

Office of the Police and Crime Commissioner for Leicestershire and Leicestershire Police

Internal Audit Progress Report

JARAP meeting 19 December 2014

Introduction

The internal audit plan for 2014/15 was approved by the Joint Audit, Risk and Assurance Panel in March 2014. This report provides an update on progress against that plan and summarises the results of our work to date.

We have **finalised two reports** since our last meeting and these are shown in bold in the table below.

Summary of Progress against the 2014/15 Internal Audit Plan

Assignment Reports considered today are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Payroll Provider Review (1.14/15)	FINAL	Green	0	0	0
Estates Management (2.14/15)	FINAL	Green	0	0	3
Seized / Found Property (3.14/15)	FINAL	RED	2	4	1
Key Financial Controls Walkthrough (If changes are identified this may result in addition work required for the External Audit)	Complete – no additional work identified				
Risk Management	In Quality Assurance				
Cash, Banking & Treasury Management	(08/12/14)				
Payments, Creditors & Procurement	(08/12/14)				
Asset Management	(15/12/14)				
Collaboration – Efficiency Savings Plans (as part of a joint review)	January 2015				
Commissioning	(16/02/15)				
Change Programme	(25/02/15)				
Performance Management	(02/03/15)				
Governance	(03/03/15)				
Follow Up	(12/03/15)				
ICT Review	March 2014				
Human Resources	Delayed to Q4 and to be combined with Derbyshire Police				

Other Assurance – for information only					
Assignment Reports considered today are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Lincolnshire Police – G4S Niche Service Provision	FINAL	SUBSTANTIAL ASSURANCE	0	0	0

OTHER MATTERS

Planning and Liaison: We have met with management to discuss the progress of the 2014/15 audit plan.

In addition, we held a Joint East Midlands Chief Finance Officers (OPCC & Force) workshop to discuss collaborative assurances and how these can be effectively achieved and how Internal Audit can feed into this process.

The Joint Audit, Risk and Assurance Panel should note that the assurances given in our audit assignments are included within our Annual opinion. In particular the Panel should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified annual opinion.

No common weaknesses have been identified within our final reports so far for 2014/15.

- **Internal Audit Plan 2014/15 - Change Control:**

Since the last Committee meeting, following discussion at the East Midlands Joint Chief Finance Officers meeting it was agreed that we would undertake an additional review of G4S Niche Service Provision through Lincolnshire Police to be able to provide assurance to the region on the arrangements in place. The results of this audit are included in this progress report for information, but have been scrutinised at Lincolnshire Committee.

There have been no changes to the Audit Plan since the last Committee. As reported previously, we were requested by management to delay the following reviews Human Resources (previously Q2) and Change Management (previously Q2).

Internal Audit Team:

Daniel Harris, Partner - Head Of Internal Audit

Suzanne Lane, Senior Manager

Completion of 2014/15 Internal Audit Plan (as at 17/11/2014)

TOTAL YEAR ALLOCATION 155 DAYS

Year to date used	54 DAYS
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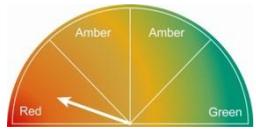
EXPECTED TOTAL DAYS 155 DAYS *

Information and Briefings:

We have issued the following updates since the last Audit Committee:

- Emergency Services News Briefing – October 2014
 - Code of Ethics: A Code of Practice for the Principles and Standards of Professional Behaviour for the Policing Profession of England and Wales.
 - Fire Incidents Response Times: England, 2013-14.
 - Revised PACE Code A.
 - Core business: An inspection into crime prevention, police attendance and the use of police time.
 - A master class in managing contracts and getting best value from third party providers.
 - New National Fraud Initiative Security Policy Compliance Declaration.

