

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

PAPER MARKED

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Report of	CHIEF CONSTABLE and CHIEF FINANCE OFFICER (OPCC)
Subject	INTERNAL AUDIT RECOMMENDATIONS AND TRACKING
Date	TUESDAY 22 SEPTEMBER 2015 – 9:30AM
Author	ROY MOLLETT

Purpose of Report

1. The following exception report provides the Panel with update progress responses from business owners and external auditors Baker Tilly and the newly appointed auditors Mazars for the period 2013-2015. Progress on the recommendations is reported in terms of priority as High, Medium, Low and Advisory for Baker Tilly and Fundamental, Significant and Housekeeping for Mazars.
2. Baker Tilly also undertook an audit to review the existing Financial Control Framework in place and the planned future framework process changes resulting from changes to the Finance system. For this audit processes are assessed under the following categories - Confirmed 46, Confirmed with Minor Changes 2 and New Process 2.
3. Of note three audit reports received no audit recommendations – Payments and Creditors; Governance [OPCC & FORCE] and Payroll Provider. Indeed, for each of these audits Baker Tilly provided the following assurance: *“Taking account of the issues identified, the Office of the Police and Crime Commissioner for Leicestershire & Leicestershire Police can take substantial assurance that the controls upon which they rely to manage this area are suitably designed, consistently applied and effective”*
4. The following table illustrates the number of Baker Tilly - High, Medium, Low and Advisory recommendations outstanding and completed since the last progress report.

Priority of Recommendation	Outstanding		Completed	Not Adopted	Total
	RED	AMBER	GREEN	GREY	
High	-	-	-	-	0
Medium	-	4	5	-	9
Low	-	5	5	-	10
Advisory	-	-	-	1	1
Total	0	9	10	1	

5. The following table illustrates the number of outstanding and completed - Fundamental, Significant and Housekeeping recommendations for the Mazars audits undertaken to date:

Priority of Recommendation	Outstanding		Completed	Total
	RED	AMBER	GREEN	
Fundamental	-	-	-	0
Significant	-	2	-	2
Housekeeping	-	1	2	3
Total	0	3	2	

Recommendation

6. For the panel to note the attached update on progress responses against each respective audit recommendation so far for 2013-2015.
7. 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.
 - IV. **GREY** – Not Adopted

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 a timely manner.
 Link to Police and Crime Plan : Transparency and accountability for business functions.

List of Appendices

Appendix A - Audit Recommendations and business updates.
 Appendix B - Baker Tilly Financial Controls – Agresso System Walkthrough full audit report findings

Background Papers

N/A

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BAKER TILLY AUDIT RECOMMENDATIONS 2013-15
and MAZARS

Audit Recommendations for 2013-15

Status	Internal Audit Report	Audit Report Date
	<p>ZANZIBAR – (P2P) [Procure to Pay]</p>	<p align="center">25th September 2013</p>
	<p>One Advisory Recommendation</p>	
	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>Implementation Target Date: Between 9th Sept 2013 – 2nd January 2014 On hold pending decision to be made in August 2014 – please see latest update below.</p> <p>Person Responsible: Ian Fraser Procurement</p>	
	<p>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 <u>will</u> 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.</p> <p>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 Procsolve 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.</p> <p>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 <u>manually</u> 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.</p> <p>Update January 2014: Status unchanged due to capacity/resource issues and the priority of setting next year’s budget.</p> <p>Update March 2014: Procurement, IT and Finance have met to review the current position regarding the implementation of the ProcServe / SAGE interface. - Andrew Dale – Finance</p> <p>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:</p> <ul style="list-style-type: none"> • 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.

Update May 2014: The Zanzibar P2P Solution is now on hold pending work being undertaken by Finance and Procurement regarding future General Ledger provision. The Force is currently looking at 2 options for future General Ledger provision with a decision to be made in August 2014. When a final decision is made that will allow Finance and Procurement to then work with the chosen provider to implement the P2P solution. – Ian Fraser Head of Procurement and Support Services.

Update August 2014: A Procurement tendering process has recently been completed for a new Finance System. A recommendation will be made to the Force Change Board in August 2014 with the expectation that any new solution will be required to go through an implementation and testing process that will take several months. After parallel testing is completed the Force will then be able to address the issue of integration with the Zanzibar solution. It is difficult to provide a totally accurate date for this to be completed which depends upon acceptance of the current recommendation by the Force Change Board and subsequent sign off by the Police and Crime Commissioner. It is likely that taking into account other competing work for Finance at year end 2014/2015 that a potential date when Zanzibar integration may be completed is summer 2015 - Ian Fraser Head of Procurement

Update November 2014: The new Finance system Agresso has been purchased. The implementation of this system will be completed by April 2015. Thereafter once the main Finance solution is in place the Zanzibar P2P work can be commenced once identification of the process to integrate this with Agresso has been completed - Ian Fraser Head of Procurement.

Update January 2015: still ongoing, awaiting completion of system by April 2015.

Update March 2015: System design stage is still in progress. Discussions are on-going as to how integration between Zanzibar and Agresso the new Finance system will move forwards. Initially the focus is on the main functions and requirements of the Finance system and to ensure they are developed, tested and ready for system go live. System go live is anticipated in August 2015.

Update 26th August 2015:

In July The Head of Procurement and Support Services commissioned a report from the Procurement Manager requiring details of any identified issues in pursuing an interface between Agresso and the National Police Procurement Hub (NPPH).

Due to the costs associated and unproven benefits in building the interface - the report recommends that *"Leicestershire Police do not use any further financial or staff resources connecting Agresso to the NPPH"*.

Other Forces have expressed a similar position to Leicestershire Police in that they are not looking to implement the NPPH within their Force.

The reported recommendation is supported by the Force Head of Procurement and the Director and Head of Finance.

PROPOSE THAT ADVISORY RECOMMENDATION BE WITHDRAWN - NO LONGER APPLICABLE

BUSINESS CONTINUITY (Non IT) Follow up

11 June 2014

HIGH: 0

MEDIUM: 0

LOW: 1

Low Recommendation 1.11b Restated recommendation - The Office of the Police and Crime Commissioner (OPCC) should ensure that dates are set for testing the Business Continuity Plan (BCP) to ensure that it is fit for purpose.

Implementation Target Date: ~~By the end of second quarter 2014~~ End of October 2015

Person Responsible: Angela Perry - OPCC

Update May 2014: Acknowledged not yet completed – delays contributed to by changes in arrangements, stage 2 transfer work and 3 different CFO personnel in last year.

Update 4th September 2014: The Business Continuity Plan is being revised and re-formatted into the Force template. A table top exercise is planned to take place before the end of the calendar year to test the Plan. A new temporary member of staff who has a background in risk and business continuity at a local authority is leading on the work - Angela Perry OPCC

Update November 2014: The OPCC are still in the process of populating the templates. Deadline for the desktop exercise may be pushed back to January due to staff absences and Interviews taking place.

Update January 2015: This is currently being taken to the PCC SMT and therefore there will be an update for the next report.

Update April 2015: The OPCC has a permanent member of staff in place now to lead on this area of business. The member of staff has previous knowledge and experience in this area. A table top exercise was undertaken on the 12th March 2015 and the OPCC's BCP is currently being reviewed and updated to reflect the outcomes from the exercise. Senior Management Team (SMT) will review and agree the final version by June 2015. An action plan for further testing/exercises will form part of this sign off.

Update 28th August 2015:
OPCC's Business Continuity plan is 80% completed. Deadline for the completion has been pushed back to end of October due to a staff vacancy requiring other members of the team to cover additional work during the recruitment phase to fill the vacancy.

ESTATES MANAGEMENT

3 July 2014

HIGH: 0

MEDIUM: 0

LOW: 2

Low Recommendation 1.1a: Undertake a planned periodic review of the Estates Strategy to ensure it remains relevant and reflects the direction of travel.

Implementation Target Date: 2015 in line with Change Programme

Person Responsible: Andrew Wroe – Head of Estates

Initial Management Comment: This was planned to be carried out in 2015 and will fall in-line with the change programme.

Update November 2014: Still planned to undertake this in the summer of 2015.

Update March 2015: Still on track for completion in the summer.

Update August 2015 – Baker Tilly Follow Up Report 2015:

The two actions for Estates are not scheduled to be complete until Summer 2015 but I also require C/Supt Rob Nixon's proposals for the future of the estate before I can update the Estates Strategy.

Low Recommendation 1.1b: Ensure there are clear links in the Estates Strategy to both the Police and Crime Plan and Leicestershire Police aims and objectives.

