Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of Benefits Delivery Process

Draft Report Issued: 7 January 2021

Final Report Issued: 12 February 2021

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Richard McGahon	richard.mcgahon@cumbria.gov.uk	07917837416
Lead Auditor	Emma Toyne	emma.toyne@cumbria.gov.uk	07810532759
	Gemma Benson	gemma.benson@cumbria.gov.uk	07775111856

Audit Report Distribution

For Action:	Jane Sauntson (Director of Corporate Improvement) Andrew Wilkinson (Superintendent – Business Improvement Unit)
For Information:	Mark Webster (Deputy Chief Constable) Vivian Stafford (Chief Executive OPCC / Head of Partnerships & Commissioning) Gillian Shearer (Chief Executive OPCC / Head of Communications and Business Services)
Audit Committee:	The Joint Audit Committee which is due to be held on 17th March 2021 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

Background

This report summarises the findings from the audit of **Benefits Delivery Process**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Benefits delivery is important to the organisation because significant investment is made in projects to achieve organisational benefits linked to the Vision 25 strategy. Without a means to track, monitor and manage the delivery of the anticipated benefits there is a risk that the organisation doesn't realise the intended benefits and that may impact on the achievement the strategic priorities and required financial savings.

Benefit realisation is a valuable tool which the Constabulary can use to demonstrate to stakeholders that it is delivering value for money and consistently improving service delivery. This is important in enhancing public confidence and in consideration of the outcome focussed HMICFRS methodology changes, which are forthcoming.

Benefits realisation has been in the Internal Audit plan in some form since 2018/19. We completed a project support review on the SAAB project in May 2019. At this time work was progressing with the overall benefits realisation strategy and we concluded that further work was required to progress some of the areas which we highlighted in the 'areas for review' section of our feedback. As this work was still in the early stages an audit of benefits realisation was included in the 2019/20 Internal Audit plan.

The 2019/20 review of benefits realisation was scoped in January 2020. It was agreed the audit would focus on the governance, risk management and internal controls around the process in place to originally define and agree anticipated benefits of projects and how these would be monitored. We were informed when the audit was underway that the process in place was being changed as it wasn't working. At this point it was expected that a new process would be in place by March 2020. We ceased the review in January 2020 with an intention to pick it up again once the new process was in place. However, all audit work was temporarily suspended in March 2020 at the request of the OPCC and Constabulary so that the organisations could focus on their COVID-19 response. We had identified the need for a further piece of work on this area as part of our planning for 2020/21 so rolled our work already done on benefits realisation in to the 2020/21 review.

Audit Approach

Audit Objectives and Methodology

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. Detailed findings and recommendations are set out within the Management Action Plan.

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 Jane Sauntson (Director of Corporate Improvement). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control around the new benefits delivery process for identifying and reporting delivered benefits and the arrangements for the management of unanticipated benefits and promptly identifying and reporting negative impacts or non-delivery issues.

Audit work undertaken was impaired by the availability of information. The benefits delivery process, as outlined in the benefits realisation strategy is not fully established and embedded. As a result of this we have not been able to carry out sufficient audit testing to provide assurance that the arrangements in place are operating effectively.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides the Joint Audit Committee and Officers with an independent 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.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within Benefits Delivery Process provide **Partial Assurance**.

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

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- The Benefits Realisation Strategy drafted in August 2018 was reviewed in October 2020 and we are informed that it was presented to COG for approval. This provides a high-level framework for monitoring and assessing benefits realisation and delivery.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
1	0	0	1

The three levels of audit recommendation are defined in **Appendix A**.

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

High Priority Issues:

- The arrangements to deliver the Benefits Realisation Strategy have not been fully established. The strategy was drafted in August 2018 and progress in this area has been slower than expected. Without effective arrangements in place to agree, record, monitor and manage the delivery of anticipated benefits arising from projects receiving significant financial investment or process re-engineering, there is a risk these benefits may not be realised, value for money will not be achieved and public confidence may be eroded.

Medium Priority Issues: None identified

Advisory issues: None identified

Deputy Chief Constable Comments

I acknowledge that progress to improve and streamline the process around benefits management is not as advanced as the Constabulary would have hoped by this time. This is not down to a failure to recognise the strong need for this work to be finalised, rather is an unfortunate consequence of the impact of the global coronavirus pandemic on policing, coupled with the limited resource available to a small force. The staff engaged on this project have been necessarily diverted to manage our covid response in order to ensure that we can effectively protect the public. This situation has been truly exceptional.

Adam Sutton has now accelerated the required work and good progress has been made. There is a clear plan to address the remaining issues, and I am content that the timescales are achievable in the current context.

DCC M Webster 12th Feb 2021

Contextual information about the timeline of events:

- At the Collaborative Board meeting in January 2020, a discussion took place with Internal Audit about the benefits audit. Since their report in 2019, a significant amount of work had been undertaken, focusing on ICT projects, including workshop and individual sessions with project staff, establishing templates to use and other arrangements required to make the process work effectively.

- This resulted in dozens of benefits being articulated and documented. The volume was too great to manage efficiently without getting mired in bureaucracy, so work was undertaken to streamline, amalgamate and reduce the list and to focus on the key things that the organisation required to improve. This included the start of discussions with senior leads across the organisation to agree realistic deliverables and timelines.

- At that point it was anticipated that this work would be completed by the end of March and so the audit was shifted into 2020/21. However, COVID-19 impacted significantly on our capacity to move this forward. Key Corporate Improvement staff have been diverted - and still are -to a number of different Op Lectern support services that are critical to the effective management of the pandemic in the Constabulary, some key elements of which are:-

- Op Lectern Resourcing Cell - coordinating people and assets, including systems to enable significant homeworking, ensuring Covid-secure workplaces, ensuring shielding of our vulnerable and providing them with facilities for working, and ongoing management of Op Lectern and all its actions (using MS Teams); general responses and research/action required from central government and others; internal track and trace support; development of arrangements for lateral flow testing.
- Op Lectern Data Cell to respond to central requests, provide real-time data on demand and absences to inform decision making and resource allocation, supporting the county Multiagency Information Cell and Suicide Prevention Group
- Support to changing internal processes- such as establishment and sickness reporting – to make sure that up to date and accurate information is available for managers
- delivering demand impact assessments and regular performance products for senior management to ensure focus
- Op Lectern Information Cell, which triages national communications, guidelines and regulations and which ensures that actions are allocated and managed through GSB, and that the most up to date information is provided to the relevant managers and communicated to all staff, and maintains an archive of all relevant communications concerning Covid19. To date (27 January 09:00 hours), 885 pieces of information have been processed through the Cell
- an enhanced marketing and communications capability to support internal and external communications, provide communications support to the LRF, SCG, Enforcement Group and other multiagency governance
- re-purposing and expanding the Change Team's role to included alignment of Change with Recovery and Renewal.

- A further report was provided to COG in early October 2020, to pick up the work again, and the strategy refreshed to include the agreed actions and the change in governance. Capacity was once again affected by lockdowns 2 and 3 and the second wave. Nevertheless, an action plan was developed during January and work has started- being led by Superintendent Wilkinson (BIU) and carried out by Adam Sutton, Change Manager.

Management Action Plan

High Priority

Audit finding	Management response
Benefits Delivery Framework <u>Delivery of the strategy.</u> The Benefits Realisation Strategy, drafted in August 2018, was reviewed, updated and we are informed that it was presented to COG in October 2020. The strategy sets out the high level framework for monitoring and assessing benefits realisation within the Constabulary. Changes made to the strategy were minimal (wording changed to reflect the changes made to the Vision 25 Board structure and Framework changed to reflect quarterly reporting to COG and the introduction of a Wellbeing and Performance Inspector to gather information about disbenefits / issues from the workforce). Mechanisms to deliver the strategy, since its creation in August 2018, are not fully developed. We were informed when we began a review of this area in January 2020 that the arrangements for benefits realisation were not working and were being changed. Progress in this area has been slow and new arrangements are in their infancy, not fully defined and not embedded. As a result, we are unable to test the arrangements for their adequacy and effectiveness. <u>Progress identified at December 2020:</u> • COG have agreed that benefits will be tracked by Business Improvement Unit (BIU). We are informed that additional clarity on holding benefit holders to account was	Agreed management action: <table><tr><th>Action</th><th>Complete by</th></tr><tr><td>Identify a lead with responsibility for benefits management within BIU</td><td>Completed Adam Sutton Change Manager</td></tr><tr><td>Create a new procedure – documenting background and process that will be followed moving forward, including guidance on what's to be included</td><td>Completed</td></tr><tr><td>Update COG templates and communicate</td><td>5 February 2021</td></tr><tr><td>Update Business Case templates (include ICT who have their own template) and communicate</td><td></td></tr><tr><td>Create a training pack for SROs – this will ensure we can demonstrate with have adopted the new process</td><td>5 Feb 2021 – training pack</td></tr></table>

required by COG. At the time of our review we were informed that this clarity would be provided to COG in January 2021.	12 Feb 2021 – training & discussions

- Quarterly reporting to COG will be established. This will provide a means of holding benefits owners to account. However, it is unclear when this will commence as the mechanisms for reporting are not yet in place (i.e. identification of benefits within business cases, monitoring process within BIU hasn't been fully defined etc).

| Update existing Benefits Realisation document – seek to simplify where possible. This includes existing IT projects. | 12 February 2021 |

