



Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies

Suffolk Internal Audit Progress Report for 2015/16

June 2016

INTRODUCTION

1. This summary report provides an update on the progress of our work at the Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies as at 10th June 2016. The report is based on internal audit work carried out by TIAA and management representations that have been received during the period since our last progress report.

PROGRESS AGAINST THE 2015/16 ANNUAL PLAN

2. Our progress against the Annual Plans for 2015-16 is set out in Appendix A. The results of these reviews are summarised at Appendix B.

AUDITS CARRIED OUT SINCE THE PREVIOUS PROGRESS REPORT

3. The table below sets out details of 2015/16 audits carried out since the previous meeting of the Audit Committee.

| Review | Evaluation | Key Dates | | | Number of Recommendations | | | |
|-------------------------|-------------|--------------|--------------------|--------------|---------------------------|---|---|-----|
| | | Draft issued | Responses Received | Final issued | 1 | 2 | 3 | OEM |
| Purchase Ordering | Reasonable | 12/02/2016 | 03/05/2016 | 05/05/2016 | 0 | 5 | 0 | 1 |
| ICT ITIL | Reasonable | 03/03/2016 | | | | | | |
| HR – Absence Management | Substantial | 15/03/2016 | 08/04/2016 | 11/04/2016 | 0 | 1 | 1 | 2 |
| Capital Expenditure | Substantial | 07/04/2016 | 08/06/2016 | 09/06/2016 | 0 | 1 | 1 | 0 |
| Payroll | Limited | 22/04/2016 | 16/05/2016 | 19/05/2016 | 1 | 1 | 0 | 2 |
| ICT t-Police | Reasonable | 19/02/2016 | 19/05/2016 | 23/05/2016 | 0 | 2 | 0 | 0 |

OEM = Operational Effectiveness Matters

Summaries of the finalised reports are attached at Appendix B, Full reports are available to Audit Committee Members on request. The details for Norfolk only reports will not be included in the Suffolk progress report.

CHANGES TO THE ANNUAL PLAN 2015/16

4. There have been no further changes made to the annual plan.

FRAUDS/IRREGULARITIES

5. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

LIAISON

6. Liaison with external audit: We have liaised with EY during the year and kept them informed of our work and will make available to them all final audit reports. Liaison with the Chief Finance Officers: Regular progress meetings are held with the Chief Finance Officers.

PROGRESS ACTIONING URGENT and NOT APPROVED RECOMMENDATIONS

7. We have made one urgent recommendation (i.e. fundamental control issues on which action should be taken immediately) since the previous Progress Report. This is in relation to the audit on Payroll;
 - Incorrect payments are being made to HMRC. This is due to 70 Norfolk staff on the ERP system being rejected by the payroll for HMRC payment runs. CAP Gemini are investigating the issue.
8. We have made no recommendations which were not approved by management since the previous Progress Report.

RESPONSIBILITY/DISCLAIMER

9. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against the Annual Plan for 2015/16

| System | Planned Quarter | Planned Days | Actual Days | Current Status | Comments |
|---|-----------------|--------------|-------------|---------------------|---|
| Records Management Follow Up | 2 | 0 | 4 | Final report issued | Suffolk only, Reported to Audit Committee in March 2016 |
| Contract Review | 2 | 12 | 12 | Final report issued | Reported to Audit Committee in March 2016 |
| Police Stations | 2 | 7 | 7 | Final report issued | Suffolk only, Reported to Audit Committee in March 2016 |
| Proceeds of Crime | 2 | 15 | 15 | Final report issued | Reported to Audit Committee in March 2016 |
| Estate Management – Maintenance and Repair | 2 | 8 | 8 | Final report issued | Norfolk only |
| Risk Management – Embedding (the risk culture) | 2 | 12 | 12 | Final report issued | Reported to Audit Committee in March 2016 |
| Risk Management – Risk, Assurance, Issues, Dependencies (RAID) log | 2 | 15 | 15 | Final report issued | Reported to Audit Committee in March 2016 |
| ICT – Cyber Security | 2 | 10 | 10 | Final report issued | Reported to Audit Committee in March 2016 |
| Mobile Devices | 3 | 15 | 15 | Final report issued | Reported to Audit Committee in March 2016 |
| Accounts Payable | 3 | 10 | 10 | Final report issued | Reported to Audit Committee in March 2016 |
| Accounts Receivable | 3 | 10 | 10 | Final report issued | Reported to Audit Committee in March 2016 |
| Purchasing Ordering | 3 | 12 | 12 | Final report issued | Reported to Audit Committee in June 2016 |
| Purchase Cards | 3 | 10 | 10 | Final report issued | Reported to Audit Committee in March 2016 |
| General Ledger | 3 | 10 | 10 | Final report issued | Reported to Audit Committee in March 2016 |
| Information Technology Infrastructure Library (ITIL) Framework Gap Analysis | 3 | 10 | 10 | Draft report issued | Awaiting Management Response |

