Cumbria Shared Internal Audit Service

Internal Audit report for

Cumbria Constabulary

Audit of Agile Workforce

Draft Report Issued: 23rd August 2021

Final Report Issued: 11th October 2021

Audit Resources

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Audit Report Distribution

For Action:	Jonathan Blackwell (T/Assistant Chief Constable)
For Information:	Mark Webster (Deputy Chief Constable)
	Stephen Kirkpatrick (Director of Corporate Support)
Audit Committee:	The Joint Audit Committee which is due to be held on 17th November 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Agile Workforce.** This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

Agile working is important to Cumbria Constabulary because it contributes to the efficient use of resources to support operational policing needs and the delivery of the objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025.

The Covid-19 pandemic changed the workplace, accelerating the move towards greater agile working and enforcing homeworking on a large scale. This presented many challenges that needed to be overcome but generated significant learning to inform plans for post-Covid working arrangements, including some partial and voluntary homeworking options. The benefits of agile working are well documented and include better work-life balance, reduced travel time, increased productivity, cost savings, greater employee satisfaction and better recruitment and retention.

A separate report has been prepared for the OPCC's arrangements.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Jonny Blackwell (T/ACC). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas: -

- Employee Wellbeing
- Kit Delivery

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around Agile Workforce provide **Reasonable Assurance**.

This opinion recognises the level of controls operating around agile working and the notable strengths, as set out below. The Covid-19 pandemic made it necessary for the Constabulary to progress agile working at an unprecedented pace, and scale, so that they could continue to provide effective policing services to the people of Cumbria. However, the situation meant that some controls operating around agile working were not as strong as would be expected under normal circumstances and this is recognised in our overall assurance.

The original governance structure for Recovery and Renewal (of which agile working is key) was established in May 2020 and a workstack document was prepared for Management Board in August 2020, that included a Covid-19 Renewal and Recovery Plan. The plan was not approved and launched at this time on a formal and cohesive basis because of further Covid-19 response phases, changes in senior leadership and more recently, a new constabulary governance structure. This was not unreasonable given the pandemic and we recognise that the Deputy Chief Constable has had oversight of what was happening. The plan has been progressed separately on a busines as usual basis within departments.

During the pandemic staff were able to take equipment home from their offices such as keyboards, mice, monitors and chairs to enable them to continue working, and line managers were tasked with tracking these assets. Oversight of this arrangement has been limited and it is unclear at this stage if records have been maintained fully and up to date.

The current priority is for the Estates team to establish future working arrangements and a new office structure and the ICT requirement will flow from this. The recovery and renewal process can now proceed fully, building on the identified benefits from new ways of working arising from the pandemic.

As the Constabulary are fully aware of the issues highlighted above, some of which can't be addressed, and are working on some of the other areas, we have not included recommendations in this report.

The level of controls operating around agile working and notable strengths are set out below.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- An Agile Working Guidance document prepared in 2018, and approved by senior management at Workforce Board, has been updated in 2021 and made available to staff on the force intranet. The guidance covers employee wellbeing and the issue of standard kit. Supplementary guidance relating to a Home / Agile Worker Assessment Procedure has also been developed.
- Arrangements are in place for risks around agile working to be captured, managed, addressed and reported. A risk relating to agile working currently features on the strategic risk register.
- There was an Agile Working Guidance Launch in 2019 via a 'Need to Know' publication on the Constabulary's intranet and guidance continues to be available to staff on the site. Arrangements are in place for staff to receive any updates, including those from HR. During the pandemic particular use has been made of Assistant Chief Constable (ACC) Covid-19 Bulletins to share information and provide links to relevant pages on the intranet.
- Agile working guidance sets out staff and manager responsibilities and provides clarity around the need for managers to monitor performance and adherence to policies and procedures on a remote basis. This message has been reinforced via HR input into Sergeant

and Inspector Briefing days and an ACC Covid-19 Bulletin. The Digital Leadership Programme delivered to managers across Durham and Cumbria constabularies also covered remote tasking and briefing, wellbeing and performance.

- Covid secure arrangements were promptly put in place at the start of the pandemic for staff to attend HQ, on an appointment basis, to collect kit for home working. Clear instructions were issued to staff regarding safety arrangements as part of the appointment booking process. Kit issue was based on priorities identified by Operation Lectern.

- Managers are tasked with ensuring their staff complete online home / agile worker risk assessments for review by Occupational Health Unit DSE Assessors. The process ensures that any risks highlighted by the assessment are reasonably addressed through the provision of advice and in some cases additional / alternative equipment. Examples include the purchase of an adjustable flat footrest and guidance given regarding an adjustment to monitor height. Senior management maintain oversight of the completion of home / agile worker assessments through the receipt of regular Health and Safety Performance reports.

- Arrangements are in place through the Commercial Team to ensure that additional / specialist equipment is only purchased on the recommendation of the Force Ergonomic Physiotherapist. Recommendations are reasonable and proportionate to address the risks highlighted.

- There is a clear and demonstrable senior management commitment to staff health and wellbeing. There is an array of wellbeing information on the force intranet with links to additional material and sources of help and support. Examples include the National Police Wellbeing Service and Police Care UK. ACC Covid-19 Bulletins, HR Updates, Need to Know publications and emails are used to highlight updates and provide links to specific items e.g. Keeping in Touch Guidance.

- All mobile devices issued to staff for home / agile working are assured in terms of security through an NEP designed build and are encrypted end to end (NEP is the National Enabling Programme sponsored by the NPCC that provides additional security components).

- Managers are actively encouraged to communicate with their staff on a regular basis and monitor their health and wellbeing. A system of regular one to ones and strength-based conversations is in place to facilitate this. During the pandemic additional guidance was issued to managers in relation to remote working, via publications on the force intranet and Sergeant and Inspector Briefing Days.

- Staff feedback on agile working was sought in January 2021 to inform arrangements for agile working post pandemic. Following consultation with Unison, police staff terms and conditions of employment have already been updated to provide the opportunity to work flexibly between home and work on a rota basis up to 3 days per week.

There are no audit recommendations arising from this audit review.

Deputy Chief Constable Comments

The emergence of the coronavirus pandemic created an urgent need to move to agile working to protect our employees, their families and the public. This was necessarily done at pace, but not from a standing start as much work had already been done in the force to enhance technology solutions and mobile working. This enabled us to make good progress towards wider agile working, but the ebb and flow of pandemic infection rates inevitably meant that resources continually had to be re-prioritised to deal with the most pressing risks. It is unsurprising in this context that some areas still need to be worked on the fully embed the strategic intent in our estates, fleet and deployment models, but it is welcome to see that the work the force has done here has been recognised and offers adequate assurance.