Key Findings from Internal Audit Work (High and medium recommendations only)

<p>Assignment: Seized / Found Property (3.14/15)</p>	<p>Opinion: H - 2 M - 4 L - 1</p>	
<p>Application of and compliance with control framework</p> <p>The above controls were applied and complied with, although weaknesses were found in the undermentioned areas where recommendations have been made:</p> <ul style="list-style-type: none"> • Whilst a Force Policy and Procedures on Property Management are held these are in need of review and revision. This work has been tasked to the Property Management Group under the chair of an Inspector. A medium priority recommendation has been made to address this issue. • As part of audit we visited the ECU team that deal with e-Bay and identified that procedures covering their main processes and procedures were not held and a low priority recommendation has been made. Testing around items held as recorded on KIM did not reveal any issues, however in relation to disposals we identified that following changes early this year, instigated we are informed by Finance, whilst records of items sold are held there has been no drawdown of monies held on the PayPal account for some 4/5 months and no reconciliation undertaken between the PayPal account and Force records. A high priority recommendation has been made to address this issue. • As part of our disposal testing we reviewed the processes and procedures around items sent to the nominated Auction House and weaknesses were found in relation to reconciling items marked as being on auction lists to KIM, auction lists were not being signed by the Auction House when they collected items, there has been no reconciliation of monies paid to the Force to the auction lists and no records maintained if all items sent to auction to were either sold or destroyed. A high priority recommendation has been to address these issues. • Our visit of two LPUs and both main stores confirmed adequate and effective security. Whilst staffing levels have been determined we did note that due to a current vacancy, staff on sick leave and annual leave there are backlogs in some areas of working, i.e. disposals. <p>Staffing for the new Working Group has been through use of Police Officers on restrictive duties and we have made a suggestion that enquiries could be made to identify any additional Officers on restrictive duties who could be used to assist in helping out the Property Team.</p> <ul style="list-style-type: none"> • Testing confirmed that quarterly audits of the Temporary Stores are being undertaken, however it would appear that outcomes of these that are being advised to the SPOCs are not being dealt with in a timely manner. Instances were noted where items were showing as in an LPU Temporary Store and have been for many months, in one case over a year. We have made a medium priority recommendation that SPOCs must be taking greater ownership of Temporary Stores and addressing issues raised in audits as well as ensuring that these stores are kept in a tidy fashion and items held kept to a minimum. • In one instance where we had extracted a report from KIM of items showing as being in the Finance Safe at Keyham Lane testing identified that there were five items on the report which could not be located in the safe. These missing items were notified to management and we were subsequently provided with appropriate evidence to confirm that these had been found and that the issue was around a misunderstanding in obtaining receipts that has now been corrected and KIM updated. We have included within the recommendation made in a later paragraph that as part of dealing with cash items the Finance Administrator should include a check of KIM to ensure that all items have been accounted for. • As part of audit testing we reviewed the actions being taken around the disposal of items and testing noted that at the time of our visit there are some 3,100 items marked on KIM as 'awaiting disposal', We are advised by management that they were aware of the backlog in this area but due to recent staffing issues agreed to put this matter on hold. We have made a medium priority recommendation that work to address this situation is started. • General testing around disposals concerning items returned to the owner did not reveal any significant issues, although there were a few instances where we could not locate a signed receipt on the system. Discussions with staff and management noted that there can often be a delay in the Property Store receiving and scanning the receipt onto the system. In addition instances are known where an item has been handed to an Officer to return the item to the owner and has then failed to pass on the receipt or 		

