Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Constabulary

Audit of Cash Receipting

Draft Report Issued: **16th April 2018**

Final Report Issued: **4th May 2018**

Audit Resources

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Audit Report Distribution

For Action:	Ann Dobinson, Head of Central Services
For Information:	Michelle Bellis, Deputy Chief Finance Officer Stephen Kirkpatrick, Director of Corporate Support Roger Marshall, Joint Chief Finance Officer
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 24th May, will receive the report:

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of cash receipting. This was a planned audit assignment which was undertaken in accordance with the 2017/18 Audit Plan.

1.2. The Joint Chief Finance Officer has a statutory responsibility for ensuring that the financial affairs of the Police and Crime Commissioner and Chief Constable are properly administered and that the financial regulations, which set out the internal framework for financial administration and control within the organisation are adhered to.

1.3. The cash receipting function, which is carried out within the Central Services Department (CSD), has been identified as one of the main financial systems and the identified key controls are reviewed through the annual process of management assurance statements.

1.4. In the twelve week period examined as part of the audit testing, transactions totalling £190.3K were banked by CSD, of which £66.3K (almost 35%) was in cash.

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 Head of Central Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Policy and Procedures, including roles and responsibilities;
- Security of monies held.

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 for cash receipting 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:

	No. of recommendations		
Control Objective	**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	-	-	-

4. Security - safeguarding of assets (see section 5.2)	-	1	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	-	3	-

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

- The log of seized monies held in the main safe provides a running total to ensure insurance limits are not exceeded and periodic inspections are undertaken to confirm that seized cash held agrees to the log.

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:*

- The Procedures prepared for staff in Central Services Department do not define all aspects of the cash receipting and banking process.
- Arrangements for ensuring and evidencing that internal procedures comply with the insurance requirements for carrying cash are not in place.
- Management's arrangements for ensuring compliance with defined timely receipting procedures are not evident.

4.4.3. *Advisory issues:*

- None identified

Comment from the Director of Corporate Support

I am pleased that this audit of Cash Receipting functions and processes has provided Reasonable assurance and that there are no high priority areas for action identified.

I note the recognised strengths regarding the effective management of seized cash. We acknowledge and fully accept the three medium priority recommendations across the regulatory and security aspects.

The Central Services Department have effective controls in place but accept and will action the suggestions to enhance the procedures and to remind staff of their obligations within the timescales agreed.

Management Action Plan

5. Matters Arising / Agreed Action Plan

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

● **Medium priority**

Audit finding	Management response
(a) **Procedures** The Financial Regulations, supported by the Financial Rules, set out management's requirements for cash receipting. For the more procedural aspects of cash receipting, guidance notes have been prepared for staff in CSD, to set out the steps to be followed. However, the procedures provided during the audit do not define all aspects of the cash receipting and banking process. Examples include: • Checks required on any cheques received (e.g. to ensure all required information is recorded and there is sufficient information to identify the reason for payment) • Procedure should a discrepancy be identified. • Where the weekly canteen spreadsheet (which is emailed to CSD) should be saved or the file name format that should be used (our testing identified that they were not in the same format each time). • New insurance requirements when carrying cash (*number of people etc. required to take the banking depending on value*) and a means for demonstrating compliance, • The arrangements and responsibility for granting and recording those with access to the safes. *This could include management's requirements around the circumstances / frequency in which the combination / access should be reviewed*. • Reference to the money laundering requirements (*although this is covered in Financial Regulations it could be included as a reminder that staff should report to Head of CSD for escalation, where appropriate)* The Banking Procedures provided for audit testing are headed - HQ Banking and do not make reference to the Divisional Offices. Discussions indicated that staff in the divisions had been	Agreed management action: CSD staff in HQ and Area based teams have fully documented procedures to follow to undertake the weekly banking. Staff are provided with these along with training when they start to undertake this role. The existing procedures will be enhanced to include more detail as suggested.

provided with procedures as part of their initial training but this was not evident from the information provided as part of this audit. Post audit, evidence was provided that there were documented procedures available to staff in the Divisional Offices. As with those for HQ, some enhancements are suggested. Comprehensive guidance procedures setting out management's expectations of staff at HQ and in Divisional Offices would ensure that responsibilities are clearly defined and staff can be held to account.	
Recommendation 1: Management should clearly define and communicate their requirements in relation to cash receipting procedures to ensure that staff in HQ and the Divisional Offices are fully aware of their individual responsibilities.	
Risk exposure if not addressed: • Roles and responsibilities for cash receipting is not defined resulting in a lack of accountability • Non-compliance with management requirements.	Responsible manager for implementing: **Payroll & Transactional Services Manager** Date to be implemented: **June 2018**

● **Medium priority**

Audit finding	Management response
(b) **Compliance with insurance requirements** The property insurance, which includes cash, was switched from Zurich to AIG in November 2016. Insurance requirements for cash were changed by the new insurer. The new policy provides cover for cash carrying and sets out requirements for the transportation of cash depending on the amount being carried. Although assurance was provided at the time of the audit that Insurance requirements are being complied with, arrangements are not in place to demonstrate this.	Agreed management action: Procedures will be amended to add the requirement to document on the Business Banking Receipt details of who has attended the bank on that particular day.

Without the ability to evidence compliance with the requirements of the insurance company there is a risk that any insurance claim could be rejected by the insurer.	
Recommendation 2: Management should have arrangements in place to ensure that internal procedures comply with the insurance requirements for carrying cash and that compliance can be demonstrated.	
Risk exposure if not addressed: • Risk of unrecoverable losses due to a breach of insurance limits and requirements. • Reputational damage	Responsible manager for implementing: **Head of Central Services** Date to be implemented: **May 2018**

5.2. Security - safeguarding of assets**.**

• **Medium priority**

Audit finding	Management response
(a) **Prompt Receipting** The HQ Banking Procedures state that "*cheques and cash are logged and receipted daily in the relevant receipt book"*. At the time of audit testing the general receipt book recorded £34 cash in hand. We examined the contents of the cash tin in the safe and it was noted that it contained £59 cash and a cheque for £47 dated November 2017. We were advised that the additional £25 cash had been received after the previous week's banking had been prepared and was therefore not receipted at the time. The cheque was not supported by sufficient information to identify the reason for payment and additional information was required before it could be banked. Arrangements are not currently in place to be assured that defined banking procedures are being	Agreed management action: Normally all cheques and cash are receipted on the day they are received as detailed in the procedures. A reminder email has been sent to all staff involved in the banking process to ensure all income is receipted on the day it is received in line with the agreed procedures.

complied with and that all income received is being recorded promptly.	
Recommendation 3: Management should put arrangements in place to ensure • Compliance with their requirement for the prompt receipting of all cash received, and • the timely follow up of any amounts received for which the reason for payment is unclear.	
Risk exposure if not addressed: • Non-compliance with procedures • Risk of Fraud or misappropriation • Reputational damage	Responsible manager for implementing: **Head of Central Services** Date to be implemented: **April 2018**

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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 Command & Control and 101 Calls

Draft Report Issued: **7th January 2019**

Final Report Issued: **6th March 2019**

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Audit Report Distribution

For Action:	Gaynor Wardle (Chief Inspector - HQ CCR & CCU)
For Information:	Rob O'Connor (T/Chief Superintendent Territorial Policing Command) Justin Bibby (T/Assistant Chief Constable)
Audit Committee	The Joint Audit Committee, which is due to be held on 20th March 2019, will receive the report.

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of Command & Control and 101 Calls. This was a planned audit assignment which was undertaken in accordance with the 2018/19 Audit Plan.

1.2. Command and Control is important to the organisation because it contributes to overall constabulary performance. It ensures that the organisation can make the right decisions to control resources for the efficient and effective delivery of frontline policing to the people of Cumbria and the achievement of strategic objectives.

1.3. The Command and Control Room (CCR) model, which includes a single call management and resolution function performed by police officers in the room, became operational in September 2015. More recently a safeguarding help desk has operated within the CCR to build vulnerability and safeguarding considerations into the system at the point of contact.

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 Chief Superintendent Territorial Policing Command. The agreed scope of the audit was to provide assurance over management's arrangements for ensuring effective governance, risk management and internal controls around:

- The quality of call handling and identification of vulnerabilities.
- Monitoring and managing staff wellbeing.

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 around Command & Control and 101 Calls 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 they are summarised as follows:

	No. of recommendations		
Control Objective	**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	-	-	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes (see section 5.2)	-	1	-
Total Number of Recommendations	**-**	**3**	**-**

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

- The Chief Inspector - HQ CCR & CCU (Civil Contingencies Unit) updates Chief Officer Group on CCR activity on a monthly basis.
- The Command and Control Manual of Guidance is a key document used for staff induction and ongoing reference. Vulnerability is clearly embedded throughout these guidance procedures.
- Specific training on safeguarding and vulnerability is currently being rolled out to call handlers and supervisors within CCR. This will be followed up with opportunities for staff to work alongside colleagues on the safeguarding help desk to further improve skills and knowledge.
- A CCR monthly newsletter has been introduced to provide staffing updates, reinforce procedural changes, highlight training opportunities and share best practice.
- A new digital quality assurance process has been introduced in CCR, covering both qualitative and quantitative aspects of call handling, dispatch and supervisory review. The number of reviews undertaken and compliance rates are displayed in a dashboard for management attention.
- Additional arrangements are in place to check and evaluate the quality of call handling, logging of information and identification of vulnerabilities. These arrangements include checks undertaken by Crime and Incident evaluators, Business Improvement Unit (BIU) reviews, HMIC Inspections and public surveys. Outcomes inform CCR improvement activity.
- The Constabulary's Improvement Plan (CCIP) includes actions around actively managing calls for service to minimise call answering time. Call handling performance is monitored on an ongoing basis and figures show some improvements over the 6 month period commencing February 2018 for both emergency and non-emergency calls (including 101 calls).
- Staff wellbeing is a key element of the new CCR Business Plan and a CCR Inspector has been allocated a wellbeing portfolio. Various initiatives are now underway to improve staff health and wellbeing including a shift pattern review.
- Arrangements are in place for the Chief Inspector (HQ CCR & CCU) to work closely with HR and OH colleagues to flag, understand and manage staff wellbeing issues. Police officer sickness absence in CCR has reduced significantly over the six months from February 2018.

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:

- The refreshed CCR Business Plan has not been finalised and shared with the team.
- Consequently the CCR risk register has not yet been completed for ongoing management.
- Management have not agreed and set out their monitoring and reporting requirements in respect of the new digital quality assurance system and there is insufficient clarity around the reporting capabilities of the system.

4.4.3 Advisory issues: - none identified.

Comment from the T/Assistant Chief Constable :

I am aware of the actions the Constabulary has signed up and their implementation will be monitored through the Local Policing and Specialist Capabilities Board

I am satisfied that the actions identified by my managers address the issues and risks identified within the audit to an acceptable level

This report can now be finalised and reported in summary to the next meeting of the Joint Audit Committee via the internal audit quarterly progress report.

Justin Bibby

T/ACC 05/03/2019

5 Matters Arising / Agreed Action Plan

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

● **Medium priority**

Audit finding	Management response
(a) **Business Plan** A refreshed CCR Business Plan is being built around the Constabulary's Plan on a Page and the key themes within it, thus supporting Police and Crime Plan priorities. Each Inspector in CCR has been allocated a portfolio for one of the key themes and has been tasked with contributing to the relevant section of the Business Plan. An additional workforce theme has been included to contribute to Workforce 2025 priorities. Significant progress has been made populating the plan with specific actions under each strategic theme but at the time of the audit review the plan remained work in progress. A deadline of October 2018 had been exceeded. Whilst the Business Plan is considered a fluid, ongoing document that will evolve and be updated on an ongoing basis, there is a need to reach a stage where all contributions have been made and it can be shared across CCR. Finalising and communicating the CCR Business Plan should improve focus and understanding across the team and further help CCR to contribute to strategic priorities.	Agreed management action: The Business Plan will be signed off by the Chief Inspector Territorial Policing Command and communicated to staff through 1:1s.
Recommendation 1: The CCR Business Plan should be finalised and shared with the team.	
Risk exposure if not addressed: • Strategic priorities are not achieved. • Wasted resources. • Low morale.	Responsible manager for implementing: **Chief Inspector - HQ CCR & CCU** Date to be implemented: **04/2019**

● **Medium priority**

Audit finding	Management response
(b) **Risk Management** A CCR risk register is currently under development to capture risks affecting the achievement of CCR Business Plan objectives at an operational level. The risk register design follows the established corporate format, thus ensuring all relevant information will be captured and recorded for effective risk management. Limited progress had been made with populating the risk register at the time of the audit review. This was due in part to the departure of the Inspector tasked with risk register development. A replacement Inspector will be tasked with completing the risk register and maintaining it thereafter. However it should be noted that the task is heavily dependent on the finalisation of the CCR Business Plan and as stated in 5.1a above this hasn't yet taken place. Once finalised, the Chief Inspector (HQ CCR & CCU) intends to review and manage the risk register on a regular basis with the nominated Inspector and escalate risks accordingly. Finalising the CCR risk register will help ensure that all risks affecting the achievement of CCR objectives, as set out in the Business Plan are identified and effectively managed.	Agreed management action: The CCR risk register has been created. We are currently reviewing other risk registers which impact on CCR and will consolidate these into the CCR risk register. Once populated the CCR risk register will be kept under review in accordance with the Constabulary's risk management process.
Recommendation 2: The CCR risk register should be completed and managed on an ongoing basis moving forwards.	
Risk exposure if not addressed: • Risks are not reviewed on a regular basis and therefore not appropriately identified (new risks), escalated or demoted (existing risks). • Failure to achieve Business Plan objectives.	Responsible manager for implementing: **Chief Inspector - HQ CCR & CCU** Date to be implemented: **04/2019**