Mark Webster, Deputy Chief Constable

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Cumbria Shared Internal Audit Service

Internal Audit report for

Cumbria Office of the Police & Crime Commissioner

Audit of Agile Workforce

Draft Report Issued: 29th July 2021

Final Report Issued: 4th August 2021

Audit Resources

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Audit Report Distribution

For Action:	Joanne Head (Governance Manager)
For Information:	Gill Shearer (Chief Executive of the OPCC / Head of Communications and Business Services)
Audit Committee:	The Joint Audit Committee which is due to be held on 22nd September 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Agile Workforce.** This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

Agile working is important to the Cumbria Office of the Police and Crime Commissioner (OPCC) because it contributes to the efficient use of resources to support delivery of the objectives in the Police and Crime Plan for Cumbria 2016-20 and operational policing needs. The Covid-19 pandemic made it necessary for the team to progress agile working at an unprecedented pace to continue operating and supporting the Police and Crime Commissioner as effectively and efficiently as possible.

The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account. This includes overseeing how resources are used to help keep people safe and ensuring the Constabulary maximises value for money.

This report relates to the arrangements for the OPCC. A separate report has been prepared for the Constabulary's arrangements.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Joanne Head (Governance Manager). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas: -

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- Policy and procedures.
- Health and Safety.
- Employee Wellbeing.
- Security of equipment and data.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around Agile Workforce within the OPCC provide **Substantial Assurance**. The OPCC has successfully used agile working to absorb and adapt to many of the challenges presented by the pandemic which demonstrates resilience and readiness to move forwards beyond Covid-19 restrictions.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:
- The Executive Team provide clear direction, leadership and oversight of agile working arrangements. There are numerous examples of decisions being communicated to staff in a clear and timely manner, utilising OPCC team meetings (via MS Teams), WhatsApp and emails.
- Arrangements are in pace for risks, including those around agile working to be captured, managed, addressed and reported. A risk around business disruption has been removed from the OPCC's strategic risk register due to a lowered score but remains on the

operational risk register for ongoing monitoring and management. The reason provided for the reduced score is that working practices during the pandemic have ensured that the OPCC has been able to fulfil its statutory obligations throughout lockdown.

- The OPCC have adopted the Constabulary's policies, procedures and guidance material relating to agile working. Arrangements are in place for OPCC staff to access them via the Constabulary's intranet and to receive any email updates. Examples include receipt of all Assistant Chief Constable Covid-19 Bulletins during the pandemic and HR updates. Opportunities are also taken to share and reinforce information at OPCC team meetings.

- Managers continue to monitor performance and adherence to policies and procedures, including those relating to agile working on a remote basis. Use is made of virtual one to one sessions, team meetings and strength-based conversations as part of this process and any issues identified are addressed. For example, a number of high flexi time balances were noted during the pandemic and the matter was raised at an OPCC team meeting and in conversation with individual staff. The message relayed from the Chief Executive was to take leave and ensure flexi limits are not exceeded.

- Clear guidance was issued to staff regarding safely attending the workplace during Covid-19 restrictions. Use was also made of WhatsApp to share photographs of the newly set out offices and associated safety equipment to help staff familiarise themselves with the changes made before attending the workplace.

- Staff have undertaken home / agile worker risk assessments for review by Occupational Health Unit Display Screen Equipment (DSE) Assessors. The process ensures that any risks highlighted are reasonably addressed through the provision of advice and in some cases additional / alternative equipment. Staff needs are kept under review by individual managers.

- The OPCC is committed to supporting staff health and wellbeing. This commitment has been clearly demonstrated during the pandemic when staff have been working on agile basis. Efforts have been made to discuss health and wellbeing with staff on a regular basis and emails and bulletins have been shared that include links to an abundance of wellbeing information and further sources of help on the force intranet. Use has also been made of WhatsApp to maintain connections with staff on a less formal basis. A recent presentation to staff stressed the importance of regular contact between managers and their staff, including face to face contact for wellbeing purposes.

- Arrangements are in place to ensure staff are aware of and understand their responsibilities regarding the security of equipment used for agile working and data protection. Arrangements include mandatory training events, force publications and team briefings. The Governance Manager delivered a presentation to the team in June 2021 that covered mobile digital devices, agile working and various security aspects.

- Arrangements are in place to log OPCC equipment taken from offices for use by staff whilst working at home during the pandemic.

- Staff feedback on agile working has been sought to inform Executive Team plans around a potential working model for moving forwards beyond Covid-19 restrictions. The need to ensure that business needs are met whilst considering flexible working for staff has been

clearly communicated. The Covid-19 roadmap was covered at an Extended Team Meeting in June 2021 with subsequent follow up emails in respect of equipment and DSE assessments to progress plans.

There are no audit recommendations arising from this audit review.

Chief Executive of the OPCC / Head of Communications and Business Services Comments

Covid-19 changed the way that we worked overnight and continues to influence. The Office was well prepared and as this report highlights has dealt with the challenges of agile working in a constructive and supportive manner. We have created a safe environment for everyone as well as ensuring that the Office remained fully functional and delivering its objectives bringing in more than a £1million pounds of external funding to support third sector organisations directly supporting vulnerable people.

This has been a good team effort from the OPCC and everyone should be rightly proud. We are well placed to deal with the next challenges.

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

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Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary / Cumbria OPCC

Audit of Benefits Delivery Process

Draft Report Issued: 16th February 2022

Final Report Issued: 25th February 2022

Audit Resources

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Audit Report Distribution

For Action:	Adam Sutton, Change Manager
For Information:	Lisa Hogan, Chief Superintendent – Performance, Insight and Analysis Andrew Wilkinson, Superintendent – Insight and Performance Mark Webster, Deputy Chief Constable
Audit Committee:	The Joint Audit Committee which is due to be held on 16th March 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of the **Benefits Delivery Process**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

Benefits delivery is important to the organisation because significant investment is made in projects to achieve organisational benefits linked to the Vision 25 strategy. There is a risk that without a process to record, monitor and manage the delivery of anticipated benefits the organisation won't realise the intended benefits which may impact on the achievement of strategic priorities and delivery of financial savings.

Benefit realisation is a useful way for the Constabulary to demonstrate to stakeholders that it is delivering value for money and improving service delivery. This is important in both enhancing public confidence and in relation to the outcome focussed HMICFRS methodology.

Benefits delivery was reviewed in 2020/21 where it was identified that progress in developing and implementing benefit delivery arrangements had been slower than expected (and impacted by Covid-19), and they were not fully established or embedded. As such, sufficient testing could not be undertaken to provide assurance that the arrangements in place were operating effectively. Benefits Delivery was put back in the audit plan for 2021/22 with the response to the 2020/21 audit stating that work on benefits delivery was being accelerated with a clear plan to address the remaining issues, and that arrangements would be in place by the start of the 2021/22 financial year. In the 'monitoring key audit recommendations' report to Joint Audit Committee (JAC) in November 2021, it was reported that all actions in the 2020/21 audit report were complete.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Lisa Hogan, Chief Superintendent - Insight and Performance. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- The identification, recording, monitoring and reporting of benefits;
- Staff awareness and understanding of the new process;
- The treatment of benefits from already established projects;
- The arrangements for the management of unanticipated benefits and identification and reporting of negative impacts or non-delivery issues.

