

# POLICE & CRIME COMMISSIONER FOR LEICESTERSHIRE JOINT AUDIT, RISK & ASSURANCE PANEL

PAPER MARKED

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Report of CHIEF CONSTABLE  
Subject INTERNAL AUDIT RECOMMENDATIONS & TRACKING  
Date WEDNESDAY 26 MARCH 2014 – 1.00 P.M.  
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## Purpose of Report

1. The following report provides the Panel with update progress responses from business owners in relation to 'High or Medium' priority audit recommendations determined for the period 2013/14 by external auditors Baker Tilly. It is understood that progress with 'Low' priority recommendations is not reported.

## Recommendation

2. For the panel to discuss the attached update on progress responses against each respective outstanding audit recommendation so far for 2013/14.

## Audit Recommendations

3. The number of 'High and Medium' recommendations so far for 2013/14 are as follows:

Priority of Recommendation	Number of Recommendations	Outstanding		Completed
		Within Target Date	Exceeding Target Date	
High	0	-	-	-
Medium	13	1	6	6
Advisory	6	-	1	5

4. For ease of reference the recommendations at Appendix A attached have been individually graded as follows:

- I. **RED** Outstanding and Exceeding the Target date.
- II. **AMBER** Outstanding but within the Target Date.
- III. **GREEN** Completed.

## **Implications**

Financial :	None
Legal :	None
Equality Impact Assessment :	None
Risks and Impact :	Risk to efficiency and effectiveness of business functions where agreed recommendations are not implemented in thorough and timely manner.
Link to Police and Crime Plan :	Transparency and accountability.

## **List of Appendices**

Appendix A - Audit Recommendations

## **Background Papers**

N/A

## **Persons to Contact**

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## Audit Recommendations

### 1 Payroll Provider Review - Audit Report Date: 5th June 2013

#### No High or Medium recommendations.

*“Taking account of the issues identified, Leicestershire Police can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective” – Baker Tilly.*

### 2 Winsor Review - Payments for Unsocial Hours - Audit Report Date: 12th September 2013

#### No Recommendations.

The purpose of the review was to provide assurances on the application of the controls in place around the processing and payment of unsocial hours claims from Police Officers. As part of this review, completed one year later, Baker Tilly confirmed that the issues raised in their advisory review had been addressed and effective controls were in place.

### 3 HR – Absence Management - Audit Report Date: 12th September 2013

#### Three Medium Recommendations.

**Recommendation 1.2 (a)** Return to work interviews (RTWI) should be fully documented in all cases following a period of sickness absence. If referrals, recuperative / restricted plans, attendance plans or any formal capability procedures have also been completed, these can be referred to in the RTWI but this should remain the central record of the matters discussed.

**Implementation Target Date: December 2013**

**Person Responsible: Steve Smith – HR**

- **Update January 2014:** Report by Mr Steve Smith, HR Business Solutions - Human Resources previously submitted at the December JARAP meeting.

HR Business Partners and HR Practitioners have been briefed to re double their efforts in encouraging line managers to complete RTWI's in a timely fashion. Additionally, BCU/ Directorate Commanders' and Heads of Department have been requested to remind line managers at their SMT's of the importance and need to complete RTWI's in a timely manner.

- **Update March 2014:** Over the past 4 months RTWI rates from the preceding year stand at 92% which is one percent higher than at the time of the Baker Tilly Audit whilst this doesn't seem a significant increase any increase will take time to take effect as it is a rolling year figure. On a monthly basis a number of departments are showing a significant improvement in their performance. Additionally from April 2014 we will be moving to a fully electronic RTW system where line managers will get automatic notifications to complete the form and it is expected that this will lead to a higher return rate and more timely completion.

**Recommendation 1.2 (b)** Return to work Interviews should be carried out on the individuals first day back to work or at the earliest opportunity; this may mean that this is completed by another Manager to cover for annual leave for example, and in most cases this should be able to be arranged in advance providing the Line Manager is aware of the date of the individuals expected date of return.

**Implementation Target Date: December 2013**

**Person Responsible: Steve Smith – HR**

- **Update January 2014:** See above comment. Also HR Practitioners have been briefed to include the second line manager in the email trail when they are chasing line managers and asking them to complete if for any reason the line manager isn't available.
- **Update March 2014:** Line managers continue to be encouraged to complete RTWI's at the earliest opportunity, however, this may still be several days after the actual return to work as often officers and staff resume going into their rest days or annual leave. As stated above from April 2014 we will be moving to a fully electronic RTW system where line managers will get automatic notifications to complete the form and it is expected that this will lead to more timely completion.