5.2 Value - effectiveness and efficiency of operations and programmes.

● **Medium priority**

Audit finding	Management response
(a) **Management Information** The performance dashboard for the new digital quality assurance process is designed to be filterable by question, individual staff member or team to help managers to identify and address compliance issues or trends as part of a continuous improvement process. The system was implemented in October 2018 but will require a few months of data before any patterns or trends become visible. Management have yet to agree and set out their monitoring and reporting requirements in respect of the new system. Consideration should be given to the following:- • Roles and responsibilities, • The frequency and nature of monitoring, • Action taken on non-compliance, • Sharing monitoring information across the team, • Reporting arrangements, • Demonstrating how the information is utilised for improvement purpose. The new digital quality assurance process has been recorded as a response to a specific recommendation in Cumbria Constabulary's Improvement Plan (CCIP) regarding performance monitoring around the level of advice given to the public. A recent progress update notes that the system cannot provide this information. Clarity is needed around the reporting capability of the new digital process and what it can and can't provide in terms of management information. This can then inform discussions around how best to address relevant improvements in the CCIP.	Agreed management action: a) We have set out our monitoring and reporting requirements and these will be subject to on-going review. b) The digital quality assurance system has now been removed from the process and we have now implemented an audit process for monitoring call handling. Information available by dashboard is used by the Chief Inspector – HQ CCR & CCU to monitor compliance with the procedure and identify trends. .
Recommendation 3: a) Management should agree and set out their monitoring and reporting requirements in respect of the new digital quality assurance system.	

b) There should be clarity around the reporting capabilities of the digital quality assurance system.	
Risk exposure if not addressed: • Business plan objectives are not achieved. • Ineffective decision making. • Failure to identify and action improvements.	Responsible manager for implementing: **Chief Inspector - HQ CCR & CCU** Date to be implemented: **04/2019**

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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 Digital Media Investigation Unit

(Digital Forensics Unit)

Draft Report Issued: **14 September 2018**

Final Report Issued: **21 November 2018**

Audit Resources

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Audit Report Distribution

For Action:	Ian Harwood, Detective Inspector. Lesley Hanson, T/Detective Superintendent. Dean Holden, T/Chief Superintendent – Crime Command.
For Information:	Andy Slattery, T/Assistant Chief Constable
Audit Committee	The Joint Audit Committee, which is due to be held on 20th March 2019, will receive the report.

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of the **Digital Media Investigation Unit (Digital Forensics Unit)**. This was a planned audit assignment which was undertaken in accordance with the 2018/19 Audit Plan.

1.2. The Digital Media Investigation Unit is made up of four units, including the Digital Forensics Unit (DFU). The DFU undertakes investigative work and forensic examinations as part of enquiries into possible offences or crimes. As such, it is important to the Constabulary in helping to bring criminals to justice and protect vulnerable people and it supports the overall Constabulary aim to 'Keep Cumbria Safe'.

1.3. The number of cases and exhibits provided to the DFU continues to increase in line with national trends and with constant development in the digital world and increasing use of digital devices demand is expected to remain high.

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 T/Detective Chief Superintendent Crime Command. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Digital Forensics Unit – processes around information flow.

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 Digital Forensics Unit 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:

	No. of recommendations		
Control Objective	**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	-
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**	**1**	**1**

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

- Regular information is provided to management which gives a picture of current workloads and performance against the service level agreement as well as highlighting any short term risks identified.
- Processes are in place and documented around DFU information flows (on devices being provided to the DFU, risk assessing the priority of cases, timescales for processing devices, informing officers of completed examinations, storage of completed case information).
- The DFU provides information to educate officers on device seizure, the type of information that can be recovered and other means of securing evidence in order to improve the performance of the service it provides.
- Risks in relation to the DFU are identified and managed.
- A project is underway to migrate the standalone DFU network to sit within a secure domain inside the core constabulary network, which will allow the ICT department to provide technical support and will protect DFU information assets within a protected network perimeter.

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:*

- Procedures on internal checks do not set out the specific requirements of each type of check / review.

4.4.3. *Advisory issues:*

- Comparison data is not included against all statistics provided in the annual report to help provide a more rounded picture.

Comment from the T/Assistant Chief Constable

I acknowledge the findings of the audit and note the two recommendations. I am content that the recommendation in respect of dip sampling is being progressed by Quality manager in the Digital Media Investigation Unit (DMIU) as detailed. The recommendation regarding statistics included in the Annual Report will be completed by the Detective Inspector. The Head of Crime will ensure that these actions are completed and progress reported to me.

A.Slattery T/ACC

Management Action Plan

5. Matters Arising / Agreed Action Plan

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

● **Medium priority**

Audit finding	Management response
(a) **Procedures on Internal Checks / Assessing Competence** Constabulary quality procedures include information on mechanisms in place to assess staff competence including dip sampling and peer review. A brief description of the methods used is included within the procedures however, the detail to be reviewed as part of the checks is not documented. Review of the forms used to record the results of these checks identified that what is to be checked is not included on these either. Whilst one of the forms (dip sampling form) includes questions to be answered, it still does not specify what should be reviewed in order to answer the question. Although there is no other documented guidance on this area, we were informed that staff have been briefed on what is required of these checks. Quality Procedure 07 – Training and Competence also requires that the form used to record the results of dip sampling will be completed by the Head of Department, though our audit testing identified that it is completed by the member of staff performing the review (rather than the Head of Department). It was also noted that the completion and use of documents to record the results of 'internal audits' undertaken by the Forensic Services Department is not as definitive as it is for documenting other types of internal checks. The procedure (Quality Procedure 02 – Internal Audit) includes that an 'audit report form (SSD/DOC/14) *shall* be made available on which auditors *can* evidence performance' and that 'notes *may* be taken using SSD/DOC/76 audit notes sheet'. Notes from	Agreed management action: The relevant quality procedures will be reviewed by the Quality Manager and updated as necessary to ensure they are sufficiently detailed and accurately reflect the process to be followed.

'internal audits' reviewed were not recorded on a document referenced as SSD/DOC/76, but on plain paper.	
Recommendation 1: Management should ensure they are satisfied that procedures in relation to internal checks / assessing competence are sufficiently detailed and accurately reflect the process to be followed.	
Risk exposure if not addressed: • Staff unclear on processes to be followed; • Checks do not cover all aspects that management require / expect them to; • Management's expectations are open to interpretation; • Issues / inconsistencies remain unidentified.	Responsible manager for implementing: **Detective Inspector - DMIU** Date to be implemented: **01/2019**

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

● **Advisory issue**

Audit finding	Management response
(a) **Annual Report** The majority of data reported on the DFU in the latest annual report includes comparison data from previous periods with the exception of two statistics. Performance against the SLA target was reported but no information provided as to whether this was an improvement on the previous year or not and any reasons for this (though at 98%, it was clearly above the target of 85%). Similarly, the report includes the current turnaround time for the lowest risk cases and that this is up compared to last year but does not provide the figure from last year to allow the level of change to be identified.	Agreed management action: The next annual report will be reviewed to ensure it includes comparison information against figures.
Recommendation 2: Management should consider the merit of providing comparison information against all figures provided as part of the annual report.	

Risk exposure if not addressed: • Incomplete picture provided to management; • The extent of changes reported is unclear.	Responsible manager for implementing: **Detective Inspector - DMIU** Date to be implemented: **06/2019**

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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 Follow up of the Constabulary's Use of Stingers

Draft Report Issued: **31st October 2018**

Final Report Issued: **18th February 2019**

Audit Resources

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Audit Report Distribution

For Action:	Andy Wilkinson – Chief Inspector Operational Support Mark Pannone – Superintendent Operations
For Information:	Rob O'Connor – T/Chief Superintendent Territorial Policing Command Justin Bibby - T/Assistant Chief Constable
Audit Committee	The Joint Audit Committee, which is due to be held on 20 March 2019, will receive the report.

Executive Summary

1. Background

1.1. An audit of the use of Stingers was previously carried out in 2016/17. Based on the evidence provided at that time, the audit concluded that the controls in operation provided partial assurance. Improvements were agreed in the following areas:

- The arrangements to provide senior management with assurance over the Constabulary's use of stingers.
- Defining internal procedures and assigning roles and responsibilities in relation to Stingers.
- The arrangements for ensuring that the driver training system alerts are actioned and the necessary refresher training is delivered on a timely basis.
- The arrangements for reviewing pursuit information involving stingers to identify opportunities for improvement.

1.2. Internal Audit has recently undertaken a formal follow up audit to provide updated assurance to senior management and the Joint Audit Committee that the previously agreed actions to address each recommendation have been fully implemented and all controls are working effectively to mitigate the risks previously identified.

2. Audit Approach

2.1. **Follow up Methodology**

2.1.1. The Internal Audit follow up process involved completing an update statement based on what has been reported to the Joint Audit Committee and then undertaking testing as necessary to confirm that the actions have been fully implemented and that controls are working as intended to mitigate risk.

2.1.2. It is the responsibility of management to continue to monitor the effectiveness of internal controls to ensure they continue to operate effectively.

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. Where the outcomes of the follow up confirm that actions have been successfully implemented and controls are working effectively, the internal

audit assurance opinion may be revised from that provided by the original audit.

3.3. From the areas examined and tested as part of this follow up review we now consider the current controls operating for the use of stingers provide **partial** assurance. This is the same result as the original opinion and it assumes that controls assessed as adequate and effective in the original report have not changed and these have not been revisited as part of the follow up**.**

4. Summary of Recommendations and Audit Findings

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

4.2. The previous audit raised **four** audit recommendations for action. Whilst there have been some developments made, there are still areas which require further action to enable a greater level of assurance to be reached; in summary:

- 1 recommendation has been successfully implemented (summarised at Section 4.3);
- 3 recommendations have been partially completed and further action is needed to adequately address the risks exposed;

4.3. **Recommendations fully implemented**:

- Roles and responsibilities have been defined in the Stinger procedures document that was approved by the Operations Board in September 2017.

4.4. **Areas for further development**:
We were unable to confirm whether driver training or authorities due to expire are being covered as part of 15 week reviews as the information that was requested to demonstrate this was not provided.

From the evidence that was provided as part of this follow up there are **3** of the original audit recommendations which require further action as follows:

4.4.1. *High priority issues:*

- Management cannot be assured that procedures are being complied with; audit testing found that following a police pursuit, Driver Training are not always provided with a pursuit recording form.

- The Stinger Procedures document states that *Authorised Professional Practice Roads Policing Pursuits* does not contain comment in relation

to briefing or debriefing and this is not correct as reference is made to establishing briefing and debriefing protocols, under *Analysing pursuits*.

4.4.2. *Medium priority issues:*

- There have been delays in the implementation of the Chronicle system for managing driver training and evidence to demonstrate that there was an agreed timescale for this were not provided.

4.4.3. *Advisory issues:*

- There are no advisory issues.

Comment from the T/Assistant Chief Constable

I have discussed the report with T/Superintendent Andy Wilkinson and I am satisfied that the recommendations are being addressed.

J Bibby T/ACC 11/02/19

5. Matters Arising / Agreed Action Plan

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

Audit Finding	
(a) Management assurance on the use of stingers	● ***High Priority***
We are informed that Approved Professional Practice (APP) guidance has been adopted for police pursuits; this includes the use of tactical options such as stingers. There are no arrangements in place to review or check compliance with APP stinger guidance, including the decisions taken to deploy a stinger, ensuring risk assessments have been carried out, information is being accurately recorded and refresher training frequency is on track. As a result, management cannot be assured over the use of stingers.	
Outcome from follow up:	(*partially implemented)*
Following our audit in 2016/17 a procedures document, titled "*Joint Audits and Standards Commission – Stinger Procedures"* was prepared. The document, which was approved by the Operations Board in September 2017 states that "*it seeks to bridge governance gaps identified by the audit in relation to the use and maintenance of stingers... The document will address each of the findings from the audit report and enable a transparent process for those aforementioned governance gaps to be documented... This document will seek to rectify the auditors experience in this regard"*. Audit testing confirmed that that the procedure is available within the policy library on the Force intranet but we were not provided with information to demonstrate that Officers have been informed of the procedure. The procedures require that all pursuits, including those where a stinger was deployed, are reported on a Pursuit Recording Form to Driver Training. The Driver Training Team are then expected to review the pursuit from a learning and dissemination perspective so that they may identify any possible training issues etc. The forms, which are retained by Driver Training, are also used for national reporting of pursuits, via the quarterly National Police Chiefs' Council (NPCC) return. Audit testing on a sample of incidents found that Driver Training are not always informed that a pursuit has taken place because the required pursuit	

recording forms are not always completed or provided by Officers.

As a result management cannot be assured that procedures are being followed or that the information reported to the National Police Chiefs' Council is complete.

Recommendation:
Arrangements should be in place to demonstrate that the Stinger Procedures document has been appropriately communicated, and a mechanism to provide management with assurance that the procedures are being complied with should be developed and documented.

● ***High priority***

5.2. Regulatory - compliance with laws, regulations, policies, procedures and contracts - effectiveness and efficiency of operations and programmes.

