the Mobile Devices Project 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 audit review.

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

- There is an approved business case for the Mobile and digital Programme with clear links to service & organisational objectives.
- Approval for the project was based on a full understanding of the benefits against cost outlined in the Business Case
- There is a project risk register reflecting current risks, with details of mitigating actions.
- There is a link between the project risk register and the organisational risk register which enables higher category project risks to be escalated as necessary.
- A Project Steering Group has been appointed to oversee the programme.
- A sound project governance structure is in place. There is a clearly defined project team including a named Project Manager and roles & responsibilities have been clearly defined and allocated to all members of the team.
- Standard project control methodologies have been adopted (PRINCE2 & MSP).
- The Project methodologies ensure that there is a timetable with stage deadlines.
- Compliance with the project methodology is rigorously enforced by the Project Team.
- A budget has been set in accordance with the Business Case.
- Actual expenditure is regularly compared to budgeted expenditure and results are reported monthly to the Project Steering Group.
- Mechanisms are in place to ensure appropriate action would be taken on any overspends at key stages of the project.
- Comprehensive testing was undertaken to ensure the equipment and applications purchased complied with the requirements set out in the Business case.
- The Project Manager holds regular project meetings where progress and delivery at various stages is discussed.
- The Project Manager ensures stage deadlines are achieved and takes appropriate action where a stage deadline may not been achieved.
- The Project Manager reports monthly to the Project Steering Group and the OPCC on progress made against timetable.
- A post implementation review was carried out at the end of Tranche 1 with lessons learnt to be applied to future stages.

4.4. **Areas for development:** No areas of development were identified to strengthen existing control arrangements.

Comment from the Director of Corporate Support

I am very pleased with the findings of the mobile devices audit and the substantial level of assurance achieved. As can be seen from the many strengths identified with no areas needing development, the successful deployment of these devices to officers has been achieved by a very well managed project which has delivered significant operational benefits across the Constabulary.

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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



Audit of Performance Monitoring

Draft Report Issued: **17th August 2015**

Final Report Issued: **20th August 2015**

Audit Resources

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Audit Report Distribution

For Action:	Jane Sauntson (Director of Corporate Improvement)
For Information:	Vivian Stafford (Head of Partnerships & Commissioning, COPCC) Michelle Bellis (Deputy Chief Finance Officer)
Audit Committee	The Audit Committee, which is due to be held on 3 rd September 2015, 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 performance monitoring. This was a planned audit assignment which was undertaken in accordance with the 2015/16 Audit Plan.
- 1.2. Performance monitoring is important to the organisation because it is a key element of the Constabulary's overall governance framework. A good governance framework establishes a high degree of transparency, fairness, standards and accountability to the public that contribute to efficient and successful achievement of strategic objectives. The Chief Constable is responsible for putting proper governance arrangements in place within the Constabulary and ensuring Constabulary and PCC priorities are delivered.

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 the Director of Corporate Improvement and the agreed scope areas for consideration were identified as follows:
 - Governance arrangements.
 - Monitoring and reporting.
 - Scrutiny and challenge.
 - Data quality within the Performance Management Framework.
- 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 in respect of performance monitoring 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.
- 4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:
- Policing priorities are cascaded down from the Policing Plan into other plans and strategies.
 - An approved, up to date Performance Management Framework is in place that clearly supports the delivery of strategic policing objectives, as set out in the Policing Plan.
 - There is a nominated Director who is accountable for performance management at a strategic level.
 - Bi-monthly reporting by the Constabulary to the OPCC Executive Board on the performance framework.
 - Effective challenge of progress in achieving priorities from the Police and Crime Commissioner and internally via Performance Development Conferences.
 - Actions to address performance issues are documented and tracked with clear ownership.
 - Clear definitions of performance measurement, performance monitoring and a performance management framework within performance documentation.

- Regular opportunities to share good practice and achievements.
- Involvement in regional performance groups to scrutinise performance, share best practice and identify opportunities for improvement.
- A quality assurance process is in place to ensure the reliability and integrity of performance information provided to senior management and the OPCC.
- Benchmarking of Cumbria's performance against most similar forces.

4.4 **Areas for development:** No areas for development were identified during this review.

Comment from the Director of Corporate Improvement

I am very pleased that the Constabulary's performance management arrangements have received an audit assurance of substantial and that the good work of officers and staff, application of the system in practice and continuous improvements made in this area have been recognised. This evidences the importance of performance management in the force to deliver the best outcomes for the people of Cumbria.

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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



Audit of Policy Development & Management

Draft Report Issued: **11 December 2014**

Final Report Issued: **16 February 2015**

Audit Resources

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Audit Report Distribution

For Action:	Jane Sauntson (Director of Corporate Improvement)
For Information:	Julie Johnstone (Strategic Development Manager) Stuart Edwards (Chief Executive, PCC)
Audit Committee	The Audit Committee, which is due to be held on 10 th March 2015, 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's arrangements for Policy Development and Management. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Internal Audit Plan.
- 1.2. Policy development and management is important to the organisation because it contributes to efficient and successful service delivery against the Policing Plan. Policies contribute to the achievement of strategic objectives by ensuring compliance with laws and regulations, promoting operational efficiency and managing organisational risk by clearly specifying what is expected of all officers and staff.
- 1.3. In July 2013 Internal Audit reviewed policies and procedures relating to a specific incident at Appleby Fair involving a school bus. The review highlighted that policy development arrangements for the Constabulary could be improved. In June 2014 Her Majesty's Inspectorate of Constabulary (HMIC) also expressed concerns about the number of outdated policies on the constabulary intranet and internet. Internal reviews by Strategic Development Unit support these findings. The Corporate Improvement risk register includes a red risk that out of date policies are potentially higher risk than having no policies in place.
- 1.4. The Constabulary has developed a risk based programme of work to review all policies, procedures and guidance material. New policy guidance was developed and implemented in September 2014 to support this process.