Implementation Target Date: 2015 in line with Change Programme

Person Responsible: Andrew Wroe – Head of Estates

Initial Management Comment: This will be incorporated when the above review takes place.

Update November 2014: Still planned to undertake this in the summer of 2015.

Update March 2015: Still on track for completion in the summer.

Update August 2015 – Baker Tilly Follow Up Report 2015:

The two actions for Estates are not scheduled to be complete until Summer 2015 but I also require C/Supt Rob Nixon's proposals for the future of the estate before I can update the Estates Strategy.

RISK MANAGEMENT		6 January 2015
HIGH: 0	MEDIUM: 1	LOW: 1
<p>Medium Recommendation 1.2: Force - Workshop and training for staff should include risk controls assurance.</p> <p>Implementation Target Date: December 2015</p> <p>Person Responsible: Laura Saunders – Risk and Business Continuity Adviser</p> <p>Initial Management Comment: An annual workshop with the SORB members is planned for 2015; this will include risk controls assurance.</p> <p>Update March 2015: The annual workshop is scheduled to go ahead in the July 2015 SORB meeting.</p> <p>Update 26th August 2015: The annual risk identification workshop was completed with SORB members on 30th July. This interactive workshop led members through the risk assessment process. It also included an input about how ongoing monitoring of risks should include assurance mapping to gain positive assurances that controls are effective and to identify any gaps.</p>		
<p>Low Recommendation 2.1: OPCC - Either update the current Force risk management policy and procedures to formally include the OPCC requirements or make a formal decision to adopt the force risk management policy.</p> <p>Implementation Target Date: January 2015</p> <p>Person Responsible: Helen King – Chief Finance Officer</p> <p>Initial Management Comment: Whilst it is not accepted that the force policy should be amended to include the OPCC, as this is inconsistent with the policies and procedures adopted by the OPCC. It would be appropriate for a decision record to reflect that the OPCC adopt the force risk management policy.</p> <p>Update May 2015: The decision record will be completed by the end of June 2015.</p> <p>Update August 2015: The decision record has been completed ready for sign off by the Commissioner at the end of September 2015</p> <p>PROPOSE CLOSE</p>		
SEIZED AND FOUND PROPERTY (3.14/15)		11 September 2014
HIGH: 0	MEDIUM: 2	LOW: 1
<p>Medium Recommendation 1.1:</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>Implementation Target Date: March 2015</p> <p>Person Responsible: Insp Mark Zanker</p> <p>Initial Management Comment:</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>Update August – Baker Tilly Follow Up Audit 2015:</p> <p>The policy re-write is still ongoing. Very limited availability of staff trained to write policy and competing demands of Property managers continue.</p> <p>Sgt 4320 Simpson (CAID Support) and Julie Treen (Property Team Leader) are tasked to finalise</p>		

the re-write with a timescale for completion prior to 8th June.

Update 27th August:

The policy re-write is now complete and is presented in Authorised Professional Practice format, together with an up-to-date Legislative Compliance pack. The document is going through a final checking process before being sent to COT for authorisation, published / updated on internal web-site. This will be completed imminently. Any changes in practice have been subject to internal communication both within the property department and where necessary to a wider relevant audience.

Medium Recommendation 1.3:

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:

- 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 manner.
- SPOCs should be undertaking their own checks on the state of stores and the integrity of items held and or recorded.

Recommendation partially restated in Baker Tilly Follow Up 2015.

SPOCs should be undertaking and evidencing their own checks on the state of stores and the integrity of items held and or recorded.

Implementation Target Date:

Person Responsible: Julie Treen

Initial Management Comment:

Audits of overnight stores are carried out quarterly. Results are passed to the SPOC and also the LPU commander.

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 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.

Update August – Baker Tilly Follow Up Audit 2015:

SPOCs are notified regularly of their responsibility to check their stores. This is done via personal emails from the Property Team Leader and by personal visits from the Property Administrator on a quarterly basis. In addition to this notices regarding the state of stores are published on the Force intranet, latest news page and if there are further concerns regarding the condition of the stores, the LPU Commander is informed.

As the SPOCs regularly change it is important for us to keep the new SPOCs informed and advised of their responsibility. They are the first point of contact for the property dept. if there are issues with the store or with staff.

Update 27th August:

Audits continue to be conducted of each temporary store on a quarterly basis by the Property Administrator who has this as a main responsibility within their role. The results are shared with the NPA Commander and SPOC to provide ongoing compliance awareness and monitoring.

A good working relationship continues to be forged between the NPA SPOC's and Property

Administrator / Team Leader. The role of the SPOC is to ensure the store is maintained in an orderly fashion and that items are properly collated and documented in readiness for transit to the main stores. Where expected standards fail to be met (identified by couriers as well as Administrator) a conversation ensues between Property Team Leader and NPA Commander to rectify the position; this has occurred only once in the last 6 months. Each SPOC has and manages their own system dependent on the store usage – In my opinion this is sufficient as evidenced by the lack of instances to the contrary.

PROPOSE CLOSE

High Recommendation 1.8:

An urgent review of the way in which items sent to an Auction House are managed is required. Areas for attention:

- 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.

New Low recommendation made – Baker Tilly Follow Up 2015.

The ‘Property sent to Auction Houses’ trackers should be enhanced to provide clearer detail on what actions are being taken to ‘chase’ items marked as red in the action column.

Implementation Target Date:

Person Responsible: Julie Treen

Initial Management Comment:

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.

Update August – Baker Tilly Follow Up Audit 2015:

We have established from the auction house that if property is not sold it will be put in a subsequent auction at a later date as a singular item, depending on what the items are, or as a ‘job lot’ with other previously-unsold items.

If the item has been sold as an individual item it will have a sold price reflected on the next invoice we receive for that corresponding auction. The spreadsheet will be updated accordingly.

If the item was put together with other previously-unsold items in a subsequent auction, we will not have a price for the sale of that individual item but will have a joint sale price for the ‘job lot’. The spreadsheet will be updated accordingly.

This somewhat mitigates the requirement to chase so many unsold items as invariably they will be reflected on other invoices as above.

Update 27th August: No update

PROPOSE CLOSE

PAYMENTS and CREDITORS

19th March 2015

HIGH: 0

MEDIUM: 0

LOW: 0

No Recommendations on either reports and following statement applies:

“Taking account of the issues identified, the Office of the Police and Crime Commissioner for Leicestershire & Leicestershire Police can take substantial assurance that the controls upon which they rely to manage this area are suitably designed, consistently applied and effective” – Baker Tilly.

FINANCIAL CONTROLS - AGRESSO SYSTEM WALKTHROUGH		8th April 2015
CONFIRMED: 46	CONFIRMED with minor changes: 2	NEW PROCESS: 2
<p>Baker Tilly conducted a Financial Controls audit reviewing the existing control framework in place in a number of key areas, and documenting planned changes to processes resulting from the change of Finance system from Sage to Agresso, which is planned to go live in August 2015.</p> <p>The audit consisted of walkthrough testing to confirm the control framework in place and was based on the documented processes from previous audits conducted, together with liaison between key staff during the review.</p> <p>The areas covered were:</p> <ul style="list-style-type: none"> <input type="checkbox"/> General Ledger, <input type="checkbox"/> Income and Debtors, <input type="checkbox"/> Procurement, Creditors and Payments, and <input type="checkbox"/> Cash, Bank and Treasury Management. <p>Limited control processes relating to expenses, overtime and enhanced payments have been covered however, the review focussed on the activity completed within Finance Operations and as such did not cover the whole control framework within the Payroll Department. This team utilises a separate system and there was no expectation that there would be changes to the existing processes with the introduction of Agresso.</p> <p>The review has not covered the controls operating at the Payroll Provider as this is a separate audit and as the processes completed by the third party did not require access to the Force Finance Systems.</p> <p>Budgetary control processes remain unchanged and at the time of audit the 'Planning' (Budgetary Invoices) and 'Inventories' (Assets) modules of Agresso were not part of the current phase being rolled out in Agresso. As Baker Tilly were not informed of any planned changes to the processes with the introduction of the new Finance system these areas have not been included in the coverage of their review.</p> <p>Update 27th August: The Finance Department are currently undergoing the changes associated with this audit therefore an update progress report will be provided at the next JARAP meeting.</p>		
GOVERNANCE OPCC & FORCE		6th May 2015
HIGH: 0	MEDIUM: 0	LOW: 0
<p><u>No Recommendations on either reports and the following statement applies:</u></p> <p>OPCC - <i>"Taking account of the issues identified, the Office of the Police and Crime Commissioner for Leicestershire & Leicestershire Police can take substantial assurance that the controls upon which they rely to manage this area are suitably designed, consistently applied and effective"</i> – Baker Tilly.</p> <p>FORCE - <i>"Taking account of the issues identified, the Force can take substantial assurance that the controls upon which they rely to manage this area are suitably designed, consistently applied and effective"</i> – Baker Tilly.</p>		
COLLABORATION – East Midlands Operational Support Services (EMOpSS)		May 2015
HIGH: 0	MEDIUM: 3	LOW: 3
<p><u>Medium Recommendation 3.2.1</u></p> <p>The savings associated with the other costs that will be incurred (for example, but not limited to, transport and uniform) should be explored and incorporated within the overall efficiency savings for EMOpSS. Furthermore, capital savings should be identified and explored for inclusion within the overall savings. This could potentially be significant and we would encourage the forces to explore such areas of spend for inclusion within the identified savings.</p>		

Implementation Target Date: April 2016

Person Responsible: C/Supt Chris Haward

Initial Management Comment:

This is part of the second phase of EMOpSS once the operational model is in place. There are existing working groups for Roads, Armed, Public Order, Dogs and Specialist Policing all of which are looking at procurement, capital savings and equipment.