- It has been agreed that BIU will record and track the proposed benefits on approval of a business case, however, the process for doing this was in development at the time of the audit. We were provided with a copy of the BIU tracker which was being populated in October 2020. At the time of our review not all fields in the tracker were populated. The rating of achievability within the tracker is vague (defined as highly likely / likely / fairly likely).

| Create a MI template for quarterly COG updates | 12 February 2021 |
| Look back at the decisions made by COG in the past 24 months and ensure these are captured on the BR register | 12 February 2021 |

- Improvement Groups and Wellbeing and Performance Inspectors have been identified in the strategy, as a means to feedback disbenefits / issues identified by frontline officers and the organisation. We are informed that the expectations around benefits delivery within their roles / responsibilities has still to be defined.

| Look at the proposed benefits listed on the updated V25 roadmap and ensure these are listed on the BR register | 12 February 2021 |

Still to be implemented:

- COG papers (business case template) are yet to be updated to include benefits and risks.

| Cross reference with the CCIP to remove duplication / adopt any actions that sit better with the BR register | 12 February 2021 |

- Guidance documents / procedures are still to be written. We are informed that it is intended that these will include instructions for those submitting the new business case template for COG approval and the process for BIU staff to follow.

| Start quarterly reporting to COG/Agreed Gov. Boards | 1 March 2021 |

- Arrangements for notifying BIU of benefits to be added to the benefits tracker are still to be agreed but we understand that this may be via the Chief Officer's PAs.
- Once agreed the process will need to be communicated so that expectations are known and can be met.

Further considerations:
- Consideration should be given to the number of benefits that will be tracked and monitored (we were informed in January 2020 that one of the drivers for changing the process was that the number of benefits to be monitored was numerous and unwieldy)
- We are informed that the arrangements will be put in place for projects / programmes moving forward. Consideration should be given to how / whether benefits delivery of projects already underway will be assessed.

Recommendation 1:
Arrangements to deliver the benefits realisation strategy should be fully developed and embedded taking into account the points outlined above.

Risk exposure if not addressed:
- Benefits anticipated from significant financial investments are not achieved.
- Strategic priorities are not delivered because the projects / programmes designed to meet strategic priorities don't achieve the desired outcomes.
- Lack of accountability.
- Value for money is not achieved.
- Loss of public confidence.

Responsible manager for implementing:
Superintendent Business Improvement Unit, Andy Wilkinson

Date to be implemented:
Aiming for end March 2021

Appendix A

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

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:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

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Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of Collision Reduction Officers

Draft Report Issued: 29th September 2020

Final Report Issued: 10th November 2020

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	07810532759
Lead Auditor	Sarah Fitzpatrick	Sarah.fitzpatrick@cumbria.gov.uk	07464522833

Audit Report Distribution

For Action:	Ben Swinson (Chief Inspector Operational Support)
For Information:	Rob O'Connor (T/ Chief Superintendent) Andy Wilkinson (Superintendent – Business Improvement Unit) Andrew Slattery (Assistant Chief Constable)
Audit Committee:	The Joint Audit Committee which is due to be held on 17th March 2021 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

Background

This report summarises the findings from the audit of **Collision Reduction Officers**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Collision reduction activity is important to the organisation because it helps to reduce the number of people killed and seriously injured on the county's roads each year. This contributes directly to the strategic priority of keeping Cumbria safe and the delivery of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025.

Following internal and external consultation in 2018, Chief Officer Group approved the recruitment of three Collision Reduction Officers (one per territorial policing area), with funding via the Safety Camera Partnership. The Business Proposal clearly sets out the agreed responsibilities and expected benefits of the Collision Reduction Officer role. It also includes an intention to review the proof of concept proposal on an annual basis.

Collision Reduction Officer responsibilities include the co-ordination of Casualty Reduction and Safer Highways Group (CRASH) meeting actions with partners to solve road safety issues, the development of local community speed watch schemes, the planning and facilitation of road safety education and enforcement events and the deployment of speed indication devices and traffic data units. The focus is on killed and seriously injured (KSI) priority locations, areas of community concern and disrupting the use of vehicles for criminal and anti-social behaviour.

Audit Approach

Audit Objectives and Methodology

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. Detailed findings and recommendations are set out within the Management Action Plan.

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 Rob O'Connor (T/Chief Superintendent). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control around the arrangements for delivering collision reduction activity and the governance, co-ordination and monitoring of this.

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

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent 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.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within Collision Reduction 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.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:
- There is an approved Business Case that outlines the requirements of Collision Reduction Officers, the benefits they will deliver and how they will contribute to strategic policing priorities.
- Arrangements are in place to provide clear direction and oversight of road safety at a senior level through regular reporting to the Force Tasking and Co-ordination Group chaired by the Assistant Chief Constable.

- Collision Reduction Officers receive formal road safety training to allow them, as trainers, to deliver specific courses to Police Officers and PCSOs across the force in order to increase capacity in areas such as the use of drug wipes and intoxiliser equipment.
- Collison Reduction Officers co-ordinate CRASH meetings with partners and play a pivotal role in the multi-agency problem solving process around road safety issues. The development of strong working relationships with partners has enhanced this process.
- Risks associated with road safety are discussed and assessed at CRASH meetings to determine priorities and agree appropriate actions.
- The team is involved in regional road safety groups, participates in regional and national road safety events, has incorporated HMICFRS recommendations around road safety in the Cumbria Constabulary Improvement Plan (CCIP) and has systems in place to capture community concerns and issues around road safety. This helps the team to stay abreast of, and understand, national guidance, best practice and requirements at a local level.
- The Collision Reduction Officers meet on a regular basis to discuss issues, share best practice, highlight new approaches and generally ensure consistency across the team.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	3	1	4

The three levels of audit recommendation are defined in **Appendix A**.

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

High Priority Issues: None identified.

Medium Priority Issues:
- An annual review of the Collision Reduction Officer concept model has not been undertaken in accordance with the original Business Proposal.

- Collison Reduction Officer reporting lines and responsibilities have changed since the original proposal was approved by chief officers. The changes have been agreed and communicated on an informal basis.
- Performance management arrangements do not highlight issues in a clear and effective manner for informed management action.

Advisory issues:
- Cumbria Constabulary's road safety events and campaigns calendar is not synchronised across all partners.
- Feedback is not actively sought following road safety events, campaigns and operations to inform improvement activity.

Assistant Chief Constable Comments

I am very grateful for a comprehensive piece of work on this matter.
I aware of the actions the Constabulary has signed up and have arrangements in place to monitor their implementation through the Business Improvement Unit and via the Force Tasking and Coordination Group.
I am satisfied that the actions identified by the relevant managers address the issues and risks identified within the audit to an acceptable level.
The report can now be finalised and reported to the March 2021 meeting of the Audit & Assurance Committee via the internal audit quarterly progress report.

Andrew Slattery
Assistant Chief Constable
10/11/2020

Management Action Plan

Medium Priority

Audit finding	Management response
Annual Review In November 2018 Chief Officer Group approved a business proposal to recruit three Collision Reduction Officers (CROs). The posts were to be funded on a short-term basis by the Cumbria Safety Camera Partnership and subject to review on an annual basis (the business proposal states that the review has also been requested by the Constabulary's County Council partners). An annual review was due to take place by April 2020. The review was intended to reflect on the CRO model as a new concept for Cumbria and report on the value of the model and realisation of benefits set out in the original business proposal (i.e. a proof of concept review). The review has not taken place. Internal Audit was informed that plans to undertake the review were frustrated by the COVID-19 outbreak as a number of activities to prove the model were delayed. As a proof of concept model there is a need to demonstrate that the work undertaken by the CROs reflects the requirements of the original business case, provides value for money and expected benefits have been realised. The partnership receives some funding via a cost recovery process linked to the National Driver Offender Retraining Scheme. It is	Agreed management action: The annual review will be undertaken in accordance with the original COG Business Case. It will cover the benefits of the CRO posts, measured qualitatively and quantitatively in line with original business case expectations. It will also include recommendations on the continued viability of the role and costed options considering the impact of a reduction in NDORS recharges on Safety Camera Partnership finances.

acknowledged that COVID-19 will have had an impact of the level of funding available through the partnership because there were fewer vehicles on the roads during the restrictions (with a reduced number of offences) and this reinforces the need for a timely review.	
Recommendation 1: An annual review should be taken, in accordance with the Collision Reduction Officer Business Proposal and shared with chief officers and the partnership.	
Risk exposure if not addressed: • Continued funding for Collision Reduction Officer posts is not secured. • Failure to deliver road safety improvements and contribute to strategic priorities (including those in the Police & Crime Plan). • Loss of trust in Cumbria Constabulary amongst partners.	**Responsible manager for implementing:** Chief Inspector – Operational Support **Date to be implemented:** 02/2021

Medium Priority

Audit finding	Management response
Accountability The CRO Business Proposal, CRO Business Case and CRO Job Description clarify the role and responsibilities of Collision Reduction Officers, structure and reporting lines. The audit review highlighted that both reporting lines and responsibilities have changed since the original proposal was approved by chief officers. The audit review identified that the changes have been made on an informal basis and knowledge and understanding of them is inconsistent.	Agreed management action: Following extensive consultation on the initial approved business case there's a need to obtain formal ratification for the informal changes made. This is due to the stakeholders involved and the financial considerations applied to the original case. As the timeliness