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 Jane Sauntson and the agreed scope areas for consideration were identified as follows:
 - Roles and Responsibilities

- Policy Approval
- Policy Implementation
- Policy Review & Update

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 policy development and 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. Management - achievement of the organisation's strategic objectives achieved	-	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	-	-

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

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

- Responsibility / accountability for policy development and management has been clearly allocated to the Strategic Development Unit.
- Policy & Procedure Guidance material has been developed and implemented. It provides clarity regarding the purpose of policies and procedures, roles and responsibilities and consultation. There is a defined process for approving policies and it is followed.
- Constabulary's acknowledgement of weaknesses in policy development and management which they are committed to addressing.
- Development of a risk based programme of work to review policies, procedures and guidance by March 2015 and on a three yearly basis thereafter.
- Sound governance arrangements are in place with regular monitoring and reporting to the relevant decision making boards. Programme slippage has been clearly highlighted and remedial action determined.
- A defined consultation process is in place ensuring current legislation, best practice and professional input is captured in policy development and updates.
- Communication / training of new /updates to policies to officers / staff
- Use of Authorised Professional Practice (APP) published by the College of Policing where possible to avoid duplication of effort and ensure best practice.
- Commitment to developing and improving the Constabulary's Policy Library on the intranet to make policies more accessible to officers and staff.
- Withdrawal of out of date policies from the Policy Library. This reduces the risk of litigation, criticism and reputational damage arising from staff and officers following out of date legislation and guidance.

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 Improvement

I am very pleased that the Constabulary's policy arrangements have received an audit assurance of substantial and that the Constabulary's good practice and continuous improvement in this area has been recognised.

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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



Audit of Risk Management

Draft Report Issued: **26th January 2015**

Final Report Issued: **16th February 2015**

Audit Resources

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Audit Report Distribution

For Action:	Julie Johnstone (Strategic Development Manager)
For Information:	Jane Sauntson (Director of Corporate Support) Roger Marshall (Chief Finance Officer: Constabulary)
Audit Committee	The Audit Committee, which is due to be held on 10 th March 2015, 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 Risk Management. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2 Risk Management arrangements are important to the organisation because they are a key element of the overall governance framework. A good governance framework establishes a high degree of transparency, fairness, standards and accountability to the public that contribute to efficient and successful achievement of strategic and operational policing objectives.
- 1.3 The Chief Constable is responsible for putting proper governance arrangements in place within the Constabulary. The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account and this includes ensuring that adequate and effective risk management arrangements are in place within the Constabulary.

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 the Director of Corporate Support and the agreed scope areas for consideration were identified as follows:
 - Appropriate governance arrangements are in place for risk management, including roles and responsibilities and reporting arrangements.
 - There is a defined risk management policy, strategy and procedures and these have been communicated appropriately.
 - Risk registers are in place for all key services, partnerships and projects and are subject to regular review and reporting.
 - Risks identified cover the full range of strategic and operational risks and have been properly assessed and controls identified and assigned.
 - Arrangements are in place to ensure that risk management is embedded in the organisation.

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 in respect of risk 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.
- 4.3 **Strengths:** The following areas of good practice were identified during the course of the audit:
- An approved, up to date Risk Management Policy is in place that has been clearly communicated to staff.
 - Clarity regarding risk management responsibilities and access to risk documentation.
 - Quarterly reporting by the Constabulary to the Joint Audit and Standards Committee on strategic risks.
 - Clear definition of risk within the Risk Management Policy.
 - Effective challenge of relevant strategic and operational risks by Corporate Improvement, senior management and chief officers.
 - Regular measure of compliance with the Risk Management Policy through the established, quarterly, quality assurance process.
 - Clear and comprehensive guidance regarding risk assessment.
 - The findings of an independent review of the constabulary's risk management arrangements by Gallagher Bassett have fed into the recent Risk Management Policy revision.

4.4 **Areas for development:** No areas for development were identified during this review.

Comment from the Director of Corporate Improvement

I am very pleased that the Constabulary's risk management arrangements have received an audit assurance of substantial and that the Constabulary's good practice and continuous improvement in this area has been recognised.

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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



Audit of the Custody Review Evaluation

Draft Report Issued: **28 January 2015**

Final Report Issued: **16 February 2015**

Audit Resources

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Audit Report Distribution

For Action:	Jane Sauntson, Director of Corporate Improvement
For Information:	Michelle Skeer, Deputy Chief Constable Roger Marshall (Chief Constable's Chief Finance Officer) Ruth Hunter (Chief Finance Officer, PCC) Stuart Edwards (Chief Executive PCC)
Audit Committee	The Joint Audit and Standards Committee, which is due to be held on 10 March 2015, 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 **Custody Review Evaluation**. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. The Constabulary undertook a review of custody arrangements in 2012 to provide options for changes to the custody structure. An evaluation of the custody review commenced in April 2014 and focussed on the changes that have taken place since implementation of the review as of 1st October 2013 and further action required. This audit was undertaken to review the arrangements for the evaluation of the custody review.

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:

- Review the arrangements for the evaluation of the custody review
- Confirm the evaluation identified whether benefits specified were achieved and risks managed; any further action required was identified as part of the review
- Confirm that the methodology used considered value for money of current custody arrangements.

- 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 Cumbria Constabulary around the Custody Review Evaluation 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 was one audit recommendation arising from this audit review.

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives (see section 5.1.)	-	1	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	-	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	0	1	0

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

- Clear Terms of Reference were established for the original review and these were followed for the evaluation.
- A clear, documented process was followed. The Change Programme Team has developed a 'Review Evaluation Toolkit' which sets out evaluation and data collection approaches and contains an evaluation record sheet which is used to standardise and document the findings of the review. The toolkit looks at the original benefits identified, if they were realised, any lessons learnt, value for money and if further efficiencies could be made.
- All original benefits identified in the custody review were used as the basis of the evaluation work.
- Findings from the evaluation review were reported to the Force Strategic Delivery Board on 29th September 2014. Further actions required were identified and highlighted in the report.
- Risks are on the Programme Risk Register and the Territorial Command – Custody Review Risk Register
- Value for money forms a key part of the evaluation toolkit.

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:*

- The evaluation record sheet should contain robust identification of further efficiencies and further actions required.

