

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

Internal Audit Progress Report

JARAP meeting: 3 June 2015

Introduction

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

We have **finalised six reports** since our last meeting and this is shown in bold in the table below.

Summary of Progress against the 2014/15 Internal Audit Plan

Assignment Reports considered today are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Payroll Provider Review (1.14/15) (2013/14 data)	FINAL	Green	0	0	0
Estates Management (2.14/15)	FINAL	Green	0	0	3
Seized / Found Property (3.14/15)	FINAL	Red	2	4	1
Risk Management (4.14/15)	FINAL	OPCC – Amber / Green Force – Amber / Green	0	3	2
Payments, Creditors & Procurement (5.14/15)	FINAL	Green	0	0	0
Cash, Banking & Treasury Management (6.14/15)	FINAL	Green	0	2	1
Change Programme (7.14/15)	FINAL	Green	0	1	1
Capital Expenditure and Asset Management (8.14/15)	Draft Report issued 9 April 2015				
Governance (11.14/15)	FINAL	Green	0	0	0
Financial Controls – Agresso System Walkthrough (12.14/15)	Complete – changes reported to management				
Follow Up (13.14/15)	Draft Report issued 5 May 2015				
Commissioning (14.14/15)	FINAL	Green	0	2	0
Performance Management	Draft Report issued 21 May 2015				
ICT Review	Delayed until 2015/16				
Human Resources	Delayed until 2015/16 and to be combined with Derbyshire Police. This has been replaced by a review of Payroll Provider for 2014/15 data.				
Payroll Provider Review (2014/15 data)	Added to the audit plan to provide assurance on the 2014/15 information. Currently at the fieldwork stage.				
<u>East Midlands Review</u>					

Collaboration – EMOpSS (Joint review) (9.14/15)	FINAL	Amber / Green	0	3	3
Collaboration – Innovation Fund (Joint Review)	Draft Report issued 24 April 2015				

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

OTHER MATTERS

Planning and Liaison:

We previously held a Joint East Midlands Chief Finance Officers (OPCC & Force) workshop to discuss collaborative assurances and how these can be effectively understood and reported and how Internal Audit can feed into this process. We undertook some work on the assurance mapping as agreed by the CFOs across the East Midlands, resource from the audit plan was utilised to complete this work.

The JARAP should note that the assurances given in our audit assignments are included within our Annual opinion. In particular the Panel should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified annual opinion. We have to date issued one Red Opinion in the area of Seized / Found Property, this in isolation will not result in a qualified year end opinion.

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

Internal Audit Plan 2014/15 - Change Control:

As reported to the December 2014 meeting, following discussion at the East Midlands Joint Chief Finance Officers meeting it was agreed that we would undertake an additional review of G4S Niche Service Provision through Lincolnshire Police to be able to provide assurance to the region on the arrangements in place. The results of this audit are included in this progress report for information, but have been scrutinised at Lincolnshire Committee.

As reported previously, we were requested to delay the IT Strategy review until 2015/16 to allow for implementation of Niche and Edison. We are currently in discussion with management to utilise the resource within the audit plan to assist in the implementation of Agresso.

We were requested by management to delay the review of Commissioning due to the OPCC's need to recruit to the vacancies and the work required in the area of commissioning for victim and witnesses in February. We are currently in discussion with the Head of Partnerships and Commissioning on a revised timescale for this review.

As reported previously, we were requested by management to delay the following reviews Human Resources (previously Q2) and Change Management (previously Q2).

We have been requested by management to add an addition review of Payroll Provider to support the working with the External Auditors.

Internal Audit Team:

Daniel Harris, Partner - Head Of Internal Audit

Suzanne Lane, Senior Manager

Completion of 2014/15 Internal Audit Plan (as at 29/05/2015)

TOTAL YEAR ALLOCATION 155 DAYS

Year to date used 155 DAYS

EXPECTED TOTAL DAYS 155 DAYS

Information and Briefings:

We have issued the following updates since the last JARAP:

- Emergency Services News Briefing – February 2015
 - Integrity matters
 - The police disciplinary system in England and Wales
 - support call for mentally ill to get the right care and treatment
 - New criminal offences statistics in England and Wales: May 2014
 - General - Bank detail fraud
 - General - Managing contracts and getting best value from third party providers.

- Emergency Services News Briefing – April 2015
 - Inspection: A comparative study
 - Prevent duty guidance
 - The government response to the consultation on changes to the police disciplinary system
 - The government response to the consultation on improving police integrity: reforming the police complaints and disciplinary systems
 - Independent Police Complaints Commission: triennial review
 - Evaluating the new architecture of policing: the College of Policing and the National Crime Agency

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

Assignment: Payments and Creditors (5.14/15)	Opinion: H - 0 M - 0 L - 0	Green
<p>Design of control framework</p> <ul style="list-style-type: none"> • Section F of the Financial Regulations and Standing Orders, in the Police and Crime Commissioners Corporate Governance Framework, entails information regarding 'Contract Standing Orders'. This states the requirements around orders, payments for goods, work and services. • Policies and procedural documentation are in place covering the purchasing and creditor payment functions. These include; raising internal and external purchase orders, batching of invoices, processing urgent one off payments, approving BACS runs, and setting up suppliers in procurement. • An authorised signatories list is maintained in the Finance Department and is available to staff to review on the intranet. It is used to check that purchase orders and invoices have been approved by staff / budget holders with sufficient delegated authority limits. • Access to the Sage system on which purchase orders are raised is restricted to authorised staff. . • The Procurement Department uses the national Police e-Tendering system, Bluelight to invite quotations for all procurement work. Bluelight enables quotations, formal tenders and Official Journal of the European Union (OJEU) tenders to be undertaken electronically, with suppliers and contractors uploading their responses to the site. Where the estimated value of a proposed contract is more than £5000, written quotations are obtained from at least three suitable contractors. The PCCCFO can authorise that only two, or exceptionally one, quotation(s) be sought if he/she is satisfied, on reasonable grounds, that three quotes cannot be obtained. The PCCCFO will record such reasons. • Orders are raised on Sage with the exception of EMSOU where purchase orders are completed manually until the invoices are batched and entered onto Sage off site. Where orders are placed through Sage these are classed as 'matched' with all others being classed as 'non-matched'. • Where credit notes are received, these are applied to the supplier account as soon as possible and would be 'netted' off against any future invoices. Checks are undertaken to identify credit notes that are not used in a timely manner. • Changes to supplier details are notified to the Force in the format of letters, the authenticity of any changes are then checked prior to the amendment being made and records retained on file. Supplier details are changed in finance on the Sage finance system by a member of the Finance Operations team. Prior to processing payments to suppliers any changes or new details that are entered are flagged on audit reports generated by Sage. • Payment runs are produced in advance of proposed payments and these are verified either by the Corporate Accountant and Head of Finance. Any payments that are unsuccessful in transmission are returned and reviewed on a weekly basis by the Finance Operations Clerk during the bank reconciliation process. <p>Application of and compliance with control framework</p> <ul style="list-style-type: none"> • We obtained a copy of the authorised signatory list and selected a sample of 10 roles held on the list, ascertaining whether the positions were still held by the people stated on the list and whether their approval limits were correct as per the guidance held in the Financial Regulations and Contract Standing Orders. We also checked whether a specimen signature was held for each in the sample. Our results confirmed that for all 10 in our sample, a specimen signature was held, and the list was reflective of the roles currently held by staff, and this was verified in HR. • We obtained a User access list which reflected this, and picked a sample of 10 users to confirm that only selected staff had access to raise purchase orders but did not have access to authorise them and this was deemed appropriate in line with their job role. • We obtained the BACS payments runs since April 2014 and selected a sample of 25 payments for testing. • Testing of these 25 payments confirmed the following: 		