Audit work undertaken was impaired by the availability of information as the benefits delivery process is still not fully in place and embedded. As a result, we have not been able to carry out sufficient testing in all scope areas to provide assurance that the arrangements in place are operating effectively.

Assurance Opinion

Each audit review is given an assurance opinion and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within the Benefits Delivery Process provide **Partial Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- A new benefits realisation policy and procedure has been prepared and was approved by the Ops Board in June 2021.
- The benefits realisation policy and procedure is available to staff on the intranet.
- Although not mandatory, training provided on the new benefits process was well attended by Superintendents and Chief Inspectors.
- COG report templates and business case templates have been updated and include a table for benefit information to be recorded in. There is evidence that these are being used.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
1	0	0	1

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues:

- Not all arrangements to deliver and realise benefits are fully established meaning that new benefit processes are not yet fully embedded. Once the new processes for benefit delivery and realisation are in place and fully embedded it should be ensured that they are effective so that risks of benefits not being realised, value for money not being achieved, and public confidence being eroded do not materialise.

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Deputy Chief Constable Comments

I note the findings from the sample-based audit. The core framework for benefits management is in place but there is still work to do to ensure more rigour in application of that process. A key area of work is for staff officers and PAs to ensure that there is effective management of papers, decisions and benefits that pass through COG, and there is a revised process for this being implemented this month. I note the bullet-point management response, and the points laid out cover the main areas that need addressing. It is clear that the Change Manager needs substantial support and a clear mandate to enact the required changes, so I have instructed Ch Supt Hogan to ensure that he is fully supported, that a clear action plan is set to deliver the required steps, and that she manages any barriers to progress that may be encountered by the Change Manager.

DCC Mark Webster
24th February 2022

Management Action Plan

High Priority

Audit finding	Management response
Benefits Delivery Framework A new benefits realisation policy and procedure was approved in June 2021 and training sessions on the new process were held in late June and early July 2021. Progress with the benefit delivery process has been made since last year's audit but has been slower than expected with mechanisms to deliver the policy and procedure not fully developed and not fully embedded. As such, we have been unable to test some arrangements for their adequacy and effectiveness. **Processes not yet fully established / issues identified**: Approval of benefits • The Change Manager has recently identified that some reports which contain benefits may be authorised by governance boards other than COG. This presents a risk that the Change Manager may be unaware of all benefits that have been approved and as a result not all approved benefits are included on the benefits register to be managed and tracked. • The Change Manager has also identified that it is possible that not all COG approved benefits have been identified and included on the register. We were informed that the Change Team are to establish an additional control to ensure all identified benefits are captured on the benefits register. The mechanism will be to contact the Constabulary Secretaries, Staff Officers, and their line manager at the start of every month to request all approved papers from the previous month. Whilst	Agreed management action: *The Change Manager to implement the following actions, overseen by Supt. Andy Wilkinson:* *To be completed by 31/03/2022:* • Ensure ICT/DDAT actions are added to the central register • Ensure Secretaries and Staff Officers respond to the request for benefits that have been agreed • Ensure the processes within Change Team and Police Futures align, including writing a procedure for the administration of benefits. Including an internal SLA of 14 days to add new benefits to the register • Report to COG with current status of Benefits, including update on the register 31/03/2022.

this control appears reasonable, and a recurring reminder to undertake this task has been set in the Change Team members calendars for the first day of each month, it could not be tested as it is only due to start in February 2022.

- The Change Manager confirmed that further work needs to be undertaken to identify whether there are any benefits, approved since the new benefits process was introduced, that the Change Team are unaware of, and which need to be included on the benefits register.
- A couple of examples of reports containing benefits and their approval by COG were provided for audit testing. However, the benefits could not be traced to the benefits register despite the reports containing the benefits being approved 14 and 70 days before the date of the benefits register. It was stated that these examples highlighted a gap in the process, a delay between paper / decision and updating the register, which the 1st of the month reminder email to secretaries will aim to shorten. When we subsequently confirmed that these benefits had now been included on the benefits register it was noted that the column to record the governance board they had been agreed at had not been completed (we were told that this was an error).

Updates from benefits owners
- We were informed that the Policing Futures Team will request quarterly benefit updates from benefit owners (an extract from the benefits register and deadline for a response will be included in the update request). Whilst this arrangement appears reasonable, at the time of the audit no updates had been requested so testing could not be undertaken to confirm the effectiveness of it.

Reporting to COG
- It was reported in the March 2021 update to the Joint Audit Committee that 'a format for quarterly reporting to COG and Governance Boards will be established and in

To be completed by 30/06/2022:
- Finalise standard format of COG reporting
- Report to COG at the end of Q1 2022/2023. This will allow for financial reconciliation vs. 2021/2022 benefits
- Establish 'lessons learnt' process

place by 31/03/21'. Quarterly reporting to COG is referenced in the benefit realisation policy and procedure, however it is yet to be established. Reporting is under development, with a report template for this still to be finalised. The aim is for COG to receive their first benefit update report by the end of the 2021/22 financial year. As such, no testing could be undertaken on this area.

Risks
- It was stated that risks to benefit delivery and any non-delivery issues should be included in the quarterly updates provided by benefit owners. Again, whilst this control appears reasonable, we have been unable to test it as no updates have yet been requested from benefit owners.

Quality Assurance
- The Change Manager informed us that, in terms of a quality assurance control for benefits, COG is expected to scrutinise and challenge benefit information they receive. As reporting to COG has not yet started this process is not sufficiently progressed for us to be able to test it.

Financial benefits
- We were informed that financial benefits will be reconciled with Finance annually (in June), after each year end, but we were unable to test this as the new benefits process has not been in place long enough for this to have been undertaken.

Benefits from ICT projects
- We were informed that ICT maintain their own benefit register for projects they were involved in and that these benefits were to be transferred to the new central register.

This has not yet taken place meaning the benefits register does not currently include all agreed benefits. The Change Manager said he would follow this up.

Management of the benefits register

- One of the original drivers for changing the previous benefit process was that the number of benefits to be monitored was numerous and unwieldly. Despite this, we were informed that, under the new benefit process, there is no limit on the number of benefits that can be included, and that there is not a specific arrangement in place to periodically review the number of benefits to ensure the process remains manageable. The Change Manager stated that he is confident that the Policing Futures team has the capacity to request quarterly updates from benefit owners and that action could be taken if it was identified that there were too many benefits to monitor (for example, they could stop monitoring qualitative benefits).