Audit Finding

(a) **Driver Training** ● ***Medium priority***

APP police driver training guidance states that "*where enhanced skills are required as part of daily or periodic use those skills require regular assessment and / or refresher training".* APP Police Driving Training Governance recommends that regular assessment or refresher training is undertaken every 2 – 5 years depending on the role of the Officer.

There is a mechanism in place to flag, to individual officers and the training department, when pursuit training is due to expire. However, there are no defined responsibilities or procedures in place to ensure that this information is acted upon and drivers receive the appropriate training at the required time, ensuring that there is no skills gap.

Outcome from follow up: (*partially implemented)*
Actions reported to Joint Audit and Standards Committee (JASC) included that the Constabulary were in the process of implementing a driver training software programme (Chronicle) and that this would allow greater scrutiny and management of training in this area.

At the time of the audit we were advised that there had been delays in implementing the Chronicle system for driver training, due to other priorities and

that a planned end date for the implementation was not available. It was suggested that this may be in place by the end of November 2018, but we have not been provided with any evidence to support this.

It was also reported at JASC that prior to the full implementation of the Chronicle system, the Officer 5 & 15 week review process would be used to bring attention to any training and authorities that are due to expire. The Stinger Procedures document, prepared following the original audit, reminds Officers that it is their responsibility to ensure that they are within any stinger or driving authorisation period, *i.e. that skills are up to date*. It also confirms the expectation that as part of the 15 week reviews, "*Sergeants will ensure that any authorities due to expire or training missed are discussed"*.

We were unable to confirm whether driver training skills were being covered as part of 15 week reviews as the information requested to demonstrate this was not provided.

Recommendation:

Management arrangements should ensure that there is a defined timescale for the implementation of the Chronicle system and that any deviations from this are appropriately agreed and reported.

Management should ensure that there is evidence to demonstrate the discussions around any authorities due to expire or missed training.

● ***Medium priority***

Audit Finding

(b) **Improvement activity** ● **Medium priority**

Pursuit decisions and tactics deployed are recorded in STORM on the incident logs together with recordings of communications. More recently a national tool; NPCC pursuit recording has been adopted which records further information on pursuits for national submission. This information held is not reviewed or reported on internally for the purpose of confirming compliance with national requirements, capturing lessons learnt and identify training needs.

APP guidance states that forces must establish briefing and debriefing protocols for pursuits and appoint an individual responsible for their recording and analysis. We are informed that there is not a formal debrief in place following each pursuit.

15 week officer reviews are in place that provide an opportunity to discuss recent performance or issues. However, the pursuit logs are not currently reviewed and reported on to inform these discussions.

Without arrangements in place to review pursuit information involving stingers management cannot be assured of compliance with national requirements, data quality, that training needs are identified and lessons are learnt.

Outcome from follow up: *(partially implemented)*

The Stinger Procedures document refers to the need to ensure compliance with Authorised Professional Practice Roads Policing Pursuits content and the Pursuit Tactics Directory and outlines the benefits around briefing and de-briefing. It goes on to say *"Authorised Professional Practice – Roads Policing – Police Pursuits does not contain comment in relation to briefing or debriefing".*

However, on examination of the APP, as part of the audit, it was noted that briefing and debriefing protocols are in fact referred to under *Road policing >Police pursuits>Analysing Pursuits,* where it sets out that *"when managing pursuits forces must establish briefing and debriefing protocols*…"

We cannot therefore provide assurance that management have appropriate arrangements in place to ensure that the current procedures are fully compliant with the requirements of APP.

Recommendation

The current arrangements for briefing and debriefing should be considered in association with the Authorised Professional Practice, Roads Policing Pursuits guidance to ensure that the procedures in place are fully compliant and that compliance can be clearly demonstrated.

● ***High priority***

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Office of the Police & Crime Commissioner

Audit of General Data Protection Regulation (GDPR)

Draft Report Issued: **28th January 2019**

Final Report Issued: **14th February 2019**

Audit Resources

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Audit Report Distribution

For Action:	Joanne Head, Governance Manager
For Information:	Vivian Stafford, Chief Executive / Head of Commissioning & Partnerships Gill Shearer, Deputy Chief Executive / Head of Communications & Business Services
Audit Committee	The Joint Audit Committee, which is due to be held on 20th March 2019, will receive the report.

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of the General Data Protection Regulation (GDPR). This was a planned audit assignment which was undertaken in accordance with the 2018/19 Audit Plan.

1.2 The General Data Protection Regulation (GDPR) is Europe's new framework for data protection laws that came into force on 25 May 2018. It is important to the organisation because it places additional obligations on organisations in respect of the security and privacy of personal data, offers greater protection and rights to individuals and imposes higher monetary penalties for non-compliance and data breaches. This regulation is intended to strengthen and unify data protection for all individuals within the EU and is integral to the UK's Data Protection Act 2018.

1.3 The OPCC's overall level of compliance is impacted on by the Constabulary's level of compliance with GDPR due to inter-dependencies around personal data. These include the sharing and processing of personal data, use of Constabulary systems and services e.g. payroll and procurement and dependence on a number of Constabulary policies and procedures e.g. ICT Acceptable Use Policy. The risks associated with this inter-dependence have been identified and included in the OPCC's strategic risk register.

1.4 The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account. This includes ensuring that adequate and effective information management arrangements are in place to ensure compliance with data protection legislation 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; 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 Gill Shearer, Deputy Chief Executive / Head of Communications and Business Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Arrangements for liaising with the Constabulary and receiving assurance in respect of areas of inter-dependence within the Constabulary's GDPR compliance plan.

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 that the OPCC is liaising with the Constabulary on a regular basis, closely and pro-actively monitoring progress with the GDPR compliance plan and keeping senior management updated regarding the position and associated risks. On this basis we consider the current controls operating within the OPCC for receiving assurance on the areas of inter-dependence within the Constabulary's GDPR compliance plan provide **substantial** assurance. However, it should be noted that the Constabulary is not yet fully compliant with the requirements of GDPR and the impact of this means that the OPCC has not yet achieved full GDPR compliance.

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:

- The OPCC has a designated Data Protection Officer which is a statutory requirement of the new data protection legislation.
- The Governance Manager has been formally allocated responsibility for overseeing GDPR implementation by the OPCC Executive Team.
- Risks of non-compliance with the new data protection legislation are included on the operational and strategic risk register for ongoing monitoring and management.
- Instances of personal information sharing with the Constabulary have been captured as part of an information audit for inclusion in the Constabulary's GDPR compliance plan.
- The OPCC Governance Manager meets with the Data Protection Officer on a monthly basis to review and discuss progress against the Constabulary's GDPR compliance plan as part of her oversight role.
- The Governance Manager reports on progress towards GDPR compliance to the OPCC Executive Board on a monthly basis. Each report includes a section on risk.
- An updated privacy notice has been placed on the OPCC's website. It clarifies individual's rights under GDPR and fully explains instances where personal data is shared.

Comment from the Chief Executive:

I welcome the assurance that this audit provides to the OPCC.

Vivian Stafford

Chief Executive

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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 ICT Capacity

Draft Report Issued: **10th April 2018**

Final Report Issued: **26th April 2018**

Audit Resources

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Audit Report Distribution

For Action:	Ian Hogarth (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 24th May 2018, will receive the report.

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of ICT Capacity. This was a planned audit assignment which was undertaken in accordance with the 2017/18 Audit Plan.

1.2. ICT capacity is important to the organisation because ICT resources and capability need to meet current and future business requirements efficiently. ICT capacity impacts upon the organisation's ability to modernise and support elements in the Police and Crime Plan through investment in technology to make efficiency savings, ensuring sustainability, improving visibility and maximising the efficiency and effectiveness of front line policing.

1.3. There has been a long standing corporate risk within the Constabulary's strategic risk register around a 'failure to deliver the Change programme and Corporate Support Business Plan **caused by *insufficient capacity across the organisation, in particular the reliance on IT to deliver systems* which improve officer productivity and reduce manual intervention in processes** resulting in a requirement to find further significant savings from the front line (reduce officer and staff numbers) and the significant detrimental impact this has on policing services over the longer term, damage to reputation and loss of public confidence. The risk description was amended in the strategic risk register in June 2017 to remove any reference to ICT capacity due to actions taken to mitigate this element of the risk. The revised risk register was approved by Chief Officer Group, in accordance with the organisation's Risk Management Policy.

2. Audit Approach

2.1. **Audit Objectives and Methodology**

2.2. 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.

2.3. **Audit Scope and Limitations**

2.3.1. 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. The agreed scope of the audit was to provide assurance over management's arrangements for ensuring effective governance, risk management and internal control in the following area:

- Mitigating actions recorded in the strategic risk register.

2.3.2. 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 to address the ICT capacity risk 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:

- Roles and responsibilities for ICT risk management are clearly defined and communicated.
- The ICT team fully and regularly consult with senior managers on strategic plans and programmes and future ICT requirements to support change and manage capacity.
- Senior management have agreed a prioritisation process for ICT projects and Force Strategic Delivery Board ensures the process is complied with.
- Arrangements are in place for ICT risks to be assessed, monitored and managed on a regular basis.

- Provision is made for regular senior management oversight and challenge of ICT strategic risks through progress reports to Chief Officer Group.
- Adequate assurances were provided to Chief Officer Group on mitigating actions to address the ICT capacity element of the strategic risk to support revisions to the risk description.
- There is regular reporting and independent scrutiny of the strategic risk register by the Joint Audit and Standards Committee.

Comment from the Director of Corporate Support :
I am very pleased that this review of ICT Capacity has provided Substantial assurance and that there are no areas for action identified. ICT capacity to support and enable strategic organisational change has been logged as an area of concern on the Constabulary Strategic Risk Register for a significant period of time. Throughout this time, the ICT department have continued to successfully balance priorities and challenges to effectively support evolving organisational needs.

The audit has confirmed that the Constabulary has an excellent approach to managing risks and demand with regards to ICT enabled change. I am particularly pleased that this audit has highlighted that ICT Programme and Project management governance takes a robust and thorough approach to risk management and that there are strong working relationships between ICT and the full range of key organisational stakeholders in terms of managing ICT demands and priorities, including challenge where necessary.

These findings are extremely positive in recognising the excellent work undertaken regarding managing ICT demand which is a credit to all involved.

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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 OPCC

Peter McCall

Audit of Information Security

Draft Report Issued: **4th May 2018**

Final Report Issued: **22nd June 2018**

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	01228 226261
Lead Auditor(s)	Steven Archibald	steven.archibald@cumbria.gov.uk	01228 226290

Audit Report Distribution

For Action:	Joanne Head, Governance Manager
For Information:	Gill Shearer, Chief Executive / Head of Communications and Business Services Vivian Stafford, Deputy Chief Executive / Head of Partnerships and Commissioning
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 19th July 2018, will receive the report.

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of Information Security at the OPCC. This was a planned audit assignment which was undertaken in accordance with the 2017/18 Audit Plan.

1.2. Information Security is important to the organisation because it is a legal requirement to hold information in such a way so that it is protected from unauthorised access, especially personal and confidential information.

1.3. The OPCC has an Information Security Policy in place which is currently under review following adoption of the General Data Protection Regulation (GDPR) by the European Union (EU) in April 2016 which becomes enforceable from 25 May 2018. This regulation is intended to strengthen and unify data protection for all individuals within the EU.

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 Gill Shearer, Head of Communications and Business Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- **Preparations for the implementation of the General Data Protection Regulation.**

2.2.1. 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 Information Security 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 is **1** audit recommendation arising from this audit review.

	No. of recommendations		
Control Objective	**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	-	**1**	-

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

- Adoption of an industry standard action plan template for working towards GDPR compliance.
- Arrangements for raising awareness and understanding of GDPR requirements within the OPCC.
- The risk of non-compliance with the GDPR has been included in both the Strategic and Operational Risk Registers.
- Communication and liaison on GDPR requirements with internal and external sources has been explored and actioned.
- Monitoring of GDPR action plan progress and reporting to the Executive Team is carried out on a regular basis.
- Arrangements in place for staying abreast of GDPR legislation, guidance and best practice.

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:*

- There are no high priority issues to report.

4.4.2. Medium priority issues:

- Not all actions in the GDPR Action Plan have clear target end dates and there is evidence of an action being marked as complete when it hadn't been fully addressed.

4.4.3. *Advisory issues:*

- There are no advisory issues to report.

Comment from the Deputy Chief Executive

I am satisfied that the actions are robust and address the issues and risks and issues identified in the report and that arrangements are in place to monitor the implementation of the actions identified.