- Tender documentation were held in 20 cases;
 - In two cases we found the documents were not uploaded to Bluelight, however, this was a joint procurement and Leicestershire were not the lead organisation, and were therefore not responsible for the uploading of the documents;
 - In two more cases tender documentation was not applicable due to the nature of the purchase in question;
 - In the remaining case where tender documentation was not found, this related to a purchase that was approved by the OPCC without quotes being undertaken, due to the urgent nature of job
- Contracts were found to be held in 23 cases for the sample of 25 payments. In the remaining two cases, contracts were not held on the Bluelight system, however, Leicestershire were not the lead organisation and therefore the upload of this documentation was not responsibility of the Force. Copies of the absent 2 contracts were obtained following the field work for this audit.
- We found contracts to be reviewed periodically against KPI's in 11 cases from the original sample of 25; In the remaining 14 cases, KPIs and contract reviews were not required due to the nature of purchase of goods or services.
- Testing of the 25 payments confirmed:
 - Invoices had been developed for each payment, and were accurate and authorised as per the authorised signatory list in all cases;
 - Purchase orders had been developed for each payment, and were accurate and authorised in 14 cases. Where Purchase orders had not been raised for the remaining 11 cases, this was due to the nature of the purchases and all appeared reasonable. Furthermore, for these 11 purchases contracts had been retained with relevant signatories.
- Goods were signed as received on invoices by the relevant staff in 24 cases. The one case where goods were not signed as received related to a utilities invoice which is a reasonable exception.
- We obtained a list of credit notes posted to the purchase ledger since April 2014 and selected a sample of 10 for review. We confirmed all credit notes had been matched to the relevant supplier invoices credit notes in a timely manner (within one month).
- We selected a sample of 10 supplier changes to bank details made since April 2014 from the audit reports on Sage. Testing confirmed that for each change, an invoice, email or letter was held, from the supplier advising of the changed detail. In each case these had been checked by the Finance Clerk upon receipt with the supplier to validate the details as correct either by phone call or email, and evidence of checking was annotated on the documentation. For each case we also checked that the change had been reviewed independently in Finance Operations and approved by either the Head of Finance or Corporate Accountant, and this was documented on the audit report, for each case in the sample.
- We reviewed the BACS payment runs that included our sample of 25 payments and confirmed that runs evidenced that they had been reviewed by either the Corporate Accountant or the Head of Finance.

Action	Management Response	Date	Responsible Officer
No recommendations made as part of this audit.			

<p>Assignment: Cash, Banking & Treasury Management (6.14/15)</p>	<p>Opinion: H - 0 M - 2 L - 1</p>	<p>Green</p>
<p>Design of control framework</p> <p>We found that the control framework had been adequately designed and controls in place included the following:</p> <p>Cash and Banking</p> <ul style="list-style-type: none"> • Sections C6 and D2 of the Financial Regulations outline the framework of responsibility for the management of income, cash and bank arrangements and day to day requirements in relation to cash and banking are detailed in the Financial Procedures. These include: <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>These are available to staff and updated to reflect any changes in processes.</p> • All post is opened in the Finance Department by a member of the Finance Operations Team and date stamped. For any cash received, corresponding receipts are issued. • Details of the monies received are recorded on the weekly income spreadsheet that is used for posting onto the ledger and for banking purposes. • Within the HQ building there is a safe held in the Accountancy & Finance Office which holds a petty cash tin and cash / cheques received that are awaiting banking. Only the Finance Administrator and the Finance Supervisor have access to the safe and they each have a set of keys. Weekly checks are undertaken on the safe by the Finance Administrator (since September 2014) to count the contents of the safe and check the physical cash held and to identify if any additional banking is required. Prior to September this process was undertaken by Payroll Officers. • An up to date Insurance Policy is held and was last renewed on 22 October 2014. The Policy covers the storage of cash on site. • Cash and cheques received are banked every week. Cash held is recorded into the banking books and held securely in the safe until taken to the bank by staff who are accompanied by a Force Courier. A spreadsheet detailing the income banked is maintained by the Finance Operations Administrator which is used for posting the income to the general ledger and for banking purposes. Copies of the banking slips are attached to the cashsheets and a record of the number and value of cheques / cash banked on the cash sheets and paying in slips should agree to the amount actually banked. • The bank accounts are reconciled to the General Ledger on a monthly basis. Bank reconciliations are undertaken on the following accounts each month: <ul style="list-style-type: none"> • Barclaycard, • Special Interest Bearing Account (SIBA), • High Interest Account (95 day), • Operational Fund • Debtors Account, • EMSOU, • Police Fund, • PWLB Loans Interest & LT Creditors • Investments, • Salaries Bank Account and • Payables Account. 		

These are completed by the Assistant Accountants and checked by either the Corporate Accountant or Finance Manager and are subject to review as part of the monthly Performance File by the Head of Finance.