4.4.3. *Advisory issues:*

- No advisory issues were identified

Comment from the Director of Corporate Improvement

I am very pleased that the Constabulary's Custody Evaluation has received an audit assurance of reasonable for its approach and VFM outcome, and will be ensuring that the proposed action is completed as outlined.

Management Action Plan

5. Matters Arising / Agreed Action Plan

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

● **Medium Priority**

Audit finding	Management response
<p>(a) Evaluation Record Sheet Completion</p> <p>A covering report was produced for the Custody Evaluation Review with the Evaluation Record Sheet attached listing all benefits highlighted in the original review and progress made. The evaluation record sheet requires comments on whether the original benefit provided value for money, if further efficiencies could be made and if any further actions were required.</p> <p>A review of the evaluation record sheet for the Custody Review Evaluation report found inconsistencies in the comments around whether further efficiencies could be made and if further actions were required. Several comments in the Value for Money (Vfm) column stated, for example, Vfm had been achieved but could be improved through performance framework, but the column stating if further efficiencies could be made showed 'none identified', these statements appear to contradict each other.</p>	<p>Agreed management action:</p> <p><i>Following discussion at the close out meeting for this audit, it became apparent that the issues identified were about terminology and clarity of that terminology rather than process issues.</i></p> <p><i>It is not always possible to identify exact efficiencies as further work may need to be done e.g. for the performance framework example quoted, the framework may be used to inform any future improvements and potential efficiencies, but the framework itself would not yield any and these efficiencies / or actions taken as a result of the performance framework for the area in question could not be identified at this stage.</i></p>
<p>Recommendation 1:</p> <p>The evaluation record sheet should contain robust identification of further efficiencies and further actions required.</p>	<p><i>The column headings and the instructions for use that are part of the template used for review evaluations will be changed to ensure clarity for the user and the reader.</i></p>

Risk exposure if not addressed:

- Benefits / actions not clear to management

Responsible manager for implementing:

Change Programme Manager

Date to be implemented: **April 2015**

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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 & OPCC



Audit of Debtors

Draft Report Issued: **29th April 2015**

Final Report Issued: **22nd May 2015**

Audit Resources

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Audit Report Distribution

For Action:	Lorraine Holme, Principal Financial Services Officer (Capital & Technical) Finance Department / Corporate Support Directorate
For Information:	<p>Ann Dobinson – Head of Central Services</p> <p>Roger Marshall – Head of Financial Services</p> <p>Ruth Hunter - Chief Finance Officer / Deputy Chief Executive of the Cumbria Office of the Police and Crime Commissioner.</p> <p>Michelle Bellis – Deputy Chief Finance Officer</p>

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



Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 23 June, will receive the report.
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Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

1. Background

- 1.1. This report summarises the findings from the audit of Debtors at Cumbria Constabulary and the Cumbria Office of the Police and Crime Commissioner (CC & OPCC). This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. The Debtors function at CC & OPCC is to collect monies outstanding in respect of a variety of sundry debts. It is an important process as the level of debt outstanding at the end of each month is approximately £250,000 and this can impact upon cash flow.

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 Lorraine Holme (Principal Financial Services Officer (Capital & Technical)) and the agreed scope areas for consideration were identified as follows:
 - Policies and Procedures
 - Monitoring and reporting
 - Write-offs
 - Follow up to previous audit (April 2014).
- 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 Debtors 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 **3** audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives	-	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.1.)	-	-	2
3. Information - reliability and integrity of financial and operational information (see section 5.2)	-	1	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-

6. Other considerations from previous audits (see section 5.3)	-	-	-
- Implementation of previous recommendations/impact of outstanding recommendations.			
Total Number of Recommendations	-	1	2

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

- Roles and responsibilities are clearly defined,
- Policies and procedures are documented and available to all staff
- Debtor levels are reported to Management monthly
- The training of new staff refers to current policies and procedures
- All write offs are approved in writing.
- All write offs are journalled independently by Finance
- Items reported in the previous audit have been addressed

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:*

- None

4.4.2. *Medium priority issues:*

- Outstanding invoices should be chased up in a consistently timely manner following the expiry of the 21 day payment terms.

4.4.3. *Advisory issues:*

- Current process maps, procedures and documents should be formally signed off as evidence of approval by management
- Process maps, procedures and documents should be consistently version and date controlled to eliminate the risk of incorrect or out of date procedures being followed.

Comment from the *Chief Finance Officer

I am pleased that the audit has found that Debtor processes and procedures are generally operating well and that recommendations from previous audits have been acted upon. The recommendations of the audit are noted and, in particular, processes to provide assurance in relation to adherence to agreed debt collection policies will be incorporated within a financial performance framework.

Roger Marshall, CCCFO

5. Matters Arising / Agreed Action Plan

5.1. **Regulatory** - compliance with laws, regulations, policies, procedures and contracts.

- **Advisory issue (R1)**
- **Advisory issue (R2)**

Audit finding	Management response
<p>(a) Quality of current procedures</p> <p>Process maps, procedures and training documents were prepared by the team engaged in the Central Services Department change implementation, in consultation with Principal Finance officers. There was no evidence of management approval.</p> <p>Also version / date control is not consistently in place to ensure the most up to date document is in use.</p> <p>Recommendation 1: Current process maps, procedures and training documents should be reviewed and approved by management to confirm completeness, fitness for purpose and approval at the correct level.</p> <p>Recommendation 2: Version control should be introduced across all procedures to ensure that updated documents can be tracked; this should include date of update, areas updated and author.</p>	<p>Agreed management action:</p> <p>R1 – Procedures relating to debtors will be incorporated into the Financial Services Handbook which will be approved by Management.</p> <p>R2- Version control within the debtors procedures will be implemented with immediate effect.</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> ● Current procedures may be incomplete or may contain errors which have not been identified and which may adversely affect the quality of the debtor process. ● Out of date procedures may be used where version or date control is not in place. 	<p>Responsible manager for implementing: Michelle Bellis, Deputy Chief Finance Officer Ann Dobinson, Head of Central Services</p> <p>Date to be implemented: R1- 01/04/2016 R2- 29/05/2015</p>

