



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

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### **Audit Progress Report – Suffolk**

**2017/18**

## 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 8<sup>th</sup> September 2017. 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 2017/18 ANNUAL PLANS

2. Our progress against the Annual Plans for 2017-18 is set out in Appendix A. The results of these reviews are summarised at Appendix B.

## AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE

5. The table below sets out details of audits finalised since the previous meeting of the Audit Committee.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
IM Audit Team Assessment	Substantial	19/07/2017	22/08/2017	25/08/2017	-	-	3	2
Transport – Use of Vehicles	Reasonable	20/07/2017	29/08/2017	29/08/2017	-	4	5	2
Purchase Ordering	Reasonable	24/07/2017	29/08/2017	29/08/2017	-	1	-	-
Estates Contract Monitoring	Substantial	24/08/2017	06/09/2017	07/09/2017	-	-	3	2
Procurement – CSO Compliance and STA	Reasonable	24/07/2017	31/08/2017	04/09/2017	-	4	1	2

Copies of the finalised 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 2017/18**

6. There has been no changes made to the annual plan since the last meeting.

### **FRAUDS/IRREGULARITIES**

7. We have not been advised of any frauds or irregularities in the period since the last summary report was issued. We regularly liaise with PSD regarding any work streams that may be relevant for internal audit.

### **LIAISON**

8. Liaison is undertaken with the following:
  - Liaison with the Chief Finance Officers: Regular progress meetings are held with the Chief Finance Officers.
  - Liaison with PSD: Regular meetings are held with PSD during the year.
  - Liaison with Risk Management: Increased liaison has commenced, to directly link internal audit with risk management.
  - 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.

### **PROGRESS ACTIONING PRIORITY 1 (URGENT and NOT APPROVED RECOMMENDATIONS)**

9. We have made no urgent recommendations (i.e. fundamental control issues) since the previous Progress Report:
8. We have made no recommendations which have not been approved by management since the previous Progress Report.

### **RESPONSIBILITY/DISCLAIMER**

10. 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 2017/18

System	Planned Quarter	Planned Days	Actual Days to date	Current Status	Expected Audit Committee	Assurance	Comments
<b>2017/18 Plan</b>							
NSC1802 ICT Mobile Devices	1	10	10	Draft Report issued	September 2017		Final to December Audit Committee.
NSC1803 IM Audit Team Assessment	1	8	8	Final Report	September 2017	Substantial	
NSC1805 ill Health Retirement	1	8	8	Exit Meeting to be held	September 2017		Final to December Audit Committee. Second exit meeting arranged due to processes across departments.
NSC1806 Transport – Use of Vehicles	1	10	10	Final Report	September 2017	Reasonable	
NSC1808 Estates Contract Management	1	10	10	Final Report	September 2017	Substantial	
NSC1809 Purchase Ordering	1	10	10	Final Report	September 2017	Reasonable	
NSC1810 Temporary Recruitment	1	7	7	In progress	September 2017		Final to December Audit Committee. Delayed due to information provision from department.
NSC1811 CSO Compliance and STA	1	17	17	Final Report	September 2017	Reasonable	
NSC1812 Business Interests	1	8	8	Draft Report issued	September 2017		Final to December Audit Committee. Second exit meeting arranged due to processes across departments.
NSC1815 ICT Data Assurance	2	12		Scheduled	December 2017		
NSC1816 ICT Governance	2	12	5	In progress	December 2017		
NSC1817 IM Data Quality	2	12		Scheduled	December 2017		
NSC1818 IM MOPI Project	2	10		Scheduled	December 2017		

System	Planned Quarter	Planned Days	Actual Days to date	Current Status	Expected Audit Committee	Assurance	Comments
NSC1820 Suffolk PFI – Suffolk only	2	14	13	In progress	September 2017		Findings will only be reported to Suffolk
NSC1821 Norfolk PFI – Norfolk only	2	14	13	In progress	September 2017		Final to December Audit Committee. Delayed due to information provision during holiday period.
NSC1823 Overtime, Expenses, Add Payments	2	14	8	In progress	December 2017		
NSC1807 Estates 3i Property Database	3	4			December 2017		Moved from Q1 to Q3 due to the delay to implement of database
NSC1814 Risk Management – Mitigating Controls	3	11	1	Scheduled	December 2017		Moved from Q2 to Q3 - Workshop to be delivered
NSC1804 HR Learning and Development	3	12		Scheduled	December 2017		Moved from Q1 to Q3, due to department transformation
NSC1801 Governance & Ethics	3	12		Scheduled	December 2017		
NSC1819 HR Absence Management	3	12		Scheduled	December 2017		
NSC1826 ERP / Athena	3	12			December 2017		
NSC1822 Safeguarding and Investigations	3	10			March 2018		
NSC1825 Corporate Policies	3	10		Scheduled	March 2018		
NSC1827 Commissioners Grants	3	18			March 2018		Separate reports for Norfolk and Suffolk
NSC1828 Key Financials	4	30			March 2018		
NSC1829 Payroll incl ERP	4	10			March 2018		
NSC1813 Recovered Property	4	10			June 2018		
NSC1824 Purchase Cards	4	10			June 2018		
NSC2830 Accounts Payable	4	10			June 2018		
Follow Up Work	2 / 4	12	4	Ongoing			Year-end reporting June / in-year reporting December
Contingency	1-4	49		As required			