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Internal Audit recognises the need for an agile and adaptable management approach that is responsive to changing circumstances and empowers managers to make changes within their areas of business. However, this needs to be balanced with complete transparency and clear communications around what is expected of individuals and what they will be held accountable for. There is a particular need to define these arrangements in areas of high staff turnover. There is an intention to undertake an annual review and progress the proof of concept model through the appropriate boards and up to chief officers in a formal manner. As part of this process the role and responsibilities of CROs and governance structure should be re-defined and communicated.	of recommendation 1 enables recommendation 2 to be incorporated within the overall review, then this is an appropriate means of formalising any change in CRO responsibilities or governance arrangements (in the event of the CRO role continuing). Governance arrangements will be communicated post review.
Recommendation 2: CRO responsibilities and governance arrangements should be re-defined and formally communicated to those concerned.	
Risk exposure if not addressed: • Inefficiency, inconsistency and misunderstandings due to a lack of clarity around responsibilities. • Poor performance because individuals are unclear about management expectations / what they will be held accountable for.	**Responsible manager for implementing:** Chief Inspector – Operational Support **Date to be implemented:** 02/2021

Medium Priority

Audit finding	Management response
Performance Management Robust performance management arrangements for the CRO model were clearly set out, from the start, in formal documents. The CRO Business Proposal included a number of key benefits to be realised so that achievement could be reported as part of the annual review. The CRO Business Case incorporated a template for monthly key performance indicator (KPI) reporting, structured around key areas of business / operations to clearly align CRO activity to the achievement of corporate objectives and better demonstrate the contribution made. The KPIs included Killed and Seriously Injured (KSI) and vehicle borne anti-social behaviour (ASB) figures, thus linking to two of the expected benefits in the original Business Proposal. This data can be used to help demonstrate whether the expected benefits are being achieved as part of the annual review to be undertaken. Management have recognised the need to develop and document their arrangements to plan, monitor and manage CRO activity. These arrangements were formally captured in the CRO Business Plan as development actions with target dates for progress monitoring. Internal audit testing highlighted a number of issues around performance monitoring, management and reporting: -	Agreed management action: The performance contributions of the CRO's, as defined within the KPI document and Business Case will be included as an appendix to the aforementioned recommendation 1 and 2 for the annual review. The review will incorporate: - - consideration of performance expectations and reporting requirements, both qualitative and quantitative, with a focus upon service delivery improvements (road safety measured by perception and collision reduction; overall road safety reduction; confidence and satisfaction, dependent upon the reporting frequency post COVID-19). - development of a manageable performance reporting template which

KPIs

The KPIs referred to in the Business plan are numerous and in most cases are a total figure to be calculated e.g. number of vehicles seized, number of fatal road traffic collisions. Whilst informative, figures alone do not give a measure of performance and do not lend themselves to progress monitoring and tracking whether agreed benefits are being realised.

There is a need to determine key areas where performance information is required so that realistic targets / goals can be developed to measure performance against on a regular basis and compare to previous periods. Any system should clearly highlight exceptions (e.g. RAG rating) for management attention.

KPI Reporting

The CROs maintain information on activities they undertake and KPI figures in a spreadsheet that is submitted to management for review on a monthly basis. The information is collated and used for reporting to senior management. A KPI reporting document produced for management for the period January to July 2020 differs in format and content to the template within the Business Plan. It isn't framed around key areas of business and whilst it includes figures, they are very much embedded into lots of narrative. The report demonstrates the level and nature of activity undertaken by the CROs, but actual performance is lost within the text that spans 13 pages. A slicker, more focussed monitoring report, highlighting key activity and performance on an exception basis would be more effective for performance management purposes.

Kelvin App

At the time of the audit review the CROs were trialling the submission of performance data via an application on their Kelvin devices (electronic police notebooks) on a daily basis.

focusses upon key activity undertaken, to be provided to an agreed governance meeting (TCG; SLT; Ops).
- evaluation of the performance recording requirements of the CRO's (specifically in relation to the usability of the Kelvin App).

Feedback received at the time of the audit review raised questions around the efficiency of a daily routine, the suitability of an application that was developed for another team and arrangements for extracting the data and converting it into meaningful management information.

The audit review highlights a need for management to reconsider the current performance reporting arrangements and set out their expectations going forwards. These should include key areas of focus, performance goals / aspirations, data collection methods, frequency of reporting and report format and length. Consideration should be made of the style of the monthly CRASH report presented to Force Tasking and Co-ordination Group. This uses infographics and narrative to report on activity and performance whilst linking to the expected benefits set out in the original Business proposal.

Recommendation 3:
Management should define their expectations regarding performance management and update arrangements accordingly.

Risk exposure if not addressed:	Responsible manager for implementing:
• Failure to achieve strategic objectives. • Flawed decision making due to poor quality management information. • Loss of trust in Cumbria Police amongst partners due to inefficient use of partnership funding.	Chief Inspector – Operational Support **Date to be implemented:** 02/2021

Advisory issue

Audit Finding	Management response
Campaigns & Events	Agreed management action:
Calendars	
CRO activity is very much determined by the calendar of road safety events and campaigns e.g. June and December drink driving campaigns. The Cumbria Police calendar reflects the national police calendar and efforts have been made to link into the Fire Service calendar too. However, discussions throughout the audit review have highlighted a lack of synchronicity with the calendars of some other partners such as Cumbria County Council. There is a recognition that this area needs to be addressed to improve the co-ordination of road safety activity, impact and efficiency.	Make and evidence efforts to coordinate planning calendars across all interested partners and CRASH stakeholders.
Customer Feedback	
Arrangements are not currently in place to proactively seek feedback from communities, stakeholders and partners following road safety activities, operations and specific events. However, feedback is occasionally received via Facebook and Twitter comments, and this was evidenced as part of the audit review. Feedback could help to demonstrate the impact road safety activities have on individuals and the contribution CROs make to keeping the people of Cumbria safe. It can also help inform changes and improvements.	Undertake consultation with a view to measuring success (or otherwise) where geographically specific operations or events have been undertaken.
Recommendation 4:	

a) Action should be taken to synchronise road safety event and campaign calendars across partner organisations. b) Feedback should be sought to identify any learning that can be taken forward as part of a commitment to continuous improvement and to inform the annual review process.	
Risk exposure if not addressed: • Inefficiency and reduced impact because opportunities are not maximised for joint road safety activity with partners. • Failure to identify shortcomings in road safety events, campaigns and operations. • Opportunities not taken to make improvements.	**Responsible manager for implementing:** Chief Inspector – Operational Support **Date to be implemented:** 02/2021

Appendix A

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

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:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service
Internal Audit Report for **Cumbria Constabulary & OPCC**

Audit of Financial Sustainability

Draft Report Issued: **17th April 2020**

Final Report Issued:

6th May 2020

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	07810532759
Lead Auditor(s)	Sarah Fitzpatrick	Sarah.fitzpatrick@cumbria.gov.uk	07464522833

Audit Report Distribution

For Action:	Roger Marshall (Joint Chief Finance Officer)
For Information:	Mark Webster (Deputy Chief Constable) Gill Shearer (Chief Executive, Cumbria OPCC)
Audit Committee	The Joint Audit Committee which is due to be held on 24th June 2020, will receive the report.

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

Cumbria Shared Internal Audit Service

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of Financial Sustainability. This was a planned audit assignment which was undertaken in accordance with the 2019/20 Audit Plan.

1.1 Financial Sustainability is important to the OPCC and Constabulary because it contributes to the efficient and effective use of resources to support operational policing needs and the delivery of the objectives in the Police and Crime Plan for Cumbria 2016-20. Financial sustainability planning is required to understand demand pressures, long term financial resources and how sustainable priorities may be. This is particularly important at a time when Cumbria Constabulary and the wider public sector is facing increasing financial pressures, including the need to identify and deliver ongoing savings.

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 Joint Chief Finance Officer. The agreed scope of the audit was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls around the identification and consideration of issues that impact on financial sustainability. The review includes arrangements for scenario planning and financial modelling and covers both Cumbria Constabulary and the Cumbria Office of the Police and Crime Commissioner.

2.2.2   Due to the CODVID-19 outbreak a request was made from the Constabulary and OPCC management to temporarily suspend work on the 2019/20 audit plan so that senior officers and their teams could focus on responding to the outbreak. As a result the audit work was brought to a stop before we had all of the information we required to fully complete our work. Discussions on the audit had already taken place with the Joint Chief Finance Officer prior to the outbreak and evidence requested from him had been provided but there were plans to interview other senior officers across both organisations and gather further evidence in the following areas:-

- Evidence of steps taken to stay abreast of local and national issues that impact on financial sustainability and planning and evidence that all relevant factors are taken account of in scenario planning
- Quality Assurance arrangements within finance regarding financial planning and reporting
- Details and supporting information around any demand analysis that had been undertaken
- How learning from financial planning in previous years has been applied to the current approach.

Despite this, the level of work already undertaken, and assurance gained from testing and other sources of assurance on the Constabulary's and OPCC's financial sustainability arrangements, we consider that we have sufficient evidence to enable us to provide an audit opinion. However, we have restricted the highest level of opinion we can give under these circumstances to no higher than 'Reasonable' because we would have undertaken more testing and carried out wider discussions in order to be able to give a higher level of assurance in this area. It should be noted that our opinion in this area is relevant to the 2019/20 Head of Internal Audit opinion but it does not take into account any financial impact of responding to the COVID-19 outbreak.