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

● **Medium priority (R3)**

Audit finding	Management response
<p>(a) Timeliness of debtor follow-up There is evidence of outstanding debts being followed up prior to write-off, however initial reminder letters are not issued promptly, after the expiry of the 21 day payment terms, Delays of more than two months were noted. Similar delays were highlighted with final reminder letters.</p> <p>Recommendation 3: Arrangements should be made to ensure that first and final reminder letters are consistently issued in accordance with procedures</p>	<p>Agreed management action: Management will remind staff to issue timely reminders, in accordance with procedures. Compliance will be monitored by the Business Services Team Leader on a monthly basis.</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Debts are less likely to be recovered where follow up is delayed. • Cash flow may be adversely affected where debt is not promptly recovered. 	<p>Responsible manager for implementing: Ann Dobinson, Head of Central Services</p> <p>Date to be implemented: R3- 29/05/2015</p>

5.3. Outstanding Actions from Previous Audit Review

<p>(a) Debtor Supporting Documentation 2 April 2014</p>	<p>Associated risks:</p> <ul style="list-style-type: none"> No information may be available in case of a query.
<p>Previous Recommendation: Supporting documentation should be attached to the Accounts Receivable system wherever possible.</p>	<p>Previously agreed action to be taken: Staff have been reminded again of the need to attach supporting documentation to all debtors invoices.</p> <p>A system of spot checks will be put in place to ensure compliance with the requirement.</p>
<p>Current status: Evidence of spot check documentation has been provided and reviewed by Internal Audit.</p>	
<p>Conclusion: Satisfactory.</p>	<p>Further action required? Yes/ No</p>
<p>(b) Evidence of credit note authorisation 2 April 2014</p>	<p>Associated risks:</p> <ul style="list-style-type: none"> Internal procedures may not be followed
<p>Previous Recommendation: Credit note authorisation forms should be retained on file to confirm compliance with internal procedures</p>	<p>Previously agreed action to be taken: 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.</p>
<p>Current status: Credit note signed lists for April 2014 – February 2015 were provided and reviewed by Internal Audit. They confirmed that credit notes had been approved at the correct level and were fully documented.</p>	

Conclusion: Satisfactory	Further action required? Yes / No
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(c) Debt Recovery Action	2 April 2014	Associated risks: <ul style="list-style-type: none"> • Debts may become unrecoverable.
Previous Recommendation: Departments contacted for information regarding outstanding debts should respond in a timely manner to facilitate debt recovery.		Previously agreed action to be taken: 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.
Current status: Action taken by Legal Services is now comprehensively recorded in Column N of the monthly debt analysis report.		
Conclusion: Satisfactory	Further action required? Yes / No	

(d) Cash Insurance Limits	2 April 2014	Associated risks: <ul style="list-style-type: none"> • Cash held may not be insured
Previous Recommendation: Staff should ensure that cash held does not exceed the safes insurance limits and inform the Deputy Chief Finance Officer if it does.		Previously agreed action to be taken: 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. Cash & limits are reviewed monthly and where insurance limits are exceeded the Deputy Chief Finance Officer is informed.
Current status: The safe record sheet prompts staff to check the insurance limit if cash has been seized. Also the seized cash record includes a reconciliation of seized cash and states what the current safe insurance limit is. The insurance limit is now £200k with £155,149 actually in the safe as at end of February 2015.		

Management Action Plan

Conclusion: Satisfactory

Further action required?

~~Yes~~/ No

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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 Office of the Police & Crime Commissioner



Audit of Business Continuity Planning

Draft Report Issued: **13 April 2015**

Final Report Issued: **19 May 2015**

Audit Resources

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Audit Report Distribution

For Action:	Joanne Head (Governance and Business Services Manager) Linda McGinley (Engagement and Communications Officer)
For Information:	Stuart Edwards (Chief Executive)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 23 June 2015 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 Office of the Police and Crime Commissioner (COPCC) Business Continuity Planning. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. Business continuity planning is the process of planning for possibly unexpected, but nevertheless, foreseeable, events. Business continuity planning is important as it provides the COPCC with ways to minimise the effects of unexpected disruptions or emergencies as well as planning a return to normality as soon as practicable.
- 1.3. The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account and good practice would include ensuring that adequate and effective business continuity arrangements are in place within the Constabulary.

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 Governance and Business Services Manager and the agreed scope areas for consideration were identified as follows:
 - Roles and responsibilities for business continuity planning and management;
 - Adequacy and effectiveness of business continuity plans;
 - Arrangements for testing of and training on plans;
 - Ensuring continuity of service when staff roles and responsibilities change or people leave the organisation
 - Arrangements for ensuring effective use of technology and;
 - Arrangements for holding the Constabulary to account.

2.2.2. The business continuity plan was in the process of being developed during the audit review so the scope of the audit focussed on the arrangements for the preparation and implementation of the plan.

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. The OPCC has recognised that this is an area that needs to be addressed and has allocated resources to creating a business continuity plan and work is now underway on this. However, there is a lack of a corporately agreed approach and the organisation has not yet defined its business continuity arrangements, we have therefore concluded that, from the areas examined and tested as part of this audit review, we consider the current controls operating within business continuity planning provide **Limited** 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 five audit recommendations are arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives achieved (see section 5.1.)	3	1	-

2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2.)	1	-	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	4	1	0

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

4.3.1. *High priority issues:*

- There is a need for a defined approach to business continuity planning within the Commissioner's Office and a business continuity policy should be established.
- Governance and management oversight of the preparation of the business continuity plan should be defined and documented to ensure that the plan is appropriate to the needs of the organisation and is appropriately signed off at senior management level.
- The organisation should define its business continuity requirements to ensure that the plan is developed in line with the organisation's business continuity needs.
- Documented and tested business continuity plans need to be in place to ensure that the organisation is complying with its own Financial Regulations which place a responsibility on Chief Officers to maintain appropriate business continuity plans.

4.3.2. *Medium priority issues:*

- Arrangements for the Commissioner to receive assurance over the Constabulary's business continuity plans need to be formalised.

