Joint Internal Audit Team - Final Report

Oversight and Governance of the CTC

15/11/18

1. Introduction

Overview

The purpose of this report is to provide assurance on the effectiveness of the governance, risk management and control arrangements in place within the Oversight and Governance of the CTC. The assurance is being provided for management at Thames Valley Police (TVP) and / or the Office of the Police and Crime Commissioner for Thames Valley (OPCC), as well as the Joint Independent Audit Committee (JIAC). This audit was undertaken as part of the 2018/19 Joint Internal Audit Plan, as endorsed by the JIAC*.

The review was completed during the second quarter 2018/19 by Neil Shovell.

(* - Note: Where the audit is of a collaborated function, the assurance is being provided for each Force, OPCC and Audit Committee involved within the collaboration).

Responsibilities

The responsibility of the Joint Internal Audit Team is to provide an independent and objective assurance opinion on how the application of risk management, control and governance arrangements have supported the achievement of the organisation's objectives. The Joint Internal Audit Team complies with the Public Sector Internal Audit Standards and this review has been completed in accordance with those standards.

The responsibility of management at the OPCC and TVP is to ensure that risk management, internal control and governance arrangements are sufficient to manage the risks facing the delivery of the OPCC's and TVP's priorities and objectives. It is also management's responsibility to identify and implement appropriate management actions to mitigate the risks reported or to recognise and accept risks resulting from not taking action. Once due, any actions will be followed up by the Joint Internal Audit Team to confirm progress or completion. Any overdue actions that have not been completed will be reported to the JIAC.

Objectives and Scope

The Joint Internal Audit Team's objectives were to evaluate and provide an opinion on the adequacy and effectiveness of the arrangements in place. The opinion will contribute to the Annual Internal Audit Opinion, which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The Annual Internal Audit Opinion is used to inform TVP's and the OPCC's Annual Governance Statement.

The scope of the audit was included within an Audit Brief, which was agreed with management before the audit commenced. The agreed scope covered the risk areas detailed within Section 2 of this report.

2. Executive Summary

The assurance the Joint Internal Audit Team provides is based on the tests carried out on the audit scope. Assurance is not provided on any aspects that fall outside of the audit scope and the findings are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that could be made.

The areas reviewed and the extent to which the arrangements manage risk are set out in the table below, with the opinion assigned reflecting the findings and agreed risk exposures. The detailed findings, as well as the management response, are provided in Section 3.

Risk Area	Assurance Rating	Finding Ref.
A: Financial Management		
During the audit, we reviewed the governance, risk management and control arrangements in place with regard to: - Annual budget setting process. - 2018/19 Annual Budget and Priorities report content. - Consortium member scrutiny and approval of the 2018/19 budget. - CTC's budget monitoring and reporting process. - Consortium member budget reporting, scrutiny and oversight. - CTC reserve management and reporting. - Year-end budget outturn process, reporting and awareness by the Strategic Governance Board.	Reasonable	1 – 4
B: Service Performance and Risk Management		
During the audit, we reviewed the governance, risk management and control arrangements in place with regard to: - CTC's 2018/19 documented priorities. - Consortium member Force Management Statement CTC priorities. - Consortium member scrutiny, approval and monitoring of the CTC's 2018/19 priorities. - CTC's risk management process. - Consortium member Force Management Statement CTC documented risks. - Consortium member scrutiny and monitoring of the CTC's current risks.	Limited	5 – 6

Risk Area	Assurance Rating	Finding Ref.
C: Governance Structure and Reporting		
During the audit, we reviewed the governance, risk management and control arrangements in place with regard to: - CTC intranet content and guidance. - Section 22A Agreement content. - CTC governance structure and chief officer liaison. - Strategic Governance Board meetings, attendees, reporting and overall effectiveness. - Senior Operational User Group meetings and reporting. - Virtual User Group discussions meetings and reporting.	Limited	7 – 10
Overall Opinion	**Limited**	

The focus of the audit was on the design and effectiveness of the arrangements for overseeing and governing the CTC, and not the day to day operational management of the consortium and its performance. It is acknowledged that since 2008, the CTC has only overspent twice and overall the CTC have underspent by £1.7m during the same nine year period. In relation to the operational delivery, as part of the review, feedback was sought from all consortium members on the service provided. This was very positive will all members who responded stating that they were very happy with the service they receive and how the consortium is managed.