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 Financial Sustainability 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 under normal circumstances. Our work was undertaken on the arrangements in place before the COVID-19 outbreak and so does not consider the impact of the outbreak on financial sustainability.

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. However, as outlined in paragraph 2.2.2 the highest level of assurance we believe it is appropriate to give on this occasion is Reasonable. This is because the audit work was stopped following a request from the Constabulary and OPCC to temporarily suspend the 2019/20 Internal Audit plan due to the COIVD-19 response. At the time of the request to temporarily suspend the 2019/20 Internal Audit work we had already completed sufficient work to provide an opinion on the area but, although there are no recommendations in this report, we would have needed to speak with other Senior Officers across both organisations, and to have been provided with further evidence, in order to give a higher assurance opinion than Reasonable, if that was appropriate.

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

- Governance arrangements around financial planning and financial sustainability are suitable, with clear and defined responsibilities at an appropriate level

- Risks around financial sustainability are captured in the strategic risk registers of both organisations for ongoing review and management. Risk at this level recognises funding uncertainty around potential changes to the police funding formula (removal of dampening), inflationary pressures, changes to police pension contributions and the impact of national projects

- Financial reports are prepared on a regular basis for chief officers of both organisations and the Police & Crime Panel

- Finance presentations and reports show an awareness and understanding of current and future demand and the pressures on the service that impact on financial sustainability

- Financial forecasts are refreshed at least quarterly, reflecting new demands and pressures

- Verbal updates are provided periodically at Joint Audit Committee (JAC) meetings as to latest financial position and longer term financial outlook

- There is sufficient oversight of financial planning and clear evidence of the review, discussion and approval of financial plans (Budgets and Medium Term Financial Forecasts). This oversight is provided by chief officers of the Constabulary and OPCC and scrutiny provided by the

Police and Crime Panel. Specific examples of challenge and scrutiny included figures being questioned, queries and concerns being raised and requests for additional information

- Close working between the finance team and budget managers that includes consultation on emerging future pressures and demands through the annual Star Chamber process
- There is clarity around the approach to medium term financial forecasting and how it covers details of underlying assumptions, risks involved, costings and potential outcomes
- Financial plans include scenario planning to evaluate areas of uncertainty around funding and expenditure and provide clear consideration of options.

Comment from the Deputy Chief Constable / Chief Executive of the OPCC:

Comment from Gill Shearer – Chief Executive of the OPCC

We are fortunate in Cumbria to have a really strong finance team providing robust budget information. This strong position is reinforced by this report from Internal Audit and the other assurance that we receive from External Audit. The overall funding position is always challenging and this is particularly pertinent in the challenges we face today around COVID-19. The important aspect is that managers will have good financial information to make informed decisions.

GShearer.

The structures and mechanisms in place within Cumbria Constabulary strongly support financial accountability. The financial aspects of both strategic and operational decisions are reported on before decisions are made, and their impacts reviewed at all the structured governance meetings where Finance is a set part of structured agendas. Deeper financial exploration of strategic choices are conducted where the impact of those decisions may sustain or be particularly impactive, and these are recorded in relevant minutes and decision logs. Finance is covered at the Chief Officer's Group each Monday morning, and formally on a monthly basis. It is clear to me that financial accountability runs through the governance process, and it is disappointing that COVID restrictions have prevented this being

evidenced more fully, and a stronger audit opinion being offered.

M Webster
Deputy Chief Constable
4th May 2020

<div align="right">Appendix A</div>

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	Generally good systems of internal control are found to

	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.		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 the OPCC

Peter McCall

Audit of Police and Crime Plan

Draft Report Issued: **20th February 2020**

Final Report Issued: **4th June 2020**

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	07810 532759
Lead Auditor	Diane Lowry	diane.lowry@cumbria.gov.uk	(01228) 226281 07775 113487

Audit Report Distribution

For Action:	Vivian Stafford (Chief Executive / Head of Partnerships & Commissioning) Stephanie Stables (Partnership and Strategy Manager)
For Information:	Gill Shearer (Chief Executive / Head of Communications & Business Services)
Audit Committee	The Joint Audit Committee which is due to be held on 24th June 2020 will receive this report.

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

Cumbria Shared Internal Audit Service

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

Executive Summary

1. Background

1.1. This report summarises the findings from the audit of the Police and Crime Plan. This was a planned audit assignment which was undertaken in accordance with the 2019/20 Audit Plan.

1.2. The Police Reform and Social Responsibility Act requires Police and Crime Commissioners to produce a Police and Crime Plan setting the vision and strategic direction for policing, crime reduction and community safety.

1.3. Cumbria's Police and Crime Plan was launched in 2016, following the appointment of the Police and Crime Commissioner. The 4-year Plan covers 2016-2020 and contains the key police and crime objectives which contribute toward achieving the Commissioner's overall aim 'to make Cumbria an even safer place'.

2. Audit Approach

2.1. **Audit Objectives and Methodology**

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

2.2. **Audit Scope and Limitations**

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Chief Executive / Head of Partnerships & Commissioning. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the arrangements for monitoring the delivery of the Police and Crime Plan within the OPCC, including:

- Responsibilities for monitoring delivery of the Plan
- Measuring and Assessing Progress in delivering the Plan
- Oversight and Reporting on delivery of the Plan

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 in respect of monitoring the delivery of the Police and Crime Plan within the OPCC 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 **2** audit recommendation arising from this audit review as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. **Management** - achievement of the organisation's strategic objectives (see section 5.1.)	-	-	2
2. **Regulatory** - compliance with laws, regulations, policies, procedures and contracts	-	-	-
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	-	-	2

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

- The Office of the Police and Crime Commissioner for Cumbria's Corporate Plan for 2019-20 has been developed to support the delivery of the Police and Crime Plan and sets out the work the OPCC will focus on over the coming year. The Corporate Plan includes an OPCC Objective '*To deliver and monitor the Police and Crime Plan Objectives and Priorities'.*

- The OPCC's Internal Governance Arrangements for monitoring the Police & Crime Plan have been documented in a flow diagram, which has been shared with the Team.

- There is an internal Police and Crime Plan Delivery Plan, refreshed on an annual basis, which lists the priorities from the Police and Crime Plan and actions needed for their delivery.

- Delivery of the Police and Crime plan priorities is monitored on an ongoing basis by the OPCC team. Methods include gaining assurance via:

    - Attendance by the OPCC at Collaborative Board,

    - Meetings with Contract providers whose services aim to deliver elements of the Police and Crime plan,

    - Regular Partnership and Commissioning meetings,

    - Results obtained from public surveys,

    - Performance and thematic presentations by the Constabulary at Public Accountability Conferences.

- There are regular Public Accountability Conferences (PAC), chaired by the Commissioner and attended by senior officers from the OPCC and Constabulary. These meetings are divided into two key areas of business (Performance and Finance) and allow the Commissioner to scrutinise Constabulary performance in an open and transparent way.

- Half yearly performance, quarterly finance and quarterly thematic reports are presented by the Constabulary at PAC. This provides an opportunity to update the Commissioner on what is happening, allows for any challenge and provides the Commissioner with the assurances he requires on the progress of the priorities in the Police and Crime Plan.

- Terms of Reference for the PAC presentations are agreed by the Collaborative Board. The Terms of Reference, prepared by the OPCC set out specific areas, linked to the Police and Crime Plan priorities that the Commissioner requires assurance on.

- Regular reports are presented to the Police and Crime Panel by the OPCC in line with its work programme, providing assurance of how the Commissioner is ensuring delivery of the Police & Crime Plan. This includes an annual high level performance summary against each of the objectives in the Police and Crime Plan. The summary provides examples of key activities that the Police and Crime Commissioner, Constabulary and other partners have delivered during the previous year.

- Internally, monthly extended team meetings have been set up to enable the whole team to understand and discuss the various areas of business within the OPCC, this includes updates on the Police and Crime Plan.

- Interim Partnership and Commissioning Team meetings have recently been introduced. The meetings are held to discuss new projects and any emerging issues or risks that the team have identified, including those in relation to the delivery of Police and Crime Plan.

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

4.3.1. *High priority issues:*
- None Identified

4.3.2. *Medium priority issues:*
- None Identified

4.3.3. *Advisory issues:*
- Recent changes to the way in which performance is being monitored and reported have not been reflected in the Accountability Framework.
- Updates to the internal Crime Plan Delivery Plan should be considered to improve management information.

Comment from the Chief Executive

I am pleased to acknowledge the high level of assurance that this report gives and recognise the strengths evident in relation to the Police and Crime Plan.

Management Action Plan

5. Matters Arising / Agreed Action Plan

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

● **Advisory issue**

Audit finding	Management response
(a) Accountability Framework - Performance The Accountability Framework demonstrates how the OPCC and Constabulary work jointly to provide a structure that is robust, open and transparent. The arrangements assist the Commissioner in obtaining reassurance on the delivery of an effective and efficient police service across Cumbria, as well as ensuring the objectives within the Police & Crime Plan are being met. The Framework, developed in 2016-17, was updated in March 2019. Included in the document is reference to a Performance Management Framework (PMF) 'consisting of an agreed set of measures, to support the delivery of the Police & Crime Plan'. Information obtained during the audit identified that a decision had been taken that the PMF would no longer used as a means for measuring and reporting what had been delivered. Notes of a meeting in January 2019 between the OPCC and Constabulary show agreement by the PCC that reporting would in future be thematic. The change to the way in which performance is monitored / reported was not reflected in the Accountability Framework, updated in March 2019, even though the decision was taken in January 2019 ie. prior to the agreement of the updated Framework.	Agreed management action: Review and amend the Accountability Framework document for 2020/2021 for approval by Executive Team.
Recommendation 1: Management should have arrangements in place to ensure that when the accountability framework documents are updated they reflect decisions taken.	