4.3.3. *Advisory issues:*

- No advisory issues were identified

Comment from the Chief Finance Officer / Deputy Chief Executive

The OPCC recognises that further work is needed to formally document and consolidate the arrangements for business continuity and this is being given priority over the next few months. Whilst there is a clear need to complete and formally test an OPCC corporate business continuity plan, operational arrangements (off site contact records, remote ICT access, finance service BCP including critical finance activities) are in place to facilitate key activities in the event of a business continuity incident arising during this time.

5. Matters Arising / Agreed Action Plan

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

● **Medium priority**

Audit finding	Management response
<p>(a) Assurance from the Constabulary</p> <p>The Police and Crime Commissioner is accountable under the Police Reform and Social Responsibility Act 2011 for securing an effective and efficient police force for Cumbria. Whilst there are no specific requirements on the Commissioner to receive assurance over the Constabulary's Business Continuity Planning arrangements, good practice would include assurance over this area.</p> <p>At the time of the audit, discussions were underway between the Governance and Business Services Manager, the Engagement and Communications Officer and the Temporary Superintendent (Operations) to determine the best method for implementing this process. We consider that the OPCC should define its assurance requirements in relation to business continuity and then work with the Constabulary to establish how these will be delivered.</p>	<p>Agreed management action:</p> <p>We will define the requirements of the Commissioner to ensure appropriate arrangements are in place.</p> <p>The Engagement and Communications Officer will meet with the Temporary Superintendent Operations to set out our requirements.</p> <p>The outcome will be reported to the Commissioner at the Executive Board in August.</p>
<p>Recommendation 1:</p> <p>The Commissioner's office should set out its business continuity plan assurance requirements from the Chief Constable and work with the Constabulary to ensure there are appropriate arrangements in place for these to be met.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Failure to respond appropriately to a significant business continuity incident. • Reputational damage if business continuity arrangements fail. 	<p>Responsible manager for implementing: Engagement and Communications Officer</p> <p>Date to be implemented: End September 2015</p>

● High priority

Audit finding	Management response
<p>(b) Arrangements for the preparation of the business continuity plan</p> <p>Effective business continuity management relies on the organisation being clear about its business continuity requirements and establishing appropriate policies and strategies for business continuity. At present the OPCC does not have these in place, resulting in a business continuity plan being created in isolation and without regard for the organisation's requirements. We recommend that the organisation defines its business continuity requirements through a policy and strategy and that the plan is then prepared on this basis.</p> <p>The draft business continuity plan, being prepared at the time of the audit, appears to adopt the model used by the Constabulary. This may not be the most appropriate approach for the Commissioner's office where legislative requirements are less prescriptive and the organisation is much smaller.</p>	<p>Agreed management action:</p> <p>Recommendation 2: We will codify the existing documentation to illustrate the OPCC's approach and will include some elements of recommendation 4 within this document.</p> <p>Recommendation 3: We will define our requirements within the overarching document above.</p>
<p>Recommendation 2: The OPCC's approach to business continuity planning should be defined and a policy and strategy based on this.</p> <p>Recommendation 3 The OPCC's business continuity requirements should be defined by management prior to the plan being prepared.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Business continuity arrangements are not adequate because the organisation has not defined its requirements. • Business continuity arrangements may be excessive for the size of the organisation without the organisation having defined its requirements. 	<p>Responsible manager for implementing: Engagement and Communications Officer</p> <p>Date to be implemented: End July 2015</p>

● High priority

Audit finding	Management response
<p>(c) Draft business continuity plan</p> <p>The OPCC's draft business continuity plan evolved during the period the audit took place. There are currently no approved arrangements for preparing the business continuity plan. Roles and responsibilities for preparation of the plan have not been clearly defined and there are no monitoring arrangements in place to ensure that a plan is prepared and implemented on time and to a defined specification. Arrangements for sign off have not been formally documented, although we were informed that the arrangements for approval are sign-off by the Executive Team prior to final approval by the Commissioner.</p> <p>Whilst we recognise that a 'business continuity plan completion and implementation activity timeline' has been prepared we consider that the arrangements for management oversight of the development of the plan(s) should be defined and documented to ensure that plans are developed in line with agreed timescales and organisational requirements.</p>	<p>This will be incorporated within the document detailed in recommendation 2 and will include:</p> <ul style="list-style-type: none"> • A high level project plan with timeline stating what will be delivered and when; • Sign-off and reporting arrangements.
<p>Recommendation 4:</p> <p>Once a policy and strategy and organisational requirements have been defined, we recommend that a project plan is implemented for the development of business continuity plan(s) within the OPCC with clearly defined reporting and sign-off arrangements.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Business continuity arrangements are ineffective because appropriate governance arrangements are not in place. 	<p>Responsible manager for implementing: Engagement and Communications Officer</p> <p>Date to be implemented: End July 2015</p>

5.2 Regulatory - compliance with laws, regulations, policies, procedures and contracts

● High priority

Audit finding	Management response
<p>(d) Compliance with Financial Regulations</p> <p>The OPCC's Financial Regulations place a responsibility on Chief Officers "to ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis". Without business continuity plans in place, the organisation is not complying with its own Financial Procedure Rules.</p>	<p>Completing actions 1 to 4 will address this.</p> <p>The OPCC's Chief Finance Officer has input to the financial services business continuity arrangements which cover part of the overall business continuity arrangements.</p>
<p>Recommendation 5:</p> <p>Arrangements should be introduced to give the OPCC assurance that the requirements of the Financial Regulations in relation to Business Continuity Planning are being complied with.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Non-compliance with internal rules and regulations. 	<p>Responsible manager for implementing: Chief Executive</p> <p>Date to be implemented: End September 2015</p>

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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 Office of the Police & Crime Commissioner



Audit of Policy Development & Management

Draft Report Issued: 29th January 2015

Final Report Issued: 16th February 2015

Audit Resources

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Audit Report Distribution

For Action:	Vivian Stafford (Head of Partnerships and Commissioning)
For Information:	Stuart Edwards (Chief Executive)
Audit Committee	The Audit Committee, which is due to be held on 10 th March 2015, 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 Office of the Police and Crime Commissioner (COPCC) arrangements for Policy Development and Management. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. Policy development and management is important to the organisation because it contributes to efficient and successful service delivery against the Police and Crime Plan. Policies contribute to the achievement of strategic objectives by ensuring compliance with laws and regulations, promoting operational efficiency and managing organisational risk by clearly specifying what is expected of all staff.
- 1.3. The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account and this includes ensuring that adequate and effective policy development and management arrangements are in place within the Constabulary and his own office.