**Recommendation 1.4** Where employees are absent due to anxiety, stress, depression related condition; offers to refer individuals to Occupational Health should be clearly recorded by the Line Managers at the earliest opportunity, in line with the Sickness Absence Procedure.

**Implementation Target Date: December 2013**

**Person Responsible: Steve Smith – HR**

- **Update January 2014:** This is HR Business Solutions process. However, HR Business Partners and HR Practitioners have been reminded of the need to chase line managers where this isn't being done in a timely manner.

NB. We are currently taking a more risk assessed approach to referrals to occupational health and this does mean that on occasions if we or the line manager believes someone is returning to work very quickly a referral may not be required.

- **Update March 2014:** As above this is our process anyway to get those with psychological issues referred to the FMO ASAP. However, as also stated we are taking a more risk assessed approach when making referrals and therefore if someone is expected to return to work fairly quickly a referral may not be necessary.

NB. Baker Tilly were in w/c 24/02/14 to carry out a further audit on the above recommendations and their report is due later this month.

## 6 Health and Safety - Audit Report Date: 11th November 2013

**One Medium recommendation.**

**Recommendation 6.** To ensure that the task to draw up the risk assessments required is progressed and completed. Once finalised these need to be effectively communicated and made accessible to staff for information.

**Implementation Target Date: March 2014.**

**Person Responsible: Peter Coogan – H&S**

- **Update January 2014:** This requires Support Managers to finish drawing up task lists for police officers, police staff and volunteers in order that progress can be made with finalising the risk assessment process. When these are completed we can ensure that any new risk assessments that are needed are identified and completed. This work continues and good practice is shared at meetings with the Support Managers.
- **Update March 2014:** We are now in receipt of the four task lists required. We have provided guidance regarding the items that need to be included and an input regarding this is also included in the risk assessor course. There is still room for further improvement regarding the task lists and, therefore, the Risk Management Unit will be liaising with new risk assessors directly in order to quality check these. Communication has taken place and this will be further improved in the near future when updates to the Orchid risk management system are completed.

## 7 Zanzibar – (P2P) [Procure to Pay] - Audit Report Date: 25th September 2013

### One Advisory Recommendation

**Advisory Recommendation:** From our coverage we found the following aspects of actual controls are yet to be determined and actioned. We acknowledge these issues are scheduled to be actioned prior to implementation, but have itemised the areas covered in our scope and have highlighted areas where work is still in progress. We have made one overall recommendation to ensure these aspects are taken forward and included in the process leading through to full implementation. The issues highlighted include:

- The need to ensure the P2P local Procedures are made available to system users as soon as practically possible after initial training is completed.
- To determine / confirm actual password requirements/timeframes for changes etc.
- To determine actual tolerance levels to be established for matching of orders to invoices.
- To confirm what exception reports will be required to be run the system to ensure all required errors / potential anomalies will be sufficiently highlighted for review and resolution.
- To progress plans through to confirmation of requirements for completion of / monitoring of payments and associated validation, reconciliations / control accounts set ups, so to ensure that the required control framework is established and adhered to once the system goes live.

**Implementation Target Date: Between 9th Sept 2013 – 2nd January 2014****Person Responsible: Andrew Dale – Finance & Ian Fraser Procurement**

- **Update December 2013:** As identified in the advisory review, Zanzibar (the Force P2P system) remains in the implementation phase. The items identified by Baker Tilly as requiring consideration prior to go-live will be considered and an appropriate course of action taken. Further conversations will take place with Baker Tilly as we progress towards go-live, accompanied by further updates into JARAP as required.

Process notes and procedures have been drafted in conjunction with staff and are being reviewed to ensure completeness. The physical use of the P2P system is described in the comprehensive user manual produced by Procserve whilst the processes within Accountancy & Budgeting are being written to address the remaining technical challenges that need to be overcome. In overcoming the challenges, consideration is being given to the value for money that a software fix represents versus the practicalities of a manual work-around. On balance, the most appropriate solution on a case-by-case basis will be adopted.

Some limited “live” testing has taken place in controlled conditions and with agreed temporary processes in place. These transactions were on the P2P side only and have been manually entered into Sage Line 500. The “live” testing was considered vital to allow review of how the ordering processes works in reality with a supplier willing to assist us.

- **Update January 2014:** Status unchanged due to capacity/resource issues and the priority of setting next year’s budget.
- **Update March 2014: Andrew Dale – Finance** Procurement, IT and Finance have met to review the current position regarding the implementation of the ProcServe / SAGE interface.

