Office of the Cambridgeshire Police and Crime Commissioner and Cambridgeshire Constabulary

Internal Audit Progress Report – 2013/14

Joint Audit Committee Meeting – 18 March 2014

Contents

1. Introduction

1.1 The periodic internal audit plan for 2013/14 was approved by the Interim Joint Audit Committee in March 2013. This report summarises the outcome of work completed to date against that plan, and Appendices B and C provide cumulative data in support of internal audit performance.

2. Final Reports Issued

2.1 We have finalised three reports since the last Committee Meeting, these are in the areas of:

2013/14

- Data Security Arrangements for Tablet Computers(8.13/14);
- Victim and Witness Care (10.13/14); and
- Payments and Creditors (11.13/14)

We have included in Appendix D, the agreed actions plans of each of the finalised reports (including High and Medium recommendations only).

3. Key Findings from Internal Audit Work

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

3.2 No common weaknesses have been identified within our reports so far for 2013/14. Furthermore, no findings to date will impact negatively on the Head of Internal Audit opinion.

4. Work in Progress or Planned

4.1 We currently have two reviews at draft report stage:

- Collaboration - Governance (Joint .13/14) – we are awaiting responses from the joint collaboration.
- Risk Management (12.13/14)

5. Liaison with Management and External Audit

5.1 Regular progress meetings have been held with a representative from the Corporate Development Department. Meetings have been held with the Chief Finance Officer to discuss the work completed to date, our key findings and the Internal Audit Plan for 2013/14. We have held meetings with management and the Chair of the Joint Audit Committee to discuss the audit plan for 2014/15, this is included as a separate agenda item.

5.2 We have also liaised with the External Audit to agree the protocol and make arrangements for sharing our audit working papers.

6. Changes to our Plan

6.1 There have been no changes to the audit plan since the last Joint Audit Committee. However, the review of Procurement was delayed due to the absence of the auditor, we have agreed a revised date.

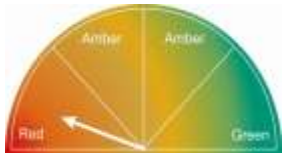
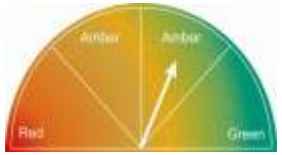
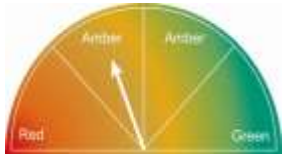
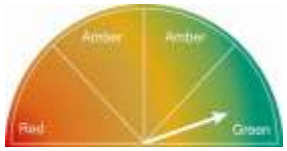
7. Sector Guidance

7.1 We have issued the following updates electronically since the last Joint Audit Committee;

- LGE Update LG eUpdate November 2013
- LGE Update LG eUpdate December 2013
- LGE Update LG eUpdate January 2014

APPENDIX A: Definitions of the levels of assurance and the classification of recommendations

Recommendation Categorisation	
Priority	**Description**
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	

Opinions			
The definitions for the level of assurance that can be given are:			
Opinion	**Description**	**Opinion**	**Description**
	Taking account of the issues identified, the Authority cannot take assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.		Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.
	Taking account of the issues identified, whilst the Authority can take some assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.		Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective.

APPENDIX B: OPERATIONAL PLAN PERFORMANCE 2013/14

Detailed below is a summary of the work undertaken 2013/14 to date, showing the levels of assurance given and the number of recommendations arising. Definitions with regard to the levels of assurance and the classification of recommendations are provided overleaf.

The three reports in bold are being discussed at this meeting.