5. Matters Arising / Agreed Action Plan

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

● **Medium priority**

Audit finding	Management response
(a) **Action Plan** Cumbria OPCC have adopted a GDPR Action Plan template developed by Forbes Solicitors who are considered to be industry experts. The Action Plan has been amended to meet local requirements and populated with specific actions, action owners and target completion dates. The Action Plan was approved by the Executive Team on 14/03/18. The Governance Manager reports on Action Plan progress to the Executive Team on a fortnightly basis. <u>Timescales</u> Audit testing found that a number of actions included within the Action Plan do not have a target completion date. Without documented completion dates, management can not be assured that these actions will be completed by GDPR requirement timescales. <u>Data Cleansing</u> The Action Plan includes a section on Data Cleansing. One of the actions required is to ensure that all personal information relating to staff or customers is held in secure databases and not on personal drives / desktops. The latest monitoring report records this action as complete, with commentary confirming that all OPCC staff personal information is now retained within the OPCC IT folder. Access to this folder is restricted to designated staff. There is no mention of actions taken in respect of the retention of customer information. The latest Action Plan progress update does not provide assurance that planned actions in respect of customer information have been fully actioned, to meet GDPR requirements. The current arrangements for monitoring and reporting on Action Plan progress could be strengthened further from each action having a clear target end date and arrangements in place to	Agreed management action: (a) Timescales for each action have now been completed. (b) Customer information had been cleansed at the time of the audit but not shown in the action plan. We have now updated the action plan.

ensure that actions marked as complete have been fully addressed.	
Recommendation 1: (a) Actions within the GDPR Action Plan should have clear completion dates for monitoring and reporting purposes. (b) Arrangements should be in place to ensure the GDPR Action Plan is accurately completed with evidence in place to support any actions marked as complete.	
Risk exposure if not addressed: • Failure to comply with GDPR requirements • Financial penalties • Reputational damage	Responsible manager for implementing: **Governance Manager** Date to be implemented: **05/2018**

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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

Peter McCall

Audit of Main Financial Systems: Creditors

Draft Report Issued: **3rd May 2018**

Final Report Issued: **20th June 2018**

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	01228 226261
Lead Auditor(s)	Janice Butterworth	janice.butterworth@cumbria.gov.uk	01228 226289

Audit Report Distribution

For Action:	Ann Dobinson, Head of Central Services
For Information:	Michelle Bellis, Deputy Chief Finance Officer Roger Marshall, Joint Chief Finance Officer Stephen Kirkpatrick, Director of Corporate Support
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 19th July, 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 creditors. This was a planned audit assignment which was undertaken in accordance with the 2017/18 Audit Plan.

1.2. The creditor payment function, including administration of corporate credit cards, is managed by the Central Services Department (CSD), and comprises a mix of electronic procurement and non-electronic procurement ordering. Changes to the procurement system to introduce 'No purchase order, no pay' are currently being considered. It is anticipated that this will reduce the instances of non-order invoices being received from suppliers which is currently around 12.5% of invoices processed.

1.3. There are currently 11 corporate credit card holders with a combined monthly credit limit of £61,000, with monthly spend on average around £3,000.

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 Head of Central Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Corporate credit card purchases
- Goods receipting
- Non-purchase order invoices
- Follow up of previous audit recommendations

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 creditors 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 is one audit recommendations arising from this audit review and this can be summarised as follows:

	No. of recommendations		
Control Objective	**High**	**Medium**	**Advisory**
1. Management - achievement of the organisation's strategic objectives	-	-	-
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	-	-	-
6. Other considerations from previous audits (see section 5.1) - Implementation of previous recommendations/impact of outstanding recommendations.	-	1	-
Total Number of Recommendations	-	1	-

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

- Up to date Financial Regulations and Financial Rules have been produced and include details on corporate credit cards, the requirement for official orders to be raised and goods receipting.
- Corporate card procedures for the three types on credit cards: General cards, Chief Officers & Staff Officers and Business Continuity cards have been produced and were last updated in 2017. They include identification of post holders, requirements for keeping cards secure, transactional and monthly limits, acceptable expenditure types and monthly reconciliation / authorisation requirements.
- The Joint Chief Finance Officer approves new corporate credit card holders.
- Invoice on hold reports are reviewed weekly to ensure supplier payments are not unduly delayed by non-receipting.

4.4 From the areas examined and tested it has been confirmed that:

- Corporate credit card holders have signed to accept the terms and conditions of card usage;
- Monthly and transactional limits on the Corporate Credit Cards are known to all card holders;
- Monthly Corporate Credit Card transactions are supported by VAT receipts and are approved in line with written procedures;
- Segregation of duties exists between ordering, receipting and processing orders;
- Outstanding goods receipting is reviewed on a weekly basis and followed up with the relevant staff; refresher training is provided as required;
- Official orders are required to support purchases with a small number of authorised exceptions;
- Quarterly reports are produced for the Director of Corporate Support and include percentage of invoices paid to terms and percentage of unmatched invoices processed (white slip);

4.5 The previous audit raised three audit recommendations for action.

- Two recommendations have been successfully implemented (summarised at Section 4.6)
- One recommendation has not been actioned (summarised at Section 5.1)

4.6 **Recommendations fully implemented:**

- Procedure notes for the Central Services Department have been produced and are available to all staff via a shared One Note folder. Only current documents are shown and these are dated.
- All Central Services Department staff receive 15 week reviews and annual Performance Development Reviews (PDRs).

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

4.7.1 High priority issues: *No high priority issues were identified*.

4.7.2 Medium priority issues:

- The process for annual review of dormant supplier accounts is not fully established.

4.7.3 Advisory issues*: No advisory issues were identified*

Comment from the Director of Corporate Support

I am pleased that this audit of Creditors functions and processes has provided Reasonable assurance and that there are no new areas for action identified. I am, however, concerned that a recommendation from the March 2016 audit, which had been successfully addressed, has now been identified once more as being an area of concern.

I am very pleased that the report identifies numerous areas of strength, particularly around the use and management of corporate credit cards and the regular administration of invoices on hold. The report also highlights strong adherence to the necessary policies and procedures in place around these important areas of business.

As already noted, I am disappointed that the agreed approach to the annual review of dormant suppliers has not been fully embedded and will ensure that the Procurement Team work with appropriate colleagues to ensure that steps are taken to review the dormant suppliers and also to put in place embedded arrangements for an annual review as detailed in the 2016 recommendations.

Despite the above concern, I remain pleased with the overall review of the Creditors functions which recognises the ongoing efforts of the numerous departments involved.

5 Matters Arising / Agreed Action Plan

5.1 Outstanding Actions from Previous Audit Review

Audit Finding

(a) **Supplier Maintenance** (Medium priority)

The previous audit undertaken in March 2016 identified that "There is a process in place to report on suppliers that haven't been active for a period of time and consider them for deactivation within the accounts payable system. The last exercise was undertaken in December 2015 and over 600 suppliers were deactivated within the system. Management have not defined and agreed the frequency of this process or the period of inactivity consequently the process is not included in current procedures".

Outcome from follow up:

We were informed that the first annual exercise to review and deactivate suppliers where there was no transactional activity for 15 months or more was carried out in April 2016 by the Head of Procurement. This exercise resulted in 1,000 suppliers being removed from the database. We were informed that an annual exercise was scheduled for completion in January / February 2017 and that this was undertaken by Stores staff, on behalf of Procurement. This annual exercise has not been undertaken in 2018.

The arrangements have not been defined and set out in procedures and the risks that the accounts payable system becomes unmanageable and of excessive retention of supplier data remain.

Recommendation:

Arrangements for deactivating suppliers should be defined, agreed, communicated and monitored.

- ***Medium priority***

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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: **13th December 2018 (Re-issued 17th January 2019)**

Final Report Issued: **22nd January 2019**

Audit Resources

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Audit Report Distribution

For Action:	Ann Dobinson, Head of Central Services Alison Hunter, Payroll and Transactional Services Manager
For Information:	Michelle Bellis, Deputy Chief Finance Officer Roger Marshall, Joint Chief Finance Officer Stephen Kirkpatrick, Director of Corporate Support
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 20th March 2019, will receive the report.

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of Cumbria Constabulary and Office of the Police Crime Commissioner's (OPCC) payroll. This was a planned audit assignment which was undertaken in accordance with the 2018/19 Audit Plan.

1.2. The payroll processing function is undertaken by the Central Services Department (CSD). The department currently administers the monthly salaries of approximately 1960 Constabulary officers and staff and 18 OPCC staff.

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 Head of Central Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Monthly reconciliation processes;
- Processes around the payment of Unsocial Hours and TOIL.

This audit focused on the work undertaken by the Central Services Department from the point at which records are passed to them for processing. It did not look at the Duty Management System or the role of Finance in verifying TOIL information prior to authorisation.

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 and OPCC 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 is **one** audit recommendation arising from this audit review and this can be summarised as follows:

	No. of recommendations		
Control Objective	**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
3. Information - reliability and integrity of financial and operational information (see section 5.2)	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	-	-	1

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

- Monthly payroll deadlines have been established, communicated to all staff and are adhered to.
- The Team Leader monthly checklist has hyperlinks to completion procedures / guidance.
- Monthly payroll reports received from Midland Trent are checked to the monthly reconciliation spreadsheet prior to the reports being authorised and returned to Midland for processing.
- BACS authorisation reports received from Midland are signed by the Payroll & Transactional Services Manager or the Employee Services Team Leader as evidence of checking and payment authorisation.
- Procedures for processing Unsocial Hours and TOIL payments have been written and are available to all staff.
- Unsocial hours report is downloaded monthly from the Duty Management System (DMS) and hours paid the month after they were earned. In addition, the report is re-run the following month to check for any adjustments. Any under or over payments are then made and are clearly shown on the employees monthly payslip.
- Checks on payment eligibility for claims made by an Officer above the rank of Sergeant are undertaken and manually input to ensure the correct hourly rate is paid.

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:* None identified.

4.4.3. *Advisory issues:*

- The Monthly Payroll Tasks check list does not clearly identify tasks which require a second check

Comment from the Director of Corporate Support & Joint Chief Finance Officer

I am delighted that the 2018 review of the Payroll function has again provided Substantial assurance and that there is only one advisory level recommendation made. The audit has again provided reassurance that the Constabulary has an excellent approach to the provision of Payroll services which effectively supports and enables the organisation to provide robust, reliable and effective remuneration for all employees.

The audit identified numerous areas of good practice, which is a credit to all staff involved in the Payroll function. I am pleased that the audit

highlighted the strong governance and oversight of the procedures and systems in place, specifically around the areas of TOIL and unsocial hours etc. The one advisory recommendation of updating the check list to clearly identify tasks that need a second check has now been addressed.

The findings of this audit are extremely encouraging and recognise the excellent work undertaken regarding Payroll services, specifically within the Central Services Department.

Stephen Kirkpatrick – Director of Corporate Support

I am pleased to note the very positive results of the internal audit review of payroll. This is a critical function, which often doesn't get recognition, but has been consistently managed well over a number of years. It is a testament to the diligent work of Ann Dobinson and her team that the service continues to perform well and internal audit are able to provide a conclusion of substantial assurance in the recent audit. Thanks to all involved.

Roger Marshall – Joint Chief Finance Officer

Management Action Plan

5. Matters Arising / Agreed Action Plan

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

● **Advisory issue**

Audit finding	Management response
(a) **Monthly Payroll Tasks Checklist** Admin Officers complete a 'monthly payroll tasks checklist' to show when tasks have been completed and by whom. The checklist includes a column for 'payslips checked'. We were advised that only certain tasks on the checklist require a payslip check to be undertaken by a second member of staff. However, it is not clear which tasks require this additional check.	Agreed management action: The monthly checklist has been amended to clearly identify which tasks do not require a payslip check as part of the payroll process. There are some processes that do not directly affect the payslip or are as a result of a file upload, these have their own individual process checks. Payroll staff were aware of which checks are required, the amendment to checklist now provides greater clarity for audit purpose. This action was implemented following the audit visit.
Recommendation 1: The monthly payroll tasks checklist should clearly show which tasks must be second checked.	
Risk exposure if not addressed: • Checks required are not carried out.	Responsible manager for implementing: **Payroll & Transactional Services Manager** Date to be implemented: **Dec 2018**

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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

Peter McCall

Audit of Police Staff Pensions

Draft Report Issued: **29th January 2019**

Final Report Issued: **1st March 2019**

Audit Resources

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Audit Report Distribution

For Action:	Ann Dobinson, Head of Central Services Alison Hunter, Payroll and Transactional Services Manager
For Information:	Michelle Bellis, Deputy Chief Finance Officer Stephen Kirkpatrick, Director of Corporate Support Roger Marshall, Joint Chief Finance Officer
Audit Committee	The Joint Audit Committee, which is due to be held on 20th March 2019, will receive the report.

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of Police Staff Pensions. This was a planned audit assignment which was undertaken in accordance with the 2018/19 Audit Plan.

1.2. Police Staff pensions are held with the Local Government Pension Scheme which is administered by Your Pension Service (YPS). Central Services Department (CSD) set up new employees on the payroll system ensuring the appropriate pension scheme is selected. They also provide leavers' information to YPS.

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 Head of Central Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Follow up of previous recommendations from the 2016/17 audit.
- Processes relating to staff pensions administered through the Local Government Pension Scheme, specifically starters and leavers, deductions and monthly reporting processes.

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 Police Staff Pensions 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 is **one** audit recommendation arising from this audit review and this can be summarised as follows:

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

4.3 The previous audit raised one recommendation regarding the lack of documented procedures for internal administration of the Police Officer Pension Scheme through Kier. Follow up testing confirmed that procedures have be written and communicated to all staff.

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

- CSD have documented procedures for internal administration of the Local Government Pension Scheme.
- The Team Leader monthly checklist has hyperlinks to completion procedures / guidance.
- A Notification of Commencement of Employment form is used as a checklist for capturing new starter information including receipt of the completed pension form.
- Police Staff Retirement Leavers Checklists and Police Staff Resignation Leavers Checklists are used to ensure each part of the leaver's process is completed; these forms include guidance notes for staff.
- Monthly balancing reports are produced and compared to the previous month's figures.
- Monthly reports are sent to YPS electronically with file acceptances retained.

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

4.5.1 *High priority issues:* None identified

4.5.2 *Medium priority issues:*

- Incorrect pension contribution percentages had been selected for three new starters; the errors had not been identified when independently checked by a second Admin Officer.