In relation to the oversight and governance of the CTC, the key issues arising from the audit are as follows:

- In recent years, the CTC annual budget has been set by using the previous year's actual spend, excluding efficiency savings and factoring in inflation increases. The process normally takes place during the autumn with the proposed budget being presented to the Strategic Governance Board in November. For 2018/19, due to changes to consortium members and a lack of data being available, a budget report was collated in March 2018, but only included detail on the income (recharge) due from each consortium member, based on a 3% increase. As a Strategic Governance Board has not taken place since November 2016, the report was presented to a one off Directors of Finance meeting in April 2018. It was also noted that no minutes were produced for the meeting. Due to the issues noted above, as well as the Civil Nuclear Constabulary's charging mechanism being revamped but the data not being fully agreed until June 2018, the detailed budget was not prepared until June 2018.
- As part of the audit, the Annual Budget Outturn Reports were requested. The audit found that the 2016/17 report was not circulated to consortium members until April 2018 and the 2017/18 report was yet to be collated.

- The CTC's 2018/19 budget is yet to be loaded onto APTOS (TVP's financial system).
- Consortium members are kept up to date on their financial position via 1-2-1 meetings and ad-hoc discussions with the Head of the CTC, as well as monthly fleet expenditure reports. As Strategic Governance Board meetings have not taken place since November 2016, the board have not collectively reviewed the in-year CTC budget position.
- The CTC has articulated service priorities within each consortium member's 2017/18 Force Management Statement (FMS) as well as the CTC 2018/19 Budget and Priorities document. The audit noted one difference in the identified priorities in the documents and progress against the priorities is not formally reported to the Strategic Governance Board.
- The CTC does not currently have a service risk register, although it was commented that risks tend to be managed and mitigated locally. The audit did identify that CTC risks are noted in the 2017/18 FMSs, with the risks being mitigated by a course of ongoing action in most instances. However, there is a lack of formal Strategic Governance Board reporting and escalation of current risks facing the CTC.
- As part of the audit, the CTC content on TVP's intranet (Knowzone) was reviewed. There is a Transport webpage, but the content does not appear to have been reviewed or updated for a number of years.
- A Standard Operating Procedure for the Artemis Telematics System (ATS) has been adopted and there have been recent discussions around reporting and governance in relation to driver telematics, and which areas are the highest risk. Currently, the CTC react to requests for data, but the work on process, reporting and governance will resolve this and become business as usual.
- The main oversight group for the CTC is the Strategic Governance Board. The audit found that the board has not met for almost two years, with the last meeting being the 30 November 2016. It is acknowledged that individual consortium members do meet with the Head of the CTC, and although the consortium is providing an effective service for its members, there is a risk of complacency at board level if meetings are not taking place or the board is not fulfilling its role or discharging its duties.
- As part of the governance structure, there is a Senior Operational User Group (SOUG). During the audit, there was a lack of evidence that the group had been meeting to fulfil the responsibilities of their Terms of Reference.

Substantial	The governance, risk management and control arrangements are strong, although some minor action may be required to improve efficiency or effectiveness.
Reasonable	The governance, risk management and control arrangements are good, although some action is required to improve efficiency or effectiveness.
Limited	The governance, risk management and control arrangements are limited and action is required to improve efficiency or effectiveness.
Minimal	The governance, risk management and control arrangements are weak and significant action is required to improve efficiency or effectiveness.