System	Planned Quarter	Planned Days	Actual Days to date	Current Status	Expected Audit Committee	Assurance	Comments
Audit Management	1-4	20	6	Ongoing			
Total Days	-	330	138				

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued

## Summaries of Finalised Audit Reports issued since the last report

### Audit Report: IM Audit Team Assessment (NSC1803)

Report: 25<sup>th</sup> August 2017

#### SCOPE

The review appraised the processes in place for the information management audit team, including planning, documenting, assessment, review, reporting and implementation of improvements.

#### MATERIALITY

The Information Commissioner's Office has the power to issue monetary penalty notices of up to £500,000 for serious breaches of the Data Protection Act, and serious breaches of the Privacy and Electronic Communications Regulations. New General Data Protection Regulations (GDPR) come into force from May 2018, raising the potential fine to 4% of turnover alongside the potential reputation damage. Poor information management impacts negatively on the success of operational policing, performance and decision making, public confidence and reputation, costs and civil litigation against the Constabularies.

#### KEY FINDINGS

- There are sound governance arrangements in place over the audit team, which reports directly to the Head of Information Management (IM) and the Information Management Steering Group (IMSG).
- The audit team has a formal approach, with procedures, templates and methodologies in place, which audit testing found are complied with.
- Transaction monitoring processes are formalised, documented and carried out in line with the annual audit plan.
- Audits are reported to and agreed with the departmental managers responsible for the systems, and to the IMSG.

#### OVERALL ASSURANCE ASSESSMENT



#### ACTION POINTS

Urgent	Important	Routine	Operational
0	0	3	2

**Audit Report: Transport – Use of Vehicles (NSC1806)**

**Report: 29<sup>th</sup> August 2017**

**SCOPE**

The audit focused on the use of vehicles across both Constabularies and PCCs, covering the following areas:

- Policy and procedures
- Communication with staff
- Monitoring and compliance.

**MATERIALITY**

The annual value of the hire contract is approximately £1 to £1.3 million.

**KEY FINDINGS**

- Regular checks are not undertaken to establish if staff hold current and valid driving licences.
- There is no standardised approach for booking of pool cars across Norfolk and Suffolk.
- The Suffolk self-booking pool car system does not prevent the same pool car from being booked for more than one week.
- In Norfolk, there is no process for signing out/in pool cars and documented procedures for staff to follow when booking hire cars requires updating.
- Segregation of duties is compromised within finance in relation to booking of hire cars and processing of invoices for payment.
- There are a number of pool cars travelling between Suffolk and Norfolk Constabularies' head-quarters each day.
- Hire cars had been booked for minor journeys and when pool cars were available.

**OVERALL ASSURANCE ASSESSMENT**



**ACTION POINTS**

Urgent	Important	Routine	Operational
0	4	5	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)
4	Directed	A check is undertaken of eligibility to drive when a staff member applies to use a pool car or when they commence employment (whichever is first). Further checks are not undertaken to establish if staff hold a current and valid driving licence.	Periodic checking is undertaken on Norfolk and Suffolk staff that hold driving licences and are approved to drive force vehicles, to ensure they remain current.	2	Details of drivers are checked and recorded when a driver initially makes contact with driver Training and at any refresher or upskilling course. There is a driver management system available from Chronicle, which flags an individual using a police vehicle without the current driving authority, this would cost around £50K per force and £10K pa admin. Consideration will be given to including within our booking process or vehicle log book, a requirement for individuals to sign and agree they are the current holder of a full driving licence and authorised in accordance with our policies to drive that vehicle, and are not aware of reasons why they would not be allowed to drive such a vehicle. Additionally reminders will be published within Force Orders reminding drivers of the requirement to notify Driving School of any changes to their driving licence.	31/10/17	Driver Trainer Team Leader and Head of Transport