Auditable Area	Status	Assurance level given	Number of Recommendations Made				
			H	M	L	In Total	Agreed
Reports finalised to date 2013/14 plan							
Absence Management (1.13/14)	FINAL	GREEN	0	1	1	2	2
Health and Safety (2.13/14)	FINAL	AMBER / RED	0	5	4	9	9
Governance Framework (3.13/14)	FINAL	GREEN	0	0	0	0	0
Covert Human Intelligence Source Payments (4.13/14)	FINAL	GREEN	0	0	0	0	0
Income and Debtors (5.13/14)	FINAL	AMBER / RED	1	0	5	6	6
General Ledger (6.13/14)	FINAL	GREEN	0	0	4	4	4
Cash Banking and Treasury Management (7.13/14)	FINAL	GREEN	0	0	0	0	0
Data Security Arrangements for Tablet Computers (8.13/14)	**FINAL**	**AMBER / GREEN**	**0**	**2**	**3**	**5**	**5**
Payroll (Including pensions and expenses) (9.13/14)	FINAL	GREEN	0	1	2	3	3
Victim and Witness Care (10.13/14)	**FINAL**	**AMBER / RED**	**1**	**2**	**2**	**5**	**5**
Payments and Creditors (11.13/14)	**FINAL**	**AMBER / RED**	**1**	**0**	**2**	**3**	**3**

APPENDIX C: 2013/14 WORK IN PROGRESS (including reports still in draft)

Auditable Area	Start Date (Planned)	Debrief date	Draft report issued	Comments
Collaboration - Governance (Joint .13/14) (Joint review across Beds, Cambs and Herts with contribution from audit plans from Beds and Cambs)	04/11/2013	14/11/13	20/11/13	Awaiting Management Comments
Risk Maturity	17/02/2014	21/02/14	03/03/14	Awaiting Management Comments
Financial Top Up Testing	(17/03/2014)			
Proactive Fraud – POCA	(19/03/2014)			
Follow Up	(24/03/2014)			
Collaboration – Procurement	(08/04/2014)			

APPENDIX D: Action Plans (HIGH and MEDIUM recommendations only) further information for Red and Amber / Red opinions.

Assignment: Data Security Arrangements for Tablet Computers (8.13/14)					**Opinion: Amber / Green**	**Recs:** **H - 0** **M - 3** **L – 2**
3.2A	Management should ensure that the automatic locking and hibernation processes are configured and enabled on all tablet devices as soon as possible when they are deployed across the Force in an operational capacity.	Medium	Yes	Group policies have been applied to ensure recommended actions occur. These will be continually monitored.	Closed	Head of ICT
3.2B	Management should ensure that ICT's internally developed task sequence to remotely wipe the tablets is tested and enabled for all devices before they are rolled out to all appropriate staff in an operational context.	Medium	Yes	Work is on-going. Process is in place and the device can be killed. Technically there is fine tuning to be completed. This will be continually reviewed.	February 2014	Head of ICT

Assignment: Victim and Witness Care (10.13/14)	Opinion: Amber / Red	Recs: H - 1 M - 2 L – 2

Design of control framework

The following controls were designed effectively:

- The Code of Practice has been made available to all staff and in preparation for the new code the Department's Team leader has reviewed the draft copy of the newly revised code and has identified the responsibilities for the Force and the processes they have in place to fulfil the requirements.
- The guidance on the use and application of the Witness Management System is readily available via help within the System.
- The Force has a number of pamphlets available to be given out to Victims and Witnesses of Crime.
- The initial needs assessment for a Victim or Witness is completed by the Police. The initial assessment is documented on the MG11 form and further MG2 form should be completed if the Victim is deemed Vulnerable. Once completed these forms are electronically transferred to a Case File Preparation Officer to manually input onto the NSPIS system. Once the information has been inputted data is used to populate the Witness Management System which is accessible by both the Police and the Criminal Justice System (CJS).
- The Witness Management System is designed to capture all correspondence with Victims and Witnesses. The system permits documents to be attached to the individual's record and provides a contact log which is updated and maintained by the Case Officer every time contact is made.
- The Witness Management System has built in trigger points to highlight cases that are approaching or exceeded the permitted timescales.
- Witness Care Officers communicate with Victims and Witnesses using a wide range of mediums.
- The Witness Management System permits live Case information to be readily available to both the Police and Crown Prosecution Service thus allowing information to be seamlessly passed between the two bodies.
- Witness Care Officers are responsible for making arrangement to ensure the Victims and Witnesses are made aware of the case information including court date and outcomes. They are also responsible for making the arrangements to facilitate the process of giving evidence.
- The Team Leader 'dip samples' cases on a daily basis to ensure that Officers are fulfilling their responsibilities and are managing the case in line with the required performance levels.
- The Department operates paper system with all of the information being captured in the Witness Management System.
- Training is delivered at induction and updates are provided in team meetings as and when required to ensure change to the Victim and Witness Charter / Code of Practice, associated roles and responsibilities are embedded.
- The Force is a member of the Cambridgeshire Criminal Justice Board and Board has a dedicated Victim & Witness Group.