We identified two issues with the design of the controls relating to the secure storage of the safe key and checks on the safe balance which have resulted in 2 'medium' priority recommendations. We found that the safe was held in an office which was not locked outside of office hours and the keys to the safe were held in an unlocked location. As the office is also entered by a number of (non - Finance) employees submitting expenses claims etc., these weaknesses could leave the cash held vulnerable to misappropriation.

Although a weekly safe balance was noted detailing the amount held for each denomination and this was signed off by the Finance Administrator, these were however not subject to dual controls to check the accuracy of the monies held. In the absence of any independent verification of the physical monies held, this could give rise to inaccuracies or financial losses when the cash is counted (approximately £2k per week in cash held via the safe).

We acknowledge that Leicestershire Police takes a pragmatic approach to processes and streamlines these as far as possible to remove bureaucracy; however we recommend that these areas are reviewed by Management to decide if they consider the current control framework to be adequate given their risk appetite.

Treasury Management

- Section C6 of the Financial Regulations provides an overview of the main responsibilities regarding Treasury Management and banking arrangements. The Treasury Management - Investment Strategy outlines requirements for borrowing and investment and is reviewed on an annual basis to ensure that the institutes identified within the Strategy remain appropriate. As outlined in the Treasury Management Investment Strategy, the main objective 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. A list is therefore maintained of organisations approved for deposits with any limits specified. 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 long term credit ratings which are quoted within the performance reports produced for the OPCC.
- The OPCC only undertake medium to long term loans for capital expenditure. Any new loans or loan facilities taken are required to be authorised by the OPCC after appropriate consideration of the loan requirements, and processed in accordance with the terms of the loan agreement; associated documentation including a signed and dated copy of the loan agreements are retained.
- 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.

The cashflow spreadsheets are continually updated to reflect actual cash flow and new information, and are regularly monitored. 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 cashflow forecast for reference. Monthly cashflow forecasts are prepared by the Finance Manager on a rolling basis which show forecast income and expenditure for each day of the month.

- Surplus funds remaining above the minimum £15k in the main Natwest account are invested in the overnight fund and with a range of approved institutions for a period of up to 90 days.
- Adequate management information in respect of income and expenditure with sufficient analysis is available in order to produce reliable cash flow forecasts. This includes grants, precepts, maturing loans & investments and other funding for income, and principally estimated payroll costs & deposits made for expenditure. The Head of Finance reviews the transactions completed each month as part of the review of the Performance Monitoring files and would discuss any queries arising with the appropriate Finance Officer. The review would include significant new investments made and significant changes in the market value of investments. In addition reports are produced mid-way through the year and at year end to note treasury activity including new loans, long term investments and monitor progress against the interest earned on investments.

Application of and compliance with control framework

Cash and Banking

Through observation, discussion with Management and operational staff and from sample testing we noted that the control framework had been complied with.

- Review of the Financial Regulations noted that they outlined the high level responsibilities for Treasury Management, Banking and Income. They were publically available on the Police and Crime Commissioners (PCC)'s website. We reviewed the Financial Procedures held and noted that they provided brief guidance to staff on the processes to that required undertaking and where applicable, links to the relevant section of the sage (Finance system) user manual were provided. We noted that the procedures were accessible to staff via the shared drive folders and had been placed on the intranet.
- From review of the Float Check sheets held between April and November 2014 confirmed that weekly safe checks were undertaken and a record was maintained of the daily cash withdrawals, cash received from the canteen and details of change requests. A weekly safe balance was noted detailing the amount held for each denomination and this was signed off by the Finance Administrator.
- We confirmed that a current Insurance Policy was held with AON Risk Solutions, and review of the Policy we noted that it covered cash holding. We confirmed from review of the safe balances from the weekly safe checks undertaken, that the policy cash limit had not been exceeded.
- Using a sample of 10 cash sheets we reviewed 10 items where cash amounts had been received and found the following:
 - Corresponding banking slips were held for each of the cash sheets in the sample,
 - The actual cash recorded on the cash sheet agreed to the banking slips held,
 - The number/ value of cheques in the batches had been accurately noted on the banking slip in accordance with what was detailed on the cash sheets,
 - The banking was undertaken by Finance staff independent of those who input the amounts banked into Sage, and
 - The amounts were traced accurately back to bank statements.
- We reviewed a sample of 3 months reconciliations completed for each of the bank accounts, the salaries accounts and the income and payables accounts and noted each of the accounts had been reconciled as part of month end processes and they had been completed in a timely manner at month end and had been subject to independent review and Management checks.

We have made a 'low' priority recommendation regarding issuing and recording receipts to verify the value of the cash received as testing had also found inconsistencies with compliance in this area.

Treasury Management

- We reviewed the Treasury Management Investment Strategy and confirmed that it was updated and reported to the Police and Crime Panel in January 2014. We noted that the Strategy had been made widely available via the PCC's website. We confirmed that the Strategy detailed requirements for optimum return on investment by stating that a maximum of £15k is held an 'overnight fund' and stipulate the institutions with whom investments could be made, the maximum value, duration and the relevant credit ratings.
In accordance with the Prudential Code, the Strategy also outlined the borrowing limits for the next three years and these had been set at £18.4m for 2014/15.
- We were informed by the Head of Finance during our audit visit that no new loans had been taken out in the current financial year. Therefore no sample testing was able to be undertaken to confirm the approval process. We did note however, that records of existing PWBL debts was maintained and formed part of monthly monitoring and account reconciliation undertaken by Finance in the Management Performance Files. These were subject to review and sign off by the Corporate Accountant, Head of Finance and Finance Director.
- We confirmed from a review of the cashflow spreadsheet that a record of income and expenditure was documented to inform the Accountancy Department of the levels of cash required on a day to day basis. Records included; BACS payments, HMRC payments, cashflow deposits and investments, overnight deposits, long term deposits and 95 day bank account interest earned.
- In addition, the actual interest earned was plotted on a graph each month to monitor progress against the budgeted interest levels for the year.