There are a number of issues which require further work to be undertaken to get us to a position whereby we could move to ‘Go-Live’. These are detailed below:

- Re-submit link is not working on the error e-mails received for files that have failed.
- Invoice number from P2P in ‘Supplier Inv Id’ field is not being pulled through to sage
- Review position regarding VAT and error logs
- SAGE creates a separate invoice batch within SAGE for every individual purchase order number processed in the P2P. Corrections have been put onto the system but need to complete further testing to ensure the fix is working as expected.
- On purchase orders the unique reference is being overwritten if the order is reprinted.



The plan was to always implement on a phased approach starting initially with a small number of suppliers. Given the work involved in resolving the issues above and the benefits that would arise from a small number of suppliers it is recommended that we suspend implementation / development in light of the other departmental priorities that both Finance and IT are managing.

The implementation of ProcServe will now form part of the evaluation of the 2 options for the Finance System moving forward.

## 8 Change Programme - Audit Report Date: 6th November 2013

### One Medium Recommendation.

**Recommendation 1.15** In order for the organisation to benefit from further change programmes and Continuous Improvement projects, management should assess the capacity and capabilities of the existing team and consider investing in extra resource in order to review and work with staff to identify savings which will have a long lasting benefit and improve the workings of the organisation.

**Implementation Target Date: April 2014.**

**Person Responsible: C/Supt Rachel Swann – Head of Change Team**

The Change Team are already reviewing this matter and a Business Case is under development for additional support to enhance capability and capacity. It is envisaged that this will ensure enhanced provision by April 2014.

- **Update January 2014** – A capability and capacity assessment was carried out in relation to the Change Team. This was validated through the review completed by an external consultant when looking at the force ICT options. The team requires increased capacity concerning programme management, and also external assistance to undertake Priority Based Budgeting and the transformational work stream. A business case was presented to the Change Team outlining the need for this support and the options available. This has been submitted to the OPCC for a funding decision. The aim is for this to be in place in the new financial year
- **Update March 2014:** A capability and capacity assessment was carried out in relation to the Change Team. This was validated through the review completed by an external consultant when looking at the force ICT options. This was used to provide and evidence base to the Business Case for increased support. The business case was taken through the Change Board and reported into Strategic Assurance Board where agreement was gained by the PCC to fund some additional support. There were three elements to the Business Case which were all agreed:
  - External support to expand the force continuous improvement programme to redesign services
  - External support to carry out priority or output based budgeting (OBB)
  - The additional recruitment of 2 x project officers, 2 x project managers and 1 x programme manager on a temporary basis for 3 years (end March 31st 2017)

Following a tendering process KPMG were awarded the contract for both pieces of external support. They commenced work with the

force in February 2014. The additional roles have been through the job evaluation process and are currently being advertised in order to recruit at the earliest opportunity

## 9 Risk Management - Audit Report Date: 18th October 2013

### Two Medium Recommendations

**Recommendation 1.2 – Force:** Plans to be progressed to introduce a series of workshops for staff to improve the awareness, identification and management of risk within the Force.

**Implementation Target Date: February 2014**

**Person Responsible: Inspector Duncan Malloy**

- **Update January 2014:** There is to be a workshop at the February 2014 SORB to include identification and management of risks. All Senior Managers should be present. This is a repeat of the training and risk identification exercise at the Feb 2013 SORB.
- **Update March 2014:** The February 2014 SORB was reduced in length due to time constraints. Therefore, risk identification and one to one training with all Senior Managers and Heads of Business Areas, was carried out by the Risk Manager in February 2014.

The Force carries out cyclical Manager training and a section on risk identification and notification is to be developed within the Risk Department are delivered as part of this training. Responsible person change - Peter Coogan. Delivery Oct 2014.

**Recommendation 1.3 Force and OPCC** - As part of the current Assurance Mapping Exercise both the Force and the OPCC should undertake a review of each mitigating control, for a risk, to identify if there are any material forms of measurable assurance that could be relied on to validate if the control is being effectively managed and operating correctly.

**Implementation Target Date: – Since commencement of SORB.**

**Person Responsible: Inspector Duncan Malloy & Helen King**

- **Update Force January 2014:** The SORB ToR state one aim is:  
*“To identify, analyse and prioritise the strategic risks facing the Force; ensuring that controls are identified and correctly applied.”*  
 High priority risks, risks registered since the previous SORB and risks of note are reviewed at each SORB, with the controls being

examined.

Quantifying whether a control for most risks is effective is problematic as a lot of risks are reputational and somewhat subjective.

- **Update March 2014: Insp Duncan Malloy**

An exception report is presented to the SORB, who examine the status and, rating of the risks. They consider the controls which are in place and those which are still to be delivered and they make judgements on the efficacy of those controls.