All of these meetings have been running for several months and, again, are well minuted and evidenced.

The above is also covered in the draft Business Plan for EMOpSS which will be submitted to the Strategic Management Board for sign off in May.

It should also be noted that the business case sets a time frame of April 2016 to realise savings and reset the budget and we are currently 1 year ahead of schedule in recouping the operational savings from the new model.

Progress Update 26th August 2015:

These issues have always been part of our considerations. We have working groups and lead officers working on:

- Fleet (Insp Gowler - EMOpSS)
- Procurement Optimisation (Jayne Gowler - Notts)
- Uniform & Equipment (Ch. Insp. Dave Lawson - EMOpSS)
- Financial Analysis and Efficiency (Mick Robinson – Lincs)

Current projection against actual budget for EMOpSS is that a further £2m (estimated) may be saved and the budget reset for April 2016 as per project time lines.

Fleet management and change in vehicle specifications means we can now seek to purchase vehicles other than BMW X5 and 5 Series. New vehicles available from Sept include Volvo, Audi and VW. Savings in the hundreds of thousands of pounds are expected once this procurement framework opens up.

The Strategic Business Case for 2015/16 has a full section on driving out efficiency and this plan is being worked through by the Senior Leadership Team and the above teams. All of this is governed through the Strategic Management Board chaired by CC Neil Rhodes.

Low Recommendation 3.2.1

We would challenge if £50,000 is sufficient to cover the IT implementation, but accept that there is substantial funds available to fund any additional costs. However, it would be beneficial to monitor and report the actual costs associated with ICT implementation, to not only monitor the planned savings for EMOpSS but also to inform future Business Cases

Implementation Target Date: April 2015-April 2016

Person Responsible: ACC Torr

Initial Management Comment:

We recognised that £50k was insufficient but the audit report fails to recognise the innovation fund bids that had been submitted to counter this – one for ANPR and one for Agile Working.

The former has not been approved but the latter has given £650k to address the issue across EMOpSS.

The bid was available at the time of the audit, albeit the outcome was not known at that time. A working group led by ACC Torr is now driving implementation of this.

Audit Comment

Management comment is noted and agreed.

Progress Update 26th August 2015:

There has been minimal ICT set up costs to date – the main purchase we are likely to need is approx. £8K to cover new DMS licences for Leicestershire Officers.

Primary development of ICT is through the innovation fund and contract for this has been awarded to HCL. Progress underway and all costs for this are managed through the Project Manager Steve Handley and ACC Simon Torr in Nottinghamshire.

Low Recommendation 3.2.2

Subject to all forces agreeing a more straight forward approach should be taken, in the administration of Officers In Kind. It would be beneficial to introduce replacement on a 'like for like' basis, thus reducing the year end task of calculating any financial penalties and recharging, as currently happens. This would be seen as a fair, efficient and transparent approach, moving forward.

Implementation Target Date: Implemented

Person Responsible: C/Supt Chris Haward

Initial Management Comment:

This is covered in Section 22 of the audit report.

PROPOSE CLOSE

Low Recommendation 3.2.2

To ensure that the recommendations that are detailed within the EMOpSS business case are being appropriately tracked and monitored.

Implementation Target Date: In place - implemented

Person Responsible: C/Insp Phil Vickers

Initial Management Comment:

The EMOpSS project has been subject to appropriate control and scrutiny since it began in April 2014.

- EMOpSS project board (Chair ACC Jupp)
- EMOpSS Strategic Governance Board (Chair CC Rhodes)
- Four/Five Force Collaboration Board
- PCC Regional Board

Minutes exist for all these meetings and the governance structure for post May 2015 is now set out clearly in section 22.

Full project management practices are in place and available through the project management team in EMOpSS.

PROPOSE CLOSE

Medium Recommendation 3.4

Monitoring of the achievement of the overall benefits of EMOpSS (both collectively and individually) clearly links into the development of the Assurance Framework for each Collaboration. The performance measures should be agreed and reported within the Assurance Framework, thus providing assurances that the overall objectives and the purpose of the Collaboration are being achieved.

Implementation Target Date: May 2015

Person Responsible: C/Supt Chris Haward

Initial Management Comment:

This has been in development for several weeks. The first performance meeting is scheduled for the end of April 2015 although some data is hard to gather due to anomalies in force reporting systems. This is being addressed.

Section 22 sets out the governance framework and the respective roles of the Strategic Management Board through to the Operational Management Board.

Update 26th August 2015:

Full governance structures in place to monitor progress and performance against expected outcomes. This is through the primary Performance Meeting and the Strategic Management Board. Currently achieving all performance levels projected in the business case despite increased demand, increased proactive operations with EMSOU and NCA and well under projected budget requirement going into 2016 (circa £2m) – this was expected but a cautious approach was taken this year to allow forensic analysis of budgets to take place and capture ALL associated costs with EMOpSS.

Performance data and spreadsheets are available if needed.

Contact for finance is Mick Robinson in Lincs.

PROPOSE CLOSE

Medium Recommendation 3.5

Given the current levels of collaboration and the intentions to increase collaboration further, we would encourage the Regional Forces to review the oversight and monitoring arrangements in place to ensure that all Forces remain comfortable with how collaborative projects are being monitored and managed, or whether there are any benefits in expanding the existing Regional Team to provide this current significant demand.

Implementation Target Date: Ongoing

Person Responsible: East Midlands Regional Forces

Initial Management Comment: To be considered

CHANGE PROGRAMME

May 2015

HIGH: 0

MEDIUM: 1

LOW: 1

Low Recommendation 1.1

The Change Board should include within its Terms of Reference;

- Date of revision and date of next review;
- List of permanent members;
- Details of decision-making authority and voting powers;
- Periodicity of meetings;
- How the Board will monitor its own effectiveness;
- Quorum details;
- Standing agenda items; and
- Deadlines for the inclusion of agenda items.

Implementation Target Date: Sept 2015

Person Responsible: CSP Rob Nixon

Initial Management Comment:

The terms of reference of the Change Board are subject of periodic review and the points made in this report will be considered as part of that process.

Update 26th August 2015:

The Change Board terms of reference have been revised and will be reviewed and agreed at the September change board. The Chair and SRO has changed from Mr Edens to Mr Bannister and this seemed the most appropriate time to review and revise the TOR. Draft TOR attached. The Baker Tilly recommendations have all been incorporated into the new TOR pending approval.

PROPOSE CLOSE

Medium Recommendation 2.1

All project risk registers should be completed to demonstrate consideration of project risks and should include an assessment of any risks originally identified in the business case(s).

Project risks should be assessed in accordance with a defined methodology, which details how to

measure probability and impact and should be presented in terms of both inherent and residual risk.

Implementation Target Date: Sept 2015

Person Responsible: Mr Andy Elliott

Initial Management Comment:

The Programme Risk Management process was reviewed in Autumn 2014. The comments here will be acted on in updating our project Risk Management process

Update 26th August 2015:

Overall risk management has been reviewed and new project packs have been designed that embed a standardised approach to risk management at project, programme and portfolio level. The evaluation and scoring criteria have been aligned to corporate risk management (Orchid) to ensure a singular corporate risk management process and procedure. The new project packs, processes and procedures are now available for use and are being used by the Change Team. They will be launched on the intranet via a new page for the Blueprint 2020 change programme in September.