- We noted from review of the daily cashflow sheets held that this had been populated to cover the whole period 2014/15 with anticipated income and expenditure, such as police grant, precept, commutation payments etc. There was evidence that the cashflow had been subject to regular review and updating by the Financial Accountants and commentary was visible highlighting significant transaction values and what these related to.
- We confirmed in earlier testing that as part of the reconciliation and month end performance files the cashflow summaries were subject to review and ongoing monitoring by the Finance Manager, Head of Finance and Director of Finance.
- We were informed by the Head of Finance that there were no long term investments that had been made during 2014/15 that the majority had been 4 - 6 weeks duration.
- We confirmed that a record of the interest accumulated was maintained each month and reconciled as part of month end processes.
- We noted upon review of a list of authorised users with access to the online banking system that they were appropriate in accordance with the requirements of their role and noted that an employee who had left the Force since April 2014 had their account suspended.
- We selected a sample of 10 investments completed since April 2014 and noted the following:
 - The duration, date of maturity, value invested and expected interest was recorded with the investment reference number,
 - Each certificate had been signed off by the Accountancy Assistant, or Management Accountant/ Finance Manager in their absence.
 - Certificates were held in all 10 of the investments sampled.
 - In accordance with the Treasury Management Investment Strategy we noted that periodic updates were required to be produced and reported to the OPCC.
- We confirmed that the Strategic Assurance Board was updated via quarterly reports on the borrowing, capital financing, lending and cash management activities to date.
- The reports outlined that there had been no new loans taken from the PWLB, external debt with the PWLB was £12.4m at an average interest rate of 5.3% and County Council Debt was at £2.2m with the prevailing interest rate of 5.62%. Funds that were temporarily surplus were invested in either overnight funds earning 0.25% interest, or in longer term deposits with earnings ranging between 0.25% and 0.80% influenced by the size and duration of the investment. The budget for investment income for 2014/15 was set at £150k; however actual interest earned year to date was profiling below budget and was at 71k year to date (at the end of November 2014). We noted from review of the report to SAB that in view of the economic climate and low interest rates the profile would be reviewed as part of the 2015/16 budget setting process to consider if this value remained appropriate.

Action	Management Response	Date	Responsible Officer
<p><u>Rec 1.2a (Medium)</u></p> <p>A review should be undertaken to establish whether the current provision for securing the safe keys is appropriate. We recommend that if the keys are to remain within the department in the Office, they should be securely stored away when not in use and held in a location away from the safe to minimise the likelihood of unauthorised access.</p>	<p>New arrangements are now in place and the safe keys are now stored securely.</p>	<p>Implemented</p>	<p>Finance Manager</p>

<p><u>Rec 1.2b (Medium)</u></p> <p>Dual control checks should be undertaken to verify the amount of cash held in the safe each week and this should be recorded and retained with the monthly Imprest sheets.</p>	<p>This control has now been reintroduced following the transfer of the responsibility for the cash imprest.</p>	<p>Implemented</p>	<p>Finance Manager</p>
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<p>Assignment: Change Programme (7.14/15)</p>	<p>Opinion: H - 0 M - 1 L - 1</p>	<p>Green</p>
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Design of control framework

- An overarching Change Strategy had been developed and was subject to the approval of the Change Board and Office of the Police and Crime Commissioner. The overall change plan is subject to annual updates, which retrospectively analyses the achievements of the previous year and prospectively forecasts the savings targets to be worked towards including plans and options for delivery.
- The aims of the overall change programme are commensurate with the Police and Crime Commissioner's strategic priorities, which are articulated and 'marketed' to the general public via the Police and Crime Plan as posted to the Commissioner's website.
- The Change Programme is subject to governance by the Change Board, whose remit is defined within formal Terms of Reference. Members of the Change Board represent a diverse spectrum of internal stakeholders, who meet once per month and receive formal and ad hoc reports regarding all aspects of the Change Programme.
- The Police and Crime Commissioner receives regular updates and holds the Chief Constable to account regarding the progress of the Change Programme. Formal Change Programme reports are received by the Strategic Assurance Board (SAB), whose remit is specified within a Terms of Reference.
- The independent Joint Audit, Risk and Assurance Panel receives and scrutinises reports and management assurance regarding governance, risk management and control activities aimed at supporting the objectives of the Police and Crime Plan, which includes receiving information regarding the Change Programme.
- The Strategic Organisational Risk Board (SORB) scrutinises reports to ensure that controls are identified and applied to strategic risks facing the Force. The risk of the Change Programme failing to deliver savings / benefits has been appropriately identified as a strategic risk and is reported to the SORB as such.
- Projects which could be included within the wider Change Programme are identified as a result of the momentum gathered by the Change Programme and reported within the annual review; the Change Plan Update 2015-2017.
- A formal mechanism for the initial evaluation of suggested projects has been established, which involves either the submission of an Outline Business Case to the Change Board for approval; or the submission of a Minor Changes Report to the Change Board for their endorsement, following the approval of individual projects within the report by the Chief Superintendent Head of Change. The Outline Business Case template has been designed to ensure that the Change Board received sufficient and appropriate detail of a prospective project to be able to support their decision-making.
- Business cases contain cost / benefit analyses and project documentation includes financial implications tables, which list revenue costs and savings, capital expenditure, changes to officer and staff posts; and budgets allocated to the project. Members of the finance department validate that cost savings are actually achieved prior to incorporating them into budgets.

- The Force operates a clearly defined project management methodology based on PRINCE2 principles. Guidance is available for departmental project managers on the intranet and includes a slide presentation which guides staff through the project management methodology in use; and Project Management Process Structure flow diagrams.
- Project documentation has been consolidated into a Project Governance Pack, which includes a project plan, task summary, project log, risk register, benefits realisation plan, communication plan, and templates for highlight and exception reports.
- Project progress is monitored by the Change Board, who receives separate Project Edison, Change Programme and Business Development Ongoing Projects progress reports each month. Projects are categorised by stage and use a RAG-rating to identify whether the project is on track. Progress reports include updates surrounding milestones, risks and exceptions.
- End Project Reports are submitted to and endorsed by the Change Board. Each end project report includes a review of the benefits and objectives of the project; a review of team performance; project product handover; and summaries of lessons learned and follow-on actions (if required).
- There is a structured process in place to ensure that savings and costs of the Change Programme are captured and fed through into budget monitoring and the Medium Term Financial Plan when they have been finalised and agreed. Establishment attrition rates have been forecast for the next three years to 2017/18. Future resourcing costs associated with the Change Programme have been modelled by the Finance Team.