<p>has marked his pocket book that he has given the item back. These later issues are picked up when reviews are undertaken. Given the minor weaknesses noted a recommendation has not been made.</p> <ul style="list-style-type: none"> Our disposal testing around cash items noted that once a cash item has been confirmed as being able to be disposed of it is passed to the Finance Administrator who will firstly check if the item is POCA related, in which case the ECU is contacted to arrange collection and disposal. In these cases testing noted that there were instances where cash had been handed to the ECU but we were unable to locate an appropriate receipt on the system. For non-POCA related instances testing generally confirmed that the monies had been banked, however there were a few cases where the listing sheet to support the bank paying slip could not be located and we were therefore unable to specifically validate that an item had been included in the banking. We have made a medium priority recommendation to address these issues. 			
Action	Management Response	Date	Responsible Officer
<p>Rec 1.1 - Medium</p> <p>As planned the Property Management Policy and Procedures should be reviewed and revised, taking into account any issues identified within this review. Given the issues identified in this review we would recommend that once the Policy and Procedures have been finalised and approved a training session is held with Property staff to ensure that they are fully conversant with requirements, especially any changes that have been made from original documents.</p>	<p>The review of property is now well underway and the team involved are identifying opportunities to streamline processes and increase efficiency which will be relevant to the policy and procedures. Initial work on the refresh and re-write of the policy and procedures is expected to commence in November 2014 when resources within DJD Support have the capacity.</p>	<p>March 2015</p>	<p>Inspector Barber</p>
<p>Rec 1.3 - Medium</p> <p>Once audits have been undertaken at the temporary stores the results must be conveyed to the Specific Point of Contact (SPOC) who then must act on the issues raised. Key areas that must be addressed:</p> <ul style="list-style-type: none"> Items marked as in temporary store but are actually in other locations at the LPU due to size, i.e. bikes etc. must be identified and put on the transit sheets in order that the Property Officers are aware that they need collecting. There are weekly collections by Property Stores and use should be made of these and items not left to build up. Issues identified in the audits must be addressed in a timely 	<p>Audits of overnight stores are carried out quarterly. Results are passed to the SPOC and also the LPU commander.</p> <p>SPOCs have been reminded that they act upon the results of the audits and remedy any problems. In addition they have been reminded of the need to regularly bag items for transit to ensure build ups do not occur. This often occurs due to the movement of the SPOCs and replacements taking some time to ascertain responsibilities for the overnight store. All over size items should be notified to the property store to be collected on a Wednesday when the couriers can be double crewed (notes should not be made on transit sheets as they cannot be</p>	<p>Complete</p>	<p>Julie Treen</p>

<p>manner.</p> <ul style="list-style-type: none"> SPOCs should be undertaking their own checks on the state of stores and the integrity of items held and or recorded. 	<p>collected when single crewed with the normal collections). SPOCs have also been reminded to undertake spot checks to ensure items are stored correctly e.g. cash and valuables in the safe.</p>		
<p>Rec 1.5 – Medium</p> <p>Efforts to be taken to clear the current backlog of items, c3,100, marked on KIM as being awaiting disposal.</p>	<p>The property office has 8 full time equivalent members of staff. One left the organisation earlier this year following work to remedy under performance, a further member of staff left in July and another member of staff was off sick for several months due to a shoulder injury that occurred handling property. These absences have dramatically impacted upon service provision and management made the decision to prioritise other work areas to ensure they were completed first leaving this area to be caught up when time permitted. Disposals have still been undertaken in great numbers during this time. After recruiting issues both new starters to the department have commenced in post in September so it is hoped by the end of 2014 all areas will be undertaken daily as planned by the rota. Disposals are currently at c2,900. NB During this time this has not resulted in space issues to take in further property.</p>	<p>December 2014</p>	<p>Julie Treen</p>
<p>Rec 1.6 - Medium</p> <p>Once monies have been passed to the Finance Administrator to action care must be taken to ensure that:</p> <ul style="list-style-type: none"> A report from KIM should be run in order to confirm that all items recorded are actually held in the safe. Any discrepancies to be investigated and cleared. If the money has been passed onto the Economic Crime Unit a receipt must be obtained and scanned onto the database. Ensure that a listing and 	<p>Audits are now taking place monthly of all the cash/valuable safes within the main property stores at CK and CB.</p> <p>Signed receipts have always been required from ECU but a new member of staff had just taken over their banking role and they were not fully sighted on the process. This has now been rectified.</p> <p>The banking sheets have been reworked to ensure all information required is held in one place</p>	<p>Complete</p>	<p>Emma Corns</p>