| System | Planned Quarter | Planned Days | Actual Days | Current Status | Comments |
|--|-----------------|--------------|-------------|-------------------------|---|
| ICT – Network Security | 3 | 12 | 0 | Postponed until 2016/17 | Data sharing constraints impact on delivery, work around being considered |
| Governance – Ethical Standards | 4 | 12 | 12 | Final report issued | Reported to Audit Committee in March 2016 |
| HR – Absence Management | 4 | 10 | 10 | Final report issued | Reported to Audit Committee in June 2016 |
| HR - Recruitment | 4 | 12 | 0 | Postponed until 2016/17 | Audit postponed until April 2016 due to client capacity and scope, around Suffolk student recruitment. |
| Duty Management System | 4 | 15 | 15 | Postponed until 2016/17 | Audit postponed until June 2016 due to ERP introduction |
| Treasury Management | 4 | 10 | 10 | Final report issued | Reported to Audit Committee in March 2016 |
| Capital Expenditure | 4 | 10 | 9 | Final report issued | Reported to Audit Committee in June 2016 |
| Payroll | 4 | 10 | 5 | Final report issued | Reported to Audit Committee in June 2016 |
| Governance – Performance Management | 4 | 15 | 0 | Postponed until 2016/17 | Due to implementation of the Athena system reporting elements, the audit has been postponed until June/July 2016/17 |
| ICT – t-Police | 4 | 12 | 12 | Final report issued | Reported to Audit Committee in June 2016 |
| Commissioners Grants/PCC Commissioning | 4 | 18 | 9 | Final report issued | Norfolk only, days reduced to 9 |
| Follow Up Work | 4 | 8 | 4 | Final report issued | Reported to Audit Committee in June 2016 |

KEY:

| | | |
|--|---|-------------------------|
| | = | To be commenced |
| | = | Site work commenced |
| | = | Draft report issued |
| | = | Final report issued |
| | = | Postponed until 2016/17 |

Summaries of Finalised Audit Reports issued since the last report

Audit Report: NSP1614 Purchase Ordering

Report Issued: 5th May 2016

SCOPE

The aim of the review was to assess the adequacy and effectiveness of the internal controls in place for managing of the procurement function. The audit focused on the following key areas;

- Examining a number of orders placed to confirm compliance with the Force's Purchasing procedures when goods and/or services are procured.
- Ensuring compliance with operating procedures for purchasing.
- Reviewing the system and procedures for contract procurement.

MATERIALITY

The total value of orders placed since 1st April 2015 is £40,706,139.

KEY FINDINGS

- Orders up to £250 do not require independent authorisation, which increases the risk of fraudulent and inappropriate transactions. Sample checking of requisitions up to £250 to be independently reviewed to ensure that they are genuine and needed requests.
- Iprocurement training is not mandatory for staff before they are given access to Iprocurement, which increases the risk of requisitions being raised incorrectly.
- Access to the Iprocurement system is not approved by an appropriate officer.
- Evidence of compliance with the Constabularies purchasing rules is required to be uploaded onto Iprocurement.

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 5 | 0 | 1 |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|-----------|---|--|----------|---|-------------------------------------|---------------------------------|
| 1 | Directed | Requisitions up to £250 do not require authorisation by an independent officer. | Sample checking of requisitions up to £250 to be independently authorised, to avoid fraudulent or inappropriate goods being ordered. | 2 | <i>Agreed. Sample checking on orders will be undertaken, where orders will be referred to the relevant line manager to verify the order. All requisitions are seen by Procurement. There are dedicated officers checking these and either raise a purchase order or reject them. Items such as cameras will soon be going through ICT, for a log to be retained. Budget holders receive a listing of purchases to enable them to check appropriateness.</i> | 31/03/16 | Senior Supplies Officer |
| 2 | Directed | Procurement training is not mandatory for staff before they are provided access to Procurement. | All staff to receive training on Procurement before they are given access to Procurement. | 2 | <i>Agreed. This is now mandatory. Training notes are held on word documents, as such it is not possible to verify that training is completed. Individuals are required to email confirmation that training has been undertaken. When errors are found on requisitions this identifies a training need, which is then provided to the individual.</i> | Implemented | Senior Supplies Officer |