Application of and compliance with control framework

The following controls were adequately applied and consistently complied with;

- We confirmed that a Change Plan Closure Report was published in March 2014 and illustrated the savings made in 2014/15, both as an overview and in more detail by category. An appendix to the report articulated a breakdown of actual against anticipated savings for a list of 85 individual projects / elements of the plan. From a sample of 10 elements, we confirmed that they could be accurately mapped to planned savings within the Change Programme June 2013, which detailed recommendations for meeting the funding gap expected in 2014/15
- From a review of the 'Change Plan Update 2015-2017 and Beyond' document, we confirmed that progress reported included emphasis on the design and development of a new operational policing model, Project Edison. The update also identified the funding gap as growing to nearly £17m by 2019/20 and set out options for bridging the gap in line with the transformational change strategy.
- The current iteration of the Police and Crime Commissioner's (PCC's) Police and Crime Plan identifies as part of its mission statement, the duty "To protect our communities by focussing on ensuring effective and efficient use of resources", which is underpinned by the PCC's strategic priority to "transform the way we protect our communities and deliver over £20m in revenue savings by 2016/17". This is to be measured by developing a vision, evidence-based business cases for change and implementation of options for change approved through the Change Board. We confirmed that Appendix E to the Police and Crime Plan expands on the financial challenge and offers stakeholders an extensive narrative on the background, strategy and delivery of transformational change.
- We examined the minutes and papers submitted to the Change Board from November 2013 (the date of our previous audit) to December 2014 and confirmed that the Board discussed and scrutinised governance and strategy; project updates; programme risk; new project proposals within the areas of business development and the Change Programme; and collaboration and communications.
- We confirmed that further options for inclusion in the Change Programme have been detailed within the latest annual review, the Change Plan Update 2015-2017, which included;
 - Output Based Budgeting (OBB), the development of which has been postponed to 2015/16 in order to allow alignment with the outcomes of Project Edison. OBB should allow the Force to structure resources so that they match demand and service levels.

- Increased regional collaboration. We confirmed that this avenue is currently being investigated by the Programme Manager within a report to the Deputy Chief Constable dated February 2015 and entitled “East Midlands Police – Collaboration Opportunities”. The report focuses on Corporate Services and Target Operating Model collaboration opportunities and states that “from these options the five Forces could consider a range of opportunities for shared savings, collaboration and efficiencies that extend beyond the current context of collaborative working undertaken across the region to date”.
 - Further development of the Project Edison policing model, following the anticipated approval of the Target Operating Model design principles by Chief Officers in March 2015.
 - Other projects designed to deliver local efficiency savings and short-term savings options through an accelerated reduction in posts combined with staff management methods such as part-time or flexible working and a temporary moratorium on recruiting for vacant posts.
- From a sample of five projects, we confirmed that in all cases an Outline Business Case was presented to and approved by the Change Board; and that they all articulated the requisite information to support the Board’s decision-making, including costs, savings, benefits, risks and assumptions.
 - From a review of the Police and Crime Plan we confirmed that the PCC’s Strategic Priority Number 18 requires the delivery of £20m of revenue savings by 2016/17. Within this strategic priority, related priorities have been articulated which includes specific reference to implementation of options approved through the Change Board. We confirmed that the Change Plan 2013-17 contains explicit references to the Police and Crime Plan. We confirmed during our sample testing of project documentation, that projects are explicitly linked to the objectives of the Police and Crime Plan (for example the Outline Business Case for PR128 Change Programme Support).
 - During our sample testing of five projects, we confirmed that business cases included cost / benefit analyses and that project documentation included financial implications tables, which listed revenue costs and savings, capital expenditure, changes to Officer and staff posts; and budgets allocated to the project.
 - We confirmed that for a sample of five minor projects commencing in early 2014, a Minor Change Report was submitted to and endorsed by the Change Board following the submission of an Outline Business Case to the Chief Superintendent Head of Change.
 - We noted from our review of the Change Board meeting minutes that an “On-going Projects Update Report” is consistently presented at each meeting, which shows projects at the Pre-Projects stage, Initiation stage, Implementation stage and Close and Review stage. The report gives details of the Senior Responsible Officer, Project Manager, Project Officer, and an update since the previous Change Board meeting; which includes milestones, risks and exceptions. The report allows the Change Board to monitor progress against the project timeline. Change Board minutes also evidenced that review of projects included challenge where they were off track or failing to produce planned benefits.
 - We confirmed that an Edison Implementation and Change Programme Risk Register was submitted to all of the Change Board’s meetings in 2014 and that they appropriately included risk descriptions, inherent and residual risk scores, risk mitigation and risk owners. We further noted the consolidation of the Edison Implementation Risk Register and the Change Programme Risk Register in November 2014; and that the Change Programme Risk Register contained specific definitions of the levels of probability and impact to be used when assessing risks, demonstrating an objective approach. We confirmed that the Risk Register was noted by the Change Board and discussed where appropriate during its meetings in 2014.
 - We confirmed that two of our sample projects had been completed and that an End Project Report had been submitted to and endorsed by the Change Board. Each End Project Report included a review of the benefits and objectives of the project; a review of team performance; project product handover; and summaries of lessons learned and follow-on actions. During discussion with the Programme Manager, we were informed that a formal End Project Report has not yet been drafted for Project Edison due to the very recent ‘Go Live’ date, although one will be presented to the Change Board during March 2015. We did note, however, during attendance at a Project Edison debrief, that lessons learned have been captured and key internal stakeholders (estates, fleet, information technology and uniformed representatives) given the opportunity to provide feedback

- We confirmed that establishment costing as a result of the Change Programme was initially conducted based on average salary figures for 2014/15, but has since been re-calculated based on actuals from the 2014/15 year following approval of the business case for Project Edison, to enable more accurate budgeting for the next few years.

We did identify one weakness with the application of the control framework, resulting in one medium priority recommendation detailed further in the Action Plan in Section 2;

- Our testing of project risk registers revealed that they do not adequately capture the effectiveness of risk mitigation measures as defined by a residual risk rating. We also noted some idiosyncrasies in risk scoring, which did not appear to be commensurate with assessed risk levels (e.g. a low risk rating derived from a score which was higher than that of a medium risk rating). Without an accurate assessment and analysis of project risks, any mitigation measures put in place may not be sufficient to reduce the risks to a level within the Force's risk appetite (**Medium**).

In addition, we identified one further area of minor weakness, which has resulted in **one low** priority recommendation being made. Full details of this can be found in the 'Findings and Recommendations' in Section 3 of this report.