Administrative procedures and guidance

- There are no documented procedures / guidance for the administrative side of the benefits delivery process (i.e. processes to be performed by the Change Team and the Policing Futures Team) despite it being recognised that the Change Manager is currently the single point of failure for benefits.

Management of unanticipated benefits

- There is no step in the new benefit process on how unanticipated benefits should be managed and reported.

Lessons learnt

- There are no arrangements in place to learn lessons from benefits delivery which could be used to improve the benefits process and increase the successful delivery of future benefits.

Completion of the benefits register

- Our review of the benefits register identified that it is not fully populated, for example the RAG status column shows some benefits have a status comment in this column, but all do not. Some benefits reported as 'complete – benefit delivered' do not include an actual saving against the baseline benefit savings or include an actual delivery date. Whilst the lack of population against some benefits is because information is to be requested as part of the first quarterly update from benefit owners or because the benefits are historic, this does not account for all gaps.

Recommendation 1:

Arrangements to deliver the benefits realisation policy and procedure should continue to be fully developed and embedded, then subsequently assessed for effectiveness, taking into account the points outlined above.

Risk exposure if not addressed:	Responsible manager for implementing:
- Benefits anticipated from significant financial investments are not achieved. - Strategic priorities are not delivered because the projects / programmes designed to meet strategic priorities don't achieve the desired outcomes. - Lack of accountability. - Value for money is not achieved. - Loss of public confidence.	Change Manager Date to be implemented: 30/06/2022

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of the Business Transformation Project: Finance (phase 2)

Draft Report Issued: 24th March 2022

Final Report Issued: 31st May 2022

Audit Resources

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Audit Report Distribution

For Action:	Roger Marshall (Joint Chief Finance Officer)
For Information:	Robert Carden (Temporary Deputy Chief Constable)
Audit Committee:	The Joint Audit Committee which is due to be held on 22nd June 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of the **Business Transformation Project: Finance (phase 2)**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan. Phase 1 of the Finance Business Transformation Project was reviewed as part of the 2020/21 Audit Plan and received a **Reasonable** assurance opinion.

Business transformation activity is important to the organisation because it helps to make organisational savings and address inefficiencies in ways of working. This contributes directly to the strategic priority of spending money wisely and the delivery of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025.

Phase 1 of the Finance and Procurement Project workstream, which was part of the wider Business Transformation Programme ended on the 23rd of November 2020, once the final modules went live. It was agreed that several pieces of functionality, de-scoped from the Go Live period, would be delivered post go live as part of phase 2.

Phase 2 provides an opportunity to deliver tasks outstanding from phase 1, undertake housekeeping activity, deliver training and make continuous improvements. There have been some set backs, such as the Constabulary's partner organisation losing their expertise to deliver and support the Enterprise Planning Module, difficulties extracting and presenting data such as monthly budget monitoring reports and issues around the quality of accruals data required for year end purposes. However, the Constabulary has demonstrated that plans can be swiftly put in place and managed to address issues as they arise and move forwards with the project.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Roger Marshall (Joint Chief Finance Officer). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Decision making around the project is documented and supported by clear rationale e.g. areas to be progressed, postponed or removed from the project plan.
- Staff awareness and understanding of the new systems and processes, including report writing.
- Arrangements for identifying and progressing any outstanding tasks, further work and improvements.
- Scheduling, monitoring and reporting on progress on planned work.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around the Business Transformation Project: Finance (phase 2) provide **Reasonable Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- A Design Authority group has been established to provide direction, oversight and leadership of phase 2 of the project. The Design Authority group meets on a monthly basis to oversee progress with outstanding tasks and improvement activity. The group regularly feeds into the Corporate Services Design Project Board within the wider governance structure.
- Nominated staff across Finance, Procurement, Central Services and ICT have been allocated to the project to provide an appropriate mix of skills and knowledge.
- Project risks are captured within a RAID (Risks, Assumptions, Issues and Decisions) Log for ongoing consideration and management. The RAID Log is presented to the Design Authority group on a monthly basis and the standing agenda confirms that time is allocated to reviewing and discussing the RAID Log at each meeting.
- A Design Authority Action Plan is in place that includes full task descriptions, responsibility for individual tasks, realistic target dates, status indicators and regular progress updates.
- Time for training on new systems and processes has been allocated and prioritised throughout the project. Recently, this has included a series of formal report writing courses with Oracle to adequately address issues around data extraction and the development of standard monthly and quarterly monitoring reports.
- Staff are provided with opportunities to test new systems, provide feedback, share experiences and identify improvements. Some training sessions have been deliberately scheduled over more than one week to give staff time to practice what they have learnt and take any queries or issues to the trainer at the following session so they can be addressed.
- Staff across Finance, Procurement and Central Services have jointly attended a number of End-to-End Process Workshops for a better understanding of each teams' responsibilities, priorities and issues. Processes covered include purchase order creation and budget setting.
- Arrangements are in place to communicate regularly with staff and keep them updated on project progress, including timescales. This includes 1:1 sessions with individual staff members, daily team catch ups and monthly department meetings with follow up emails to reinforce messages relayed where necessary.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	1	0	1

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues: None identified.

Medium Priority Issues:
- Improvements are required to strengthen the governance arrangements in terms of finalising the Design Authority terms of reference, providing greater transparency around decision making, keeping risks under regular review and plans to report to chief officers on project outcomes and benefits realised.

Advisory issues: None identified.

Temporary Deputy Chief Constable Comments

I note the findings of the audit and recognise that the implementation of the new finance system hasn't been straightforward and continues to present challenges. I am committed to ensuring that business systems operate in a streamlined and efficient manner to support the operation of the Constabulary. I will continue to monitor progress in improving the operation of the finance system through the performance review process.

Rob Carden

T/Deputy Chief Constable

Management Action Plan

Medium Priority

Audit finding	Management response
Governance Arrangements The audit review highlighted a number of issues around governance arrangements: **Terms of Reference** A presentation was delivered to the Finance and Procurement Project Board in February 2021 setting out a proposed terms of reference for a Design Authority group (the Design Authority group is a project group to take the project forward into phase 2, progressing outstanding tasks and implementing improvements). The presentation sets out proposals for the group in terms of leadership, expectations and documentation. However, a final terms of reference document confirming these proposals and also setting out group membership, meeting frequency and accountability was not prepared. It would make sense to revisit the proposed terms of reference to fully clarify and finalise arrangements. **Key Decisions** Minutes of Project Board meetings were taken during phase 1 of the Finance and Procurement project and they clearly demonstrated the level of discussion, scrutiny and challenge in support of decisions taken. However, minute taking was not continued into phase 2 of the project, as originally planned and set out in proposed terms of reference for the Design Authority.	Whilst terms of reference, an action plan and RAID log for the Design Authority are in place with the overall aim of ensuring continuous improvement in relation to the finance system, we will review the governance arrangements to ensure that they remain fit for purpose. This will include periodic updates as part of the benefits management process.