4.5.3 *Advisory issues:* None identified

Comment from the Joint Chief Finance Officer

I am pleased that the audit of police staff pensions has provided a high level of assurance and that the strength of administrative processes in the area of police staff pensions, which have been in place for many years, have been maintained. I am satisfied that the additional control in relation to ensuring the correct pension contribution rate is applied to new starters will address the recommendation in the audit.

Management Action Plan

5 Matters Arising / Agreed Action Plan

5.1 **Information** - reliability and integrity of financial and operational information**.** ● **Medium priority**

Audit finding	Management response
(a) **Contribution Rate Errors** The Local Government Pension Scheme issues annual pay bands and corresponding pension contribution rates to be applied from April each year. This contribution table is used to determine the pension contribution rate when setting up new employees within the Trent HR system. The pension contribution percentage is identified and recorded on the 'Notification of Commencement of Employment' form by the Admin Officer. New employee set up information is then independently checked by a second Admin Officer who initials the 'Notification of Commencement of Employment' form as evidence that the information has been checked. Audit testing identified three records where an incorrect contribution percentage rate had been selected. The second check process had not picked up the contribution rate errors.	Agreed management action: 46 new starters processed between 1.4.18 & 30.9.18, 43 were placed on the correct contribution rate and 3 placed on the incorrect rate. The 3 records have now been corrected. Internal processes have been improved to ensure the second Admin Officer checks the actual contribution rate applied and not just that they are assigned to the Local Government Pension scheme. This action was implemented for January 2019 payroll process. For information all police staff pension contribution rates are independently checked in April each year as part of the annual pension contribution review process.
Recommendation 1: Effective independent checking should be undertaken to ensure pension contribution rates are correctly applied.	
Risk exposure if not addressed: • Incorrect employee deductions are made.	Responsible manager for implementing: **Alison Hunter** Date to be implemented: **01/2019**

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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 Follow up of Procurement

Draft Report Issued: **23rd April 2018**

Final Report Issued: **3rd May 2018**

Audit Resources

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Audit Report Distribution

For Action:	Chris Guest (Interim Head of Procurement) Stephen Kirkpatrick (Director of Corporate Support)
For Information:	Roger Marshall (Joint Chief Finance Officer)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 24th May 2018, will receive the report.

Executive Summary

1. Background

1.1. An audit of Procurement was previously carried out in 2016/17. Based on the evidence provided at that time, the audit concluded that the controls in operation provided **partial** assurance. Improvements were agreed in the following areas:-

- Arrangements to update relevant constabulary staff on the new Procurement Strategy and updated Procurement Regulations.
- The assessment and management of the risks of over dependence on the Head of Procurement in ongoing operational procurement activity.
- Development of the procurement risk register to ensure it complies with the constabulary's Risk Management Policy and associated guidance.
- Arrangements to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.
- Clarity around authorities, roles and responsibilities for undertaking procurement activity and monitoring compliance.
- Arrangements for the supervisory review of work within the procurement team and the evidencing of this..
- Routinely obtaining professional indemnity insurance certificates from consultants, in line with the Joint Procurement Regulations.
- Guidance provided via the Joint Procurement Regulations on the level of professional indemnity insurance required.
- Arrangements for keeping the Procurement Team fully informed of future procurement activity for effective forward planning.
- A mechanism to clearly highlight the amount and source of budget approval to those tasked with approving contracts.
- Defining and communicating arrangements for storing and retaining procurement documentation.
- The undertaking of post completion reviews to identify good practice and areas for improvement in procurement activity.
- The identification, assessment and management of procurement fraud risks.

1.1.1. Internal Audit has recently undertaken a formal follow up audit to provide updated assurance to senior management and the Joint Audit and Standards Committee that the previously agreed actions to address each high and medium priority recommendation have been fully implemented and all controls are working effectively to mitigate the risks previously identified.

2. Audit Approach

2.1. **Follow up Methodology**

2.1.1. The Internal Audit follow up process involved obtaining details of management updates to Joint Audit and Standards Committee and then undertaking testing as necessary to confirm that the reported actions have been fully implemented and that controls are working as intended to mitigate risk.

2.1.2. It is the responsibility of management to continue to monitor the effectiveness of internal controls to ensure they continue to operate effectively.

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. Where the outcomes of the follow up confirm that actions have been successfully implemented and controls are working effectively, the internal audit assurance opinion may be revised from that provided by the original audit.

2.1 From the areas examined and tested as part of this follow up review we consider the current controls operating within Procurement provide **partial** assurance. This remains the same as the original opinion of partial assurance. The audit opinion assumes that controls assessed as adequate and effective in the original report have not changed and these have not been revisited as part of the follow up.

4. Summary of Recommendations and Audit Findings

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

4.2. The previous audit raised **3** high and 10 medium priority audit recommendations for action. Whilst there have been some developments made, there are still a number of areas which require further action to enable a greater level of assurance to be reached; in summary:

- **8** recommendations have been successfully implemented (summarised at Section 4.3);
- **2** recommendations have been partially completed and further action is needed to adequately address the risks exposed;
- **3** recommendations have not been actioned of which none are considered high priority.

We did not follow up advisory recommendations (R7, R13 and R16)

4.3. **Recommendations fully implemented**:

- **Communication (High priority R1)**

The original agreed action was to develop a communications strategy to brief key staff on the new Procurement Strategy and revised Procurement Regulations. Tests confirm that briefings were delivered to Business Board and Corporate Support SMT in 2016 and the Director of Corporate support confirmed there was a force wide communication via Forcenet News around the same time.

The Joint Procurement Regulations are currently undergoing a major revision. We were informed that there are plans to communicate the changes across the organisation and embed them through short learning sessions from April 2018.

- **Risk Management (Medium priority R2)**

The original agreed action was to adopt the corporate approach to risk identification and assessment including risk scoring, use of the constabulary risk register template, aligning procurement risks to strategic objectives and obtaining guidance and quality assurance from the Corporate Improvement risk management team as part of the Constabulary's quarterly risk management process. Tests confirm that the agreed actions have been fully implemented.

- **Procurement Fraud Risk (High priority R4)**

The original agreed action was to undertake an exercise to identify, assess and manage procurement fraud risk accordingly. Tests confirm that various types of procurement fraud risks have been identified (bribery, collusion, bid rigging, price fixing, false invoices and conflicts of interest), assessed and captured in an operational risk register for ongoing review.

- **Procurement Regulations (Medium priority R6)**

The original agreed action was that roles and responsibilities would be reviewed and strengthened within the Joint Procurement Regulations and Scheme of Delegation with a refresh of budget holder responsibilities on an annual basis. Tests confirm greater clarity around procurement authorities, roles and responsibilities in respect of daily activity and compliance monitoring.

- **Professional Indemnity Insurance (Medium priority – 2 recommendations R9, R10)**

The original agreed actions were that the Joint Procurement Regulations would be reviewed to consider whether minimum levels of insurances required should be included and the need to obtain copies of insurance certificates would be reiterated with the team and included in the procurement cycle checklist. Tests confirm that the Joint Procurement Regulations have been updated to include guidance on minimum levels of insurance. Adequate controls are now in place to ensure contractors have the required level of insurance cover, in accordance with the Joint Procurement Regulations.

- **Planning Procurement Activity (Medium priority R11)**

The original agreed action was that the Head of Procurement and the Procurement Business Partners would continue to have regular engagement meetings with the relevant Heads of Service and OPCC with regards to current and pipeline procurement activities. Tests confirm that the procurement team maintains ongoing oversight of current and planned procurement activity through their ongoing dialogue with, and involvement in, project boards and strategic groups across the constabulary. Examples provided included the Digital Policing Board, Strategic Vehicle Group and the Emergency Services Mobile Communications Programme.

- **Approval for Procurement Activity (Medium priority R12)**

The original agreed action was that the contract signature request form would be amended to capture further information regarding the amount or source of budget approval. The additional requirements would be made to better inform the certification process for procurements over £20k and ensure that contracts are only awarded where sufficient budgetary provision has been properly agreed in advance. Tests confirm that the contract signature request form has been updated as agreed and the draft is currently awaiting formal approval.

4.4. **Areas for further development**:

From the evidence provided as part of this follow up there are **5** audit recommendations which require further action as follows:

4.4.1. *High priority issues:*

- Limited progress has been made to address the risks of over dependence on the Head of Procurement in ongoing operational procurement activity.
- Arrangements for the supervisory review of work within the procurement team and the evidencing of this are not in place.

4.4.2. *Medium priority issues:*

- Arrangements are not in place to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.
- Post completion reviews are not undertaken to identify good practice and areas for improvement in procurement activity.

4.4.3. *Advisory issues:*

- Arrangements for storing and retaining procurement documentation have not been defined within the Joint Procurement Regulations and communicated.

Comment from the Director of Corporate Support:
The Procurement function providing services to both the Constabulary and the OPCC has been facing a number of challenges, specifically including staffing and professional expertise levels, for a sustained period of time as identified in the 2016 audit review which gave a partial assurance level.

I accept the follow up assurance opinion remaining as partial as a fair reflection of the current situation.

The Chief Officer Group have considered and approved a range of proposals to help address the current situation including (current positon in *italics*):

- The immediate advertisement of the Head of Procurement to include 20% market force supplement, which will be reviewed annually in line with policy. *Advertised with appointment made, subject to medicals and vetting.*
- Reclassification and advertisement of a professionally qualified Senior Business Partner in place of the current Business Partner vacancy. *In the process of being advertised.*
- Reclassification of the currently vacant ICT Procurement Officer as an ICT Contracts & Administrator within the ICT department. *Complete.*
- Extension of the current Interim Head of Procurement for a further 3 months. *Complete.*
- The development of a 6-12 month forward plan of procurement activities. *Tools and disciplines now in place with the Procurement Pipeline and Work Plan together with the Home Office Savings Tracker.*
- To review the current Joint Procurement Regulations is currently underway with any amendments to be submitted to JASC. *In progress.*

The following comments provide specific updates to the five audit actions requiring further action detailed within the follow up:

HIGH PRIORITY:

- **Limited progress has been made to address the risks of over dependence on the Head of Procurement in ongoing operational procurement activity.**

  The Constabulary have now successfully appointed a Chartered Institute of Procurement & Supply (CIPS) Fellow as the new Head of Procurement with start date to be agreed.

  Additionally, the agreement and advertisement of a Senior Business Partner will introduce a second qualified CIPS professional at a senior level within the department which will reduce the over reliance on the Head of Procurement.

  Further development of the Joint Procurement Regulations together with the continued training and development for Procurement Business Partners will assist in this area.

- **Arrangements for the supervisory review of work within the procurement team and the evidencing of this are not in place.**

  The Interim Head of Procurement has introduced tighter oversight of workloads and forward plans which will be progressed further, and more formally, when the new permanent Head of Procurement assumes post.

  All Tenders are overseen by the Head of Procurement but there is a current lack of peer review, particularly in Framework Call-off and higher value quote transactions. The same applies in a lack of peer review in contract management or Blue-Light portal approaches.

  This current lack of peer review will addressed as part of the remit of new Head of Procurement and Senior Business Partner and will cascaded through normal 15 week reviews.

MEDIUM PRIORITY

- **Arrangements are not in place to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.**

  All procurement and stores / supplies staff have completed training delivered by our Professional Standards Department.

  Recent written instructions regarding confirmations of processes and best practice have been issued to Procurement Business Partners and all Processors from the Interim Head of Procurement instructing future attachments of all quotes and related offer

correspondence to the Oracle Purchase order file (anti-fraud measures). The same instruction confirmed highlights of the Joint Procurement Regulations recommended Procurement Thresholds and Procurement Process Map prepared for JASC ratification.

- **Post completion reviews are not undertaken to identify good practice and areas for improvement in procurement activity.**

  All high value tenders have been subject to post completion reviews from January 2018 but the process can only take place on the completion of the specific procurement activity related to the tendering (Award) of the contracts. Two such de-briefs are diarised for the review (lessons learned) activity; Eden Deployment Centre (02/05/2018) and Body Worn Video.

- **Arrangements for storing and retaining procurement documentation have not been defined within the Joint Procurement Regulations and communicated.**

  Procurement contracts with a Value of over £50,000 are retained by the Legal Department. Framework and Service Level Agreements are stored in the Contracts Directory of the Procurement shared team drive.

Additionally, the recent detailed procurement testing raised a number of concerns which are being addressed by the Procurement function.

It is fair to observe that there are many aspects of positive procurement activities across both organisations, however is must be accepted that the function continues to face a great many challenges.

I am confident that the Constabulary has recognised the issues faced and are actively progressing activities to address over the coming weeks and months but note that it will continue to be a challenging journey.

