



To: Joint Audit Committee
From: Police and Crime Commissioner, Chief Constable
Date: 24th September 2015

Update on Response to POCA & Cash Seizures Recommendations

1. Recommendations

1.1. The Committee is asked to note the contents of the report.

2. Background

2.1. In the Annual Internal Audit Report – Year ended 31 March 2015, it was reported that an outstanding High priority recommendation was still outstanding, relating to the handling of cash property bags.

2.2. A Medium recommendation from the POCA & Cash Seizures Audit (13. 13/14) was also shown as outstanding, and two Medium recommendations were in the process of implementation.

2.3. All recommendations had been accepted, but were awaiting agreement of a new Standard Operating Procedure for Cash Handling, to reflect updated Constabulary and Regional Economic Crime Unit (RECU) procedures.

3. Updated Response to POCA & Cash Seizures Recommendations

3.1. The updated Cash Handling Standard Operating Procedure has now addressed concerns raised in the internal audit recommendations as below:

POCA & CASH SEIZURES (13.13/14)		FINDINGS	
Ref	Original Recommendation	Comments / Implications / Recommendations	Updated Response
3a	All cash bags should be signed by two officers when the cash is seized. The Constabulary should review their current cash bags and determine whether	We confirmed that Appendix C to the Crime Associated Property Policy	A new Cash Handling Policy / Standard Operation

	<p>these can be updated to include a second signature upon seizure. If they cannot, procedures need to be updated to reflect the requirements for dual signatures and identify where and how these signatures should be recorded. (Medium)</p>	<p>details the requirement for two persons to sign the seals on cash bags.</p> <p>During a visit to Parkside Police Station, we confirmed that none of a sample of five cash bags recorded the signature of a second individual.</p> <p>Recommendation restated</p> <p>All cash bags should be signed by two officers when the cash is seized. (Medium)</p>	<p>Procedure has now been developed and adopted by the Constabulary, which clearly requires all cash bags to be signed by two officers when cash has been seized.</p> <p>Cash seizures will be audited quarterly by the Seized Property Supervisor, responsible for property officers / stores.</p>
5a	<p>Cash should be dual signed as counted every time it is handled. This includes at the point of seizure if it is counted, and prior to banking.</p> <p>When tamperproof bags are opened and cash counted, this should be dual counted and dual signed within the Property Books. (High)</p>	<p>We confirmed that the Crime Associated Property Policy stated that where a seal is used to secure property, its details must be entered in the KIMS Property Management System and any subsequent breaking and resealing, for example to present property as evidence in court, must also be recorded within KIMS.</p> <p>During a visit to Parkside Police Station, we could not explicitly identify any bags which had been opened and resealed, although we did sight one bag which had seemingly been ripped open at the bottom and</p>	<p>The new Cash Handling Policy reinforces that:</p> <p>“The physical handling of cash should be kept to a minimum and all cash will be bagged and sealed immediately when making a seizure. Seized cash will be sealed in a new tamperproof bag in the presence of another officer and the person in charge of the cash who will be invited to sign both bags. This will ensure any evidential value is preserved and also safeguard the integrity of officers. If the cash being seized is a very large amount that will not fit into a cash bag – then the cash should be bagged twice and sealed twice – both seal numbers</p>

		<p>resealed with sellotape.</p> <p>No signatures were recorded on the cash bag denoting that the bag had been opened and resealed and no corresponding entry could be located within KIMS.</p> <p>Recommendation restated</p> <p>Cash should be dual signed as counted every time it is handled. This includes at the point of seizure if it is counted, and prior to banking. When tamperproof bags are opened and cash counted, this should be dual counted and dual signed within the Property Books. (High)</p>	<p>to be recorded On PMS and/or Sec 18 slip and in the pocket note book of the officer seizing. It should be noted that each bag is one of two, two of two etc for that item on the property listed.“</p>
5b	<p>Paying in slips should be retained within the Property Log for every cash seizure banked, to evidence that the amount banked reconciles to the amount recorded within the log.</p> <p>This should reconcile to the amount recorded either at the time of seizure, or when the cash was counted at the Station. All logs should be updated once cash has been counted to record the amount. (Medium)</p>	<p>From a sample of five cash seizures, we confirmed that in two cases the amount recorded in KIMS could be reconciled to the amounts recorded on the paying-in slip, bank transaction report and bank statement. Copies of paying in slips were retained by Finance in all cases, however, in three of the cases we could not identify the amount of the cash seizure prior to it being paid in and reported to Finance.</p>	<p>The new Cash Handling Procedure makes it mandatory to count all cash seizures – other than in very exceptional circumstances. This will ensure that amounts of cash seized can be easily reconciled with cash subsequently banked.</p>

		<p>Recommendation revised</p> <p>Once it has been decided to bank cash that has not previously been counted, the amount to be banked should be recorded within the KIMS Property Management System to enable reconciliation of amounts seized to amounts banked. (Medium)</p>	
7	<p>An audit checklist should be devised that includes but is not limited to:</p> <ul style="list-style-type: none"> • Review of evidence bags to ensure dual signed; • Review of property logs to ensure paying in slips have been retained and cash has been dual signed as counted; and • Cash seized can be traced to the cash banked to ensure accuracy and transparency. <p>Quarterly audits could be undertaken of small samples to ensure compliance with the control framework and the process should be formally documented and added to the procedure documents. (Medium)</p>	<p>We confirmed that a 'POCA and Cash Seizure Audit March 2014 Audit UPDATE' was submitted by the Chief Constable to the September 2014 meeting of the Joint Audit Committee, which stated that the first quarterly audit had been planned for September 2014. The aim of the audits was to identify any issues in relation to adherence to the Crime Associated Property Policy whilst also providing the first use of a scoring mechanism to identify on-going areas of risk. The update further stated that responsibility for the quarterly audit process from December 2014 onwards should lie within the Treasury area of the Finance Team.</p> <p>During discussion with both the</p>	<p>In line with the new Cash Handling Policy, cash will be audited quarterly by the Seized Property Supervisor, responsible for property officers / stores.</p> <p>This will include reconciliation of amounts seized to amounts banked.</p>

		<p>Treasury Manager and the Property Officers at Parkside Police Station, we were advised that no audits or reconciliations of cash seized have yet commenced.</p> <p>Recommendation revised</p> <p>Following the POCA and Cash Seizure update which was submitted to the JAC in September 2014, the Constabulary should commence audits of the control framework surrounding cash seizures, with emphasis on the reconciliation of amounts seized to amounts banked.</p> <p>(Medium)</p>	
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3.2. The updated response to all recommendations made in the POCA & Cash Seizures audit report have now been fed back to Baker Tilley, for incorporation in their follow up reports.

4. **Recommendations**

4.1. The Committee is asked to note the contents of the report.