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|------------|--|---|----------|--|-------------------------------------|---------------------------------|
| 3 | Compliance | There is no appropriate process for granting access to Iprocurement. | All requests for access to Iprocurement to be approved by the Senior Supplies Officer. | 2 | <i>Agreed and now implemented, all go to the Senior Supplies Officer to approve.</i> | <i>Implemented</i> | <i>Senior Supplies Officer</i> |
| 4 | Compliance | The Constabularies 'Purchasing Rules' requires individuals themselves to maintain evidence of compliance with the 'Purchasing Rules', kept locally, but there is no clear guidance on how this should be stored. To ensure that there is sufficient evidence that 'Purchasing Rules' have been complied with, evidence of compliance of purchasing rules, such as three quotes having been received and tendering, to be uploaded onto Iprocurement. | Evidence of compliance with the Constabularies 'Purchasing Rules' to be uploaded on to Iprocurement | 2 | <i>This will require a change to the Contract Standing Orders, Section 3.9, which currently states that quotes should be retained locally, rather than centrally or accessible to procurement. There is a facility to attach quotes to requisitions.</i> | <i>30/09/16</i> | <i>Chief Finance Officer</i> |
| 5 | Compliance | Purchase orders are raised retrospectively. | Staff to be reminded of the requirement that retrospective orders are not to be placed. | 2 | <i>Agreed. This is now reducing. This has been published in Force Orders, as a six monthly reminder to all staff.</i> | <i>Implemented</i> | <i>Senior Supplies Officer</i> |

Audit Report: NSP19 HR – Absence Management

Report Issued: 11th April 2016

SCOPE

The review appraised the arrangements in place for the management of sickness absence for the Suffolk and Norfolk Constabularies. Including monitoring and reporting of sickness absence.

MATERIALITY

The joint HR function provides support for Norfolk and Suffolk Constabularies and PCC's, with the following officers and staff:

| | Norfolk | Suffolk |
|-------------------|--------------------|-------------------|
| Officers | 1561 (150.19 FTE) | 1104 (1073.79FTE) |
| Staff (inc PSCOs) | 1331 (1194.02 FTE) | 1043 (924.98 FTE) |

There is a joint sickness target of 3.4%. As at January 2016 sickness reported was at 4.47% for Norfolk Officers, 4.77% for Norfolk Staff, 4.93% for Suffolk Officers and 4.11% for Suffolk Staff.

KEY FINDINGS

- The Enterprise Resource Planning (ERP) software programme is in place to manage and monitor sickness levels along with the duty management system.
- The Joint Sickness Policy was due for review in January 2014 and is currently being reviewed, as such no formal recommendation has been raised.
- There is guidance in place for the HR Service Desk. Procedural notes providing guidance on sickness management were due for review in 2012.
- Attendance Support Meetings (ASMs) are not being completed within the required designated timescales. This increases the risk that action will not be taken to avoid future excessive sickness absence.
- Additional information is required to be published on the intranet to enable Line Managers to manage their team's sickness.

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 1 | 1 | 2 |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|-----------|---|--|----------|---|-------------------------------------|--|
| 1 | Directed | Audit testing identified that Attendance Support Meetings (ASM) are not being completed within the designated timescales. | Line Managers to be reminded of the need to undertake ASMs within the required timescales, to enable staff with inappropriate sickness levels to be identified and plans put in place to address the sickness level. | 2 | <p><i>New enact process will re-assign managers the forms when ASM is booked in.</i></p> <p><i>Manager guides to be more readily available on intranet – review due to be implemented end of April.</i></p> | 31/05/16 | Lauren Soames Head of HR Business Services |

Audit Report: NSP1618 Capital Expenditure

Report Issued: 9th June 2016

SCOPE

To assess the adequacy and effectiveness of the internal controls in place for managing of the Constabularies capital expenditure programme. The audit focused on the following key areas: capital expenditure work programme; policies and procedures; system access; and reconciliation with the general ledger.

MATERIALITY

The value of the joint capital plan for the 2015/16 financial year is £3,588,650. The value of the Norfolk 2015/16 capital expenditure plan is £10,868,267 and the value of the Suffolk 2015/16 capital expenditure plan is £5,478,383.

KEY FINDINGS

- A capital plan is in place for both Norfolk and Suffolk for 2015/16.
- Whilst staff are aware of the processes to adopt, procedure notes are not held regarding the day to day operation of capital expenditure.
- Budget monitoring is in place to assess any over/under spends regarding the capital expenditure.
- There was a delay in capitalising the fixed assets due to the implementation of the new finance system.