PROPOSE CLOSE

COMMISSIONING	15th May 2015
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HIGH: 0	MEDIUM: 2	LOW: 0
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Medium Recommendation 1.1a

The OPCC should ensure that (for the major providers' quarterly performance meetings) either formal minutes and/or action notes are taken. This will allow items to be taken forward to the following meeting to ensure any issues with meeting contract performance outcomes are cleared and actions completed.

Implementation Target Date: Not Stated

Person Responsible: Sue Haslett – Head of Partnerships and Commissioning

Initial Management Comment:

Have already discussed with new Commissioning and Contracts Officer having a process to risk assess our current contracts so that we can decide which of the major contracts need to be more actively managed.

Update 26th August 2015:

We have developed a comprehensive contracts register which holds all our contracts and associated details. Within this we have links to an action log, meeting notes and email correspondence (correspondence which relates specifically to performance).

PROPOSE CLOSE

Medium Recommendation 1.1b

As resources for contract management are brought up to strength the monitoring spread sheet should be brought up to date with the addition of columns explaining what action has been agreed with completion dates.

Implementation Target Date: Not Stated

Person Responsible: Sue Haslett – Head of Partnerships and Commissioning

Initial Management Comment:

A new contract /performance management spreadsheet has been already been put together for 2015/16 with 4 columns:

- Q1(2,3,4) Performance
- Performance criteria met
- Rag rating
- Actions

Will also add in *completion dates* to action column

	<p>Update 26th August 2015: As above (in 1.1.a)-the Contract register has an Action column which has completion dates within it. The Action column has links to an action log which is rag rated and a time targeted.</p> <p>PROPOSE CLOSE</p>		
	PERFORMANCE		Aug 2015
	HIGH: 0	MEDIUM: 0	LOW: 1
	<p><u>Low Recommendation 1.1</u> Where there are performance exceptions highlighted in the Recorded Crime reports to the Force Executive Group, there should be a clear record in the meeting minutes to evidence the challenges and scrutiny undertaken by the Senior members of the Force.</p> <p>Implementation Target Date: August 2015 Person Responsible: C/Supt Steph Pandit Initial Management Comment: This recommendation is accepted and will be addressed through the review of force performance and will be addressed where necessary by the Chair of the meeting through the minutes - C/Supt Steph Pandit – Head of Corporate Services as business lead on Performance.</p> <p>Update 26th August 2015: This work is approaching completion and proposals will also support the current regional work stream incorporating a coherent approach to recording performance within regional teams (e.g. EMSOU & EMOpSS). It is anticipated that once agreed, the new performance framework will be utilised at the Force Performance Group meeting on the 13th October 2015.</p>		
PAYROLL PROVIDER (Mouchel)		11th June 2014 & 13th August 2015	
	HIGH: 0	MEDIUM: 0	LOW: 0
	<p><u>No Recommendations on either reports and following statement applies:</u> <i>“Taking account of the issues identified, the Office of the Police and Crime Commissioner for Leicestershire & Leicestershire Police can take substantial assurance that the controls upon which they rely to manage this area are suitably designed, consistently applied and effective” – Baker Tilly.</i></p>		
	End		

MAZARS AUDITS

Please note Mazars priority grade their recommendations into the following:

1. **(Fundamental)**
2. **(Significant)**
3. **(Housekeeping)**

Status	Internal Audit Report	Audit Report Date
	FIREARMS LICENSING	August 2015
	FUNDAMENTAL: 0	SIGNIFICANT: 2
	<p><u>Housekeeping Recommendation 4.1</u> Procedure notes should be reviewed, appropriately approved and communicated to all relevant staff on a regular basis.</p> <p>Implementation Target Date: September/October 2015 Person Responsible: Firearms Licensing Manager</p>	

	<p>Initial Management Response: As stated the up dated version of the document has yet to be 'signed off'. Mr Rixon is expected to return as Manager in a police staff role late in August 2015 when it is anticipated the process will be completed.</p>
	<p><u>Housekeeping Recommendation 4.2</u></p> <p>A PNC check should be completed on all referees where an applicant is applying for a firearms certificate.</p> <p>Implementation Target Date: Immediate and Completed</p> <p>Person Responsible: Mr John Toon – Deputy Firearms Licensing Manager</p> <p>Initial Management Response: Staff are required to carry out these checks and any failure to record such checks will, I am sure simply be clerical error, however staff have been reminded that this task must be completed and correctly recorded. They have also been reminded of the potential ramifications to the force and public at large of any failure to do so. Dip Sampling is now in place to ensure this is done.</p> <p>PROPOSE CLOSE</p>
	<p><u>Significant Recommendation 4.3</u></p> <p>All certificates should be approved by the appropriate party with delegated authority and a segregation of duties should occur between the visit to the applicant and the approval of the certificate.</p> <p>Implementation Target Date: September/October 2015</p> <p>Person Responsible: Firearms Licensing Manager & HR Recruitment</p> <p>Initial Management Response: We acknowledge the recommendation and the importance in carrying out this task. Staff have been reminded that they are required to undertake and record this task and the potential ramifications to the force and wider public. A capacity issue has already been identified and the force is currently recruiting an additional supervisor to provide improved capability and capacity.</p>
	<p><u>Significant Recommendation 4.4</u></p> <p>In light of the 'fast-tracked' applications, the procedures supporting the home security visits required prior to approval of a certificate should be reviewed, updated if necessary and appropriately approved.</p> <p>Implementation Target Date: August/September 2015</p> <p>Person Responsible: Firearms Licensing Manager</p> <p>Initial Management Response: The practice of 'Fast Tracking' is only utilised where the applicant is rated as low risk. There are procedures in place (and were at the time of the audit) to ensure that Enquiry officers are aware of expiry dates and whether certificate is granted or not, if a visit cannot be carried out prior to expiry of the certificate, then holder is requested to lodge weapons (if indeed he holds any). All fast tracked certificates are signed as 'provisional' only and if there is any cause for concern at the time of the visit the certificate is not handed over however it is accepted that the practice of 'fast tracking' has not been covered in the current Policy Document and this is to be reviewed with Licensing Manager, Mr Rixon upon his return and to be included in the newest version of this document which is currently under review.</p>
	<p><u>Housekeeping Recommendation 4.5</u></p> <p>Consideration should be given to including performance indicators for both grants and renewals in place.</p> <p>Implementation Target Date: Immediate</p> <p>Person Responsible: Mr John Toon – Deputy Firearms Licensing Manager</p> <p>Initial Management Response: We acknowledge the recommendation and this has been considered in conjunction with our analyst. It is possible to include this information within the existing performance framework and this has been commissioned with immediate effect.</p> <p>PROPOSE CLOSE</p>

Police and Crime Commissioner for Leicestershire and Leicestershire Police

[Internal Audit Report \(12.14/15\)](#)

FINAL

Financial Controls – Agresso System Walkthrough

26 May 2015

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Management Review Complete			Suzanne Lane - Senior Manager Alan Grisley – Assistant Manager Emily Richards - Consultant

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1 Executive Summary

1.1 Introduction

Upon the request of management we have conducted a Financial Controls audit reviewing the existing control framework in place in a number of key areas, and documenting planned changes to processes resulting from the change of Finance system from Sage to Agresso, which is planned to go live in August 2015.

This audit consisted of walkthrough testing to confirm the control framework in place and was based on the documented processes from previous audits conducted, together with liaison between key staff during our review.

The areas covered were:

- General Ledger,
- Income and Debtors,
- Procurement, Creditors and Payments, and
- Cash, Bank and Treasury Management.

Limited control processes relating to expenses, overtime and enhanced payments have been covered however, this review focusses on the activity completed within Finance Operations and as such did not cover the whole control framework within the Payroll Department. This team utilised a separate system and there was no expectation that there would be changes to the existing processes with the introduction of Agresso.

This review has not covered the controls operating at the Payroll Provider as this is a separate audit and as the processes completed by the third party did not require access to the Force Finance Systems.

Budgetary control processes remain unchanged and at the time of audit the 'Planning' (Budgetary Invoices) and 'Inventories' (Assets) modules of Agresso were not part of the current phase being rolled out in Agresso. As we were not informed of any planned changes to the processes with the introduction of the new Finance system these areas have not been included in the coverage of this review.

Limitations to the scope of the audit:

- This review has been completed on an advisory basis and therefore no assurance opinion has been provided.
- This review did not consider the management of the project to design, build and implement the new Finance system including; milestones, system testing, data migration etc., only to document where it had been identified that there will be a change in the control framework.
- This review was conducted using walk through testing only, no detailed sampling of transactions was performed.
- The review has not verified the accuracy or completeness of information recorded on the ledger.
- As part of our work we only reviewed those control identified by management as changing, therefore this is not intended to be a complete list of all changes as a result of implementing Agresso.
- The review has not provided any guarantee against material errors, loss or fraud or an absolute assurance that material error, loss or fraud does not exist.