Action	Management Response	Date	Responsible Officer
<p><u>Rec 2.1</u></p> <p>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).</p> <p>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. (Medium)</p>	<p>The Programme Risk Management process was reviewed in Autumn 2014. The comments here will be acted on in updating our project Risk Management process</p>	<p>By Sept 15</p>	<p>Mr A. Elliott</p>

<p>Assignment: Collaboration – EMOSS (Joint review) (9.14/15)</p>	<p>Opinion: H - 0 M - 3 L - 3</p>	<p>Amber / Green</p>
<p>Design & Application of control framework</p> <p>In developing the EMOSS Business Case the Senior Leadership Team have facilitated dozens of road shows, workshops and 'task and finish' groups comprising of professional leads and subject experts from all forces in the East Midlands Region (including Derbyshire).</p> <p>A full review of the Force Strategic Threat and Risk Assessments (STRA) for Armed Policing, Roads, Dogs and Public Order was also undertaken and single four force collaborative version created for EMOSS.</p> <p>This involved consultation with the College of Policing, a review of the SPR / NPR, review of critical reports including Cumbria (Derek Bird) and consultation with HMIC Lead Officers. The respective STRAs are the foundation upon which the proposals herein are built.</p>		

An external consultant – Process Evolution were also commissioned to help understand the data, specifically around resource implications and demand.

The Business Case has been appropriately approved and any updates have been appropriately presented and approved by the relevant Boards.

We have made four medium priority and four low priority recommendations in relation to the design of the control framework. The medium recommendations refer to;

- Exploring other potential savings and incorporating these within the overall planned savings. Currently, the Business Case only includes those savings around Staff Costs, but by the very nature of the project there will be other savings around such elements of Transport and Uniform and Capital savings (Capital Costs or savings are not currently included)
- Linked to the identification of savings, they need to be split between cashable and non-cashable. This will provide transparency around the proposed savings and manage expectations within the individual forces in terms of their actual cashable value and delivery.
- Monitoring of the achievement of the overall benefits (not just financial) 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.
- 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 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.

Action	Management Response	Date	Responsible Officer
<p><u>Rec 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. (Medium)</p>	<p>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.</p> <p>All of these meetings have been running for several months and, again, are well minuted and evidenced.</p> <p>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.</p> <p>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</p>	<p>April 2016</p>	<p>C Supt Haward</p>

	currently 1 year ahead of schedule in recouping the operational savings from the new model.		
<u>Rec 3.4</u> 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. (Medium)	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.	May 2015	C Supt Haward
<u>Rec 3.5</u> 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 are 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. (Medium)	To be considered	Ongoing	EM Regional Forces

Assignment: Governance (11.14/15)	Opinion: H - 0 M - 0 L - 0	Green
<p>Design, Application and compliance with control framework</p> <p>The following controls were found to be adequately designed and operating effectively:</p> <ul style="list-style-type: none"> A Corporate Governance Framework is in place with the purpose to give clarity to the way the two corporations sole, Police and Crime Commissioner for Leicestershire and Chief Constable for Leicestershire, will govern both jointly and separately, to do business in the right way, for the right reason at the right time. This includes: 		

- Statement of Corporate Governance for the Police and Crime Commissioner and Chief Constable.
 - Code of Corporate Governance for the Police and Crime Commissioner and Chief Constable.
 - Scheme of Corporate Governance.
 - Financial Regulations and Standing orders.
- The OPCC has the following Boards, each of which has its own terms of reference, and from our review of minutes performs business in line with those terms of reference, and include:
 - Strategic Assurance Board which covers matters of strategic significance for the Force and the PCC. From the terms of reference and minutes we confirmed that there was representation from both the OPCC and the Force, areas of discussion and approval include;
 - Budget setting, monitoring and the medium terms financial plan.
 - Treasury Management.
 - PerformanceWe noted that decisions and actions were clearly recorded, and actions followed up at following meetings.
 - Strategic Partnership Board which sets out the strategic direction for the Leicestershire, Leicester City, Rutland and Districts community safety and criminal justice priorities to enable the reduction of crime and the fear of crime. From a review of the terms of reference and minutes we confirmed that membership includes the OPCC, Force and partner organisations. We also confirmed that their business covered the development and performance of commissioned and co-commissioned services.
 - All formal decisions made by the Police and Crime Commissioner are logged on an OPCC Decision Log. This is published on the OPCC website when the PCC has ratified the decisions.
 - The PCC is required to hold the Chief Constable to account. This includes holding one to one meetings between the PCC and the Chief Constable. The outcomes of these meetings are recorded in a document covering the topics discussed and actions agreed.
 - The Joint Audit Risk and Assurance Panel (JARAP) is an independent group set up between the PCC and the Chief Constable. From our review of their Terms of Reference it was noted that they included details of membership, meeting protocol and areas within their remit. The Panel are no decision making and provide independent assurance to the PCC and the Chief Constable. We noted that the Panel were meeting in line with their remit and quoracy, items covered included financial, risk and internal controls. A log was made of outcomes and actions noted and the actions could be tracked through the meeting minutes. In addition, we confirmed that there was attendance from both the OPCC and the Force. Standard items to be included within each meeting were detailed within their Terms of Reference.
 - The Force has developed a Risk Management Policy which sets out the organisations approach to the management of risk. This includes how risks associated with the achievement of corporate objectives are to be monitored and recorded. We confirmed that the OPCC use the same policy and systems as the Force.
 - From a review of the Strategic Organisational Risk Board Terms of Reference and minutes, we confirmed that this Board ratifies all new risks and how high risks are being managed. The Board also receives reports on area business continuity plans to ensure they are all reviewed and exercised when due.
 - We have confirmed that a risk report goes to the JARAP. This report includes all risks associated with the achievement of objectives. There is a strategic risk register in place that includes risks associated with the achievement of the objectives.
 - There are a number of collaboration meetings in place between the multi-forces. There are five Force, four Force and two Force meetings depending on the area of collaboration and the number of Force's involved with each. It is noted that its current format is complex and appears to be a duplication of efforts between the five force and two force arrangements and as there is an external third party review being undertaken, we have not commented further on this aspect, other than the suggestion that there should be a schedule of meetings which is currently absent.
 - The Commissioner has established a Police and Crime Plan for the period 2013 – 2017. This contains a list of priorities across themed areas of activity.