Risk exposure if not addressed:	Responsible manager for implementing:
- Governance documents do not accurately reflect management's expectations, resulting in a lack of accountability. - Non-compliance with expected procedures.	**Partnerships and Strategy Manager** Date to be implemented: **30 June 2020**

● **Advisory issue**

Audit finding	Management response
(b) Police and Crime Plan Delivery Plan The Police and Crime Plan Delivery Plan is an internal document that sets out each of the eight Police and Crime plan priorities. The Delivery Plan is refreshed each year and includes various information including the actions or projects required to meet the priority objectives and how assurance will be sought in 2019/20, for example *Seek assurance through the Accountability Framework via PAC.* The Delivery Plan does not identify which aspects of the Police and Crime Plan assurance has been requested on or provided for during the year. Although this information is evidenced elsewhere, for example in the annual PAC reporting schedule, appended to the Accountability Framework and in minutes of the meetings, management information could be obtained more readily if the Delivery Plan was developed to include reference to which Priority assurance has been provided for, when, how and whether this was sufficient or if further assurance is needed. Any aspects of the plan where areas of improvement have been identified could also be recorded on the Delivery Plan. This could be linked to individual action plans as appropriate. If delivery plan was updated on an ongoing basis the OPCC could see at a glance if there are any assurance gaps, areas requiring further improvement or where improvements have been achieved.	Agreed management action: An approach will be tested during 2020/2021 in preparation for the development of a new Police and Crime Plan following PCC elections in May 2021.

Recommendation 2: Consideration should be given to developing the Police and Crime Plan Delivery Plan to include, on an ongoing basis, reference to the Priorities for which assurance has been sought and obtained and areas identified where further improvements are required.	
Risk exposure if not addressed: • Failure to deliver the priorities of the Police and Crime Plan. • Failure to identify improvements.	Responsible manager for implementing: **Partnerships and Strategy manager** Date to be implemented: **30 June 2020**

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 and Cumbria OPCC

Audit of Creditors

Draft Report Issued: 11th August 2020

Final Report Issued: 10th September 2020

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	07810532759
Lead Auditor	Janice Butterworth	janice.butterworth@cumbria.gov.uk	07775113426

Audit Report Distribution

For Action:	Ann Dobinson, Head of Central Services Barry Leighton, Head of Procurement Phil Robinson, Head of Estates and Fleet
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 Committee which is due to be held on 24 September 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

Background

This report summarises the findings from the audit of Creditors. This was a planned audit assignment which was undertaken in accordance with the 2019/20 Audit Plan. Our work on this area was well underway when we were asked by the OPCC and Constabulary, in March 2020, to temporarily suspend Internal Audit work on the 2019/20 plan so that they could focus their efforts on their COVID-19 response. We agreed to this request and work ceased until late June 2020 when we resumed our work in this area.

The creditor payments function sits within the Central Services Department (CSD). A new creditor payment system has been procured and will be introduced in the second half of the 2020/21 financial year.

Audit Approach

Audit Objectives and Methodology

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. Detailed findings and recommendations are set out within the Management Action Plan.

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 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:

- Payments processed out with documented procedures (suppliers set up retrospectively)
- Compliance with the Construction Industry Scheme (CIS) for taxation
- Follow up of previous audit recommendation (report issued in June 2018)

As outlined in the background section of this report, work on the 2019/20 audit plan was temporarily suspended, at the request of Constabulary and OPCC management, so that senior officers and their teams could focus on responding to the COVID-19 outbreak. This delayed the completion of the audit but has not had a bearing on the audit findings.

Assurance Opinion

Each audit review is given an assurance opinion and this provides Members and Officers with an independent 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.**

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.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- The Estates Department maintain a register of CIS sub-contractors along with HMRC evidence of their tax status;
- Monthly returns are sent to HMRC showing all payments made within the scheme or that no payments were due.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	2	0	2

The three levels of audit recommendation are defined in **Appendix A**.

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

High Priority Issues:
- No high priority issues were identified.

Medium Priority Issues:
- The application of the Construction Industry Scheme (CIS) requirements is not consistent;
- Orders are not always raised in accordance with approved procedures.

Advisory issues:
- No advisory issues were identified.

Director of Corporate Support Comments

I am pleased that this audit of creditors has received a reasonable level of assurance which demonstrates that the Constabulary is operating a sound framework of governance, risk management and internal controls, however I recognise that the audit has identified a number of opportunities for improvement.

The audit identifies two new medium priority recommendations and also observes an aspect of the 2018 audit requiring further consideration.

Recommendation 1 regarding the Construction Industry Scheme (CIS) identified that the scheme has been administered inconsistently over recent months. It is fair to observe that the administration of this scheme has been negatively impacted by staff turnover. The new Estates Administator, along with the Senior Estates & Facilities Manager, will both receive formal HMRC training in January 2021 regarding the administration of CIS. I am confident that this formal training, along with initial training and revised procedures detailed in the management response, will ensure that the recommendation raised will be adequately addressed.

The audit goes on to consider, in recommendation 2, arrangemnts for ensuring that orders raised outwith approved proceses (essentially without a purchase order) are managed effectively. The management response highlights a range of reports and measures that are already in place to effectively manage such instances. Additionally, the Constabuary have recently implemented new 'no purchase order,

no pay' procedures which will further improve compliance in these areas. With the measures already in place, together with the recent implementation of new procedures for 'no PO, no pay', I am content that this recommendation has been addressed.

The report makes observations regarding the 2018 recommendation focusing on old supplier housekeeping. I am confident, based on discussions with the Head of Commercial Solutions, and as detailed within the management response, that appropriate arrangements are in place to ensure that the necessary housekeeping is conducted and feel that, through the production of regular reporting this recommendation from 2018 will also be fully addressed.

I am pleased to observe that the audit also identified areas of good practice in a number of areas.

Overall, I am satisfied with the outcomes of the audit but recognise that improvements can be made in some areas, potentially in terms of articulating and evidencing the many good practicises in place across the range of departments involved.

Stephen Kirkpatrick

Director of Corporate Support.

Management Action Plan

Medium Priority

Audit Finding	Management response
Compliance with the Construction Industry Scheme (CIS) for taxation The OPCC / Constabulary are registered with HMRC for the Construction Industry Scheme (CIS). The OPCC / Constabulary are classed as a 'Contractor' and payments made by them to subcontractors, for refurbishment and/or new build work, must comply with the CIS requirements. The Contractor must take account of the tax status of its sub-contractors as determined by HMRC and may be required to make a deduction in the payment to the sub-contractor (relating to labour costs). A monthly return is prepared by the Estates Department showing a breakdown of payments made to CIS sub-contractors and if a tax deduction has been made, Finance then make a payment to HMRC where required. Audit testing covered: • all payments over a 12 month period (January to December 2019) where tax deductions had been made (5 invoices from 2 suppliers); this was expanded to include a further 2 invoices from 2 suppliers processed in 2018, • a sample of payments where no deductions had been made (8 invoices) and; • a sample of suppliers who did not come under the CIS rules (7 suppliers). All payments tested were discussed with Senior Estates & Facilities Maintenance Manager.	Agreed management action: A new member of staff has been appointed within the Estates Team and will start in September 2020. They will receive initial training on invoice processing and then will undertake specific HMRC training on CIS regulations (course booked for 20/01/2021), the Senior Estates & Facilities Maintenance Manager will also undertake CIS refresher training. The spreadsheet maintained by the Team to record orders has been updated to include a check for CIS compliance at the point of ordering. This is checked by the Senior Estates & Facilities Maintenance Manager before payments are made.

Inconsistencies were found with the application of the scheme for 26% of the audit sample (4 out of 15 invoices NB this percentage error rate is sensitive given the low volume of CIS applicable invoices). Errors included:

- Single project - different handling of the tax on invoices received;
- Refurbishment work - tax not deducted where required;
- Repair work undertaken – tax incorrectly deducted.

Recommendation 1:

Management should ensure that staff involved with the CIS scheme are fully aware of the CIS requirements and the terms are applied consistently in line with the guidance.

Risk exposure if not addressed:	Responsible manager for implementing:
• HMRC impose fines due to non-compliance with the scheme.	Senior Estates & Facilities Maintenance Manager.
	Date to be implemented: 01/2021

Medium Priority

Audit finding	Management response
Invoices received from non-approved suppliers Internal Audit were asked to determine the level of payments made outside of the documented procedures, specifically invoices received from suppliers not already set up on the creditors system, and to identify if there were any trends with departments or individuals not following approved procedures. At the time of our review we were informed that a definitive list of suppliers set up retrospectively is not maintained. We were also advised that there has been a trend of	Agreed management action: Reports have always been available comparing purchase order date with invoice date to ascertain which invoices have been received before the order was raised. A definitive list of suppliers set up retrospectively has not been maintained as trends can be identified through reports and procedures.

invoices received without purchase orders and that this non-adherence to approved procedures has been identified by management. To remedy this a 'no purchase order, no pay' control was implemented in August 2020. Reports can be run to identify order dates later than invoice dates and we advise that management use these to identify and provide for any training needs for individuals raising orders outside of approved practices.	Although a number of invoices are received without PO, many are for valid operational reason. It should be noted that all suppliers are credit checked before adding to the system and all goods or services are separately receipted before payment is made.
Recommendation 2: Arrangements should be put in place to ensure that orders raised out with approved process are identified, understood and training provided where required.	Training is provided on an ongoing basis along with reminders of the need to place Purchase Orders other than in extreme circumstance. To further improve matters implementation of 'no purchase order, no pay' procedures has been implemented. Current challenge and training will be maintained and regular review of KPI's for retrospective PO's will be undertaken.
Risk exposure if not addressed: • Appropriate supplier checks not undertaken prior to orders being placed; • Value for money not achieved.	**Responsible manager for implementing:** Head of Commercial Solutions **Date to be implemented:** Completed 08/2020.