3. Findings, Risk Exposures and Management Action Plan

Finding	Risk	Management Action	Priority
1. 2018/19 Budget Setting and Approval In recent years, the CTC annual budget has been set by using the previous year's actual spend, excluding efficiency savings and factoring in inflation increases. This has resulted in recent year's budgets being set without the need for an increase in the charges. The budget setting process usually takes place during the autumn, with the outcome being presented to the Strategic Governance Board for consideration and approval in November. For 2018/19, a CTC 2018/19 Budget and Priorities document was collated in March 2018, which only included detail on the income (recharge) due from each consortium member, based on a 3% increase. Unlike previous years, there was no line by line list of income and expenditure and the 2018/19 budget did not include any growth or efficiency savings. Further testing on the budget setting process found that the detailed budget was collated by TVP's Corporate Finance in June 2018. A zero based budget setting approach has not been completed in recent years, and this was raised during the audit. It was commented that in future years, a full budget review would take place which would consider the impact of recent consortium member changes, the staffing restructure, insurance premium changes and any fleet number changes. In terms of budget approval, there was no Strategic Governance Board meeting in November 2017. As the budget was collated during spring 2018, a one off CTC Budget Update / Review meeting took place on the 10 April 2018, which was attended by the consortium's Directors of Finance. It is noted that this meeting took place after the 2018/19 financial year had commenced. The audit also found that no formal minutes had been produced for the meeting, mainly due to a lack of historical administrative support for the CTC.	The CTC budget is not based on realistic income and expenditure figures or the budget is not subject to the necessary scrutiny, leading to the potential for an inaccurate budget being set.	1.1 For 2019/20, a more detailed review of the CTC's budget will take place, factoring in the recent personnel changes, changes to fleet requirements and impact of any insurance premium changes. A provisional budget will be presented to the Strategic Governance Board on the 30 November 2018 for consideration. The final budget and consortium recharges will be agreed by the end of March 2019. **Person responsible:** Sam Sloan, Head of Chiltern Transport Consortium **Implementation date:** 31 March 2019	1

Finding	Risk	Management Action	Priority
This has been rectified going forward with the inclusion of a Fleet Management Assistant in the revised CTC Staff Structure.			
2. Budget Outturn Reports As part of the audit, the 2016/17 Budget Outturn report was obtained. Although each consortium member had received their year-end budget reconciliation spreadsheet, due to a lack of recent Strategic Governance Board meetings, the first time consortium members received the report was at the April 2018 Director of Finance meeting. A copy of the 2017/18 Budget Outturn Report was also requested. Testing found that the report is yet to be collated, but is due to be produced by the end of September 2018.	The consortium lacks a timely overall outturn picture, leading to a lack of visibility of the year-end financial position for the CTC.	2.1 The 2017/18 Budget Outturn Report is currently being collated. Once complete, it will be presented to the Strategic Governance Board on the 30 November 2018 for consideration, as well as to the Office of the Police and Crime Commissioner for Thames Valley. **Person responsible:** Sam Sloan, Head of Chiltern Transport Consortium **Implementation date:** 31 December 2018	1
3. Budget Upload The Head of the CTC and TVP's Corporate Finance liaise on a regular basis on the CTC's current budget position. The latest meeting took place on the 30 August 2018 where the Period 4 Monitoring Statement was discussed. Following the meeting, a number of points and actions were agreed. One specifically referred to the 2018/19 CTC budget not yet being loaded in APTOS (TVP's financial system).	Accurate budget reports cannot be produced, leading to a lack of visibility for consortium members on the current budget position.	3.1 The 2018/19 CTC budget will be uploaded onto Aptos. **Person responsible:** Priyan Shah, Business Systems Information Accountant **Implementation date:** Completed	1

Finding	Risk	Management Action	Priority
4. Budget Monitoring The audit reviewed the availability of budget monitoring documentation and reports for the Head of the CTC and all consortium members. Testing found that a number of discussions take place and documents are produced, but these tend to be ad-hoc and inconsistent. Those noted included: - Regular / ad-hoc discussions between the Head of the CTC and TVP's Corporate Finance to discuss the overall budget. - Ad-hoc period reporting by TVP's Corporate Finance for the Head of the CTC. - 1-2-1 meetings and ad-hoc discussions between the Head of the CTC and finance leads for each consortium member. - Each consortium receives a monthly fleet expenditure report. There appeared to be a lack of regular monthly or bi-monthly finance reporting, outside the Strategic Governance Board requirements. Also, although individual consortium members meet with the Head of the CTC to discuss the financial position of the CTC, as no Strategic Governance Board meetings have taken place since November 2016, the board have not collectively reviewed the in-year CTC budget position.	Timely budget information is not circulated, leading to potential financial pressures not being addressed and resolved.	4.1 Once the bi-annual Strategic Governance Board meetings are taking place, the design of the current budget reporting process is considered appropriate (i.e. monthly fleet expenditure report and bi-monthly Strategic Governance Board meetings). The reporting process will be discussed with consortium members at the Strategic Governance Board on the 30 November 2018, with any suggested changes being considered. If any changes are made, these will be made as part of the review of the Section 22A agreement (see action 9.2). **Person responsible:** Sam Sloan, Head of Chiltern Transport Consortium **Implementation date:** 30 April 2019	2