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 the Head of Partnerships and Commissioning and the agreed scope areas for consideration were identified as follows:
 - Roles and Responsibilities
 - Policy Approval
 - Policy Implementation
 - Policy Review & Update
- 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 in respect of risk 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 two audit recommendations arising from this review.

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives achieved (see section 5.1)	-	2	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	-	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-

Total Number of Recommendations	0	2	0
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4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Responsibility / accountability for policy development and management has been clearly allocated to the Head of Partnerships and Commissioning. This post was established in 2014.
- The OPCC follow the Constabulary's Policy & Procedure Guidance (2014). It provides clarity regarding the purpose of policies and procedures, roles and responsibilities and consultation requirements.
- There is a defined process for approving policies and it is followed.
- The OPCC acknowledge weaknesses in policy development and management and pledge to address them.
- A defined consultation process is in place ensuring current legislation, best practice and professional input is captured in policy development and updates.
- Established arrangements for the communication of and training on new policies and updates to staff.

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:*

- A clear, documented strategy is not in place to achieve planned policy developments within defined timescales.
- The document library is not kept up to date with all current policies that apply to OPCC staff, older versions of documents are not removed and there are inconsistencies in policy version control / dating.

4.4.3. *Advisory issues:*

No advisory issues were identified.

Comment from the Chief Executive

It is reassuring to see that a substantial number of strengths were identified in the course of the audit. The audit was undertaken just after the recruitment of appropriate staff intended to take forward this important area of activity. The actions arising from issues raised in the audit will be completed in the next six months.

5. Matters Arising / Agreed Action Plan

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

● **Medium priority**

Audit finding	Management response
<p>(a) Policy Development Plan Since 2012 the COPCC has placed some reliance on Constabulary policies. More recently there has been a move towards the development of separate polices, particularly in relation to HR as the COPCC team has increased in size.</p> <p>A clear, documented strategy is not in place to achieve planned policy developments within defined timescales.</p>	<p>Agreed management action: Policy identification:</p> <ul style="list-style-type: none"> We will list our existing policies with assigned owners and a process for review. Polices to be developed separately from the Constabulary's will be identified together with an owner.
<p>Recommendation 1: Policy developments should be properly identified and documented in a plan, which has been given appropriate approval and shared with the team. There should be regular review and reporting of progress against the plan with management actions to deal with issues in performance to ensure accountability.</p>	<p>A plan will be put in place for monitoring and action</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Policy developments are not delivered achieved because there is no implementation strategy to achieve them. Strategic objectives are not achieved because policies are not aligned with current business objectives. 	<p>Responsible manager for implementing: Head of Partnerships and Commissioning Date to be implemented: 08/2015</p>

● **Medium priority**

Audit finding	Management response
<p>(b) Document Library</p> <p>Policies are stored within a document library on the COPCC website, filed by subject type.</p> <p>There are a number of policies in the document library that haven't been dated or version numbered (e.g. Decision Making Policy & Custody Visitors Complaint Policy). It is unclear if these policies are up to date and when they are scheduled for review.</p> <p>There are instances where current and older versions of documents sit in the document library (e.g. Treasury Management Strategy 2013/14 & 2014/15). Only current versions of documents should be available for staff to follow.</p> <p>Reference is not made within the document library to constabulary policies that the OPCC continue to rely on and copies of these policies are not readily available. OPCC staff may be unclear regarding which policies apply to them.</p>	<p>Agreed management action:</p> <p>We will review the current content of the document library and remove any out of date versions. We will ensure appropriate links are in place to the Constabulary's policies where these are being relied on.</p>
<p>Recommendation 2:</p> <p>Policies should be dated or version controlled and only the latest versions should be available for staff to follow. There should be clarity within the document library regarding the application of constabulary policies and these policies should be readily available.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Organisation's strategic aims and priorities aren't achieved because policies are not kept up to date and relevant. • Ineffective decision making and action due to reliance on poor quality / out of date policies. • Sanctions, litigation and reputational damage arising from non-compliance with relevant legislation and guidance due to the application of out of date policies. 	<p>Responsible manager for implementing:</p> <p>Governance and Business Services Manager</p> <p>Date to be implemented:</p> <p>08/2015</p>

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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 Office of the Police & Crime Commissioner



Audit of Risk Management

Draft Report Issued: **26th January 2015**

Final Report Issued: **16th February 2015**

Audit Resources

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Audit Report Distribution

For Action:	Joanne Head (Governance and Business Services Manager)
For Information:	Stuart Edwards (Chief Executive)
Audit Committee	The Audit Committee, which is due to be held on 10 th March 2015, 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 Office of the Police and Crime Commissioner (COPCC) Risk Management. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. Risk Management arrangements are important to the organisation because they are a key element of the overall governance framework. A good governance framework establishes a high degree of transparency, fairness, standards and accountability to the public that contribute to efficient and successful achievement of strategic and operational policing objectives.
- 1.3. The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account and this includes ensuring that adequate and effective risk management arrangements are in place within the Constabulary and his own office.

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 the Governance and Business Services Manager and the agreed scope areas for consideration were identified as follows:
 - Appropriate governance arrangements are in place for risk management, including roles and responsibilities and reporting arrangements.
 - There is a defined risk management policy, strategy and procedures and these have been communicated appropriately.
 - Risk registers are in place for all key services, partnerships and projects and are subject to regular review and reporting.
 - Risks identified cover the full range of strategic and operational risks and have been properly assessed and controls identified and assigned.
 - Arrangements are in place to ensure that risk management is embedded in the organisation.
- 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 in respect of risk 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 4 audit recommendations arising from this review.