2 Findings

	Key Financial Control	Status at April 2015
1	General Ledger	
1.1	<p>The Financial Regulations detail the framework of responsibilities for financial matters for the PCC, Chief Constable (CC), Chief Finance Officer (CFO) and the Joint Audit Risk Assurance Panel (JARAP). In particular Section D1 states that it is the joint responsibility of the PCCCFO and CCCFO to ensure that there are adequate internal controls in place to maintain clear audit trails and traceable financial records.</p> <p>The Regulations also set out the requirements for monitoring of income and expenditure and provision of monthly reports comparing income and expenditure for the year to date.</p> <p>They cover both the OPCC and the Force and are divided into a number of sections.</p>	<p>Confirmed</p> <p><i>It has been identified that the financial thresholds for approval of purchases will require updating within the Financial Procedures upon implementing the Agresso system. (August 2015 onwards)</i></p> <p><i>A proposal to align the limits to those at Derbyshire had been submitted to the Force Finance Director and was pending agreement by the CFO OPCC at the time of our walkthrough.</i></p>
1.2	<p>Financial Procedures are held giving guidance to staff completing processes on the existing General (nominal) Ledger Sage 500 system.</p> <p>This includes process maps for the following:</p> <ul style="list-style-type: none"> • Inputting Journals, • GL transaction enquiries, • Posting code enquiries, • Account code enquiries, • Cost centre enquiries and • Order commitment enquiries. <p>In addition to the process maps, screen prints show users how to navigate through the menu options in the system.</p>	<p>Confirmed</p> <p><i>Revised procedures had been identified as being required to coincide with the implementation of Agresso, and were expected to be developed to support the delivery of training prior to the 'go live' date in August 2015.</i></p> <p><i>Help was available to staff via the use of an 'F' key function in Agresso which provides guidance to users with step by step actions.</i></p>
1.3	<p>Access to the existing finance system Sage 500 is restricted to nominated users and these have access rights to various menus within the system based on their role and delegated responsibilities.</p> <p>Within the Sage system set user profiles are determined by the nature of the role held by the user.</p> <p>In order to gain access to Sage, a User Request Form has to be fully completed, approved by their line manager and checked for appropriateness by the Accountancy and Budgeting Manager prior to access being granted.</p> <p>Access is periodically reviewed by Assistant Accountant and reported to the Finance Manager / Corporate Accountant to ensure that the list of users remains appropriate and is updated as required to account for any changes in staff, for example leavers or people changing roles.</p> <p>This is further reviewed by the Head of Finance as part of the monthly performance file.</p>	<p>Confirmed</p> <p><i>Access to the Agresso system is expected to be managed in the same way through the use of 'User Request Forms' with menu access being allocated according to the individuals' role profile.</i></p>
1.4	<p>Staff training is undertaken as required for existing staff when systems or processes are updated or changed. New staff, (including those already employed by the Force but transferring roles), complete a range of training sessions to ensure that they have the necessary knowledge to complete tasks on the General Ledger (GL) system (currently - Sage</p>	<p>Confirmed</p> <p><i>Upon completion of user testing schedules for the new system; procedure guides require updating and training delivered to users based on their role profile and level</i></p>

	Key Financial Control	Status at April 2015
	<p>500).</p> <p>Training completed is recorded on a training log which is held by the Finance Manager. Each time an element of training is delivered this is marked on the training log by the person delivering the training and the date it was completed.</p>	<p><i>of access granted.</i></p> <p><i>This was anticipated to be completed prior to go live in August 2015 and would follow the same processes currently in place for training of new staff.</i></p>
1.5	<p>A Business Continuity Plan is held covering the processes for disaster recovery and back up of the core systems used in day to day business at the Force.</p> <p>The data on the current Sage 500 finance system is subject to scheduled back-up and is transferred via a System Area Network (SAN) to a secondary site at Euston Street where the data is stored. I.T maintain a log to confirm if the back-ups are successful. I.T also conducts independent testing of their various systems and a log of these tests is maintained.</p> <p>A third party organisation, Adam Continuity, assist I.T. in conducting disaster recovery testing to assess the effectiveness of the systems and processes in place for a sample of the highest risk systems and servers, including the Force Control Room and Finance system servers. The third party company is normally booked for a two week time span on an annual basis but this time may be spread over the year.</p>	<p>Confirmed</p> <p><i>An SLA with Derbyshire Constabulary is expected to be updated to cover back-ups and disaster recovery as the server for the new Finance system Agresso, is held at Derby.</i></p>
1.6	<p>A chart of accounts is maintained within the General Ledger system. These are currently added to and amended by Finance upon receipt of authorised forms.</p> <p>New cost centres are set up within the ledger to enable balances to be recorded and traced to the appropriate location. Within these cost centres, cost codes identify specifically where balances should be allocated on the ledger. All cost centre and code creations are subject to independent review and approval by the Financial Management Accountant, Finance Manager, or the Corporate Accountant, to ensure that they are appropriate.</p>	<p>Confirmed</p> <p><i>The authorisation process for set up and amendment of cost codes and project codes will remain however this will be captured electronically and approval recorded via workflow system in Agresso replacing paper forms.</i></p>
1.7	<p>A Budget Upload is entered onto the General Ledger for the start of the financial year. This details the agreed budget values and associated codes that should be used to allocate items within the system appropriately. The total budget value loaded onto the ledger should match the agreed budget for the appropriate year.</p>	<p>Confirmed</p> <p><i>There are no anticipated changes with the budget upload but this will require review upon implementation of the 'Planner' Agresso module</i></p>
1.8	<p>Journals are completed to move balances on the ledger from one area to another.</p> <p>Each journal input onto the General Ledger is supported by backing documentation to explain why it was required.</p> <p>There are standard templates for all types of journal entry and are currently required to be authorised by an authorised signatory.</p> <p>At the end of each month, as part of the performance file, a GL journals report is created which lists all journals processed in the month. These are then subject to independent review and approval by the Corporate Accountant.</p>	<p>Confirmed</p> <p><i>Journals will no longer require authorisation in Agresso. There is functionality within the new system to scan backing documents.</i></p> <p><i>Records of the journals completed will form monthly reports which will continue to be subject to Management review.</i></p>

	Key Financial Control	Status at April 2015
1.9	<p>Month end timetables are maintained detailing the processes that require completing; these are subject to sign off each month to evidence all tasks have been completed, and by whom and when they were completed. These timetables form part of the Management Performance Files which are signed off by the Finance Manager each month and are also submitted to the Head of Finance and Finance Director for an appropriateness review.</p>	Confirmed
1.10	<p>Control accounts are reconciled on a monthly basis by the Accountancy and Budgeting department. These are then subject to independent review by the Finance Manager or the Corporate Accountant. This forms part of the management performance file which is subject to sign off by the Head of Finance and Finance Director (Force CFO) each month.</p> <p>There are a number of control accounts completed monthly and these include:</p> <ul style="list-style-type: none"> • Debtors, • Debtor Write-Offs, • Creditors, • Police, Civilian and Pensions Net Pay, and • Barclaycard. <p>There is a reconciliation checklist which is completed monthly as part of the Performance File. These are signed off by the Corporate Accountant.</p>	Confirmed
1.11	<p>Bank accounts are reconciled on a monthly basis by the Accountancy and Budgeting department. These are then subject to independent review by the Finance Manager or the Corporate Accountant.</p> <p>This forms part of the management performance file which is subject to sign off by the Head of Finance and Finance Director (Force CFO) each month.</p> <p>There are a number of bank accounts reconciled and these include:</p> <ul style="list-style-type: none"> • Salaries Account, • Operational Account, • SIBA Account, • High and Very High Interest Deposit Accounts, and • Payables Account. 	Confirmed
1.12	<p>Suspense accounts are reconciled on a monthly basis by the Accountancy and Budgeting department. These are then subject to independent review by the Finance Manager or the Corporate Accountant. This forms part of the management performance file which is subject to sign off by the Head of Finance and Finance Director each month.</p>	Confirmed
1.13	<p>There are various task checklists completed and signed off at the end of each month which form part of the management Performance Files. These are signed by the member of Finance staff responsible for completing and authorised by the Corporate Accountant. Trial balances are produced on a monthly basis as part of the month end closedown process and should balance to zero each month.</p>	Confirmed