Outstanding Actions from Previous Audit Review

Supplier Maintenance   (Medium priority)
An audit of Creditors 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".

This was followed up during an audit in 2018 where it was found that a creditors cleansing exercise had been carried out in April 2016 when 1,000 suppliers were removed from the database. The annual exercise had not been undertaken in 2018.

Outcome from 2020 follow up:

A supplier review and de-activation exercise was undertaken twice in 2019 with a total of 387 suppliers de-activated.. We were advised by the Head of Commercial Solutions that supplier maintenance activities are now undertaken monthly but evidence wasn't available to demonstrate this regular, on-going activity.

A full supplier data cleansing exercise was undertaken in 2019/20 in readiness for migration of data to the new creditors system.

Management response:

Evidence is available through spreadsheets of suppliers to be deleted, the Oracle system is available to check deactivations, active supplier numbers demonstrate the reduction and dates suppliers are deactivated are available on the system.

KPI's will be maintained showing total number of suppliers, Number deactivated and number of new suppliers

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

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:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of Sickness Reporting Procedures

Draft Report Issued: 10th March 2021

Final Report Issued: 29th March 2021

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	07810532759
Lead Auditor	Sarah Fitzpatrick	sarah.fitzpatrick@cumbria.gov.uk	07464522833

Audit Report Distribution

For Information:	Lisa Hogan (Superintendent People Department)
	Stephen Kirkpatrick (Director of Corporate Support)
Audit Committee:	The Joint Audit Committee which is due to be held on 26th May 2021 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

Background

This report summarises the findings from the audit of **Sickness Reporting Procedures.** This review replaced the audit of property stores which was included in the 2020/21 original and revised Audit Plan but has now been undertaken by a consultant.

Sickness reporting is important to the Constabulary because it contributes directly to the strategic priority of spending money wisely and to efficient and successful service delivery against of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025. Effective sickness reporting procedures help the organisation to identify, understand and manage sickness absence so that resources can be maximised, and costs reduced. Thus, minimising the potential impact on service delivery so that Cumbria Constabulary can provide the highest standards of policing.

Cumbria Constabulary is implementing an organisation wide Business Transformation Programme. As part of the programme the Constabulary are moving from end of life systems where support dates are due to expire over to new, fit for purpose technology. The HR and Duties Management systems are included in this programme and are moving over from Origin HR and Origin DMS to Midland Trent and Crown DMS early in 2021. The functionality of the new systems in terms of sickness reporting is expected to be much greater.

Audit Approach

Audit Objectives and Methodology

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. Detailed findings and recommendations are set out within the Management Action Plan.

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 Stephen Kirkpatrick (Director of Corporate Support). 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 for sickness reporting (including COVID-19 reporting)
- Timeliness of reporting sickness (including recording start and end dates in the system) and any evidence of managers being reminded of arrangements
- Data quality checks in place on sickness reporting information

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

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent 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.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around Sickness Reporting procedures 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.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- Attendance Support Policy, Procedures and Guidance are in place providing clarity around responsibilities and processes for sickness reporting. The documents are up to date, fully approved and widely available to staff.
- Additional policy guidance has been put in place for the recording and reporting of Covid-19 related absence.
- The HR team has arrangements in place to keep up to date with relevant legislation, national guidance and best practice. Any changes are incorporated into policy and are cascaded within the force (as appropriate) through staff bulletins and workforce meetings.
- The Constabulary are keeping abreast of the rapidly changing environment brought about by Covid-19 and update procedures and guidance material on an ongoing basis. Force wide Covid-19 bulletins are published frequently and include notifications about absence reporting.
- Clear governance arrangements are in place that provide transparency and reassurance around sickness levels (including Covid-19 sickness). These arrangements include the Workforce Board, which meets on a monthly basis and Operation Lectern (Covid-19) structures where sickness absence rates are discussed at regular meetings (the meeting frequency and level of detail is appropriate to the command level).
- There are a number of examples of senior management demonstrating their commitment to timely and accurate sickness reporting and communicating their expectations to staff. Examples include corporate bulletins being used to communicate messages directly from DCC Webster.
- Processes are in place for risks around sickness to be identified, assessed and managed on an ongoing basis. The strategic risk register currently includes a risk around Covid-19 which takes account of the impact of sickness.
- Arrangements are in place to monitor adherence to policies and procedures around sickness and identify data quality concerns. There are examples of issues being identified, investigated and promptly addressed. Absence monitoring processes within HR recently highlighted an issue with Return To Work forms not being completed in the system that was impacting on reported sickness levels. Prompt action was taken to remind managers of their responsibilities via email and Sergeant / Inspector briefings.
- Regular data on sickness absence is prepared to highlight any issues or trends for consideration and appropriate action to be taken. The level of reporting has stepped up during the Covid-19 pandemic and includes national submissions. Arrangements during the pandemic ensure that sickness data reaches senior management at least three times per week.

There are no audit recommendations arising from this audit review.

Director of Corporate Support Comments

I am delighted that this audit of Sickness Reporting Procedures has received a **substantial** level of assurance which recognises the excellent work that is undertaken across the organisation to record and manage sickness.

The report highlights the many controls that are in place, regularly reviewed and widely understood to support effective sickness management.

I am pleased that the report also recognises the significant effort and successes regarding management of sickness during the Covid-19 pandemic which has resulted in unprecedented challenges regarding sickness, isolation, shielding etc.

The move to new ICT systems present challenges but, as observed within the report, also present significant opportunities to further improve our approach to, and management of, sickness.

Finally, I would like to thank colleagues across all areas of the organisation in ensuring that sickness is managed so effectively.

Stephen Kirkpatrick
Director of Corporate Support
26/03/21

Appendix A

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

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:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Peter McCall

Audit of Training

Draft Report Issued: **6th February 2020**

Final Report Issued: **1st April 2020**

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	07810532759
Lead Auditor(s)	Sarah Fitzpatrick	sarah.fitzpatrick@cumbria.gov.uk	07464522833

Audit Report Distribution

For Action:	Matt Pearman (Chief Inspector – Learning & Development)
For Information:	Stephen Kirkpatrick (Director of Corporate Support) Lisa Hogan (Superintendent People Department)
Audit Committee	The Joint Audit Committee, which is due to be held on 28th May 2020 will receive the report.

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

Cumbria Shared Internal Audit Service

Peter McCall

Executive Summary

1.   Background

1.1.   This report summarises the findings from the audit of Training. This was a planned audit assignment which was undertaken in accordance with the 2019/20 Audit Plan.

1.2.   Training is important to the organisation because it provides employees with the necessary skills and knowledge to contribute efficiently and effectively to operational policing, the delivery of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025. The Learning and Development department's strategy is to "develop and train staff at all levels to meet the evolving organisational need and ensure that they have the skills and values to meet the needs and expectations of the community".

1.3.   Learning & Development has been undertaken in collaboration with Lancashire Constabulary for a number of years. A single joint Head of Learning & Development managed the delivery of training in both Force areas supported by a management team across both forces. A joint annual training plan was in place. This collaboration came to an end in October 2019 and a Chief Inspector was appointed as Head of Learning and Development in Cumbria.

2.   Audit Approach

2.1.   **Audit Objectives and Methodology**

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

2.2.   **Audit Scope and Limitations**

2.2.1   The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Director of Corporate Support. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control around learning and development planning including the following:-

- Oversight arrangements.

- Consultation and co-ordination with Directors and Commanders across the force (to include specialist areas such as crime training).
- Decision making.
- Plan maintenance (monitoring arrangements and ongoing evaluation / re-prioritisation).

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 Training provide <u>**reasonable**</u> 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 which is summarised as follows:

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

4. **Security** - safeguarding of assets.	-	-	-
5. **Value** - effectiveness and efficiency of operations and programmes.	-	-	5. -
Total Number of Recommendations	-	**1**	-

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

- A Training Plan is prepared on an annual basis and reflects key corporate priorities set out in the Police and Crime Plan 2019/20 and Vision 2025.
- The Learning and Development department have systems in place to stay abreast of national guidance, regulations and best practice to ensure the Training Plan is responsive to the changing nature of crime and national priorities.
- The Training Plan is fully consulted upon to ensure there is clear understanding and prioritisation of organisational requirements.
- Risks around training are captured in the L&D risk register and are subject to ongoing review and management by senior officers within the Corporate Support Directorate.
- The organisation's response to the Home Office's Police Officer Uplift announcement demonstrates how the Training Plan can be promptly re-prioritised to reflect changing demands and resources.
- Discussions, decisions and actions around training are captured and recorded. This supports and evidences the ongoing consultation processes in place around training that take place throughout the governance structure.
- Mandatory training is kept under constant review to ensure officer skills are maintained at an acceptable level.