These controls cannot typically be measured for assurance.

- **Update January 2014 OPCC:** A review of each mitigating control will be undertaken by the Chief Finance Officer regularly.
- **Update March 2014 Helen King OPCC:** A review of risks and their mitigations takes place monthly and is also a scheduled item on the OPCC SMT agenda monthly for further discussion.

## 10 Publication Scheme - Audit Report Date: 26th September 2013

### Five Advisory Recommendations

**Recommendation 3.1** The OPCC should include Section 7 (Services I offer) of the Publication Scheme requirements of the Freedom of Information Act as a sub-section on the OPCC's Publication Scheme page.

- **Update:** All policing services for which a charge can be made (under ACPO's Fees and Charges guidelines) are legally the responsibility of the PCC, details of these are published and maintained on the main Police website, a link to the relevant page will be included on the PCC's website. The PCC does not provide any services aside from this.

**Recommendation 3.2** The OPCC should ensure that information published as part of its Publication Scheme includes details of when it was last updated. (See Appendix A for details)

- **Update:** Better Times, who administer the website, have been instructed to add 'last updated' information on the publication scheme page introduction – 14.1.14. This will also apply to all documents placed on the website e.g. expenses of the Commissioner which in future will include the line at the bottom saying 'updated on'.

**Recommendation 3.3** The OPCC should ensure that the APCC publication scheme requirements are met in full and all required information is published on the OPCC website, and made available to the public (See Appendix A for details).

- **Update:** Work was undertaken late in 2013 to redesign this section of the website and to meet all the APCC requirements. This has now been completed. There is some further work to be undertaken regarding the outcome of Stage 2 transfers and any recommendations made by the Information Commissioners office, when known.

**Recommendation 3.5** The OPCC should ensure that all links to sources of information within the Publication Scheme are active and direct the reader to the correct and up to date information. (See Appendix A for details)

- **Update:** This was completed in December 2013 during a revision of the website. There is now one central page and where information is held elsewhere on the site there are links embedded which take the public to the relevant page, the other pages are updated as and when needed and the links take the reader to the most recent version of the page. As above, the information included will henceforth include the date so the public can see it is the most recent information.

**Recommendation 3.6** To improve accessibility the OPCC should ensure that all relevant information is included within the OPCC's Publication Scheme website page, and include links to information held on the other areas of the website where necessary.

- **Update:** As part of the redesign of the website in December 2013 the publication scheme is now one central page and where information is held elsewhere on the site there are links embedded which take the public to the relevant page. Beside each heading the link reads 'Link to relevant page'

**Recommendation 3.7** To improve accessibility of information, the OPCC could consider creating sub-pages within its Publication Scheme page on the website, each covering one section of the requirements of the Freedom of Information Act.

- **Update:** There is currently one page split into sections with headings and with links. It may require some research as to whether subpages would be more accessible than the information being in one place but under headed sections. We will undertake discussions with our website administrators as to what their previous experiences are having designed multiple websites.

**11 General Ledger - Audit Report Date: 25th February 2014**
**No High or Medium recommendations.**

*“Taking account of the issues identified, Leicestershire Police can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective” – Baker Tilly.*

**12 Collaboration (to be completed as part of a joint review with the East Midlands) 13th December 2013**
**Five Medium Recommendations**

**Recommendation 1:** The principles of collaborative activity should be reviewed to ensure that they remain appropriate, given the governance changes and funding cuts that have taken place within the sector, over the last few years. Ideally, there should be specific outcomes for collaborative activity, in order for the achievement of the unit to be transparent and for the regional Forces and Police and Crime Commissioners to clearly understand the benefits that have been received, by collaboration.

As the forces across the region, as indeed nationally, have developed local policing plans, there should be something similar for the collaboration.

The document (Corporate Plan) could be used to include the Vision, Values, Priorities (opportunity to link to the regional objectives set by Commissioners and any other objectives) and Delivery (sets out how reporting will take place, achievement of outcomes and effective actions).

Implementation Target Date: December 2013

**Person Responsible: C/Supt Phil Whiteley**

- **Update:** Agreed. [Regional Corporate Plan rejected by PCCs]

This is on-going. Regional forces are individually considering and reviewing their position in regards to collaboration. A report is to be presented to the PCC Board on 18th December 2013.