	Key Financial Control	Status at April 2015
2	Income & Debtors	
2.1	<p>The Financial Regulations were updated in May 2013 as part of the Governance Framework Document.</p> <p>Section D2 of the Financial Regulations specifies the main requirements in respect of income and debtors.</p> <p>These include:</p> <ul style="list-style-type: none"> • Joint Responsibilities of the Chief Constable and the Police and Crime Commissioner. • Joint Responsibilities of the Chief Constable Chief Finance Officer (CCCFO) and the Police and Crime Commissioner Chief Finance Officer (PCCCFO). • Responsibilities of the Chief Constable Chief Finance Officer (CCCFO) • Income identification. • Issue of credit notes • Debt write-off approval levels. <p>Internal Accounts Receivable Policies and Procedures covering the main elements of the income and debtors operations have been detailed and these include requirements on aspects such as:</p> <ul style="list-style-type: none"> • Sales Invoices, • Sales Credit Notes, • Sales Invoice Batches, • New Customer Set Up, • Sales Invoice Enquiry, • Issuing of Invoices, • Debt Recovery, • Monthly Monitoring, and • Sales Invoice Income. <p>The document is available to staff via the Intranet.</p> <p>There is also a user manual for the existing Finance system Sage Line 500, that includes flow charts and screen shots for staff reference and to assist staff in their day to day roles; this is available in hard copy in the Finance department and on the Intranet.</p>	<p>Confirmed</p> <p><i>Revised procedures had been identified as being required to coincide with the implementation of Agresso, and were expected to be developed to support the delivery of training prior to the 'go live' date in August 2015.</i></p> <p><i>Help was also available to staff via the use of an 'F' key function in Agresso which provides guidance to users with step by step actions.</i></p>
2.2	<p>Sales invoice pro-forma documents are completed by the Financial Management Team, or within departments such as Accountancy and Budgeting, Estates, EMSOU, IT, and Learning and Development in order to raise invoices.</p> <p>Details required include: Customer details (name, contact details, address), description of charges being invoiced, payment terms, whether VAT is applicable. These are then signed off and dated by appropriate staff under segregation of duties.</p> <p>The majority of sales invoices are authorised by the Finance Management Team but there can be exceptions, e.g. the departments named above.</p> <p>Each area and department will have their own individual prefix for invoices i.e. finance sales invoices all start with the letters 'FB'.</p>	<p>Confirmed</p> <p><i>Upon implementation of Agresso, Sales requests will be raised electronically without the need for authorisation.</i></p> <p><i>A workflow process will be in place covering credit notes to ensure these are approved.</i></p> <p><i>The paper-based elements of the process and manual date stamping will cease etc.</i></p>

	Key Financial Control	Status at April 2015
	<p>There is a Fees and Charges document on the system and the correct charge is checked by the authoriser as part of the authorisation process.</p> <p>Instructions for how to raise a sales invoice on the existing system can be found in the Sage training manual, section 4 entitled 'Accounts Receivable Menu'.</p> <p>Sage users are able to interrogate the system for sales invoice payment details by using the 'accounts receivable enquiries transactions' function.</p> <p>Checks are undertaken to ensure the pro forma is approved and fully completed including contact and coding details prior to raising the invoices.</p> <p>Any forms not approved are currently returned.</p> <p>All pro-forma are date stamped by Finance Operations prior to processing onto the system.</p>	
2.3	<p>All FSO's manage a periodical income spreadsheet for any recurring income. Recurring income is not as common now as it used to be. However a pro-forma invoice is raised with an original signature, as is the process used to raise a single invoice.</p>	Confirmed
2.4	<p>Sales credit notes are raised only on receipt of appropriately authorised notification, and with sufficient information for the credit note to be posted correctly.</p> <p>Debtor invoices to be cancelled/ credited require a debtor pro forma cancellation form to be completed. The form is authorised in accordance with Financial Procedures (same as for supplier invoices). Currently copies of invoices are filed with credit note and invoice cancellation forms to provide an audit trail for items cancelled.</p>	<p>Confirmed</p> <p><i>Upon implementation of Agresso, a workflow process will be in place covering approval of credit notes to ensure these are approved within defined limits.</i></p>
2.5	<p>New debtor accounts are created upon notification by FSO's / budget holders.</p> <p>Currently, areas and departments who require new customers to be set up on the system are required to check Sage & Business Objects first before emailing or faxing a request through to the Finance Operations Team at FHQ.</p>	<p>Confirmed</p> <p><i>Upon implementation of Agresso, an electronic workflow process will document the authorisation of debtor accounts created.</i></p>
2.6	<p>There is a credit control policy which details the procedures for recovery including legal action for debts that are not paid promptly.</p> <p>The following is observed:</p> <ul style="list-style-type: none"> At 28 days statements are sent to debtors by the Finance Operations Team. Between 28-60 days the Finance Clerks within the Finance Operations Team chase the debtor by making phone calls every two weeks, details of which are recorded. If specific timescales are given, these are also documented on the sales invoice enquiry screens and followed up when that date comes. In the case of, private companies they are sent a letter at 45 days At 60 days the debt recovery first reminder letter is sent, Finance Operations Team then chase debts on a weekly basis, and record as stated above. For 	<p>Confirmed</p> <p><i>Upon implementation of Agresso, the timescales for debtor chasing letters are set up to send first reminders at 15 days following the invoice due date, second reminders 30 days after the first reminder and the third (final reminder) at 7 days after the second reminder.</i></p> <p><i>There are no anticipated changes to the debt chasing procedures, but there is more functionality within Agresso to document actions taken to pursue debtors.</i></p>

	Key Financial Control	Status at April 2015
	<p>private companies the 7 day notice is sent, then at 67 days the final letter is sent</p> <ul style="list-style-type: none"> At 90 days the Head of Finance is informed, and a letter is sent out giving 7 days before the commencement of legal action, the debt continues to be chased and recorded on a weekly basis, and then if payment still not received, legal action then commences. For recurring bad debtors, communication is made with the Financial Management Team for them to inform all relevant departments of companies to avoid providing services to. An outstanding debtors report is compiled for review by the Head of Finance, Finance Director and the Police and Crime Commissioner. 	
2.7	<p>Aged debtor reports are run monthly and independently reviewed. During the month the Finance Manager holds regular meetings with staff where any issues are raised and discussed. The Finance Manager reports to the Head of Finance monthly. An annotated aged debtor report is prepared for the Head of Finance and Finance Director by the Finance Manager, briefly informing of progress, highlighting any issues and action being taken.</p>	Confirmed
2.8	<p>Guidance for write-offs is outlined in the financial regulations and these state that to approve the write off of bad debts will be in consultation between the CCCFO (Finance Director) with the Chief Executive or the PCC Chief Financial Officer up to the level shown in section D (£10,000).</p> <p>Amounts above this level must be referred to the PCCCFO for approval, supported by a written report explaining the reasons for the write off. The Police and Crime Commissioner must approve in writing all debt write offs above the sum identified in Section D of the Financial Regulations, (£10,000). A detailed report on any debt write-offs is made on an annual basis to the OPCC</p>	Confirmed
2.9	<p>Access to the Accounts Receivable system is mainly restricted to key staff in Finance and access is subject to management approval in line with their assigned responsibilities. Access is by personal passwords which are changed on a regular basis.</p> <p>Regular checks are performed to ensure that user rights are appropriate, and that the system has been updated to include new staff and to remove staff that have left.</p> <p>Finance staff will then review the forms to ensure that the access level requested appears reasonable given the individual's job title and role.</p> <p>Should the staff member require higher access than is usually granted, authorisation is sought from the Corporate Accountant.</p>	<p>Confirmed</p> <p><i>Access to the Agresso system is expected to be managed in the same way through the use of 'User Request Forms' with menu access being allocated according to the individuals' role profile.</i></p>
2.10	<p>Income received e.g. cash, cheques etc. is administered in a secure location pending banking and is stored in the safe until banked.</p> <p>Income received from sales invoices will normally reach the bank account either directly by BACS payments or via</p>	<p>Confirmed.</p> <p><i>Only minor changes to controls in place and have been updated within the Key Financial Control Column.</i></p>