Report Ref	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Directed	The Suffolk pool car booking system does not prevent users from being able to block book pool cars.	The Suffolk pool car booking system to be investigated, to prevent users from being able to block book pool cars for more than one week.	2	A new joint pool car booking system is scheduled for development November 2017. This is part of the joint intranet project. Additional functionality such as the inability to block book vehicles will be built into the system. ICT will not make changes to the current booking system due to the pending new one. Spot checks will be carried out prior to the new system becoming available.	30/09/17	Head of Transport
6	Directed	There is no requirement for Norfolk pool car users to sign out a pool car when it is collected and nor to sign back in when it has been returned. The Norfolk pool car spreadsheet is updated when a car is collected and changed again when the car is returned.	A signing in and out process to be implemented for pool car bookings in Norfolk.	2	Currently the Norfolk pool car system is not self-serve. Keys are passed to the users by hand with Transport Services noting on the booking spreadsheet the car has been collected or returned. All pool cars contain a vehicle logbook that drivers are expected to complete the accordingly. This is proof of use. The new joint pool car booking system is scheduled for development November 2017 and this will be self-serve with users signing out and in pool cars.	30/11/17	Head of Transport

Report Ref	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
9	Compliance	There is no minimum mileage requirement for the booking of hire cars. During testing it was identified that one hire car only travelled two miles during the three day hire period, and one car travelled only two miles during its one day hire period.	Periodic checks to be undertaken on hire car usage (reasons for hire) and mileage undertaken, to ensure that hire cars are only used when necessary and not to be hired for minimal journeys.	2	It is likely these vehicles were not used and the small mileage indicated is the delivery and collection mileages being rounded. Finance will issue a reminder to bookers the need to cancel a hire car when circumstances change and the car is no longer required.	01/09/17	Head of Transactional Services

**Audit Report: Purchase Ordering (NSC1809)**

**Report: 29<sup>th</sup> August 2017**

<p><b>SCOPE</b></p> <p>The audit focused on the following areas:</p> <ul style="list-style-type: none"> <li>• Raising purchase orders</li> <li>• Open orders</li> <li>• Closing down orders / Partially completed orders</li> <li>• Legacy orders.</li> </ul> <p><b>MATERIALITY</b></p> <p>For Suffolk; the value of purchase orders raised was £9 million April to June 2017.</p> <p>For Norfolk; the value of purchase orders raised was £7.5 million April to June 2017.</p>	<p><b>KEY FINDINGS</b></p> <ul style="list-style-type: none"> <li>• Controls are in place for purchase ordering through the central procurement team.</li> <li>• The Transactional Team are raising requisitions to enable invoice to be paid, as not all departments are raising their requisitions.</li> <li>• The new suppliers tab on lprocurement to be restricted to procurement, so that it is clear for staff that only purchasing staff are able to set up new suppliers.</li> <li>• Incomplete orders remain on the system for extended periods of time without investigation into reasons for remaining open and incomplete.</li> <li>• There is no restriction on what budget codes purchases can be coded to.</li> </ul>								
<p><b>OVERALL ASSURANCE ASSESSMENT</b></p>  <p>The diagram shows a central yellow circle labeled 'REASONABLE ASSURANCE' surrounded by a blue ring with the text 'Adherence to effective governance, risk and control processes'. To the right are four horizontal bars representing assurance levels: 'SUBSTANTIAL ASSURANCE' (green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).</p>	<p><b>ACTION POINTS</b></p> <table border="1" data-bbox="1133 861 2016 1021"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>1</td> <td>3</td> <td>2</td> </tr> </tbody> </table>	Urgent	Important	Routine	Operational	0	1	3	2
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0	1	3	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	Compliance	Audit testing found instances where the Accounts Payable Transactional Team are raising requisitions rather than the department they relate to, to enable the corresponding invoice to be paid, as the departments are not raising their own requisitions. This process is not compliant with the joint contract standing orders.	Departments to be made responsible for raising their own purchase orders and not assigned to finance to raise, with purchasing monitoring compliance.	2	<i>The AP Team raise retrospective purchase orders to assist with the prompt payment of invoices as those goods/services will have already been received. This in effect does not then penalise the supplier by paying them on time. Once the PO is raised this alerts the Supplies Team that goods/services have been procured from a supplier and the compliance with contract regulations can be checked. The AP team have a duty to pay suppliers on time, although this is not an ideal solution to the issue. There will still an element of POs raised by the AP Team for such items as annual orders where several different budget codes as spend is known centrally.</i>	01/09/17	Head of Transactional Services

**Audit Report: Estates Contract Management (NSC1808)**

**Report: 7<sup>th</sup> September 2017**

**SCOPE**

The review focused on the management of Estates contracts, covering service monitoring, contract performance and financial control processes over both Constabularies. The scope of the audit did not include tendering processes.