Internal Audit acknowledge that minute taking is no longer standard practice in the Constabulary. Instead, reliance is placed on project plans, action notes and decision logs to capture key activity and decision taking. Supporting documentation around the Design Authority gives an indication of decisions taken but minutes of meetings would provide a greater level of transparency and evidence of the discussions that have taken place. As a minimum action notes and decision logs should give sufficient commentary on discussions that took place.

Risk Register
The RAID Log is a standing agenda item for monthly meetings of the Design Authority and there is an expectation that all risk owners update the log prior to each meeting. The Design Authority Risk Register was last updated on 6 December 2021 and doesn't include a date for the next review. Given the challenges and delays experienced in implementing the new system it is important for risks to be reviewed and managed on a regular basis.

Accountability
Firm plans are not in place to report to Management Board once the project is fully implemented and to provide assurance to chief officers that improvements have been fully delivered and benefits realised. This issue was also identified in a recent audit review of the inventory management module of the Oracle Fusion System and a recommendation was made to address this issue and has been added to the 'Monitoring of Audit Recommendations' document presented to each meeting of the Joint Audit Committee (JAC).

Recommendation 1:

a) Management should ensure that project risks are reviewed on a regularly basis and a final report on outcomes and benefits realised is presented to the Management Board.

b) Management should also consider finalising terms of reference for the Design Authority and making sure that if minutes are not taken at the Project Board that action notes and decision logs should give sufficient commentary on discussions that took place.

Risk exposure if not addressed:	Officer responsible for Implementing:
- Failure to achieve project (and strategic) objectives because governance arrangements around project delivery are inadequate. - Loss of reputation and trust arising from a failure to demonstrate transparency and fully record all key decisions. - Timely actions are not taken to address risks because risks are not being reviewed and managed on a regular basis. - Failure to demonstrate that the project has delivered expected results.	Joint Chief Finance Officer Date to be implemented: 31/07/2022

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for

Cumbria Constabulary

Audit of Contract Management

Audit Resources

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Audit Report Distribution

For Action:	Barry Leighton (Head of Commercial Solutions)
For Information:	Stephen Kirkpatrick (Director of Corporate Support)
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Contract Management.** This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Contract management is important to Cumbria Constabulary because it contributes to the efficient use of resources to support operational policing needs and the delivery of the objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025. Contract management covers all business processes involved in managing the creation, implementation and evaluation of contracts and is crucial to the delivery of benefits, objectives and value for money. Poor contract management can result in a failure to meet contractual obligations, reduced performance, financial losses, broken relationships and disputes. A separate report has been prepared for the OPCC's arrangements.

Cumbria Constabulary spends around £34 million per year. There are over 200 suppliers receiving more than £10k per year, the majority of which is through formal contracts. 99% of annual supplier spend above £100k is covered by 48 separate contracts or agreements.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Stephen Kirkpatrick (Director of Corporate Support). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas: -

- Governance

- Managing contract performance
- Supplier relationship management
- People - Acting with Professionalism

The review includes detailed testing of one of the Constabulary's significant contracts.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around Contract Management provide **Reasonable Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- Governance structures provide for reporting on contract management issues and performance, with appropriate escalation routes. Examples include the Custody Medical Contract being escalated to the Constabulary's strategic risk register for senior management attention and chief officers being briefed on issues with the Control Room Futures Contract.
- The Commercial Team provides contract management support and guidance to colleagues across the force and within the OPCC. Staff in the OPCC have commented positively on the level and quality of support they receive from the Commercial Team.

- A number of staff in the Commercial Team are undertaking procurement apprenticeships which includes formal contract management training from the Chartered Institute of Procurement and Supply (CIPS). Constabulary staff (Commercial and Finance) also received contract management training and supporting documentation from CIPFA in 2020.
- Internal Audit noted clear developments in the attitudes and behaviours of Commercial Team staff during the review, displaying professionalism throughout.
- Arrangements are in place to ensure staff involved in contract management are aware of and understand expectations regarding standards of professional behaviour and integrity.
- There is a clear and demonstrable commitment to collaborative working with suppliers. The level of work undertaken with the Custody Medical supplier to generate service improvements reflects this approach. Clear progress is being made towards the development of a supplier status system based on behaviours that encourages professional, collaborative working.
- Arrangements are in place for risks around contract management to be captured, managed, addressed and reported. There are a number of examples of contract management risks featuring in the strategic risk registers.
- There are some good examples of contract performance management across the organisation. This includes service levels and performance measures being developed and incorporated into contracts to ensure there is clarity around objectives and service standards, contractors providing timely information on contract operations for performance to be assessed and, regular contract review meetings with suppliers to discuss contract operation and performance levels.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	3	1	4

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues: None identified.

Medium Priority Issues:
- A standardised documented approach to contract management is not in place across the organisation.
- Contract management roles, responsibilities and accountabilities are not clearly defined and documented.
- Arrangements are not in place to determine what contract management training is required, by whom and to ensure that it is delivered.

Advisory issues:
- Arrangements are not in place to document and share lessons learned.

Director of Corporate Support Comments

I am pleased that the recent internal audit review of Contract Management that has provided Reasonable Assurance and recognises the continued positive progress being made across a wide range of commercial activities for both the Constabulary and OPCC.

The review has identified many areas of good practice where controls are working effectively, including governance and oversight for both the overall process and for specific major contracts such as Custody Medical, together with recognition of the continued professionalisation of the Commercial Solutions staffing, clear collaborative working with partners, and evidence of effective performance and risk management.

Understandably, there is still more to do with the report noting three medium and one advisory recommendation that are all accepted and will be addressed within the timescales agreed.

The strengths and progress identified within this report are due to the collective efforts of all involved in commercial activities.

Stephen Kirkpatrick, Director of Corporate Support

Management Action Plan

Medium Priority

Audit finding	Management response
Contract Management Approach A Contract Management Strategy or Policy is not in place to establish a clear direction and plan of action to achieve long term objectives. The Commercial Strategy 2019-22 mentions contract management on a few occasions throughout the document, but not in any detail. It highlights contract management as one of six areas requiring action that will be addressed through planned improvement initiatives. Similarly, contract management guidance material has not been developed to steer contract management activity and support practitioners in different situations. There is limited clarity regarding the activities expected of staff and the tools that might assist them. Joint Procurement Regulations and a Procurement Guidance Handbook are available to staff during the procurement phase to guide them down the most appropriate route and clarify the rules in place. However, this guidance material does not extend into the contract management phase of the procurement process. The Head of Commercial has developed a 'scorecard' approach to plan and guide contract management activity on an individual contract basis. It is a spreadsheet that captures the key elements of the contract (e.g. risks, KPIs, service levels, quality, commercial assurances) for ongoing monitoring and RAG rating. The scorecard is currently being piloted with a business-critical contract before being finalised and rolled out to other key contracts. The Head of Commercial has also developed a supplier status system that links into the supplier scorecard and is based on expected behaviours, as outlined in a Collaboration Schedule. It is designed to foster a more collaborative approach based on leadership and	Agreed management action: Within the current Commercial reorganisation all Business Partners will be "owners" of a Professional activity. As such there will be a lead for Contract Management. Training will be provided and an assessment for suitability is underway of the Government Commercial Function Contract Management Training Program. Implementing the actions described (Scorecard and Supplier Status) are to be progressed commencing with critical suppliers. A Contract Management Handbook (practitioner guidance) to complement the Procurement Guidance Handbook will be developed.

mutual trust. The approach has been presented to a number of critical suppliers and a new contract schedule has been drafted for Chief Officer Group approval.