	Key Financial Control	Status at April 2015
	<p>cheques sent to Finance Operations department at FHQ.</p> <p>Cheques / cash are banked on a weekly basis and currently entered onto Sage as a batch.</p> <p>BACS income is currently entered on Sage as a batch also on a weekly basis.</p> <p>Details of the monies received are recorded on the weekly income spreadsheet that is used for posting and banking purposes.</p> <p>At the end of the week the spreadsheet is totalled and reconciled to the monies held by the administrator and independently verified by the supervisor.</p> <p>Income is posted to accounts promptly with correct separation of duties operated.</p> <p>The input onto the Finance system must be carried out by someone other than the person authorising it to ensure segregation of duties.</p> <p>All sales invoice income is matched directly to the outstanding invoice when input onto Sage.</p> <p>Income received (other than sales) i.e. private phone calls, shotgun certificates, sale of property (other than found) must be entered on an income remittance statement detailing the amount, code and VAT.</p> <p>The statement is authorised by the Support Managers within the areas and by Financial Services Officer within FHQ</p> <p>Instructions on how to input an Income Remittance Statement can be found in the training manual for the existing system Sage; in section 4 entitled 'Accounts Receivable Menu'.</p> <p>Copies of remittances are forwarded to Finance Operations.</p>	
2.11	<p>Monies received which cannot be easily identified are posted to a suspense account, investigated and cleared as soon as possible. The suspense account is reconciled and independently reviewed monthly.</p>	Confirmed
2.12	<p>The accounts receivable control account is reconciled on a monthly basis by the Assistant Accountant, checked by the Finance Manager and reviewed as part of the Monthly Performance file by the Corporate Accountant, the Head of Finance and the Finance Director.</p>	Confirmed
2.13	<p>A monthly performance management review file is produced by the Accountancy and Budgeting department.</p> <p>This includes:</p> <ul style="list-style-type: none"> • Aged debtors report. • Key performance indicators. • Credit balances. • Recovery actions. • Large value write-offs. <p>The file is reviewed by management to ensure that appropriate action is taken to recover all outstanding debts. Any significant increase in debt is investigated.</p> <p>The aged Debtor reports are reviewed by the Head of</p>	Confirmed

	Key Financial Control	Status at April 2015
	Finance and outstanding debts are reviewed by the Finance Director to ensure appropriate follow up action is being taken to recover them. These are not required to be reported directly to Chief Officer meetings or other committee.	
3	Payments, Creditors and Procurement	
3.1	<p>The Office of the Police and Crime Commissioner (OPCC) has produced a Corporate Governance Framework and within this document are the Financial Regulations and Contract Standing Orders. This covers both the OPCC and the Force. The Financial Regulations sets out the roles and responsibilities in relation to all financial activity conducted by the OPCC and the Force.</p> <p>The Corporate Governance Framework document was presented to the OPCC Executive Board for agreement in May 2013.</p> <p>The regulations detail areas which include but are not exclusive to the following;</p> <ul style="list-style-type: none"> • Financial Management Framework and Financial Planning and Control, • Management of Risk and Resources, including Treasury Management and Banking Arrangements. • Systems and Procedures and • External Arrangements. <p>In addition, there are also Contract Standing Orders, which stipulate the requirements for requesting, ordering, and authorising payment for goods and services. These regulations have been most recently reviewed at the same time as the Financial Regulations above.</p>	<p>Confirmed</p> <p><i>It has been identified that the financial thresholds for approval of purchases will require updating within the Financial Procedures upon implementing the Agresso system. (August 2015 onwards)</i></p> <p><i>A proposal to align the limits to those at Derbyshire had been submitted to the Force Finance Director and was pending agreement by the CFO OPCC at the time of audit.</i></p>
3.2	<p>There is procedural guidance available covering:</p> <ul style="list-style-type: none"> • Processing invoices, • Payment runs, and • Setting up suppliers. <p>All the above procedures are available to staff in hard copy and are accessible on the Force intranet. Procedures are reviewed and updated upon changes to any systems and processes.</p>	<p>Confirmed</p> <p><i>Revised procedures had been identified as being required to coincide with the implementation of Agresso, and were expected to be developed to support the delivery of training prior to the 'go live' date in August 2015.</i></p> <p><i>Help was available to staff via the use of an 'F' key function in Agresso which provides guidance to users with step by step actions.</i></p>
3.3	<p>Purchases for goods and services placed are required to have purchase orders which have been approved by the relevant budget holder prior to acquisition.</p> <p>Upon delivery of the goods or services, notification of delivery, such as a goods received notes, are checked against what was delivered. Furthermore, checks on the VAT are also conducted to ensure these have been applied at the correct rate.</p> <p>Invoices received from suppliers are then checked against the goods received and the original purchase order and if</p>	<p>Confirmed</p> <p><i>Upon implementation of Agresso, purchase order requests will be raised and subject to approval via electronic workflow. User profiles and access restrictions will control who can raise and approve orders and there will be an auditable trail within the system to show which users had placed a requisition, raised/ approved orders, receipted</i></p>

	Key Financial Control	Status at April 2015
	<p>matching, this process is completed electronically, if non-matching, the verification is done manually with approval being sought from the budget holder prior to payment.</p> <p>Invoices are rejected by the existing system Sage upon input of the invoice number, if any of the invoice details do not match the original purchase order. The non-matching invoice process is therefore followed.</p> <p>There are exceptions to these rules detailed in the Financial Regulations and these include utility bills, rents and rates. Invoices are signed by the budget holder. Those in excess of £25k are currently signed by the Finance Director.</p> <p>In order for any purchases to be approved, these must be agreed by an authorised signatory.</p> <p>90% of payments are made within the 30 day target under the Public Sector Payment Policy.</p>	<p><i>goods, registered invoices and batched these ready for payment.</i></p> <p><i>There is functionality within the system to scan copies of invoices so paper filing will not be required.</i></p> <p><i>As highlighted in paragraph 3.1; there are proposed changes to the financial threshold limits enabling department heads to sign up to £50k, with orders exceeding this amount requiring approval by the Chief Officer Team (COT).</i></p> <p><i>In addition, a catalogue of high volume/ low value items e.g. stationary will be able to be ordered with no prior approval; compensating controls will exist in the form of monthly reviews by Procurement, as well as standard budgetary control processes.</i></p>
3.4	<p>Procurement maintains a 'master file' of suppliers with whom the OPCC and Force hold contracts with. So suppliers can be set up on the system, approval from Procurement via a 'Supplier Request Form' is required. The suppliers banking details are input separately by the Finance team following verification from the supplier that these are correct.</p> <p>Amendments to supplier details are completed in Finance. Changes to supplier details are undertaken upon receipt of notification from the supplier by receipt of a scanned copy of a PDF document sent by email, headed paper and through identification of any changes on invoices received. Checks are made by Finance Officers by telephone to original phone numbers/ named contacts within the organisation to check the validity of any changes to supplier details particularly bank records.</p>	<p>Confirmed</p> <p><i>Upon implementation of Agresso, the 'supplier request form' will be completed via a workflow system. User profiles and access restrictions will control who has rights to set up, amend and approve supplier details.</i></p>
3.5	<p>In order to prevent duplicate payments being made to suppliers or from payments being processed more than once, there is a control within the current Sage system to not allow the same invoice number to be used more than once for payments.</p>	<p>Confirmed</p> <p><i>Agresso has the same functionality.</i></p>
3.6	<p>Credit notes are entered onto the existing system Sage, when it has been identified by either the supplier or the Force that goods or services had not been delivered fully or if discounts have not been applied by the supplier.</p> <p>Credit notes are applied at the earliest opportunity to make use of the credit given, and where suppliers are used infrequently, the value of the credit is monitored by an Aged - Creditor report to ensure that the Force obtain or use any balances owed.</p>	<p>Confirmed</p> <p><i>Upon implementation of Agresso, credit notes will be entered onto the system where there is the functionality to scan in documents so paper records will no longer be required.</i></p>
3.7	<p>The Financial Regulations state who can authorise payments to be made by BACS and the bank mandate also outlines who can approve any payments by cheque. Payment runs are completed weekly by the Accountancy and Budgeting Manager which are then subject to independent checking and</p>	<p>Confirmed</p>