Finding	Risk	Management Action	Priority
5. CTC Priorities The CTC has articulated service priorities within each consortium member's 2017/18 Force Management Statement (FMS) (excluding CNC) and the CTC 2018/19 Budget and Priorities documents. The audit noted one difference in the identified priorities in the two documents, as the priority in question is considered business as usual. The review also found that progress against the priorities is not formally reported to the Strategic Governance Board, although certain aspects (i.e. personnel, etc.) would have been discussed. The issue of a lack of up to date CTC performance measurements was raised during the 2014/15 audit.	The Strategic Governance Board lacks visibility and updates on priority progress, leading to CTC priorities not being met or appropriate support not being provided to assist in the delivery of priorities.	5.1 The CTC's annual priorities will be discussed and agreed with the Strategic Governance Board. Updates will then be provided at each meeting. **Person responsible:** Sam Sloan, Head of Chiltern Transport Consortium **Implementation date:** 30 April 2019	1
6. CTC Risk Management In reviewing TVP's Risk Management Knowzone folder content, there was no risk register for the CTC under the Deputy Chief Constable's portfolio folder. It was also confirmed that the CTC does not maintain a local risk register, although it was commented that risks tend to be managed and mitigated locally. The audit did identify that CTC risks are noted in the 2017/18 FMSs, with the risks being mitigated by a course of ongoing action in most instances. However, there is a lack of formal Strategic Governance Board reporting and escalation of current risks facing the CTC.	CTC risks are not managed via a formal process or the Strategic Governance Board lacks visibility and assurance on CTC risks, leading to ineffective mitigation and identified risks materialising.	6.1 The current risks facing the CTC, as well as any mitigating action, will be discussed at each Strategic Board meeting. A discussion will also be held with the Strategic Governance Unit on how any CTC related risks are included within TVP's corporate risk management process. **Person responsible:** Sam Sloan, Head of Chiltern Transport Consortium	1

Finding	Risk	Management Action	Priority
		Implementation date: 30 April 2019	
7. TVP Intranet Content As part of the audit, the CTC content on TVP's intranet (Knowzone) was reviewed. There is a Transport webpage, but the content does not appear to have been reviewed or updated for a number of years. The contact details are out of date and refer to staff who have left the CTC, as well as old telephone numbers. The Structure Chart is also dated December 2008. The list of Livelink Transport Policies and Forms also appears to be out of date. This was discussed during the audit and it was commented that there has been an intention to review and update the content for a while, but due to time and staff availability, this has not been completed. There has also been the intention to collate a webpage that will service all five consortium members, rather than have to update a number of individual sites, but this is yet to be progressed. With a new member of the CTC team, the intention is to start addressing the lack of up to date CTC intranet guidance for each consortium member.	Each consortium member lacks up to date information on the CTC, leading to staff being unaware of who to contact for any transport related requests or queries.	7.1 TVP's Transport Knowzone will be reviewed and updated. Consideration will also be given to collating a generic CTC webpage, including details on services provided and key contacts, for all consortium members. **Person responsible:** Sam Sloan, Head of Chiltern Transport Consortium **Implementation date:** 30 April 2019	2
8. Telematics Reporting The CTC is responsible for the fitting and maintenance of Artemis Telematics System (ATS) to vehicles. The system is noted to have four main objectives: - Reducing the number of Police Vehicle Incidents (PVIs) and associated costs. - Management of vehicle utilisation. - Fuel savings. - Vehicle maintenance savings. A Standard Operating Procedure has been adopted and there have been recent discussions around reporting and governance in relation to driver	Consortium members lack vehicle usage information, leading to efficiencies and savings not being realised.	8.1 The management information and related governance for Artemis Telematics System (ATS) reporting will be implemented across all consortium members. **Person responsible:** Sam Sloan, Head of Chiltern Transport Consortium **Implementation date:**	1