The audit review highlighted many examples of good practice in respect of contract management. These included the use of performance measures, scrutiny of performance data, regular contract review meetings with suppliers and the use of penalties / service credits. However, without formal documentation establishing clear expectations, a plan of action, and supporting guidance, senior management cannot be assured that contract management activity across the organisation is proportionate, consistent, efficient and contributing to overall aims and objectives.

Recommendation 1:

A standardised documented approach to contract management is required to establish a clear direction, clarify expectations and provide guidance and support to practitioners so that there is a consistent approach across the organisation which contributes to long term objectives.

Risk exposure if not addressed:	Responsible manager for implementing:
- Failure to achieve strategic policing priorities because of inadequate supporting contract management arrangements - Critical contract failure impacting on the delivery of safe policing. - Poor quality goods and services because of a failure to monitor supplier performance and address issues arising. - Wasted resources arising from unnecessary or disproportionate contract management activity.	Head of Commercial Date to be implemented: 09/2021

Medium Priority

Audit finding	Management response
Roles, Responsibilities & Accountabilities A designated lead for contract management with a clearly defined oversight role within the constabulary hasn't been identified. The Head of Commercial's job profile makes reference to contract management, but in terms of supporting stakeholders. Staff in the Commercial Team have undertaken contract management training and development activity so that they can adequately fulfil this role. Without a contract management framework (strategy, policy or guidance material) there is limited clarity around how individual contract ownership is made clear, the responsibilities of contract managers, expectations around how they manage each contract, outcomes and reporting lines. In practice contract managers appear to be in place for each contract and are supported by the Commercial Team, but they are not formally assigned with clear objectives, obligations and accountabilities. Responsibility for deciding what contract management training is required, by whom, and that it is delivered is also not clearly defined. The current arrangements do not provide senior management with assurance that contract managers (within the relevant business areas) understand their role and have the appropriate contract management skills and commercial awareness to undertake it properly.	Agreed management action: A Contract Performance dashboard, based on the Central Government model, is to be produced for critical contracts as a pilot. This will be populated by "contract managers" from the business (with designated Commercial Team support) and presented to Business Board each quarter. Training will be provided and an assessment for suitability is underway of the Government Commercial Function Contract Management Training Program. This program provides training at introductory, intermediate and advanced level and could be adapted for Police Forces. The intention is for Commercial Business Partners to receive intermediate level training and then train nominated contract managers within the business.
Recommendation 2: Contract management roles, responsibilities and accountabilities should be clearly defined and documented. Recommendation 3: Arrangements should be in place to determine what contract management training is required, by whom and ensure that it is delivered.	

Risk exposure if not addressed:	Responsible manager for implementing:
• Failure to deliver aims and objectives because of a lack of clarity around roles and responsibilities. • Inefficiency, contract failure and poor value for money arising from strained relationships with suppliers. • Trust and confidence in Cumbria Constabulary is undermined because of a failure to manage contracts with consistently high standards of integrity and professionalism.	Head of Commercial **Date to be implemented:** 09/2021

Advisory Issue

Audit finding	Management response
Improvement Activity Arrangements are not in place to formally document good practice and areas for improvement that can be taken forward to strengthen and inform future contract management activity. There is some sharing within the Commercial Team and with other forces but not across the constabulary as part of an ongoing improvement activity and training. The recording and communication of lessons learnt (both positive and negative) can prevent mistakes being repeated and allow best practice to be maximised.	Agreed management action: To extend Business Board meetings on a quarterly basis to discuss the procurement pipeline for the next quarter and raise any lessons learnt for wider sharing across the business (formally to COG or informally via management teams).
Recommendation 4: Opportunities to identify and share learning from contract management activity should be maximised as part of a commitment to continuous improvement.	

Risk exposure if not addressed:	Responsible manager for implementing:
• Opportunities are not taken to learn lessons and improve. • Failure to train and develop staff to provide more efficient and effective contract management.	Head of Commercial Date to be implemented: 09/2021

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for

Cumbria Office of the Police & Crime Commissioner

Audit of Contract Management

Draft Report Issued: 12th May 2021

Final Report Issued: 6th May 2021

Audit Resources

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Audit Report Distribution

For Action:	Stephanie Stables (Partnership & Strategy Manager)
For Information:	Vivian Stafford (Chief Executive of the OPCC / Head of Partnerships & Commissioning)
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Contract Management.** This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Contract management is important to the Cumbria Office of the Police and Crime Commissioner (OPCC) because it contributes to the efficient use of resources to support delivery of the objectives in the Police and Crime Plan for Cumbria 2016-20 and operational policing needs. Effective contract management is necessary for the OPCC to be able to demonstrate that funds are used and managed in a manner that is accountable and displays both probity and value for money. This report relates to the arrangements for the OPCC. A separate report has been prepared for the Constabulary's arrangements.

The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account. This includes overseeing how the budget is spent and ensuring the Constabulary maximises value for money.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Vivian Stafford (Chief Executive of the OPCC / Head of Partnerships & Commissioning). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas: -

- Governance
- Managing contract performance
- Supplier relationship management
- People - Acting with Professionalism

The review included detailed testing of a significant contract on behalf of the Cumbria Office of the Police and Crime Commissioner.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around Contract Management within the OPCC provide **Substantial Assurance**. The contract management arrangements within the OPCC demonstrate the commitment and progress within the team to develop and document a standard contract management approach and ensure staff have the necessary training and commercial skills to manage contracts to a consistently high standard. There are strong support links in place with the Constabulary's commercial team for advice and guidance

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:
- Roles and responsibilities for contract management are clearly defined within the OPCC. The responsibilities of each key role in contract management (Contract Owner, Contract Manager, Contract Officer and Victims Advocate) are set out in Contract Management Guidance

with a structure chart highlighting lines of responsibility and the flow of authority. Job profiles provide further clarification around expectations and reporting lines.