<p>banking schedule is held to support all banking entries. A check should be undertaken to ensure that for every banking slip a schedule is held.</p> <p>Given the limited number of entries consideration to be given to recording individual items on the banking sheet rather than create a separate sheet.</p>	<p>ensuring a full, easy to read audit trail.</p>		
<p>Rec 1.7b - High</p> <p>The PayPal account used to collect e-Bay auction monies should be cleared on a monthly basis and an evidenced reconciliation undertaken to ensure all sold items have been accounted for.</p>	<p>Finance Department are in the process of completing a historic reconciliation across all areas. POCA is almost complete and then they will move on to POTF, which should be complete by the end of September. Going forward a monthly reconciliation will be undertaken with which funds will be withdrawn from PayPal.</p>	<p>September 2014</p>	<p>Paul Wenlock</p>
<p>Rec 1.8 - High</p> <p>An urgent review of the way in which items sent to an Auction House are managed is required. Areas for attention:</p> <ul style="list-style-type: none"> • Lists of all items sent to be maintained and a copy of each must be signed by the Auction House on collection of the items. • An evidenced reconciliation should be held to confirm that each item sent to the Auction House has either been sold or destroyed. 	<p>A spreadsheet has been created that logs all of the items sent to an auction house. This spreadsheet is then updated when results are obtained from the auction house detailing results of sales or if the item has been disposed of. This provides a full and easy to read auditable list of outcomes. Receipts are obtained that are signed by the auction house. They are then scanned and stored on the central file area for property.</p>	<p>Complete</p>	<p>Emma Corns</p>

<p>Lincolnshire Police - G4S Niche Service Provision (for information only)</p>	<p>Opinion: H – 0 M – 0 L – 0</p>	<p>Substantial Assurance</p>
<p>Introduction</p> <p>Niche RMS (hereafter referred to as Niche) is a single, unified, operational policing system that manages information in relation to the core policing entities – people, locations, vehicles, organisations, incidents and property.</p> <p>Niche was implemented by Lincolnshire Police Force (hereafter referred to as Lincolnshire) in January 2010 and the system was identified as having the potential of becoming the spinal infrastructure for policing information</p>		

going forward.

G4S Care and Justice Services (UK) Limited were contracted to deliver various services incorporating ICT (including Niche), in April 2012 and following extensive work, the Chief Constables and Police & Crime Commissioners for Lincolnshire, Leicestershire, Northamptonshire and Nottinghamshire forces agreed to move to a single instance of Niche for crime, intelligence, case, custody and associated information databases.

The preferred method for achieving this is for Leicestershire, Northamptonshire and Nottinghamshire to enter into a formal collaboration agreement with Lincolnshire, and for Lincolnshire to provide the Niche hosting service.

Leicestershire, Nottinghamshire and Northamptonshire will therefore be reliant upon Lincolnshire and its G4S contractors for the provision of essential operational IT services for a period of at least three years. Accordingly, the relevant Chief Constables and Police & Crimes Commissioners wished to secure assurance of G4S's performance delivery regarding services provided to Lincolnshire in respect of Niche.

Conclusion

Based on the work undertaken as part of this review, Lincolnshire can take substantial assurance that the control framework and infrastructure that are currently in place allow for the effective facilitation, management and governance of the G4S Niche service provision. The control framework is supported by effective communication and a strong working relationship that will help to ensure processes remain robust and reflective of developing arrangements as Niche is driven forward and rolled out across the other forces in the East Midlands region.

The scope of the review and indeed our conclusion has focused upon the governance framework and management of the existing G4S contractual arrangements. There are other areas that will need deliberation once the project is in its implementation stage that the individual Forces will need to consider and manage and these areas are around the cleansing of data within the individual force systems and the accuracy of this, prior to it being transferred to any new system and indeed the ownership of such data once it is transferred.

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