Stephen Kirkpatrick

Director of Corporate Support

02 May 2018

5. Matters Arising / Agreed Action Plan

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

Audit Finding
(a) **Risk Management (R3)** Significant reliance is placed on the Head of Procurement in operational procurement activity on an ongoing basis. This reduces his ability to meet the requirements of the post and provide strategic direction to, and oversight of, the procurement function. ● ***High priority***
Outcome from follow up: Since the original audit review in 2016 the risks of over dependence on the Head of Procurement in operational procurement activity have been identified, assessed and captured in the operational procurement risk register for ongoing review and management. The underlying cause of the identified risk relates to the limited expertise and professional qualifications within the procurement team that place additional demands on the Head of Procurement. The team is not considered by management to have the appropriate skill set to meet the increasing demand for complex, high value procurements. Evidence was not provided of any specific training and learning over the last two years to increase the knowledge and skills base of those involved in procurement activities and to mitigate the risks identified. In February 2018 Chief Officer Group gave approval for the reclassification and advertisement of a professionally qualified Senior Business Partner into the vacant Business Partner position. The post holder will be expected to provide key support to the Head of Procurement and cover when necessary. The position hasn't been advertised yet but the approval demonstrates a clear commitment to address identified risks. Some recent progress has been made towards mitigating the risks of over dependence on the Head of Procurement but without evidence of action taken over the last two years or successful appointment of a Senior Business Partner management cannot be assured that the risks in this area are being effectively managed.
Recommendation: Mitigating actions to address the risks of over dependence on the Head of Procurement in operational procurement activity should be agreed and implemented without delay. ● ***High priority***

Audit Finding

(b) **Fraud Risk (R5)**

Action has not been taken to raise awareness of potential fraudulent practices with procurement staff as an important component of proactive fraud prevention and detection. It is vital that procurement staff understand how fraud might occur in the procurement lifecycle and what needs to be in place to mitigate the risks identified. This requires an appreciation amongst staff about what is expected of them in terms of standards of professional behaviour and integrity as part of their role in procurement activity.

- ***Medium priority***

Outcome from follow up:

Reference is made in the procurement risk register to a part-day training course on fraud, delivered across a number of departments in 2016 by an external provider. It is unclear which members of the procurement team completed the course as records have not been retained.

Some evidence has been provided of recent activity to raise awareness of ethical issues across the constabulary. It is understood that the Professional Standards Department delivered the training and it provided general coverage of ethical issues, there is no indication that it included procurement fraud.

Without clear record keeping management cannot demonstrate and be assured that all procurement staff understand:

- How procurement fraud might occur.
- Controls that should be in place to mitigate the risk of procurement fraud.
- Expectations regarding their professional behaviour.
- Requirements of their roles.

Recommendation:

Arrangements should be in place to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.

- ***Medium priority***

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

Audit Finding

(a) Supervision (R8)

Arrangements for supervisory review of work within the procurement team and evidencing this are not in place. Procedures do not detail the checks that should be undertaken at key stages, responsibility for undertaking checks, how they should be documented and mechanisms for providing feedback on the outcome of the checks. Supervisory confirmation that tasks are being appropriately undertaken might include the following:-

- Joint agreement and sign off of evaluation criteria (department and procurement team).
- Scoring took place against published criteria.
- Award decisions are fully justified.
- The required number / suitability of personnel are involved in procurement exercises.
- All outcome letters have been issued to bidders.
- All conflicts of interest forms have been returned promptly and reviewed.
- All contracts over £10K have been captured on the Blue Light database for reporting purposes.

Current arrangements do not give the Head of Procurement assurance that procurement activity is being undertaken consistently and effectively, in compliance with Joint Procurement Regulations and that actions are being taken to secure ongoing improvement. Supervision is particularly important given the team's current level of skills, knowledge and experience. It is a relatively new team pulled together from different parts of the organisation, not necessarily with a procurement background.

- ***Medium priority***

Outcome from follow up:

Evidence was not provided of any supervisory arrangements put in place to provide the Head of Procurement with assurance that procurement activity is being undertaken consistently and effectively, in compliance with Joint Procurement Regulations. A recent internal audit review involving detailed procurement testing highlighted that procurement regulations are not being consistently applied by the team. There is currently limited capacity and expertise within the procurement team to undertake supervisory checking but the appointment of a Senior Business Partner during 2018 is expected to address this issue.

Recommendation:
Management should define, document and communicate requirements around supervisory checking at key stages of the procurement lifecycle. Responsibility for supervisory checking should be clearly allocated.

- ***High priority***

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

Audit Finding

(a) **Procurement Records (R14)**

The Joint Procurement Regulations state that the Head of Procurement is responsible for securely storing all contracts (including those under seal) and maintaining records of contract exemptions. In practice information is retained by both the Legal Team and the Procurement Team and arrangements have not been defined and communicated.

Without this clarity, management cannot be assured that procurement documentation is held in accordance with the Constabulary's Records Management Policy, Data Protection Legislation and Procurement Regulations. It also raises issues around record duplication, consistency and access to information.

- ***Medium priority***

Outcome from follow up:
The original agreed action was that the arrangements for the storage and management of contract documentation would be reviewed jointly by the Head of Procurement and the Senior Legal Advisor with the Joint Procurement Regulations updated accordingly. Tests confirm that a meeting took place between the previous Head of Procurement and Legal Services in 2016 to agree storage arrangements. It is understood that an agreement was reached whereby the Legal Team would hold all records where the total value exceeds £50k. This arrangement is not reflected in the Joint Procurement Regulations. It was agreed at the time of the audit that this would be addressed as part of the current review of the Joint Procurement Regulations.

Recommendation:
Procurement record storage arrangements should be defined and communicated.

- ***Advisory Issue****- partially implemented*

5.4 Value - effectiveness and efficiency of operations and programmes

Audit Finding
(a) **Lessons Learned (R15)** Post completion reviews are not undertaken to identify good practice and areas for improvement in procurement activity that can be taken forward to strengthen future procurement exercises and inform training plans for the procurement team. ● ***Medium priority***
Outcome from follow up: Some evidence was provided of ad hoc discussions around procurement exercises for improvement and learning purposes but a formal post completion review / lessons learned process has not been established for key procurement exercises and included as a stage of the procurement cycle within the Joint Procurement Regulations. It was agreed at the time of the audit that this would be addressed as part of the current review of the Joint Procurement Regulations.
Recommendation: Post completion reviews should be undertaken in respect of key procurement exercises in order to identify any learning that can be taken forward as part of a commitment to continuous improvement. ● ***Medium priority***

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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.

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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.

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Constabulary

Audit Follow up of Receipt, Handling & Disposal of Drugs

Draft Report Issued: **6th November 2018**

Final Report Issued: **30th November 2018**

Audit Resources

Title	Name	Email	Telephone
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Audit Report Distribution

For Action:	Dean Holden – T/Detective Chief Superintendent, Crime Command
For Information:	Andy Slattery – T/Assistant Chief Constable
Audit Committee	The Joint Audit Committee, which is due to be held on 20th March 2019, will receive the report.

Executive Summary

1. Background

1.1. An audit of the Receipt, Handling and Disposal of Drugs was previously carried out in 2016/17. Based on the evidence provided at that time, the audit concluded that the controls in operation provided **partial** assurance. Improvements were agreed in the following areas:

- Defining internal policy and procedures in relation to receipt, handling and disposal of drugs;
- New procedures to be communicated to staff;
- Arrangements to be put in place for ensuring compliance with the policy and procedures.

1.2. Internal Audit has recently undertaken a formal follow up audit to provide updated assurance to senior management and the Joint Audit Committee that the previously agreed actions to address the recommendation have been fully implemented and all controls are working effectively to mitigate the risks previously identified.

2. Audit Approach

2.1. **Follow up Methodology**

2.1.1. The Internal Audit follow up process involved obtaining details of management updates to Joint Audit Committee and then undertaking testing as necessary to confirm that the reported actions have been fully implemented and that controls are working as intended to mitigate risk.

2.1.2. It is the responsibility of management to continue to monitor the effectiveness of internal controls to ensure they continue to operate effectively.

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. Where the outcomes of the follow up confirm that actions have been successfully implemented and controls are working effectively, the internal audit assurance opinion may be revised from that provided by the original audit.

3.3. From the areas examined and tested as part of this follow up review we now consider the current controls provide **reasonable** assurance. This has been revised from the original opinion of partial assurance. The revised audit opinion assumes that controls assessed as adequate and effective in the original report have not changed and these have not been revisited as part of the follow up**.**

4. Summary of Recommendations and Audit Findings

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

4.2. The previous audit raised **one** audit recommendation for action. Whilst the recommendation has mostly been addressed, there are still areas which require further action to enable a greater level of assurance to be reached.

4.3. **Areas for further development**:
From the evidence provided as part of this follow up there are two parts of the audit recommendation which require further action as follows:

4.3.1. *High priority issues:* None identified

4.3.2. *Medium priority issues:*

- Periodic spot checks of drugs held are not being undertaken as required by the procedure.

4.3.3. *Advisory issues:*

- The procedure doesn't include guidance on the drugs destruction process.

Comment from the T/Assistant Chief Constable
I am aware of the actions DCS Holden has signed up to in relation to spot-checks of drug destruction and improved officer guidance. I am satisfied that these actions address the issues and risks identified within the audit to an acceptable level and DCS Holden has arrangements in place to monitor their implementation
The report can now be finalised and reported in summary to the next meeting of the Joint Audit Committee via the internal audit quarterly progress report.

A.Slattery
T/ACC
29/11/2018

Management Action Plan

5. Matters Arising / Agreed Action Plan

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

Audit Finding
Original finding - Policy and Procedures ● ***High Priority*** There are currently no corporate policies or procedures outlining the detailed requirements for receipt, recording, storage, and disposal of drugs. Management have not defined their requirements or expectations and therefore they cannot be assured that seized drugs are being received, recorded, stored and disposed of as intended. The Standard Operating Procedure for property management shows, at Appendix H, a flow chart of the process for controlled drugs but this does not specify any detailed requirements. We were informed that local customs and practices have developed in each Territorial Policing Area meaning that there is no consistent approach over how drugs are receipted, recorded, stored and disposed of. In the absence of a policy and procedures Internal Audit are unable to provide assurance to management that: • Procedures meet national requirements, local objectives and management expectations; • Roles and responsibilities are clearly defined; • Staff have been trained effectively; • Consistent processes are being followed in each Territorial Policing Area.
Outcome from follow up: (*partially implemented)* A procedure 'Receipt, recording, storage and disposal of drugs' was produced, approved and communicated to staff in 2017. The new procedure requires all drug seizures to be recorded on the Property Register and for Front Enquiry Office staff to be integral to the process of recording and storing drug exhibits. The defined procedure should assist in ensuring consistency in each Territorial Policing Area (TPA). Whilst the procedure guidance includes the arrangements for allocating items for destruction and moving them to drug destruction bins it does not include

the arrangements for destroying them e.g. transportation requirements (vehicle and staff), officers to witness destruction, destruction certificates to be obtained and retained on file. Setting out the final part of the process would ensure that all staff are clear on the arrangements required to destroy drugs.

The procedure provides for random spot checks to be undertaken on drugs marked for destruction and those marked for retention to ensure that seized drugs are present and accounted for. We were informed that these random spot checks have been undertaken in the South Area but these are not documented or reported. We were advised that spot checks on retained drugs have not been undertaken in North and West Areas.

Recommendation 1: ● ***Advisory***

The drug destruction process should be included within the procedure and should be communicated to relevant staff.

Recommendation 2: ● ***Medium Priority***

Periodic spot checks of the drug storage areas in each TPA should be undertaken, documented and reported to provide Management with assurance that procedures are being complied with.

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria County Council & Cumbria Constabulary

Audit Follow up of Cumbria's Multi-Agency Safeguarding Hub

Draft Report Issued: **30th July 2018**

Final Report Issued: **28th August 2018**

Audit Resources

Audit Resources

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Audit Report Distribution

For Action:	Lisa Handley (Service Manager – Multi-Agency Safeguarding Hub) Vicki Ellis (Detective Superintendent)
For Information:	Lynn Berryman (Assistant Director – Children & Young People) John Macilwraith (Executive Director – People) Mark Webster (Deputy Chief Constable)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 12th September 2018, will receive the report. The County Council's Audit & Assurance Committee, which is due to be held on 17th September 2018, will receive a summary of the outcomes of the audit.

1. Background

1.1 An audit of Cumbria's Multi-Agency Safeguarding Hub was previously carried out in 2016/17. Based on the evidence provided at that time, the audit concluded that the controls in operation provided partial assurance. Improvements were agreed in the following areas:-

- A refresh of the Safeguarding Hub Memorandum of Understanding to clarify the level of funding / resources required for the Hub and to define each partners' contribution.
- Preparation of a Communications Strategy to raise understanding and awareness of the Hub and clarify expectations, informed by a series of roadshows.
- The delivery of multi-agency Hub training and shared learning across partners.
- Introduction of multi-agency quality assurance checks with learning incorporated into a Performance Quality Framework.
- Arrangements for developing Hub operating procedures and ensuring staff follow the latest versions.
- Development of a multi-agency staff induction process with sign off by partner agencies.
- Implementation of a Hub SharePoint site providing access to new or updated procedural documentation and guidance.
- Partner agreement to a refreshed performance report that enables effective monitoring of Hub activity.
- Actions to improve security around data sharing and ensure Hub staff undertake information security training on an annual basis.
- Incorporation of outstanding phase 2 actions into a phase 3 Hub Action Plan and communicating the updated plan across partner agencies.

1.2 Internal Audit has recently undertaken a formal follow up audit to provide updated assurance to senior management, the Joint Audit and Standards Committee (Cumbria Constabulary & OPCC) and the Audit & Assurance Committee (Cumbria County Council) that the previously agreed actions to address each high and medium priority recommendation have been fully implemented and all controls are working effectively to mitigate the risks previously identified.

2. Audit Approach

2.1. Follow up Methodology

2.1.1 The Internal Audit follow up process involved obtaining details of management updates to Joint Audit and Standards Committee, receiving a direct update statement from management and then undertaking testing as necessary to confirm that the reported actions have been

fully implemented and that controls are working as intended to mitigate risk.