Finding	Risk	Management Action	Priority
telematics, and which areas are the highest risk. Currently, the CTC react to requests for data, but the work on process, reporting and governance will resolve this and become business as usual.		30 September 2019	
9. CTC Governance Board The main oversight group for the CTC is the Strategic Governance Board. The audit reviewed the effectiveness of the group to oversee the CTC's operations, as well as providing the necessary support for the CTC's management. The audit identified that the Strategic Governance Board has not met for almost two years, with the last meeting being the 30 November 2016. Meetings have not taken place due to difficulties in identifying dates that all attendees can make or attendees not attending or cancelling their attendance at the last minute. It is acknowledged that individual consortium members do meet with the Head of the CTC, and although the consortium appears to be providing an effective service for its members, there is a risk of complacency at board level if meetings are not taking place or the board is not fulfilling its role or discharging its duties, as required.	The CTC is ineffectively governed at a strategic level, leading to the consortium not achieving its objectives or being provided with the necessary support.	9.1 Strategic Governance Board meetings have been arranged for 2018 and 2019, and there is a commitment from all consortium members to ensure the meetings take place. **Person responsible:** Sam Sloan, Head of Chiltern Transport Consortium **Implementation date:** 30 November 2019	1
This issue is being rectified as board meetings have been arranged for 30 November 2018, 7 June 2019 and 8 November 2019. The e-mail arranging the meetings has requested that these dates not be moved. The Terms of Reference for the board is detailed in the CTC Section 22a Agreement where it is noted that "the Board shall meet at least bi-annually". Attendees of the board should be the "Police and Crime Commissioner (Chair), Chief Constable, Chief Finance Officer and Chair of Senior Operational User Group". The Section 22a Agreement is due for review by March 2019, when the detail relating to the Strategic Governance Board, as well as the information they receive, could be refreshed and updated.		9.2 The CTC's Section 22A Agreement will be reviewed and updated to reflect any changes in the CTC's governance arrangements. **Person responsible:** Sam Sloan, Head of Chiltern Transport Consortium **Implementation date:** 30 June 2019	2

Finding	Risk	Management Action	Priority
10. Senior Operational User Group As part of the governance structure, there is a Senior Operational User Group (SOUG). The SOUG Terms of Reference is noted in the Section 22a Agreement. During the audit, there was a lack of evidence that the group had been meeting to fulfil the responsibilities of their Terms of Reference, mainly due to staff changes and the administration of the CTC's governance meetings falling to the Head of the CTC. The issue of a lack of SOUG minutes was raised during the 2014/15 audit. It was commented that the SOUG may be brought back to the fore following the findings of the South East and Eastern Region Police Insurance Consortium insurance tender work and the need for Forces to formally evidence how they are managing vehicle related risks. Additionally, as the new structure is fully resourced and embedded, this will enable the CTC senior management to manage and administer each of the CTC's governance groups.	The CTC is ineffectively governed at an operational level, leading to consortium member issues and risks not being effectively managed or the CTC not being provided with the necessary support.	10.1 As part of the review of the CTC's Section 22A Agreement, the role of any sub-governance groups (i.e. the Senior Operational User Group) will be considered. Once agreed, the CTC's sub-governance group meetings will take place, as documented in the Section 22A Agreement. **Person responsible:** Sam Sloan, Head of Chiltern Transport Consortium **Implementation date:** 30 June 2019	2

The management actions have been categorised according to their level of priority on the following basis:

Priority 1	A significant action that is designed to improve the efficiency or effectiveness of the governance, risk management and control arrangements.
Priority 2	A moderate action that is designed to improve the efficiency or effectiveness of the governance, risk management and control arrangements.

4. Acknowledgement

The following staff gave their time and co-operation during the review and we would like to record our thanks:

Name	Job Title	Name	Job Title
Sam Sloan	Head of Chiltern Transport Consortium	Ian Thompson	Chief Finance Officer and Deputy Chief Executive
Priyan Shah	Business Systems Information Accountant	Linda Waters	Director of Finance
Philip Wells	Assistant Chief Officer, Bedfordshire Police	Kenneth Kilpatrick	Business Director, Civil Nuclear Constabulary
Niki Howard	Director of Finance & Resources, Cambridgeshire Constabulary		

The Exit Meeting was attended by:

Name	Job Title
Sam Sloan	Head of Chiltern Transport Consortium