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 1 | 1 | 0 |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|------------|---|---------------------------------|----------|--|-------------------------------------|---------------------------------|
| 1 | Compliance | There has been a delay in the capitalisation of the fixed assets due to the implementation of the new finance system and the restructure of the finance team. | Fixed assets to be capitalised. | 2 | <i>The delay is down to the implementation of ERP and the restructure of the Finance Department.</i> | 30/09/16 | Ivan Fearn |

Audit Report: NSP1611 Payroll

Report Issued: 19th May 2016

SCOPE

The aim of the review was to assess the adequacy and effectiveness of the internal controls in place for managing the Payroll function.

MATERIALITY

Total value of Norfolk payroll was approximately £67.2 million for Norfolk OCC and approximately £52.8 million for Suffolk OCC. The total value for Norfolk PCC was approximately £432k payroll and for Suffolk PCC was approximately £360k.

KEY FINDINGS

- The balance sheet values for HMRC payments are not in agreement with payments made to HMRC, as approximately 70 Norfolk employees are being excluded from Payroll reports for making HMRC payments.
- Expenses are self-approved and are not subject to independent approval.
- VAT is not reclaimed on expenses, a decision was taken that it would not be cost effective to reclaim VAT on expenses.

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 1 | 1 | 0 | 2 |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|------------|---|--|----------|--|-------------------------------------|---------------------------------|
| 2 | Compliance | Incorrect payments are being made to HMRC. This is due to 70 Norfolk staff on the ERP system being rejected by the payroll for HMRC payment runs. CAP Gemini are investigating the issue. | Staff that are not included in the 'FPS Reconciliation Report' to be investigated, to enable correct payments to be made to HMRC. | 1 | <i>We are aware of this issue and this is being addressed. The Full Payment Submission (FPS) file has been an issue and we are in contact with CapGemini to seek an urgent resolution to this. A call has been raised with our supplier to assist with the resolution of this issue.</i> | 30/06/16 | Head of Transactional Services |
| 1 | Compliance | The Head of Transactional Services is the sole officer to authorise the monthly payroll, and also has access rights to amend the payroll. | Additional officers to be assigned to authorise the payroll, and access rights for the Head of Transactional Services be reviewed, to provide segregation of duties, along with adequate business continuity arrangements. | 2 | <i>Head of Corporate Accounting and Head of Financial Accounting will be used as part of the authorisation process. They will send the BACS file, which will include reference to the net pay reports from the payroll</i> | 31/05/16 | Head of Transactional Services |

Audit Report: NSP1625 ICT – T-Police

Report Issued: 23rd May 2016

SCOPE

A post implementation review looking at the following - The business requirements have been met, The expected benefits have been realised, The system is considered usable, Stakeholders expectations have been met, No unexpected impacts on the organisation, Change management, installation and accreditation processes were performed effectively and efficiently.

MATERIALITY

Robust Project Management processes are critical to helping to ensure that key organisational change projects such as the ERP implementation are managed effectively to deliver and exceed planned business benefits.

KEY FINDINGS

- The project included the creation of an “End of Project” report, with summary descriptions of the key project objectives, as defined within the Project Business Case and the Project Initiation Document.
- The project formally adopted the Prince2 Project Management principles.
- A formal system owner to be appointed. An interim owner role is a temporary solution.
- Organisational change should have kept within the ERP (Enterprise Resource Planning) implementation project.

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 2 | 0 | 0 |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|-------------|--|--|----------|---------------------|-------------------------------------|--|
| 1 | Operational | <p>The project formally adopted the Prince2 Project Management principles. This was confirmed within the Project's Business Case and the Project Initiation Document. Operationally, the Prince2 principles were mixed with elements of Agile project management to provide a mix of the flexibility provided by Agile with the more formal governance elements of Prince2.</p> <p>As a result, there was no formal requirement to deviate from these processes as they are necessarily designed to build flexibility into the way the project was managed.</p> <p>Earlier in the project's lifecycle, the decision was made to separate Organisational Change into a separate project, which remains active at the time of writing. As a result, elements of the implementation of the ERP project are technically still in the project phase, despite the fact that the ERP system itself has gone live. This is considered to be a weakness for which a recommendation has been raised.</p> | Organisational Change to be considered an integral part of all projects where significant business process change is planned and/or where there is a strategic organisational change process planned or under way. | 2 | Agreed. | 30/09/16 | Head of Corporate Development & Change, Sarah Bolt |

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|-------------|--|--|----------|---------------------|-------------------------------------|--|
| 2 | Operational | Business ownership of the application has been assigned to Procurement management as an interim measure, although there is a recognition that this is not a robust permanent solution. A recommendation on this is being raised. | Business Management to appoint a formal system owner for the ERP system at the earliest opportunity. An Interim business lead has been appointed and, whilst this recognises the need for such a role, it can only be treated as a temporary solution. | 2 | Agreed. | 31/12/16 | Head of Corporate Development & Change, Sarah Bolt |