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:*
- There are some gaps in governance arrangements still to be addressed.

4.4.3   *Advisory issues:* none identified.

Comment from the Director of Corporate Support:

I welcome, note and accept the recent audit review of the Constabulary's Training provision and feel that, as we transition back to a single force delivery model, the reasonable level of assurance is a fair reflection until our new and revised governance arrangements are implemented, with only one recommendation being made.

The provision and governance of the Learning & Development function has been undertaken jointly with Lancashire Constabulary for a number of years. This arrangement came to an end in September 2019, at which point a Chief Inspector was appointed to lead the department which was also moved to be part of the People Department reporting to the Supt. Head of People. I am very pleased to note that the transition back to a single force model has not resulted in any degradation of service provision across the force.

The audit report notes that there are some gaps in governance arrangements that still need to be addressed following the separation from Lancashire Constabulary. The single recommendation regarding improvements needed in governance is accepted by the Constabulary and is being addressed through the Workforce Board during April 2020.

The report highlights the many strengths of the Learning & Development function, including a robust and agreed annual training plan, ongoing review and adoption of relevant national guidance & regulations etc. Additionally the report recognises the excellent progress that has already been achieved in response to increasing officer numbers as part of Operation Uplift.

I would like to extend my thanks to all involved with the undertaking of this review, together with extending my thanks to all colleagues supporting the ongoing delivery of an effective programme of training across the Constabulary.

Management Action Plan

5   Matters Arising / Agreed Action Plan

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

● **Medium priority**

Audit finding	Management response
(a) Governance and oversight Governance arrangements for training were well established as part of the collaboration with Lancashire Constabulary. A Joint Constabulary Senior Leadership Team (SLT) was in place, reporting into a Learning and Development Collaboration Governance Board, chaired by the Deputy Chief Constables (DCCs) of both forces. The annual training plan was monitored every quarter by joint SLT with a report on annual delivery of the plan being prepared and reported on at the end of the year. As part of the joint structure Lancashire provided dedicated Quality Assurance, Planning and Evaluation resources. For Cumbria Constabulary the Workforce Board, chaired by the DCC, is responsible for overseeing training and prioritising requirements as highlighted by the other 2025 Boards. Since the transfer of the Learning and Development Team into the People Department when the collaboration ended in October 2019, governance arrangements around Training have been unclear and the following issues were highlighted by the audit review:- • The draft Training Plan 2019/20 was presented to Silver Workforce Board in November 2018. It was agreed that the Training Plan would be presented to the Board on a quarterly basis for review. There is no evidence of this reporting and review taking place to support ongoing management oversight. • Internal Audit were informed that the Learning and Development SLT received a copy of the draft Training Plan and subsequent update reports but evidence has not been provided to	Agreed management action: Recommendation accepted by the Constabulary. Revised governance arrangements to address the recommendations made in this report will be considered by the Workforce Board during April 2020.

confirm this.

- Training Plan progress reports were previously prepared by Lancashire Constabulary staff and shared across both forces. The last report provided under the collaboration relates to quarter 1 of 2019/20. There is no evidence of quarterly progress reporting being picked up and continued within Cumbria.
- The consideration and approval of unplanned, additional training was previously the responsibility of the Joint Constabulary SLT. Alternative arrangements within Cumbria Constabulary have yet to be defined, documented and communicated.
- There is limited evidence of reporting on the Training Plan to Workforce Board so that the Board can effectively oversee training and meet its responsibilities.

Gaps in the current governance arrangements have been picked up by Learning and Development SLT in a draft paper for Workforce Board. The paper suggests new governance processes to address current issues and the creation of a Planning / QA / Evaluation role as part of the new arrangements. A paper has also been drafted to Chief Officer Group regarding the new role within the Learning and Development structure. It is recommended, within the paper, that future Training Plans will go to Workforce Board annually, with quarterly updates on progress. It is intended that the progress updates will also go to People SMT.

If the recommendations contained in the Workforce Board / COG paper are approved there will be a need for management to define and communicate their expectations regarding the content and detail of progress updates and any further information requirements. Regular reporting at the appropriate level will give management assurance that Training is being fully and effectively delivered and continues to support the needs of the Constabulary.

Recommendation 1:
Plans to address gaps in the current governance arrangements should be progressed in preparation for development and delivery of the 2020/21 Training Plan.

Risk exposure if not addressed:	Responsible manager for implementing:
• Training does not contribute to strategic objectives because of poor leadership, direction and oversight. • Officers do not have the appropriate skills to meet the needs of the organisation because of a failure to deliver the Training Plan. • Harm to staff or members of the public arising from a failure to train staff properly. • Litigation and financial penalties arising from a failure to provide appropriate training.	**C/I Pearman** Date to be implemented: **05/2020**

Audit Assurance Opinions

Appendix A

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 Trauma Risk Incident Management (TRiM)

Draft Report Issued: 17th December 2020

Final Report Issued: 14th January 2021

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	07775 113487
Lead Auditor	Sarah Fitzpatrick	Sarah.fitzpatrick@cumbria.gov.uk	07464522833

Audit Report Distribution

For Action:	Superintendent Lisa Hogan (Head of People)
For Information:	Stephen Kirkpatrick (Director of Corporate Support)
Audit Committee:	The Joint Audit Committee which is due to be held on 17th March 2021, 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

Background

An audit of Trauma Risk Incident Management (TRiM) was originally reported in February 2020. The scope of the work focussed on management's arrangements for governance, risk management and internal control in the following areas:

- Governance, co-ordination and oversight of TRiM arrangements.

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:

High priority

- Governance arrangements in respect of TRiM had not been defined, documented and communicated with clear lines of responsibility.
- Decisions taken around TRiM recruitment were based on geography and a two day training event rather than an interview and selection process and refresher training arrangements for TRiM practitioners did not meet national TRiM standards.

Medium priority

- Up to date TRiM information was not readily accessible and arrangements were not in place to maintain data quality.

Advisory issues

- Feedback was not being sought from staff who had participated in TRiM processes to inform improvement activity.

Internal Audit has undertaken a follow up audit to provide updated assurance to senior management and the Joint Audit Committee that previously agreed actions to address recommendations have been fully implemented.

Audit Approach

Follow up Methodology

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. Testing was undertaken on the high priority and medium priority issues.

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

Assurance Opinion

Each audit review is given an assurance opinion and this provides Members and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. Where we undertake a full audit review there are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

Where the outcome of a follow up confirms that actions have been successfully implemented and controls are working effectively, the internal audit assurance opinion may be revised from that provided for the original audit. For Follow up audits, there are only 3 levels of assurance opinion which may be applied, with 'reasonable' assurance being the highest assurance opinion achievable.

From the areas examined and tested as part of this follow up review, we now consider the current controls relating to TRiM provide **Reasonable** assurance (the highest achievable for a follow up audit). 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.

Summary of Audit Findings and Recommendations

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

The previous audit raised **three** audit recommendations for action. All **three** recommendations have been successfully implemented.

Recommendations confirmed by Internal Audit as fully implemented:

- **Governance Arrangements:** A dedicated TRiM post, as originally intended, was not considered necessary. Instead, an Inspector level resource, seconded to the People Department as part of the Constabulary's COVID-19 response, was assigned as TRiM Co-ordinator (due to work undertaken during COVID-19 and commitment demonstrated to health and wellbeing issues). The Inspector's responsibilities included TRiM to ensure that issues highlighted in the original Internal Audit Report would be fully addressed. The TRiM responsibilities were clearly communicated to the Inspector by the Head of People and the Chief Inspector CJU & Partnerships. An action plan was developed by the Inspector, in consultation with the Head of People to ensure timely implementation of all agreed management actions arising from the Internal Audit Review. Action plan progress is reviewed and discussed during supervision on a regular basis, the majority of actions are now marked as complete.

- **Recruitment, Selection and Training:** Additional TRiM capacity was generated within the People Department to meet the requirements for more effective co-ordination, record keeping, recruitment and resourcing. The profile of TRiM has been raised in the Constabulary through a re-launch programme with webpage developments, recruitment adverts and a video release. This has provided further clarity around what skills are desirable in TRiM Assessors and any new applicants need to demonstrate the approval and support of their line managers regarding their suitability.

  The Inspector has developed a rota system for TRiM enquiries to ensure a more balanced allocation of work and to help flag any capacity or training issues. Refresher and mentoring CPD training has taken place this year and further events are planned for 2021 such as a two-day selection course and further CPD training.

- **TRiM Information:** A central log of TRiM cases is now in place to record TRiM referrals, assessments undertaken (including those declined) and the outcomes of assessments in a consistent format. This allows the Inspector to maintain an oversight of the volume of referrals received, distribution and timeliness of assessments for management purposes.

  The TRiM webpages on the force intranet have been moved to the wellbeing area for greater prominence, re-vamped visually and brought up to date. Photographs have been added to an updated list of TRiM Assessors which makes the service more accessible and welcoming.

Director of Corporate Support Comments

I am very pleased to note that this follow up review has recognised the progress made since the Trauma Risk Incident Management (TRiM) audit (reported February 2020) and has moved the assurance rating from partial to reasonable which is the highest level of assurance awarded for follow up work.