2.1.2 It is the responsibility of management to continue to monitor the effectiveness of internal controls to ensure they continue to operate effectively.

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 Where the outcomes of the follow up confirm that, the internal audit assurance opinion may be revised from that provided by the original audit.

3.3 From the areas examined and tested as part of this follow up review we now consider the current controls operating around Cumbria's Multi-Agency Safeguarding Hub provide **reasonable** assurance. This has been revised from the original opinion of partial assurance. The revised audit opinion assumes that controls assessed as adequate and effective in the original report have not changed and these have not been revisited as part of the follow up**.**

4 Summary of Recommendations and Audit Findings

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

4.2 The previous audit raised **10** audit recommendations for action. Whilst there have been some developments made, there are still a number of areas which require further action to enable a greater level of assurance to be reached; in summary:

- 5 recommendations have been successfully implemented (summarised at Section 4.3);
- 5 recommendations have been partially completed and further action is needed to adequately address the risks exposed;
- 0 recommendations are considered not to have been actioned.

4.3 **Recommendations fully implemented**:

- **Communications Strategy (Medium Priority R2)**

The original agreed action was that roadshows would be carried out to inform a communications strategy moving forwards. The Management Update Statement provided in April 2018 reported that a number of actions have been taken to further explain the purpose of the Safeguarding Hub. This has been actioned through clarifying criteria for contact with the Hub within policies and procedures and information available on the Local Safeguarding Children's Board (LSCB) website.

Tests confirm that Information on the LSCB website helps readers to understand when to refer children to the Hub and this has been reinforced through delivery of a series of multi-agency roadshows across the county to professionals who work with children and young people. Further training events are scheduled to take place during 2018/19, as set out in the LSCB Training Programme and Learning Events 2018-19 document. These will continue to raise awareness and understanding around the work of the Hub.

- **Hub Procedures (Medium Priority R5)**

The original agreed action was that Hub operating procedures would be enhanced and developed for implementation in November 2016. An examination of the Safeguarding Hub's SharePoint site confirmed that Cumbria Safeguarding Hub's Multi-Agency Practice Standards were updated and saved on SharePoint in November 2016. Further, procedures and guidance material for use in specific circumstances has also been published on SharePoint since to expand and enhance the guidance available to the team. Examples include guidance on Child Sexual Exploitation (CSE) in February 2017 and Domestic Abuse in March 2017. Tests confirm that documents are version controlled and only the most recent versions of procedures are available.

- **Staff Induction(Medium Priority R6)**

The original agreed action was that a multi-agency staff induction would be signed off by the Development Group and launched in September 2016. It was also agreed that a Hub SharePoint site would be available to use from November 2016. Tests confirm that an induction checklist was approved by the Hub Development and Enhancement Group in December 2016 and is available on the Hub SharePoint site and access to the site is included on the induction checklist. The Safeguarding Hub Operations Group is currently overseeing a further review of the induction checklist.

- **Performance Data (Medium Priority R7)**

The original agreed action was that a performance report, agreed by Programme Board would be made available on the Hub SharePoint site and discussed at a multi-agency level. Tests confirm that a suite of performance reports has been designed by Children's Services performance team for the Safeguarding Hub. The Programme Board has had input to the process and agreed a set of performance

indicators that form the basis of this reporting. Hub managers have been provided with access and guidance to run reports for selected time periods. In addition the bi-monthly performance report that is provided to the Programme Board is also made available to managers on SharePoint. There is evidence of performance being regularly discussed on a multi-agency basis.

- **Hub Action Plan (High Priority R9)**

The original agreed action was that Phase 3 of the Hub Action Plan would be overseen by the Hub Programme Board and full Hub staff meetings would be provided with updates from January 2018. Tests confirm that all outstanding actions from the Phase 2 Action Plan were carried forward into the Phase 3 Action Plan. The Hub Operations Group reviewed the Phase 3 Action Plan in July 2018 and confirmed that all actions had been addressed and there were no outstanding actions to carry forward. This is due to be ratified by the Hub Programme Board in September 2018.

4.4 **Areas for further development**:

From the evidence provided as part of this follow up there are 5 audit recommendations which require further action as follows:

4.4.1 *High priority issues:*

- There are no high priority issues

4.4.2 *Medium priority issues:*

- Updates to the Memorandum of Understanding have not been finalised and agreed by the Programme Board.
- The Hub Programme Board has not agreed performance targets to clearly define and communicate their expectations to Hub staff.
- The Information Sharing Agreement published on the Hub SharePoint site has not been signed and dated by partners.
- Arrangements are not in place for the Programme Board to receive assurances on an annual basis that all Hub staff have undertaken information security training.
- Attendance at lunchtime training events is not captured and recorded.

4.4.3 *Advisory issues:*

- There are no advisory issues.

Comment from the Executive Director - People:

I am pleased to see that the report acknowledges the work since the original audit in 2016/17. It is evident that the audit recommendations were given due focus and that the judgment is now reasonable assurance, moving from partial. It is my expectation that the Safeguarding Hub Programme Board will continue to oversee the medium priority issues reporting to the LSCB, People DMT and the relevant Cumbria Constabulary Governance Group on an appropriate basis.

Comment from the Deputy Chief Constable:-

It's encouraging to see the amount of progress that has occurred between the two audits. The report acknowledges that the highest priority actions have been progressed and completed, and goes on to helpfully indicate some remaining areas where more work is required. I am satisfied from the report that this additional work is not down to a failure to implement those recommendations; rather it is a failure to adequately record and report some of the detail of that implementation (eg capturing details of attendees at lunchtime training events).

I am satisfied that adequate steps are in hand to effectively implement and communicate performance indicators. However, I am disappointed that the MOU and ISA have taken so much time to formally sign off so I have spoken (today) to John MacIlwarith at Cumbria County Council and we have both signed the MOU in its current format. I have also signed the ISA and I am assured this will be signed by John MacIlwraith on his return from leave on 10th September. Whilst there are still a few points of detail being progressed which may revise them, this should not stop either document being signed as an interim measure as they are both in force and being complied with in practice in the Safeguarding Hub. Steps will be taken to get remaining signatures on those interim documents as a matter of priority.

M Webster T/Deputy Chief Constable 24.8.18

5 Matters Arising / Agreed Action Plan

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

Audit Finding

(a) **Governance Arrangements (R1)**

A Safeguarding Hub Memorandum of Understanding (MOU) was established and signed by all parties in December 2014. It broadly sets out the key objectives, principles of collaboration, governance structure and the roles & responsibilities of partners.

There is a clause in the MOU stating that 'the parties agree to share the costs and expenses arising in respect of the Hub between them in accordance with a Contributions Schedule to be developed and approved by the Programme Board within 6 months of the date of the MOU'. There is no evidence that a Contributions Schedule was developed.

There is limited clarity in the MOU around the staffing that that each party will provide for the Hub. It states that parties will 'deploy appropriate resources' (sufficient, appropriately qualified resources to fulfil the responsibilities set out in the MOU).

Partners do not share the cost of providing Business Support services to the Hub. These services are crucial to meeting time targets and data quality standards. Business Support is predominantly provided to the Hub from Children's Services.

By formally clarifying and agreeing the level of funding / resources required for the Hub and defining each partners' contribution the scope for funding disputes arising between partners is much reduced. It would also ensure that there are sufficient staff with the relevant skills and sufficient funds to effectively operate the Hub and continue to deliver improvements / actions.

- ***Medium priority*** *- partially implemented*

Outcome from follow up:

Minutes of Cumbria Safeguarding Hub Programme Board meetings confirm that the MOU is currently under review on a multi-agency basis. Progress finalising an updated version of the MOU has been kept under review since the audit action plan was agreed. Actions are agreed and allocated to named individuals and deadline dates are set to move forwards with this task but an updated MOU has not yet been finalised and agreed by partners. It is understood that four outstanding pieces of work were discussed at the Hub Programme Board in June 2018 to complete this action:-

1. Setting out the aim and purpose of the Hub.
2. Creating a new MOU setting out the agreed purpose.
3. Review of LSCB thresholds to ensure there are clear criteria for partner agencies to assess and grade risk consistently.

4. Create an LSCB public task statement to meet GDPR requirements.
A revised target date of 30-09-18 has been agreed for this and the Safeguarding Hub Manager confirmed that the MOU will remain on the Programme Board agenda until fully addressed.

Whilst progress is being made to update and improve the MOU and all partners are involved in this process Internal Audit is unable to provide assurance that the agreed actions have been fully implemented and controls are working effectively to address risks.

Recommendation:
Updates to the Memorandum of Understanding should be agreed and finalised by the revised deadline date and approved by the Programme Board.

- ***Medium priority***

Audit Finding

(b) **Multi-Agency Training (R3)**
Multi-agency training for the Hub has been limited to date but the newly appointed Senior Manager is planning a series of themed workshops later this year. There is an acknowledged need for staff in the hub to develop a better understanding of working practices across partners, including the terminology in use. Joint training is a further opportunity to improve the way the team works together, deliver a more consistent approach, increase resilience and achieve improvements.

- ***Medium priority*** *- partially implemented*

Outcome from follow up:
Tests confirm that fortnightly multi-agency operational meetings for team managers take place and the minutes of these meetings are stored on SharePoint. The minutes show that the meetings provide an opportunity for managers to share information and work together to improve understanding across partner organisations and develop working practices.

A Hub Action Plan arising from a review commissioned by Cumbria Constabulary to identify efficiencies (Ad-Esse) includes an action around the development of a training programme. The action plan is a fixed agenda item at Operational Group meetings for ongoing progress monitoring.

Full Hub staff meetings were introduced in April 2018 to disseminate information. These meetings will continue on a quarterly basis.

Regular lunchtime briefing sessions are held for all Hub staff. They are delivered by subject experts with relevant information added to SharePoint for non-attendees. Recent topics covered include domestic abuse risk assessment for children, modern slavery and homelessness. Registers of attendance have not been taken consistently at these sessions. Without these records management cannot be assured that individual team members have the required knowledge and skills to meet the needs of clients and deliver key objectives.

Recommendation:

Attendance at lunchtime training events should be captured and recorded to inform management decisions around training and development, promotion, recruitment etc.

- ***Medium priority***

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

Audit Finding

(c) **Data Quality Assurance (R4)**

There is currently no framework for management / supervisory quality assurance checks to ensure adherence to safeguarding Hub policies and procedures and data quality standards.

There was some evidence of the dip sampling of cases and feedback being given to staff within the Hub but the sampling was limited and ceased in March 2016.

Findings from quality assurance activity would inform staff development plans and help drive improvement activity.

- ***Medium priority*** *- partially implemented*

Outcome from follow up:

Tests confirmed that a schedule of monthly Safeguarding Hub audits is in place, each with a different theme e.g. the focus in June was the MASH evaluation form. Ten cases are reviewed each month, selected at random according to the theme determined by the Operational Group. All audits are moderated and the results are presented to the Operational Group and the Programme Board, with relevant feedback provided to staff. Audit findings are also made available to managers on SharePoint. Operational Group minutes show that audits are fully discussed, covering strengths, areas for

development and improvements actions going forwards.

Children's Services Performance Team has developed a suite of performance reports for the Safeguarding Hub. Performance reporting is a standing agenda item at monthly Programme Board meetings and performance reports are made available to staff on SharePoint. In March 2018 the Programme Board was asked by the Safeguarding Hub Manager to provide clarity regarding what performance data is required for monitoring purposes and to agree what 'good performance' looks like. The Board reviewed and discussed each of the 18 existing performance indicators and agreed which ones to include in performance reports going forwards. The Board did not agree performance targets in respect of each indicator to establish and convey their expectations regarding performance. The agreement of performance targets could help streamline performance reporting to focus more clearly and efficiently on exceptions and any remedial action required.

Recommendation:

Programme Board members should agree a set of performance targets to clearly define and communicate their expectations to Hub staff.

- ***Medium priority***

5.3 Security – safeguarding of assets.

Audit Finding

(d) **Information Sharing (R8)**

R8a

As a multi-agency Hub, information sharing between partners is a key requirement of daily operations. A Hub Information Sharing Protocol has been prepared to facilitate this sharing of information between partners but the document is still marked as a draft, it is not dated, and there is no evidence of agreement and sign-off by partner agencies. At the time of the audit review the Hub Information Sharing Protocol was not available to Hub management or staff.

R8b

Hub managers are currently unaware of the level of information governance / security training provided to Hub staff.

- **High *priority*** *- partially implemented*

Outcome from follow up:

R8a

Minutes of Cumbria Safeguarding Hub Programme Board meetings suggest the Safeguarding Hub Information Sharing Agreement was signed off by partners in November 2017 and implemented in June 2018. Tests confirm that a copy of the Information Sharing Agreement was uploaded to the Hub SharePoint site in June 2018. However this version of the Information Sharing Agreement is not signed or dated by partners and partner assurances within the document around compliance with legislation and other requirements are not up to date. It states within the document that the agreement will be reviewed every twelve months post commencement unless an earlier review for policy or legislative reasons is necessary. There is section within the document to record the start date for the agreement and scheduled review date. These dates have not been completed.

It is understood from the Safeguarding Hub Manager that a more recent, updated version of the agreement is currently being finalised for presentation to the Hub Programme Board in September 2018.