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives achieved	-	1	2
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	1	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	0	2	2

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

- An approved, up to date Risk Management Strategy is in place that has been clearly communicated to staff.
- Clarity regarding risk management responsibilities and access to risk documentation.
- Quarterly reporting to the Joint Audit and Standards Committee on strategic risks.
- Clear definitions of risk within the Risk Management Strategy.
- Arrangements now established to regularly oversee Constabulary risk management arrangements.
- Regular scrutiny and challenge of relevant risks by senior management.
- Established quarterly quality assurance process in place with input from the Chief Executive.
- Clear and comprehensive guidance regarding risk assessment.

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:*

- Strategic risk register is not clearly focused on key strategic objectives.
- Guidance has not been given to staff regarding risk identification, including the provision of standard risk headings for consideration.

4.4.3. *Advisory issues:*

- Inconsistent risk reporting formats to Joint Audit and Standards Committee.
- Limited progress has been made organising risk management training for staff.

Comment from the Chief Executive

It is reassuring that a considerable number of strengths have been identified with regard to this crucial area of OPCC activity. Of the issues raised two will be addressed before the end of the financial year and the remaining two within the next four months. The OPCC takes very seriously its risk management responsibilities.

5. Matters Arising / Agreed Action Plan

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

● **Medium**

Audit finding	Management response
<p>(a) Strategic Risk Register</p> <p>There are currently 14 risks detailed in the COPCC strategic risk register, in contrast to 5 risks in the Constabulary's strategic risk register. Many of the COPCC's strategic risks relate to the core functions of the organisation and could therefore be considered operational rather than strategic, as per the risk definitions outlined in the Risk Management Strategy.</p> <p>There is a need for strategic risks to better focus on the delivery of strategic objectives as outlined in the Police and Crime Plan and other core strategies. Too many strategic risks can dilute risk management's effectiveness.</p>	<p>Agreed management action:</p> <p>We look to review our risk register following the outcome of the audit and comments from the Joint Audit and Standards Committee.</p>
<p>Recommendation 1:</p> <p>Strategic risks should clearly focus on the delivery of strategic objectives as outlined in the Police and Crime Plan and other core strategies.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Risks to achieving strategic objectives are not managed effectively. • Strategic objectives are not achieved. 	<p>Responsible manager for implementing: Governance and Business Services Manager</p> <p>Date to be implemented: 06/2015</p>

● Advisory

Audit finding	Management response
<p>(b) Strategic Risk Reporting</p> <p>The strategic risk registers are presented to Joint Audit and Standards Committee in different formats and levels of detail. Some alignment of COPCC and Constabulary reporting formats would provide more consistent scrutiny and monitoring of strategic risk management.</p>	<p>Agreed management action:</p> <p>We will consider the risk reporting format as part of our review of the risk register and following advice from the Joint Audit and Standards Committee.</p>
<p>Recommendation 2:</p> <p>COPCC and Constabulary risk reporting formats for Joint Audit & Standards Committee should be aligned.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Risks to achieving strategic objectives are not monitored effectively. 	<p>Responsible manager for implementing: Governance and Business Services Manager</p> <p>Date to be implemented: 06/2015</p>

● Advisory

Audit finding	Management response
<p>(c) Training</p> <p>The OPCC has been trying for some time to organise a tailored risk management training session for all staff. Training is needed to ensure knowledge and skills in relation to risk management are up to date and to provide an opportunity to discuss and agree a risk appetite for the OPCC.</p> <p>Contact has been made with a number of potential training providers and whilst every effort has been made to organise this, limited progress has been made.</p>	<p>Agreed management action:</p> <p>CIPFA, who have provided risk management training to other OPCC's and understand our business, will provide risk management training on 23 March 2015.</p>
<p>Recommendation 3:</p> <p>A suitable risk management training course should be agreed and scheduled.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Risks not identified for management due to limited knowledge and understanding amongst staff. • Failure to achieve business objectives. 	<p>Responsible manager for implementing: Governance and Business Services Manager</p> <p>Date to be implemented: 03/2015</p>

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

● **Medium**

Audit finding	Management response
<p>(d) Risk Identification</p> <p>Guidance on how to identify risk has not been produced and communicated to all staff. There is guidance in the Risk Management Strategy regarding risk assessment, scoring, mitigation and management but guidance on risk identification is limited.</p> <p>Guidance on risk identification would typically include recognised risk headings for consideration to ensure all key risks are identified e.g. political, economic, social, technological, environmental, legal / regulatory, health & safety and organisation / management / human factors (PESTELO).</p> <p>The Risk Management Strategy states that all employees have a responsibility for ensuring that risks that may impact on the delivery of their business objectives are recorded and actively managed.</p>	<p>Agreed management action:</p> <p>We will include guidance as part of the training course on 23 March 2015.</p> <p>Our strategy is in the process of being refreshed and risk identification guidance will be considered as part of the refreshed strategy.</p>
<p>Recommendation 4:</p> <p>Guidance should be given to staff regarding risk identification so they can effectively meet their responsibilities as set out in the Risk Management Strategy and make a positive contribution to the risk management process within their area of work. This guidance should include recognised risk headings for consideration to ensure all key risks are identified.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Risks not identified for management due to lack of detailed guidance. • Failure to achieve business objectives. 	<p>Responsible manager for implementing: Governance and Business Services Manager</p> <p>Date to be implemented: 04/2015</p>

Appendix A

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	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 & OPCC



Audit of Payroll

Draft Report Issued: 11th December 2014

Final Report Issued: 13th January 2015

Audit Resources

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Audit Report Distribution

For Action:	Alison Hunter, Payroll and Transactional Services Manager
For Information:	Ann Dobinson, Head of Central Services Emma Morgan, Employee services Team Leader Roger Marshall, Chief Finance Officer – Cumbria Constabulary Ruth Hunter, Chief Finance Officer / Deputy Chief Executive of the Cumbria Office of the Police & Crime Commissioner Stephen Kirkpatrick, Director of Corporate Support
Audit Committee	The Audit and Standards Committee, which is due to be held on 10 th March 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 Cumbria Constabulary (CC) and Office of the Police Crime Commissioners' (OPCC) payroll which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. The payroll is a key process located within the Employee Services section of the Central Services department of Cumbria Constabulary and pays the salaries of over 2000 CC and OPCC employees. The audit was conducted to provide an assurance that the new Midland HR payroll system introduced in April 2014 is operating effectively for both CC and OPCC and that performance targets are being achieved as planned.