The initial audit positively reported that there were many strengths with the service provided, noting that it was a discretionary rather than mandatory service provided by voluntary practitioners on top of their normal responsibilities. That said, the initial audit also identified a number of areas for improvement.

The Constabulary recognises that the provision of the TRiM service is a very important aspect of wellbeing support provided following traumatic events and has therefore worked hard to address the areas identified in the initial report.

As noted in the follow up report, the Constabulary have strengthened governance arrangements, including the secondment of an Inspector to the People Department with clear responsibilities including TRiM activities. The Inspector developed an action plan to address the recommendations and I am pleased to note that, as detailed within the report, regular review and strong progress is being made with the majority of actions now being complete.

The profile, skills and capacity to support and undertake the TRiM processes have also been increased across the organisation. Whilst remaining a voluntary service, a rota system for TRiM enquiries has now helped balance the allocation of work and is helping to flag any capacity or training issues. I am pleased to note that a central log of TRiM enquiries is now maintained to help better manage and develop the service further.

In summary, I am very pleased that this follow up report shows the excellent efforts of all involved to further develop and enhance the whole approach to Wellbeing of which TRiM is a key component.

Stephen Kirkpatrick

14/01/2021

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial (Not available for follow ups)	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

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:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

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Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria OPCC and Cumbria Constabulary

Audit of Treasury Management

Draft Report Issued: **27th March 2020**

Final Report Issued: **2nd April 2020**

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	07810 532759
Lead Auditor(s)	Diane Lowry	diane.lowry@cumbria.gov.uk	07775 113487

Audit Report Distribution

For Action:	Michelle Bellis (Deputy Chief Finance Officer) Lorraine Holme (Financial Services Manager)
For Information:	Roger Marshall (Joint Chief Finance Officer)
Audit Committee	The Joint Audit Committee which is due to be held on 28 May 2020 will receive the report.

Commented [BM1]: This meeting is likely to be cancelled and moved to June TBC

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

Cumbria Shared Internal Audit Service

Executive Summary

1.   Background

1.1.   This report summarises the findings from the audit of Treasury Management. This was a planned audit assignment which was undertaken in accordance with the 2019/20 Audit Plan. This review forms part of a rolling programme of financial system audits which ensures that all main financial systems are independently reviewed on a regular basis.

1.2.   The Chartered Institute for Public Finance and Accountancy (CIPFA) defines treasury management as "*the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks*".

1.3.   It is important that treasury activities are managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the capital sums involved.

1.4.   The Commissioner has adopted the CIPFA Code of Practice on Treasury Management, and is required to approve an annual Treasury Management Strategy Statement in accordance with CIPFA Code of Practice on Treasury Management. The Strategy must also incorporate an Investment Strategy as required by the Local Government Act 2003. Together, both these strategies cover the financing and investment strategy for each financial year.

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 Deputy Chief Finance Officer. 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 and communication of the treasury management strategy
- Investments made in line with the treasury management policy
- Transactions approved in accordance with the treasury management policy

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 Treasury Management provide <u>**Reasonable**</u> assurance.

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

4.   Summary of Recommendations, Audit Findings and Report Distribution

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

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

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

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

- There is an approved Treasury Management Strategy in place that defines the policies and objectives of the Police and Crime Commissioner's Treasury Management activities. This is reviewed on an annual basis and .provides transparency on the Commissioner's approach to investment and borrowing activity and on the arrangements in place to mitigate treasury management risks.
- Treasury Management Practice Schedules, which follow the guidance in CIPFA's Code of Practice for Treasury Management, have been prepared to accompany the Strategy and provide a more detailed description of the Commissioner's expectations in relation to treasury management activity.
- The Treasury Management Practice Schedules, also reviewed annually, identify the risks associated with treasury management activities and set out the day to day arrangements in place to ensure they are controlled. This includes details on the delegation of responsibilities, separation of duties, reviewing and reporting of treasury management activities.
- The day to day management of the treasury management activity has been delegated to the Deputy Chief Finance Officer who oversees the work carried out by the Financial Services Team.
- The Financial Services Team, are provided with a copy of the updated Treasury Management Strategy and Treasury Management Practice Schedules following their review each year. Copies of the documents are also readily available on the Team's shared network drive.
- Only authorised users have access to the Bankline systems and access controls are in place within the system.

- There is a clear separation of duties between the dealers and the releasers on Bankline ensuring that at least two individuals are involved in payments to third parties and inter account transfers.
- Weekly treasury activity reports are provided to the DCFO for review. The reports, which provide a summary of the daily cash balances for the week, a cashflow summary for the current financial year, interest due and received on investments placed in the year and details of outstanding investments are signed off as evidence of review.
- Cash liquidity is managed on a daily basis, ensuring sufficient funds are available as required whilst maximising investment of surplus funds.
- A cashflow forecast is maintained for a rolling 12 month period. This includes known income elements, such as that due for precepts or interest on maturing investments and estimated monthly expenditure in respect of major costs for payroll and creditors.
- The credit worthiness of counterparties is monitored on an ongoing basis in conjunction with the Commissioner's treasury management advisors (Link Asset Services) who provide timely updates and advice on the standing of counterparties. This service uses a risk weighted scoring system model based on ratings from the three main rating agencies - Fitch, Moodys and Standard and Poors.
- Investments are made with approved Counterparties in accordance with the limits set by the Treasury Management Strategy.
- Quarterly reports on treasury management activity are prepared in order to provide assurance to the Commissioner and Joint Audit Committee that prudential indicators have been complied with and that transactions have been carried out in line with the Treasury Management Strategy.

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:*
- For the sample of investments selected for audit testing there was no evidence retained that:
  a) The DCFO had approved investments made for periods greater than three months, as is required by the Treasury Management Practice Schedule 5.
  b) Any independent approval had been obtained by the Dealer to roll over an existing investments for a further period of six months.

4.4.3. *Advisory issues:*
- The copy of the Treasury Management Practice Schedules published on the OPCC website related to 2018-19.

Comment from the Joint Chief Finance Officer

I am pleased that the audit has overall revealed continuing strengths in this inherently risky area of financial activity. From personal experience I do believe that senior finance staff are consulted regarding longer term investment decisions, but fully accept the recommendation and response from the Deputy Chief Financial Officer that this needs to be more formally documented. I also note the DCFO's undertaking to update the Treasury Management Practices.

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) Authorisation of Investments The Treasury Management Practice Schedules (TMPS) set out various responsibilities in terms of investments. This includes for example: • That the approved dealers have the delegated power to enact transactions within the constraints of the TMPS and the limits laid down within the Counterparty Selection Criteria and approved Counterparty list. (TMP 5) • That each treasury deal transacted via the Bankline system can be authorised by Financial Services Officers. (TMP 5) • That the Deputy Chief Finance Officer (DCFO) will oversee and approve investments made for periods greater than three months. (TMP 5) Audit testing was carried out on a sample of investments made over the last 12 months and our results identified that all investments were made with approved counterparties and were within the limits set. Six of the investments selected were for a period of more than three months. For those examined, there was no evidence that the DCFO had given approval prior to the investment being made. This included one £2M investment that was 'rolled over' for a further six month period. For this particular deal, in addition to there being no evidence of approval by the DCFO there was no evidence that the arrangements to extend the deal were subject to scrutiny and review. Discussions held at the time of the audit indicated that the DCFO approval was generally obtained	Agreed management action: Although verbal permission is obtained from the Deputy CFO in these cases, it is appreciated that this does not constitute an audit trail. In future a new procedure will be put in place whereby an email will be sent to either the Deputy CFO or Joint CFO to seek approval for investments over 3 months in duration. The responding approval will be retained as part of the audit trail. The same principle will be applied to the rolling over of investments and email approval obtained and retained for audit purposes.

via a discussion between the Financial Services Manager – Treasury and the DCFO. As a result there was no evidence of her approval.

Recommendation 1: To ensure that management can demonstrate that the authorisation requirements set out in the Treasury Management Practice Schedules are being complied with, arrangements should be in place to retain evidence of the DCFO's approval of investments that exceed three months. Management should also consider how to demonstrate that approval to rollover existing investments has been given and by whom.	
Risk exposure if not addressed: • Unable to demonstrate compliance with the Treasury Management Strategy and Practices. • Inappropriate investment decisions are taken which may result in cashflow problems.	**Responsible manager for implementing:** **Deputy Chief Finance Officer** Date to be implemented: **27 March 2020 (completed)**

● **Advisory issue**

Audit finding	Management response
(b) Publication of Treasury Management Practice Schedules Treasury Management Practice Schedules have been prepared and are reviewed on an annual basis. Evidence that the TMPS for 2019-20 had been presented to the Commissioner at the Public Accountability Conference and to Joint Audit Committee was recorded in minutes of their meetings. It was noted as part of audit testing that the copy of the TMPs published on the Police and Crime Commissioners website was the 2018-19 version. The site had not been updated with the 2019-20 copy of the procedures.	Agreed management action: The publishing of the 2019/20 Treasury Management Practices (TMPs) was an omission. The TMPs for 2020/21 have been finalised and will be uploaded to the PCC website.
Recommendation 2:	

Arrangements should be in place to ensure that the most recently approved Treasury Management Practice Schedules are uploaded to the OPCC website on a timely basis.	
Risk exposure if not addressed: • Lack of transparency	Responsible manager for implementing: **Deputy Chief Finance Officer** Date to be implemented: **30 March 2020 (completed)**

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.