- We confirmed that the Police and Crime Plan is readily available and can be located on the internet and sets out the PCC's intentions to the Force and the Public. We confirmed from a review of the control strategy that the Force has identified their control strategies and that these are reflective of the Police and Crime Plan.
- The Police and Crime Plan is the primary document which sets out what needs to be delivered within Leicestershire and supported by the Business Delivery Plan which is reviewed annually. The Force does not have a separate Business Plan but instead use the Police and Crime Plan as the basis for how the Force will meet the outcomes within the Plan. From our review we have confirmed that this is underpinned by the Force Assessment.
This is used to drive the control strategy for 2014 and contains the control strategy priorities, linked to the Police and Crime Plan, the rationale for the priority area, strategic policing requirements and intelligence requirements. Responsibility for monitoring KPI and performance has been tasked to the Performance Management Group which includes key senior individuals from across the organisation.
- The Annual Governance Statement for both the OPCC and the Force are included in the Annual Accounts which are then published on the relevant websites.

Action	Management Response	Date	Responsible Officer
No recommendations made as part of this audit.			

Assignment: Financial Controls – Agresso System Walkthrough (12.14/15)	N/A	N/A
<p>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.</p> <p>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.</p> <p>The areas covered were:</p> <ul style="list-style-type: none"> • General Ledger, • Income and Debtors, • Procurement, Creditors and Payments, and • Cash, Bank and Treasury Management. <p>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.</p> <p>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.</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 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.</p>		

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.

Assignment: Commissioning (14.14/15)	Opinion: H - 0 M - 2 L - 0	Green
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Design of control framework

We found that the control framework had been adequately designed and included the following:

- A Commissioning Framework had recently been revised for the period 2015 - 17. The Framework set out how the Police and Crime Commissioner (PCC) intended to align the commissioning budget with the themes and Strategic Priorities of the Police and Crime Plan.
- The PCC's Commissioning Intentions were documented in a plan covering the period 2013 - 17. This linked four Commissioning Plans; one for each area in the Police and Crime Plan, to the Strategic Priorities. The Commissioning Plans had been produced in support of the refreshed Framework and each of these details the objectives behind each of the Strategic Priorities. Each of the plans stated the how success against each of the Strategic Priorities would be measured.
- There were four funding mechanisms that were in place through which the PCC could commission the services and desired outcomes as described in the Police and Crime Plan.
- The OPCC undertook a stakeholder engagement process when developing the Police and Crime Plan and the Commissioning Framework and Commissioning Plans that support delivery of the Police and Crime Plan. The OPCC, in conjunction with Leicestershire Police, Criminal Justice agencies and local authority partners, designed a new approach to address the needs of victims and witnesses throughout the stages in the justice process.
- Depending on the type of commissioning and the partners involved, business cases were required to be developed prior to any consideration being given to potential funding mechanisms to enable the service to be provided. Where there were existing arrangements in place a business case was not required, however there was still an expectation for the organisation, charity etc., to be able to demonstrate to the OPCC how they would use the funding and to state how the initiative/ project would support the achievement of the Strategic Priorities in the Police and Crime Plan. Applications for funding for new schemes / projects were required to all be supported by a business case.
- The Police and Crime Commissioner makes the decision of what services were to be commissioned from which organisation.

The PCC could directly tender or contract with a provider and there were a number of areas where it was more efficient for the PCC to commission directly in order to achieve the desired outcomes. In some instances a Single Supplier Dispensation (SSD) was applied, for example situations when there was only one provider who, given the nature of the outcomes to be commissioned, could be considered and contracted with directly, e.g. Crimestoppers.

- For all funding mechanisms the PCC held contracts/ agreements with the successful organisations that specified the detail of the service what outcomes were commissioned and for what value. The contracts/ agreements specified quality standards around procurement practice, as well as performance measures for monitoring purposes. They also included any details of how the PCC would manage any instances where the outcomes were not being achieved.
- It is the PCC's responsibility, through staff within the Office of the Police and Crime Commissioner (OPCC), to monitor progress for each commissioned activity against the proposed outcomes. This feeds into the Performance Framework which is formally reported to the Police and Crime Panel.
- The process for monitoring performance against contracts was based on quarterly reports from providers against the requirements set out within contracts. Performance was reviewed within the OPCC and issues followed up with providers informally, although contracts had the option of performance meetings. Where performance was substantially below contract targets action plans would be agreed.
- The Strategic Partnership Board (SPB) challenged and scrutinised the performance of themed groups in the delivery of strategic priorities. Meetings are attended by Force, OPCC and Partners. They meet on a quarterly basis. Part of the meeting involved a review of the dashboard which gave an overview of outcomes achieved against a range of performance measures. The protocol between the Police and Crime Panel and the PCC defined the requirement for regular reports on the performance against the priorities of the Plan to be formally reported. Where Performance Monitoring reports identified areas of underperformance, the PCC provide an explanation together with any proposals they intended to take to rectify the position.

Application of and compliance with control framework

We found that the control framework had been consistently applied and complied with. Through discussion with Management, sample testing and observations made during our audit we noted the following:

- Review of the Commissioning Framework verified that it was designed around the four themes in the Police and Crime Plan. Appendix B of the plan listed the Commissioning Intentions and mapped them against the Strategic Priorities, with an indication of the funding mechanism to be used, with the expected values.
- Review of the Commissioning Database against the 2014 - 17 Commissioning Framework noted that details of all but one of the Commissioning Intentions corresponded, in this case the framework and budget stated £290,000 had been approved; however the decision to commission Youth Offending Services directly from 2015/16 onwards had influenced the funding provision in 2014/15 reducing the actual values recorded in the database accordingly.
- We noted that the Commissioning Framework for the period 2015/17 was directly aligned to the Police and Crime Plan, with each commissioning intention being demonstrably linked to one or more of the Strategic Priorities in the Plan.
- Review of the four individual Commissioning Plans noted that they provided a summary of the current situation and key statistics highlighting the nature of the issues within that themed area. The Plans detailed the four sources of funding and referred to the Commissioning Intentions document regarding these.
- We confirmed that the Plans highlighted research and schemes currently in place to address the need and threat associated with that theme and performance indicators had been defined and described the targets against which the success would be measured to determine the level of achievement against each of the strategic priorities.
- Commissioning had taken place at regional, sub-regional (i.e. Leicester, Leicestershire and Rutland) and at locality levels. We reviewed the funding mechanisms selected in development each of the Commissioning Plans and noted that the funding mechanism had been documented against each of the Commissioning Intentions and in cases where there were a number of approaches being taken; the funding sources were identified against each of the organisations who were receiving funding.