- Two members of staff from the OPCC (Partnership & Strategy Manager and Policy Officer) received specific training in January 2021 to develop a standard approach to the management of contracts and grants within the OPCC (including guidance and a checklist). An approach was drafted and presented to the OPCC Extended Management Team in February 2021 and has now been finalised. It will be piloted with two key contracts before being rolled out.

- The governance structure provides for reporting on contract management issues and performance, with appropriate escalation routes. Examples include the Custody Medical / Bridgeway Forensic Medical Contract being escalated to the OPCC's operational risk register for senior management attention. The new Contract Management Guidance covers escalation arrangements.

- Representatives from the Constabulary's Commercial, Finance and Legal teams are invited to attend Partnership and Commissioning Team meetings to provide contract management support and guidance to the OPCC. These meetings are held every three weeks and alternate between a Full Team Meeting where Commercial, Legal and Finance representatives attend and an Interim Team Meeting which is the OPCC Partnerships & Commissioning Team only.

- OPCC members of the Partnership and Commissioning Team meet on a three-weekly basis to raise issues, consider risks, share good practice and discuss future projects. Notes are taken at each meeting to record discussions and capture agreed actions.

- The OPCC is committed to further developing staff knowledge and skills around contract management. Staff often join training events organised for the Commercial Team including a contract management training event delivered by CIPFA in 2020. Learning is shared with the wider team at OPCC meetings.

- Arrangements are in place to ensure staff involved in contract management are aware of and understand expectations regarding standards of professional behaviour and integrity. Regular reminders around ethical behaviour expectations are delivered by the Governance Manager at OPCC staff meetings.

- There is a clear and demonstrable commitment to collaborative working with suppliers. Feedback received from the Victim Support contractor reflects this approach and so does the new standardised approach to contract management that focusses on behaviours that encourage professional, collaborative and constructive relationships with suppliers. There are examples of Victim Support approaching the OPCC for assistance such as raising awareness of the service amongst officers to encourage further referrals. The OPCC responded by arranging for marketing material to be shared across the constabulary.

- Arrangements are in place for risks around contract management to be captured, managed, addressed and reported. The arrangements are set out in new Contract Management Guidance and contract risks were covered in a contract management presentation during a recent staff meeting. There are examples of contract management risks featuring in OPCC risk registers.

- The Victim Support contract provides a good example of contract performance management within the OPCC. Performance measures have been incorporated into the contract to ensure there is clarity around objectives and service standards. The contractor provides timely information on contract operations for performance to be assessed and regular contract review meetings are held with suppliers to discuss contract operation and performance levels. A review is currently underway to determine if the Victim Support contract KPIs remain fit for purpose which demonstrates good practice in contract management.
- It is standard practice within the OPCC to evaluate all contracts that are coming to end. The evaluations include the identification of good practice and lessons learnt that can be taken forward to strengthen future contract management activity. An evaluation of the Turning the Spotlight Programme provided by Victim Support was undertaken in 2019 to review the reach and impact of the service and understand the value for money provided to inform future commissioning decisions.

There are no audit recommendations arising from this audit review.

OPCC Chief Executive / Partnerships & Commissioning Comments

I am pleased to see that the outcome of this audit report provides substantial assurance over management's arrangements for contract management in the areas outlined and that the report can now be finalised and signed off.

Vivian Stafford
CEO Partnerships and Commissioning

2 June 2021

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of the COVID-19 Response

Draft Report Issued: 2nd February 2022

Final Report Issued: 28th February 2022

Audit Resources

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Lead Auditor	Sarah Fitzpatrick	Sarah.fitzpatrick@cumbria.gov.uk	07464522833

Audit Report Distribution

For Action:	Carl Patrick (Superintendent – Public Contact & Engagement)
For Information:	Jonny Blackwell (T/Assistant Chief Constable)
	Mark Webster (Deputy Chief Constable)
Audit Committee:	The Joint Audit Committee which is due to be held on 16th March 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from an audit of the Constabulary's Covid-19 Response. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

The Covid-19 pandemic presented a period of unprecedented change and the need for the Constabulary to manage difficult circumstances and complex risks. The policing world changed during this period, and it was important for the Constabulary to respond appropriately, move towards recovery and renewal and continue to support the delivery of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025.

The Constabulary responded to the Covid-19 pandemic through a gold, silver, bronze command and control structure. This is the established framework for emergency services to respond to major incidents. The response was named 'Operation Lectern' and fed into the Cumbria wide multi-agency command structure of the Local Resilience Forum.

A Coronavirus Business Continuity Plan was developed to support the Constabulary to put threat mitigation measures in place to protect critical services. An Operation Lectern Action Plan was created to capture and manage actions agreed to mitigate the risks presented by Covid-19 and respond effectively.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Jonny Blackwell (T/Assistant Chief Constable). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control around the following:

- Structures in place to respond to Covid-19 with a specific focus on governance and risk management
- Business Continuity Planning
- Arrangements to equip and support officers to apply Covid-19 Regulations
- Staff communications during the pandemic

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around the Covid-19 Response provide **Substantial Assurance**.

This opinion recognises the level of controls in place and the notable strengths, as set out below. The Covid-19 pandemic made it necessary for the Constabulary to progress business continuity arrangements at an unprecedented pace and scale, under constant public scrutiny so that they could continue to provide effective policing services to the people of Cumbria.

An operational policing response and command structure was applied to manage the incident, taking decisions, and making changes at speed. This inevitably meant that in some instances, established controls were not applied as fully as would be expected under normal circumstances. For example, the Government announcements about new or amended regulations were frequent, and often at short notice, which presented a need to produce guidance and brief staff, sometimes within hours and at times without going through the usual approval process. Similarly, there was a need to produce a Business Continuity Plan quickly that would consider the longevity of the Covid-19 pandemic, and its wide ranging implications, and then update the plan to reflect changes as the virus evolved. Formal approval was not always secured and evidenced for the various versions of the plan. However, in the context of a fast-moving pandemic and constant public scrutiny this does not appear unreasonable in the circumstances, and the Deputy Chief Constable had oversight of what was happening.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

Structures in place to respond to COVID-19:

Governance

- The governance structure provided clear lines of command and allowed for key decisions to be made in a fast-changing environment due to the frequency of meetings and seniority of staff involved in the meetings. Key decisions were captured in decision logs for transparency and reference.

- The Covid-19 governance structure included senior officers, directors and heads of department from across the organisation and ensured representation across the various functions, both operational and support.

- The governance structure allowed for effective information flow between the command levels within the force but also externally through representation on multi-agency Covid-19 groups.

Risk management

- An Operation Lectern Action Plan captures actions to mitigate the key risk areas and the actions are clearly allocated, with deadlines and regular progress updates. The system provides for effective monitoring of actions with status updates in table or graphical format and at summary or detailed level depending on requirements. At the time of the audit review there were over 1,200 actions allocated to more than 200 individual action owners, with only 10 actions incomplete. This demonstrates the level of quality assurance and monitoring arrangements in place to oversee plan progress.