- **Update 10.1.14** – Regional forces and PCCs agreed a vision document at PCCs' Board on 18/12/13. Idea of a regional Corporate Plan rejected.
- **Update March 2014:** There have been no significant changes for collaboration since the January 2014

**Recommendation 2:** The same format should be used for each Business Case, clearly stating the author, to assist consistent scrutiny and challenge. The Business Plan should include specific objectives and priorities of the project. For each objective the following should be detailed:

- a) Details / Purpose (why / high risk on risk registers)
- b) Cost improvements
- c) Capital Funding
- d) Key risks and management (taken from key risks)
- e) Summary financial plan
- f) Impact on Workforce
- g) Summarised capacity plans

The Business Plan, sections e, f & g need to be completed by the individual forces, using a set definition for all costings and savings, to ensure there is consistent approach in reporting the comparative data. The data that is included should be robustly verified to provide assurance that the basis for the Business Plan or project is robust, to benefit all those involved in the collaboration.

Implementation Target Date: March 2014

**Person Responsible: C/Supt Phil Whiteley**

- **Update:** Agreed.  
**Stated target completion date March 2014.**
- **Update 10.1.14** - All projects subject to Business cases from 1st April 2014 will take cognisance of these suggestions.
- **Update March 2014: There have been no significant changes for collaboration since the January 2014;** the new format of business cases will include guidance notes to ensure we include the items raised.

**Recommendation 3:** The benefits that are included within the Business Plan should be Specific, Measurable, Achievable, Relevant and Timely. There should be specific measurable deliverables, with a target date to be able to ascertain if the benefit originally identified has been realised.

**Implementation Target Date: March 2014**

**Person Responsible: C/Supt Phil Whiteley**

- **Update:** Agreed.  
**Stated target completion date March 2014.**
- **Update 10.1.14** - All projects subject to Business cases from 1st April 2014 will take cognisance of these suggestions.
- **Update March 2014:** There have been no significant changes for collaboration since the January 2014; the new format of business cases will include guidance notes to ensure we include the items raised.

**Recommendation 4:** The actual costs that are recorded within the Business Case should be broken down to provide clarity and transparency. Furthermore, it would be useful to include a definition of the costs that are being collated, to ensure consistency and understanding across all the forces to provide assurances that each force is including the correct cost requirements. In addition, the costs that are included within the Business Plan should be robustly checked and confirmed. This check and confirmation should be documented as part of the process. Furthermore, as part of this consideration, it may be beneficial to review the funding formula that is used as part of the business case and confirm that it remains appropriate. Other forces utilise a formula that also considers the demand impact and this may be something that could be considered and reviewed, moving forward.

**Implementation Target Date: March 2014**

**Person Responsible: C/Supt Phil Whiteley**

- **Update:** Agreed.  
**Stated target completion date March 2014.**
- **Update 10.1.14** - All projects subject to Business cases from 1st April 2014 will take cognisance of these suggestions.
- **Update March 2014:** There have been no significant changes for collaboration since the January 2014; the new format of business cases will include guidance notes to ensure we include the items raised.

**Recommendation 7 [recs 5 & 6 are Low risk]:** It is an essential part of the project management process to complete a final closure report, ultimately a 12 month review. The report will provide assurances that the project has met its original objectives and continues to provide for an effective and efficient approach. Where this is not the case, the report provides the opportunity to highlight any issues and provides the option to reassess and realign operations (including officers in kind) accordingly.

**Implementation Target Date: Implemented**

**Person Responsible: C/Supt Phil Whiteley**

- **Update:** Agreed.
- **Update 10.1.14 - Implemented**
- **Update March 2014:** There have been no significant changes for collaboration since the January 2014.

**13 Payroll (including pensions and expenses) - Audit Report Date: 7th January 2014****One Medium Recommendation**

**Recommendation 1.1** The accepted risks around the processes for additional payments should be clearly documented (including non-checking of appropriateness of authorising signatures) and this should outline how each of the risks are being mitigated, managed to an acceptable level or tolerated.

**Implementation Target Date: February 2014.**

**Person Responsible: Ruth Gilbert – Head of Finance**

- **Update January 2014:** On average 3,250 additional payments are processed per month. Due to the number of supervisors authorising payments it is not feasible to maintain a list of authorised signatories for claims to be checked against. We have been aware of this risk for a number of years and accept it from an organisational perspective. The Finance Department has been requested to review the requirement for authorised signatories on claim forms as part of the 'Reducing Bureaucracy' project and this work is currently underway. Any changes to the current payment system will be fully documented setting out how the risks are being mitigated, prior to any amendments being implemented.
- **Update March 2014:** Work is ongoing to document the accepted risks around the current procedure for processing additional payments.

**14 Budget Setting, Control, Monitoring and Reporting - Audit Report Date: 22nd January 2014**

**No High or Medium recommendations.**

*"Taking account of the issues identified, the Police and Crime Commissioner can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective" – Baker Tilly.*