- A consultation exercise had been completed in July 2014 at the time of the refreshing of the Police and Crime Plan and Commissioning Intentions. Our review confirmed that a consultation was held with a range of partners and highlighted the key changes that had been made to the Commissioning Frameworks previous iteration for 2014/15. This included for example, the development of a separate Victims and Witnesses Plan, the increase to the Partnership Locality Fund (PLF) value in recognition with the work of the Community Safety Partnerships (CSP), and the PCC grant only being available to community and voluntary sector organisations.
- The results of the consultation were collated and documented with the OPCC's response to demonstrate how they had captured and responded to the feedback received; this was also reported to the Police and Crime Panel.
- In preparation for the transfer of responsibilities from the Ministry of Justice (MoJ) to the OPCC for Victims and Witness Commissioning in October 2014, third party Consultants had carried out a research and analysis paper in December 2013 and provided the OPCC with initial recommendations for consideration and action.
- We noted that the OPCC had published their plans around the ongoing work being undertaken on Victims and Witness Services including: the development of a Victims Contact Worker post, the progress to date on the 'Victim First' service, and Links to the Victim Support website
- A Victims and Witness Partnership Assurance Group was established in December 2014 and from our review we noted that this was attended by representatives from the OPCC, Local Authorities, the Crown Prosecution Service, Youth Offending Service, Probation Service and other partners. This group was set up to oversee the outcomes in relation to the Victims and Witnesses theme within the Police and Crime Plan.
- We confirmed that in March 2015 a contract was agreed between the OPCC and Victim Support covering the period to the end of September 2015 to coincide with the commencement of the Victim First service from the October 2015 onwards. Other groups were in place to review and monitor the outcomes within other areas within the Police and Crime Plan including the Reducing Reoffending Board.
- We noted that business cases were not used in respect of directly commissioning or co-commissioning agreements where a service was already in place; however providers were from 2014/15, requested to demonstrate what they proposed to use the funding for, detail how their activities supported the PCC's Commissioning Intentions and describe how their performance would be measurable.
- We confirmed that Partnership Locality Funds no longer had to complete business cases for existing services, but had to in line with the process defined above; demonstrate how the funding would be used to provide the OPCC with assurances over the outcomes that would be achieved with their investment.
- Applications were required for PCC grant funding not only to identify how the charities and community organisations would use the grant but to enable the OPCC to ensure that funding was not being duplicated in areas where services were already provided.
- We reviewed examples of 'business case' proposals that had been submitted by different partners for funding and noted that although each proposal was set out very differently they all included details on the services that were to be provided; or being developed, It was clear which Commissioning Intentions/ Strategic Priorities the services were aligned to.
- We confirmed that where a service had not gone through a tender exercise approval is required by the PCC Chief Finance Officer via an SSD form. We reviewed the forms for 10 services procured through this route and confirmed that in each case an explanation was given for the use of this route and that they had been approved.
- From a review of the tendering documentation for Adult Mentoring, YP Substance Misuse and Victim First, we confirmed that invitation to tender documents gave a clear description of the service, with instructions and service specifications. There were also standard scoring templates for each panel member assessing bids for each tender exercise.
- The Commissioning Framework 2015-2017 stated that outcomes and not services will be commissioned. The commissioning framework was created to ensure future commissioning decisions were focused on the achievement of clearly defined outcomes.
- Review of a sample of five contracts noted that where applicable, they had been signed by each of the parties, each had a service specification, all had a set of measurable outcomes and each one explained how they would be monitored including data required and reporting frequency; together with outlining the consequence of poor performance.

- We were informed by the Head of Partnerships and Commissioning that although there had been few queries about performance and these had been resolved via email and telephone; resources had not been available to have regular formal performance meetings with providers. There is a risk that in the absence of formal performance meetings poor performance will not be adequately challenged. We have made a **MEDIUM** priority recommendation to address this issue.
- From a sample of 5 contracts we confirmed that a report template had been issued to the provider by the Commissioning and Contracts Officer in January 2015 for quarter 3 reporting. In each case we confirmed that they reported spend to budget and performance against a set of criteria. These were all on a standard OPCC template with supporting information where requested.
- A monitoring spreadsheet was maintained covering each contract, this recorded, the date of return due and received, if performance criteria had been met, with a link to the report, information about visits, if required and completed and a RAG (red/ amber/ green) rating with comments. However we noted that information was not up to date for all providers, and where a provider was rag rated as red there was not sufficient information to explain what action was taking place or agreed with the provider. As a result there is a risk that providers are not being adequate monitored. We have made a **MEDIUM** priority recommendation to address this issue.
- We confirmed from a review of the structure chart that the Strategic Partnership Board together with the Strategic Partnership Executive meetings heads a structure that includes individual Boards and Groups covering Criminal Justice, Safer Communities (People and Places), Serious and Organised Crime.
- Review of minutes noted that the meeting structure had been designed to allow the management of individual service lines across partners, with monitoring through the Executive on a bi-monthly basis with representatives from the OPCC, Force and partner organisations, this included the development and delivery of commissioned, co-commissioned services.
- We confirmed from a review of minutes for 2014/15 that the Police and Crime Panel were issued with a quarterly performance report covering achievement of outcomes against the priorities within the Police and Crime Plan. From a review of the 2014/15 quarter 3 performance report (latest available at time of audit), we noted that there was detail against each of the priorities on progress in meeting target and a rag rated dashboard giving highlight performance.

Action	Management Response	Date	Responsible Officer
<p><u>Rec 1.1a</u></p> <p>The OPCC should ensure that (for the major providers' quarterly performance meetings) either formal minutes and/or action notes are taken.</p> <p>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. (Medium)</p>	<p>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</p>	<p>Work already being done</p>	<p>Head of Partnerships and Commissioning</p>
<p><u>Rec 1.1b</u></p> <p>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.</p>	<p>A new contract /performance management spreadsheet has been already been put together for 2015/16 with 4 columns:</p> <ul style="list-style-type: none"> • Q1(2,3,4) Performance • Performance criteria 	<p>Work already being done</p>	<p>Head of Partnerships and Commissioning</p>

(Medium)	<p>met</p> <ul style="list-style-type: none"> • Rag rating • Actions <p>Will also add in completion dates to action column</p>		
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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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