**MATERIALITY**

The Estates Contract List as at 3rd July 2017 showed 24 contracts held, with a combined estimated value of up to £15.4m.

**KEY FINDINGS**

- Governance and accountability arrangements are clearly defined, with the joint Estates Management Group providing strategy, direction and oversight.
- There is a draft Managing Contractors Policy in place, which incorporates standard templates, and is awaiting finalisation.
- Testing of contracts found these to be signed by the Chief Finance Officer and contractor.
- Monthly review meetings with contractors take place, although contractor review reports and audits are awaited for two new contractors.
- Financial controls include Estates checks of contractor application sheets and invoices, as well as budgetary control processes.

**OVERALL ASSURANCE ASSESSMENT**




**ACTION POINTS**

Urgent	Important	Routine	Operational
0	0	3	1

**Audit Report: Procurement – CSO Compliance and STA (NSC1811)**

**Report: 4<sup>th</sup> September 2017**

<p><b>SCOPE</b></p> <p>The audit focused on single tenders and compliance with contract standing orders within departments across the Constabularies and PCCs</p> <p><b>MATERIALITY</b></p> <p>The total value of orders raised during 2016/17 for Suffolk was £28.5 million.</p> <p>The total value of orders raised during 2016/17 for Norfolk was £32.6 million.</p>	<p><b>KEY FINDINGS</b></p> <ul style="list-style-type: none"> <li>• Authority rules within procurement are not in line with the Constabularies Financial Regulations. Currently on procurement where the budget-holder is the requisitioner they are able to raise an order up to the value of their delegated authority without the need to obtain independent authorisation.</li> <li>• Transport orders are not processed on procurement, and are processed through Tranman. Tranman does not interface with ERP, as such invoices are manually entered onto ERP, which is very labour intensive.</li> <li>• Access rights on Tranman have not been restricted, all staff that have access to Tranman can raise orders on Tranman.</li> <li>• Tranman does not require orders to be approved electronically. Tranman to be investigated so that authority levels are in line with the Constabularies joint standing orders.</li> <li>• Testing identified a small number of exceptions, where orders have not been placed in line with Joint Contract Standing orders.</li> </ul>								
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**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	Tranman does not require orders to be authorised electronically.	Orders on Tranman to be authorised electronically, and authority limits on Tranman to be set so that they are in line with the Constabularies joint contract standing orders.	2	<p><i>A review of the present and potential automation of Tranman will be carried out with a view to cost effectively maximising the ability of the system where appropriate.</i></p> <p><i>Transport service will adopt the organisations purchasing activity limits.</i></p>	31/03/18	<p><i>Head of Finance</i></p> <p><i>Head of Transport Services</i></p>
3	Compliance	Tranman does not interface with ERP.	Tranman to be investigated to see if it can interface with ERP.	2	<p><i>A review of the present and potential automation of Tranman will be carried out with a view to cost effectively maximising the ability of the system where appropriate.</i></p>	31/03/18	<i>Head of Finance</i>



Report Ref	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Directed	If the requisitioning officer is the budget-holder for the cost centre for which the order is being raised, they are able to authorise orders without the need for independent authorisation. There is a risk of inappropriate or incorrect orders being placed, as there is no segregation between the requisition and approval of an order.	The Constabularies Financial Regulations and rules within procurement to be aligned.	2	<i>This will be reviewed with the aim of lining up the system set up and regulations.</i>	31/03/18	Head of Finance
5	Compliance	Joint contract standing orders have not been followed for procurement of all goods and services. Instances outside of the central procurement function were identified of non-compliance with procurement requirements for each threshold, along with instances where purchases were split to avoid the threshold requirements.	Procurement of goods and services outside the central procurement function to be undertaken in line with the Constabularies joint contract standing orders.	2	<i>The Supplies and Accounts Payable teams are to continue to remind budget holders of their responsibilities and challenge bad practice when observed.  This is ongoing, with a review date of 31<sup>st</sup> March 2018 to assess.</i>	31/03/18	Head of Procurement and Supplies  Head of Finance