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 Payroll & Transactional Services Manager and the agreed scope areas for consideration were identified as follows;
 - Payroll data (accurate, authorised and timely payments to the correct staff, identification of errors and accounting reconciliations).
 - Deductions (accuracy & timely transfer to third parties).
 - Procedures (documented up to date, adherence, staff awareness / training).
 - Security (system / file access, monitoring of changes, compliance with legislation, contingency arrangements).
- 2.2.2. There were no instances where 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 Payroll 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. Management - achievement of the organisation's strategic objectives achieved	-	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	-	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-

- Other considerations from previous audits Implementation of previous recommendations/impact of outstanding recommendations.	-	-	-
- Other matter(s) for report			
Total Number of Recommendations	0	0	0

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

- Clearly stated targets which are fully and consistently achieved thereby supporting effective and efficient service delivery.
- Regular monitoring and reporting of payroll performance to senior management.
- Fully implemented, purpose built payroll system supported by comprehensive procedures and bespoke training.
- Good level of training received and detailed documented procedures relating to the system.
- Robust access controls to the system contributing to the integrity of payroll data.
- Up to date registration with the Information Commissioner for data protection purposes.
- The system self-validates data input ensuring it is bona-fide, accurate and complete.
- Detailed Management review of input / reconciliation prior to payment, including deductions.
- Strict adherence to timetables for payroll delivery and the transfer of statutory deductions.
- Audit trail available in system.

4.4. **Areas for development:** No areas of development were identified to strengthen existing control arrangements.

Comment from the *Director of Corporate Support

'I am delighted that this audit review identified that the current controls operating within Payroll provide Substantial assurance and that there are no areas for action identified. These findings are extremely positive in recognising the excellent work of all teams in both the provision of on-going payroll services and the recent project to implement the new Midland HR payroll system'.

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
Partial	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>
Limited / None	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:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
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Advisory	●	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.
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- Advisory issues are for management consideration.



Audit of Governance: Anti-Fraud & Corruption Policy

Draft Report Issued: 11th December 2014

Final Report Issued: 12th January 2015

Audit Resources

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Audit Report Distribution

For Action:	Joanne Head (Governance & Business Services Manager)
For Information:	Ruth Hunter (Chief Finance Officer / Deputy Chief Executive) Stuart Edwards (Chief Executive, PCC)
Audit Committee	The Audit Committee, which is due to be held on 10 th March 2015, 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 Office of the Police and Crime Commissioner (COPCC) Governance. The focus of this audit was the Anti-Fraud and Corruption Policy. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. Anti-Fraud and Corruption arrangements are important to the organisation because they are a key element of the overall governance framework. A good governance framework establishes a high degree of transparency, fairness, standards and accountability to the public that contribute to efficient and successful achievement of strategic objectives.
- 1.3. The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account. This includes ensuring that adequate and effective governance arrangements are in place both within the Constabulary and his own office.

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 the Governance and Business Services manager and the agreed scope areas for consideration were identified as follows:
 - Roles and Responsibilities
 - Implementation
 - Monitoring
 - Review
- 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 in respect of anti- fraud and corruption 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. Management - achievement of the organisation's strategic objectives achieved	-	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	-	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-

5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	0	0	0

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

- Comprehensive and up to date COPCC Arrangements for Anti-Fraud and Corruption which incorporates the strategy, policy, procedures and plan. These are approved by the Police and Crime Commissioner and published on the COPCC website.
- Quarterly reporting by the Constabulary to the OPCC Executive Board on anti-fraud and corruption activity to enable the Police and Crime Commissioner to hold the Chief Constable to account. Although there is no arrangement for reporting of serious incidents in the interim period.
- Clear definitions of fraud, corruption, theft and irregularity within the Anti-Fraud and Corruption Strategy.
- Clarity over roles and responsibilities and the duty of all staff in respect of their own conduct, the conduct of others and to protect the organisation from fraud, corruption, theft and irregularity. The Anti-Fraud and Corruption Policy is published on the OPCC network and internet site, new staff received a briefing paper on integrity procedures during induction and staff meetings are used to remind the team of the policy and various requirements on a regular basis.
- Arrangements for whistleblowing / confidential reporting are published with clear contact information.
- Regular monitoring of adherence to the Anti-Fraud and Corruption policy and procedures, at an appropriate level. There is also a new requirement in the refreshed 2014/15 Anti-Fraud and Corruption Policy for the Deputy Monitoring Officer to undertake annual dip sampling between the gifts, gratuities and hospitality registers, the supplier contact register and contracting activity undertaken within the COPCC.
- Commitment to developing and improving the governance framework through the establishment of an independent panel to scrutinise decision making and ethical working across Cumbria Constabulary and the OPCC.
- Clear promotion of high standards of integrity and ethical behaviour within the organisation. A joint Ethics & Integrity Panel is currently being established with the Constabulary to 'scrutinise decision making and ethical working within Cumbria Constabulary and the Office of the Police and Crime Commissioner in order to achieve such assurances and provide openness to scrutiny and accountability to the public'.

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 Chief Executive

I am very pleased with the findings of this audit during which no issues for improvement were identified, which provides a substantial level of assurance and recognises the many strengths and examples of good practice in place regarding procedures for anti-fraud and corruption activity within the OPCC.

The lack of any recommendations is a testament to the excellent efforts of all involved in this important area of activity.

I would like to thank both the staff of the Cumbria Shared Internal Audit Service and OPCC colleagues for their work in undertaking this audit.

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	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 & management of risks.</p>
Reasonable	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>
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