	Key Financial Control	Status at April 2015
	approval by the Corporate Accountant, Financial Management Accountant and Head of Finance prior to processing the BACS payments.	
4	Cash, Banking and Treasury Management	
4.1	<p>Key requirements in relation to cash and banking are detailed in the Financial Procedures and include aspects such as:</p> <ul style="list-style-type: none"> • Bank reconciliations • Dealing with cheques. • Sales invoice income. • Receipting of income. • Cash received. • Use and management of Imprest Accounts. <p>Within the Financial Regulations there is a section on Treasury Management, which provides an overview of the main requirements on borrowing and investing.</p> <p>All relevant documents are made available to staff via the Intranet.</p>	<p>Confirmed</p> <p><i>Revised procedures had been identified as being required to coincide with the implementation of Agresso, and were expected to be developed to support the delivery of training prior to the 'go live' date in August 2015.</i></p> <p><i>Help was available to staff via the use of an 'F' key function in Agresso which provides guidance to users with step by step actions.</i></p>
4.2	<p>The OPCC uses the NatWest Bank line to transfer funds between accounts and make payments. This is carried out by the Accountancy and Budgeting Manager. Access to the system is through individual system passwords and individual 'Smart cards' held by the relevant staff and operated using a unique pin number.</p> <p>The Head of Finance, Financial Management Accountant and the Finance Manager have been issued with 'Smart cards'. The system has split authorisation levels whereby a transfer can be entered by the Assistant Accountants, but must be authorised by one of the Senior Accountants or the Head of Finance.</p>	Confirmed
4.3	<p>All post is opened in the Finance Department by any member of the Finance Operations Team and date stamped. The mail is then placed in respective trays depending on the nature of the post. The trays are then distributed to the relevant member of staff for actioning.</p> <p>Any mail, including monies received is placed in the in-tray and actioned by the Finance Operations Administrator. Details of the monies received are recorded on the weekly income spreadsheet that is used for posting and banking purposes.</p> <p>At the end of the week the spreadsheet is totalled and reconciled to the monies held and this is independently verified by another member of the Finance Team.</p>	Confirmed
4.4	<p>Within the HQ building there is one in Finance, where cash is held to make up the floats and petty cash payments. Specific Finance Officers have authority to access to this safe and keys are only held by these individuals.</p>	Confirmed with minor changes to the process.
4.5	<p>Insurance for the organisation includes the storage of cash/monies on site. This has been reviewed and renewed from October 2014. Minor changes have been made to the criteria.</p>	Confirmed with minor changes.

	Key Financial Control	Status at April 2015
4.6	Cash and cheques received are banked weekly on a Friday. Cash/monies held are recorded into the banking books and held securely in a locked drawer until taken to the bank by staff. (Use is made of a safe or other secure facility)	Confirmed
4.7	<p>There is adequate segregation of duties between Officers responsible for:</p> <ul style="list-style-type: none"> • Undertaking bank reconciliations, • Receiving and recording income, and • Posting income to the general ledger. <p>There are also compensating controls including:</p> <p>All income is paid into one bank account, the Police Fund account, which is reconciled by the Assistant Accountant and reviewed by both the Finance Manager.</p> <p>Cheques are made out to the OPCC so it is unlikely that the OPCC would suffer loss from these.</p> <p>The value of cash received is very low, typically around £200 per week, so no material loss could arise from this.</p> <p>Receipts are issued by the Finance Operations Administrator for cash received; these are recorded in a book and are in sequential pre-numbered order; The IRS receipt book is evidenced as checked against the banking by two persons. A further control is that the Finance Director and the Head of Finance overview the transactions and reconciliations for each month through their review of the monthly Performance Monitoring File.</p>	Confirmed
4.8	Imprest cheques are authorised in accordance with the OPCCs bank mandate. BACS transmissions are carried out by the payments officer and authorised by a senior officer. Amounts under £20,000 require one signature and amounts over this require two signatures.	Confirmed
4.9	Banking is undertaken by staff within the Finance Department on a weekly basis. The banking is conducted to the bank by a member of the Finance Operations Team and a staff courier.	Confirmed
4.10	<p>The bank accounts are reconciled to the General Ledger on a monthly basis. The reconciliations of the Police Fund Account, Payables Account and the EMSOU account are carried out by the Assistant Accountant and checked by the Accountancy and Budgeting Manager and reviewed by the Corporate Accountant.</p> <p>The reconciliations of the Salaries is carried out by the Assistant Accountant and checked by the Corporate Accountant, and the SIBA Account, High Interest Deposit Account, Very High Interest Deposit Account and the Operational Fund Account are completed by the Assistant Accountant and checked by the Accountancy and Budgeting Manager.</p>	Confirmed

	Key Financial Control	Status at April 2015
4.11	<p>The Treasury Management - Investment Strategy together with the Financial Regulations adequately outline the procedures for Treasury Management.</p> <p>In addition, the Investment Strategy is reviewed on a regular basis to ensure that the institutes identified within the Strategy remain appropriate.</p> <p>As outlined in the Treasury Management Investment Strategy, the main objective of the OPCC is to maximise returns. This is subject to the overriding consideration of security of the loans or investments when selecting the organisations to which funds are lent or deposited with.</p> <p>A list is therefore maintained of organisations approved for deposits with any limits specified.</p> <p>The use of a broker has been in existence for many years but there is no formal agreement as such. They deal only in placing the funds with Nationwide. They also supply the OPCC with the long term credit ratings which are quoted within the OPCC performance reports produced by the Chief Executive.</p>	Confirmed
4.12	<p>The OPCC only undertakes medium to long term loans for capital expenditure.</p> <p>New loans or loan facilities taken have been authorised by the OPCC after appropriate consideration of the loan requirements, and processed in accordance with the terms of the loan agreement.</p> <p>The OPCC retains relevant associated documentation including a signed and dated copy of the loan agreement.</p>	Confirmed
4.13	<p>An annual cash flow forecast is produced which includes known income, such as grants, precepts, maturing loans & investments and other funding and expenditure. The main expenditure is payroll costs which are initially estimated then amended to actual when incurred.</p> <p>The cash flow spread sheets are updated daily to reflect actual cash flow and new information, and are regularly monitored.</p> <p>Actual cash flow is recorded and monitored against the forecast and any significant variations are investigated by the monitoring officer, action taken as necessary and the details are recorded on the cash flow forecast for reference.</p>	<p>Confirmed</p> <p><i>Although Agresso has functionality for Cash-flow; it is anticipated that this will continue to be completed in spreadsheet format as it is currently.</i></p>
4.14	<p>Monthly cash flow forecasts are prepared by the Finance Manager on a rolling basis which show forecast income and expenditure for each day of the month.</p>	Confirmed
4.15	<p>Adequate management information in respect of income and expenditure with sufficient analysis is available in order to produce reliable cash flow forecasts.</p> <p>This includes grants, precepts, maturing loans & investments and other funding for income, and principally estimated payroll costs & deposits made for expenditure. A list is maintained of institutions approved for Treasury transactions.</p> <p>One of three assigned Senior Finance Officers, being the Corporate Accountant, Financial Management Accountant</p>	Confirmed

	Key Financial Control	Status at April 2015
	<p>and the Accountancy and Budget Manager undertake the Treasury and cash flow management duties.</p> <p>They undertake the Treasury transactions according to the cash flow requirements and access to the Bank line system to process the transactions is restricted by the use of passwords and pin numbers. A second person is not required by the system to verify the transactions.</p> <p>The Head of Finance is responsible for setting up the templates for Treasury transactions with the opportunity for new set ups on the Bank line system thus this is well restricted.</p> <p>The Head of Finance and Finance Director reviews the transactions completed each month as part of her review of the Performance Monitoring files and she would discuss any queries arising with the appropriate Finance Officer.</p> <p>Their review would include significant new investments made and significant changes in the market value of investments. This would also cover debit balances on accounts but this has never happened.</p>	
5	Payroll Expenses & Overtime	
5.1	<p>Overtime forms are received by the Finance Operations Team and checked for correctness, including authorisations.</p> <p>All forms are required to be authorised by appropriate managers.</p> <p>Overtime is then input by the Finance Operations Team from the overtime form. Standardised notification forms are used to inform payroll of additional payments for overtime and acting-up duties. Additional payment notification are uploaded / processed by payroll and retained on file.</p> <p>However, checking of the standardised notification forms would be conducted by Financial Operations.</p>	<p>NEW PROCESS</p> <p><i>This process has changed; overtime forms are not authorised singularly by individual Managers, and forms are not checked against an authorised signatories list. Compensating controls exist including sample checks by Finance and budget monitoring.</i></p>
5.2	<p>Expense payments are processed by the Finance Operations Team from the overtime form. Expenses are paid through the payroll system upon receipt of a standardised expenses form.</p> <p>Employees fill out the expenses forms, attach all necessary receipts and pass them to an appropriate manager / budget holder for authorisation. It is the responsibility of the authorising officer to ensure that the expenses claimed are in line with the organisations expenses policy.</p>	<p>NEW PROCESS</p> <p><i>This process has changed; expenses forms are not authorised singularly by individual Managers and forms are not checked against an authorised signatories list. Compensating controls exist including sample checks by Finance and budget monitoring.</i></p>