We did not identify any weakness in design control that resulted in a high or medium priority recommendation being made, however we did identify one area of minor weakness that resulted in a low priority recommendation being made.

Application of and compliance with control framework

We identified the following areas of weakness, as detailed below, which have resulted in **one High** and **two Medium** priority recommendations being made:

- Four of the MG forms identified the Victim/ Witness as vulnerable or intimidated, however only two had the marker added to the system highlighting this, a 50% error rate. Without a marker being added to all individuals that have been identified as vulnerable or intimidated Victims and Witnesses, there is risk that forces will not adequately support vulnerable or intimidated Victims in line with the Code, which could in turn affect the quality of the evidence they provide in Court. **(High)**
- We reviewed a sample of 10 cases' progress against the timescales to ascertain whether individuals had been contacted in line with the Code of Practise. In 5 cases the timescales, as prescribed within the Code of practise, were fully complied with and supported by evidence held on both the Crime and the Witness Management System. For the remaining five cases, not all of the timescales were adhered to, a 50% error rate. If the Code is not adhered to, there is a risk that Victims and Witness may not receive the level of service set out in the Code. **(Medium)**
- Due to the error rates identified as part of our review, and the lack of documentation of dip sampling, we have identified the need for the rates of error to be monitored to establish if this is a systematic error and if further action is required. For example, additional training undertaken or increased sample checking. **(Medium)**

Testing also identified one area of minor weakness that resulted in a low priority recommendation being made.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
2	The Force should ensure all information captured on the MG11 and MG2 forms is correctly entered onto the Witness Management System and where a Victim/ Witness is eligible for enhanced entitlements, the Marker should be added to the electronic record.	High	Yes	This is a training issue for all officers to ensure correct identification of vulnerability as per the new definition. Particular difficulties in identifying persistently targeted victims. Further guidance is needed. Need for change in the national forms.		
				Action: WCOs will ensure identification when information is available to them	In place	Head of CJ

				Action: PowerPoint training package supplied by ACPO Victim lead to be disseminated via Inspectors Force wide	6.12.13	Head of Incident Management Unit
				Action: PowerPoint training package supplied by ACPO Victims lead to be given to Witness Care Officers and Case File Preparation Officers	6.12.13	Head of CJ
				Action:: 60 second briefing to be prepared	6.12.13	Head of Incident Management Unit
				Action: Definition of persistent victim to be produced for Officers	6.12.13	Head of Incident Management Unit
				Action: Identification of Persistent Victim to be recorded on Crimefile and Incident file.	10.12.13	Head of Incident Management Unit
				Action: NCALT package to be available in January. This will be a mandatory training package.	31.1.14	Head of Incident Management Unit
				Action: Local MG Forms to be wed/redesigned to ensure compliance with identification of Vulnerable Victim	31.1.14	Head of Incident Management Unit

3a	The Force should ensure that all contact with Victims and Witnesses is recorded on either Crime File or the Witness Management System and that all timescales are set out in line with the Code of Practise are adhered to.	Medium	Yes	**Action:** The Witness Management System is set to notifications in one day for all cases to ensure no Victims are inadvertently missed. **Action:** CBA identify via Crimefile or Incident file as persistent victim and give guidance to OIC on appropriate measures to take **Action:** Presentation to Territorial Policing SMT to ensure understanding of importance of enhanced service to persistent victims and how it will be delivered.	In place 31.12.13 31.01.14	Head of CJ Head of Incident Management Unit Head of Incident Management Unit
3b	The dip sampling should be documented and the level of error rates identified should be monitored and a tolerance agreed. If the error rate is found to be in excess of the tolerance this should be escalated and further action should be taken.	Medium	Yes	**Action:** Team leader will keep a log of the dip sampling carried out. This will include issues identified and action taken	In place	Head of CJ
				Action: Themes/issues identified will be reported at the bi-weekly team meeting	Ongoing	Head of CJ
				Action: Themes**/**Issues affecting the wider Criminal Justice partners will be taken to V&W Sub Group of the CCJB	Ongoing	Head of CJ