R8b

The original agreed action was to formalise an annual check of information security training. Minutes of Cumbria Safeguarding Hub Programme Board meetings show efforts made by the chair to obtain assurance from partners that at all Hub staff have undertaken up to date ICT security training. Meeting minutes do not indicate that this assurance has been provided by all partners and evidenced. Reference is made to mandatory information security e-learning for users accessing County Council information each year. However no assurances have been given to the Programme Board that all staff in the Hub have completed this training, per requirements, during the last year.

Recommendation:

a) The current review and sign-off of the Safeguarding Hub Information Sharing Agreement should be evidenced within an updated document and shared across partners.

- ***Medium priority***

b) Arrangements should be put in place to give assurance to the Programme Board on an annual basis that all Hub staff have received up to date information security training.

- ***Medium priority***

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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

Cumbria Shared Internal Audit Service

Internal Audit Report for

Draft Report Issued:

Final Report Issued:

Audit of Specified

Cumbria Shared Internal Audit Service

19 September 2018

8 October 2018

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For Information:	Gill Shearer, Chief Executive / Head of Communications and Business Services Vivian Stafford, Deputy Chief Executive / Head of Partnerships and Commissioning
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 22nd November 2018, will receive the report.

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of the OPCC's Specified Information Order. This was a planned audit assignment which was undertaken in accordance with the 2018/19 Audit Plan.

1.2. The Specified Information Order is important to the organisation because Police and Crime Commissioners have a duty by statute to publish documents and information as set out in the Elected Local Policing Bodies (Specified Information) Order 2011 (and amendments 2012 & 2013).

1.3. The Elected Local Policing Bodies (Specified Information Order 2011) specifies the information that must be published by the Police and Crime Commissioner regarding:

- Who they are and what they do
- What they spend and how they spend it
- What their priorities are and how they are doing
- How they make, record and publish their decisions
- What policies and procedures govern the operation of the office of PCC
- Public disclosure of a register of interests

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.

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 Chief

Executive / Head of Communications and Business Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- **Compliance with the statutory requirements of the Elected Local Policing Bodies (Specified Information) Order 2011.**

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 Specified Information Order 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**.

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

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

- The Executive Board has assigned responsibility for ensuring compliance with the Specified Information Order (SIO) to the Governance Manager.
- Regular monitoring of information relating to the Specified Information Order takes place on a quarterly basis to ensure that all required information is published on the PCC's website. A standard template has been prepared which identifies all requirements and this is RAG rated each quarter. The monitoring of information provides the Governance Manager with the assurance that compliance with the SIO is being achieved.
- The requirements of the Specified Information Order (SIO) have been identified and understood. Audit testing identified that the PCC website includes all the required information with the exception of publication of all contracts exceeding £10,000. This is an issue which was been raised nationally due to the amount of work needed to comply with this requirement. The PCC website acknowledges the requirement to publish information regarding contracts over £10,000 and provides details on how to obtain copies of such contracts if required. .
- OPCC staff have all been made aware of the SIO and its requirements.
- Information received from professional bodies (eg Association of Policing & Crime Chief Executives, Association of Police and Crime Commissioners) in respect of the SIO is reviewed and where changes arise these are incorporated within the information published.
- Risks in respect of compliance with the SIO have been considered by the Executive Team.
- Access to publish SIO information on the PCC's website is restricted to approved personnel.

Comment from the Deputy Chief Executive / Head of Partnerships and Commissioning

I welcome the findings from the internal audit review of OPCC Specified Information Order and the assurance that it gives to the PCC.

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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 Victims Code of Practice

Draft Report Issued: **10th January 2019**

Final Report Issued: **6th March 2019**

Audit Resources

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Audit Report Distribution

For Action:	Alan Taylor, Performance Sergeant - Joint Command Support Unit
For Information:	Justin Bibby, T/Assistant Chief Constable
Audit Committee	The Joint Audit Committee which is due to be held on 20 March 2019 will receive this report.

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of Victims Code of Practice. This was a planned audit assignment which was undertaken in accordance with the 2018/19 Audit Plan.

1.2. A revised Code of Practice for Victims of Crime (the Victims' Code) was issued by the Ministry of Justice in 2015. The Victims' Code is a statutory code that sets out the minimum level of service that victims can expect from the criminal justice system. It also stipulates the responsibilities that are placed on each of the criminal justice agencies, including the Police.

1.3. The Victims' Code forms part of the wider Government strategy to transform the criminal justice system by putting victims first. Ensuring that victims receive the support they need and are entitled to is important to the Constabulary as one of the objectives of the Police and Crime Plan 2016-2020 is to 'always put victims first'. The Plan references making sure those agencies who work with victims of crime meet national standards (the national Code of Practice for Victims of Crime).

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**

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Superintendent – North TPA. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in their arrangements for ensuring compliance with the Code of Practice for Victims.

2.2.1. 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 Victims' Code 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.

It should also be noted that our audit testing did not include reviews of individual cases to assess whether Officers had been compliant with the Victims' Code of Practice. Our findings are based on the information obtained from the Constabulary and the testing carried out by them as part of their assessment of compliance, the underlying information, such as case files were not tested by Internal Audit.

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 is **1** audit recommendation arising from this audit review as follows:

	No. of recommendations		
Control Objective	**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
3. Information - reliability and integrity of financial and operational	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-

Total Number of Recommendations	-	-	1

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

- Working with the Safer Cumbria Partnership, a quality assessment framework (QAF) has been developed and endorsed by the PCC. The framework provides a way of assessing and evaluating compliance with the Victims Code. For the Constabulary this includes, but is not limited to, periodic self-assessment, dip sampling of cases and attending the meetings of Victims and Witnesses Group.
- The QAF is supported by a 'manual for audit' developed by Victim Support in conjunction with Safer Cumbria and the PCC in March 2017 which sets out the requirements of each partner.
    - Results of the QAF dip sampling are provided to the OPCC for review and challenge before they are reported to the Safer Cumbria Partnership for inclusion in the annual report.
    - The QAF promotes the sharing of knowledge and case studies of good practice are regularly shared at Safer Cumbria meetings.
- Cumbria's approach to improving compliance with the Victims' Code and the development of the QAF has been recognised in HM Government's recently published Victims Strategy.
- The Constabulary has identified a Superintendent as Professional Lead for the Victims' Code and Services.
- A training package has been developed and delivered on the Victims' Code to Officers in local areas. This has included:
    - A Victims Code e-learning module which explains the purpose of the Code and police responsibilities to victims of crime.
    - A briefing on the Victims' Code as part of the Constabulary's 7 minute briefing series
    - Briefing sessions involving input from various agencies, such as Victims Support, Remedi-Restorative Justice Services and the Cumbria Witness Care Unit.
- Information and guidance is available to victims of crime. This includes:
    - Putting Victims First, a help and advice booklet is provided to those reporting a crime to the police.
    - The Constabulary website includes information for victims and has links to the Victims' Code of Practice and to the relevant support agencies.

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:*

- None Identified

4.4.3. *Advisory issues:*

- The Constabulary has included areas not currently measured or that require improvement within their Improvement Plan (CCIP). Monitoring delivery of the actions will be required to confirm that they provide an adequate method for measuring compliance with the Code and that continuous improvement is made.

Comment from the T/Assistant Chief Constable :

I am aware of the actions the Constabulary has signed up and their implementation will be monitored through the Local Policing and Specialist Capabilities Board

I am satisfied that the actions identified by my managers address the issues and risks identified within the audit to an acceptable level

This report can now be finalised and reported in summary to the next meeting of the Joint Audit Committee via the internal audit quarterly progress report.

Justin Bibby
T/ACC
05/03/2019

Management Action Plan

5. Matters Arising / Agreed Action Plan

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

● **Advisory**

Audit finding	Management response
(a) **Measuring Compliance with the Victims Code** Whilst the Quality Assessment Framework (QAF) provides the means for the police (and other partners) to assess compliance with the Victims Code, the outcome of the Constabulary's latest QAF self-assessment (undertaken in July 2018), including dip sample testing, indicates that the Constabulary currently do not or are unable to measure six of the twenty four required areas. Reasons shown for not / being unable to measure include: • No relevant cases to measure (2); • Information not specifically captured (4) Areas identified as not being measured or that require improvement within the QAF self-assessment are included on the Constabulary's improvement plan (CCIP) together with related actions, action owners and timescales for delivery. All actions are due to be complete by the end of March 2019. In the meantime reliance is placed on existing processes which give some assurance in those areas where information is not specifically captured at the current time. In order to continue to be assured that the Constabulary is meeting its responsibilities under the Victims Code of Practice, management should continue to monitor delivery of the actions included in the CCIP to confirm that all requirements can be measured and that improvement in levels of compliance are met. Where a measurement can't be provided (for example due to lack of measureable cases) consideration should be given to marking these as not applicable rather than not measured.	Agreed management action: *Delivery of the actions included in the CCIP will continue to be monitored via the existing corporate arrangements.* *When the outstanding actions are complete, and before they are 'closed', they will be reality checked by the Business Improvement Unit to ensure that they have been implemented.*

Recommendation 1: Management should continue to monitor delivery of the actions included in the CCIP and confirm that the actions set out provide an adequate method for measuring compliance with the Code and allows for continued improvement.	
Risk exposure if not addressed: • The Constabulary fails to meet its responsibilities to victims and witnesses. • Reputational damage from non-compliance with the Victims Code of Practice.	Responsible manager for implementing: **T/ACC** Date to be implemented: **March 2019**

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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.	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. Recommendations are no greater than medium priority.
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.	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. Recommendations may include high and medium priority matters for address.
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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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 Workforce Planning

Draft Report Issued: **3rd October 2018**

Final Report Issued: **30th October 2018**

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	01228 226261
Lead Auditor(s)	Sarah Fitzpatrick	sarah.fitzpatrick@cumbria.gov.uk	01228 226255

Audit Report Distribution

For Action:	Sarah Jackson (Superintendent People Department)
For Information:	Stephen Kirkpatrick (Director of Corporate Support)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 22nd November 2018, will receive the report.

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of Workforce Planning. This was a planned audit assignment which was undertaken in accordance with the 2018/19 Audit Plan.

1.2. Workforce planning is important to the organisation because it contributes to overall constabulary performance. It ensures that the organisation is proactively planning to have the right number, of the right people, with the right skills and competencies, in the right jobs, for the efficient and effective delivery of frontline policing to the people of Cumbria and the achievement of strategic objectives.

1.3. In January 2018 the Police and Crime Panel approved the Commissioner's increased Council Tax precept proposal to fund an increase in the establishment by 25 police officers. Recruitment plans were revised to accommodate this additional intake.

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**

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. The agreed scope of the audit was to provide assurance over management's arrangements for ensuring effective governance, risk management and internal control around officer recruitment to manage turnover within budgetary constraints.

2.2.1. 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 around Workforce Planning 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:

- Strategic responsibility for workforce planning has been formally allocated to the Deputy Chief Constable.
- A strategic Workforce Board is in place to oversee all aspects of workforce management and ensure the workforce is fit for purpose by 2025, in line with the national and local policing vision.
- Significant workforce issues are brought to the attention of extended Chief Officer Group, extended Collaborative Board and flagged with the Joint Audit and Standards Committee demonstrating good corporate governance.
- Risks are regularly considered as part of established risk management processes within Corporate Support. Risk is a standing agenda item at Workforce Board and the risk of not having capacity to deliver the Cumbria Vision 2025 is included on the strategic risk register.
- Workforce actions have been incorporated into the Constabulary's Improvement Plan with action owners and delivery timescales for regular progress monitoring and management. The actions draw on the College of Policing's Workforce Transformation Plan and the National Police Chiefs Council's (NPCC) policing vision to effectively implement the workforce strand of the national 2025 vision for the police service.

- The decision to direct the fast track 'Constable to Inspector' officer to focus on resourcing as a key project in 2018, providing additional capacity within the team
- Development of a temporary bespoke recruitment team in HR to manage new recruits from application through to the achievement of Independent Patrol Status
- Quality assurance activity is undertaken to ensure that establishment information is robust for workforce planning and effective decision making.
- Arrangements are in place for HR to work closely with operational colleagues, Finance, Learning and Development, Corporate Services etc. to analyse and fully understand establishment information, support decision making and inform plans going forwards.
- Arrangements are in place to better understand workforce changes for planning and forecasting purposes through the new structure of bronze and silver meetings.
- Provision of regular establishment data to the OPCC alongside OPCC representation at Workforce Board meetings.
- Opportunities are taken to share information with, and learn from other forces at a national and regional level on recruitment matters.

Comment from the Director Corporate Support :
I am very pleased that this review of Workforce Planning has provided Substantial assurance and that there are no areas for action identified. As the audit notes, proactive workforce planning is fundamental in ensuring that the organisation has the right people, with the right skills, in the right numbers, and in the right places at the right times, to effectively meet the demands of frontline policing in order to keep the people of Cumbria safe.

The need for effective workforce planning continues to become more acute in order to balance resources against ever increasing demand, therefore I am very pleased that this report recognises the very good work done across multiple teams.

The report rightly notes the strong governance in place around workforce planning together with the forward action plan, incorporated in to the Constabulary's Improvement Plans, designed to address the needs of workforce transformation identified within the College of Policing's Workforce Transformation Programme.

Other strengths identified, including the fast track scheme and the focused effort to rapidly achieve the increased Police Officer numbers as a result of the Commissioners Council Tax pledge, demonstrate the positive efforts of all involved.

These findings are extremely positive in recognising the excellent work undertaken regarding managing our workforce which is a credit to all involved and will be used as the strong foundations on which to build future plans and workforce management activities.

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.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
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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.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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.