Assignment: Payment and Creditors (11.13/14)	Opinion: Amber / Red	Recs: H - 1 M - 0 L – 2

Effectiveness

The April 2013 Key Performance Indicator report presented to the Office of the Police and Crime Commission stated that the Force had attained 96.64% compliance with the Public Sector Payments Policy (PSPP) over the 2012/13 period. Testing during this review on a sample of 25 invoices found 100% compliance with PSPP.

Design of control framework

The following controls were considered to have been designed effectively:

- Financial Regulations are held by the Force that detail the high level core management procedures for procurement in section D3, 'Ordering and paying for work, goods and services.'
- Access to the Purchase Ledger module of Integra is adequately restricted to nominated staff.
- All purchase orders are raised through the centralised Purchase Order Team with the exception of Garage/Fleet, Procurement, Office of the PCC, ICT, Estates and Collaborated Stores purchase orders. All purchase orders are authorised by a Gate Keeper.
- Once a good or service has been received by the Force, it is the job of the receiving employee to inform the Purchase Order Team of the receipt so that the goods can be updated on the system to allow for prompt payment on receipt of a matching invoice.
- Once an invoice has been received by Finance, it is added to Integra and automatically given the next sequential document number. Invoices are automatically matched against purchase orders and only if automatic matching fails, on a line by line basis.
- New supplier requests are received through a database held in Lotus notes. Once a request has been received, the Business Support Assistant undertakes a number of due diligence checks on the details supplied by the requesting employee.
- Payment runs are compiled every week on Wednesday by the Finance Supervisor for payment the following Monday unless there is an extenuating circumstance e.g. bank holiday.
- The Financial Systems Manager downloads the BACs schedule from the shared drive to a machine dedicated to processing the BACs run. The BACs run is processed and checked by an independent member of staff.
- If requested by the supplier or if bank details are not available, payment will be made by cheque. Cheques are printed by the Finance Supervisor with the Chief Finance Officer’s signature.
- On a half yearly basis, a report on the financial key performance indicators (including creditor days and compliance with the PSPP) is sent to the Office of the Police and Crime Commissioner (OPCC).
- The Gate Keeper list is maintained by the Head of Exchequer Services. Gate Keepers are authorised by the Budget Holder.

Testing during this review found one major issue with the design of the control framework which has led to a high priority recommendation;

- The Force Financial Instructions (FFIs) detail the processes and requirements for setting up and amending supplier details, raising purchase orders and marking received goods and services on the system. However, when amending supplier details, the Force does not verify the amendment request with the supplier independently of the request. This is an area of increased fraudulent activity in recent months and therefore the controls in place require enhancing. The previous best practice of obtaining headed paper from a supplier is no longer sufficient, as this can be easily falsified. This area has resulted in a number of significant frauds over the past year (in excess of £1m) within the Public Sector. There is a risk that fraudulent changes will be made to supplier details, including bank details, resulting in both financial and reputational losses to the Force.

A recommendation to resolve this design issue has been detailed fully within the Action Plan in Section 2.

Application of and compliance with control framework

Testing during this review found no major issues with the application and compliance with the control framework (other than the independent verification of supplier details as identified above as a design weakness). Two minor issues were identified that have led to low priority recommendations. These recommendations have been detailed fully within the action plan in Section 2.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.1a	The Force must review the process for amending supplier details and include a requirement to check the details to be amended with the supplier. The check should be independent of the details held on the amendment request and confirmed as genuine. The force must use the data already held on the system to contact the supplier. The check should be evidenced, with the date of the amendment and details of who the details were verified with at the supplier.	High	Yes	The Business Support Assistant currently cross checks, with Integra, as much information as possible. A process has now been put in place to verify any change requests received direct from the supplier, using the contact information already held in Integra. CFO Comment We have never has a case of a fraudulent payment arising as a result of changed supplier information but we accept this is now a high area of fraud risk and procedure has been changed immediately.	Completed	Acting Head of Exchequer Services