Business Continuity Planning:

- The Coronavirus Business Continuity Plan was prepared with reference to national and local guidance and learning from previous business continuity events (such as significant flooding) to improve organisational resilience.

- The Coronavirus Business Continuity Plan was updated and adapted as the threat in Cumbria evolved, different variants emerged, and a pattern of Covid-19 waves developed, to ensure an appropriate and proportionate response was maintained. Examples of this include changing the frequency of operation lectern silver and gold meetings and staff briefings, reconfiguring the workspace and transferring staff to alternative sites.

- It is clear that Cumbria Constabulary was at the forefront of police Covid-19 response planning, developing and building on much of the guidance material distributed nationally via the National Police Chiefs' Council (NPCC) and providing assistance at an international level through the Joint International Police Hub. Examples include providing a copy of Cumbria Constabulary's Coronavirus Plan to the Ghana Police Service.

- Opportunities have been taken to review the Constabulary's response to Covid-19 and share learning. The chair of Operation Lectern Silver meetings and the Chief Superintendent Gold support (Strategic Advisor to UK NPCC Civil Contingencies Lead) prepared a presentation entitled 'Business Continuity Management, Covid-19 and Lessons Learned to Improve Organisational Resilience'. The presentation was delivered to the Nigerian Law Enforcement Community and included Cumbria's response to the UK's national experience of policing in a pandemic (HMICFRS Review). The Chief Constable received a letter of thanks from the Nigerian High Commissioner for this support.

Staff communications during the pandemic

- A Covid-19 Information Cell was quickly established to receive national communications via 'Operation Talla', and other sources, for review by the appropriate professional leads and timely dissemination across the organisation. Care was taken to choose the most appropriate communication methods and styles, provide clarity and consistency and reduce information overload wherever possible. Communications were concise, but provided hyperlinks and embedded documents for readers to access additional, and more detailed information if required.

- A Covid-19 SharePoint site was established to provide staff with easy access to all communications and supporting information (guidance, bulletins, procedures, regulations, forms etc.). A Yammer channel was also developed on the SharePoint site to share and reinforce information, promote positive news stories and generally support staff.

- Operation Lectern Silver and Gold meetings included standard agenda items for staff communications and both meetings included senior representation from the Marketing and Communications Team. Minutes show that the Deputy Chief Constable was involved in discussions and decision making around staff communications and participated in staff video messages.

Arrangements to equip and support officers to apply Covid-19 Regulations:

- The constabulary made wider and improved use of technology as working practices were forced to adjust. Examples include moving from traditional spreadsheets for tracking actions towards better utilisation of Microsoft technology, the provision of equipment to support agile working and better use of management information software to provide more timely data and analysis (e.g. staff absence, Covid-19 test results, and action plan progress).

- Good arrangements were in place to equip and support officers to apply Covid-19 Regulations in practice. Regulations received from Operation Talla and the College of Policing were translated into clear procedures in a local format, communicating exactly what was expected of staff in different roles. Further steps were taken to guide officers through Covid-19 breaches utilising the 4E's Strategy (Engage, Explain, Encourage and Enforce) with the innovative development of a 4E's App. The application provided forms for officers to complete when engaging with individuals breaching Covid-19 regulations and ensured all relevant information was captured. The process reinforced the Constabulary's commitment to maintaining community cohesion whilst enforcing regulations.

There are no audit recommendations arising from this audit review.

Deputy Chief Constable Comments

I note the substantial assurance opinion. This was a difficult policing and management challenge for all involved, and required the whole organisation to demonstrate flexibility and agility in a very dynamic environment where the 'ask' of government was ever-changing. The officers and staff did this very effectively, demonstrating their very best in doing so. I am pleased that these efforts have been recognised on the inspection.

DCC M Webster
25th Feb 2022

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of the Digital Leadership Programme

Draft Report Issued: 21st February 2022

Final Report Issued: 24th February 2022

Audit Resources

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Lead Auditor	Sarah Fitzpatrick	Sarah.fitzpatrick@cumbria.gov.uk	07464522833

Audit Report Distribution

For Action:	Jonny Blackwell (T/Assistant Chief Constable)
Audit Committee:	The Joint Audit Committee which is due to be held on 16th March 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from an audit of the **Digital Leadership Programme**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

The Digital Leadership Programme is important to the organisation because it helps to build digital knowledge and skills throughout the force as the nature of crime changes and evolves, reliance on digital technology increases and more agile ways of working develop. This contributes to the strategic priority of making Cumbria even safer and the delivery of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025.

The Digital Leadership Programme (DLP) was developed by Cumbria Constabulary and Durham Constabulary in collaboration. It is a new digital approach to training, delivered entirely remotely through a series of mandatory, bespoke learning modules developed for managers in both forces. There are bronze, silver and gold level versions of the programme and both officers and staff are included. The programme is delivered digitally via Teams for completion within a specified number of weeks and comprises various modules focussed around digital thinking. Areas covered by the programme include information security, remote tasking and briefing, digital evidence and intelligence and digital engagement. Use is made of case studies to test and apply programme learning.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was T/ACC Jonathan Blackwell. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control around the following:

- **Design of the programme** – testing responsiveness to current changes in short term and long term demand. Testing will cover plans for both police officers and police staff.

- **Delivery of the Programme across each of the three elements** (bronze, silver and gold). Areas of focus will include monitoring attendance and flexibility of delivery, cost (non-financial cost and sharing resources across two forces), feedback and evaluation, arrangements for senior management oversight of progress and issues.

- **Skills and knowledge** - arrangements for ensuring skills and knowledge relayed through the programme are put into practice in the workplace.

- **Plans on future model continuous development** – arrangements to develop the Programme on an ongoing basis.

It should be noted that audit work undertaken was impaired by the availability of information regarding the gold level programme as it was just launching at the time the audit review commenced and as a result information on the gold level programme was not available for us to consider.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around the Digital Leadership Programme provide **Reasonable Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

<u>Governance</u>
- There is a designated strategic lead for the Digital Leadership Programme.
- There is clear and visible senior management commitment to the Digital Leadership Programme. The Chief Constables of both forces have established this support through staff video messages and bulletins.

<u>Design of the programme</u>
- There was full consultation across both forces during the development of the training package for the Digital Leadership Programme to ensure there was clear understanding and prioritisation of requirements. Operational business leads were identified in both forces to collaborate on the design and delivery of each training module and ensure needs and priorities were met.
- The Digital Leadership Programme was designed to be flexible and accessible, providing delegates with a choice of dates and times for each module and 15 weeks to complete the programme. The learning was created in succinct blocks to fit in with work schedules.

<u>Delivery of the Programme across each of the three elements</u>
- The Digital Leadership Programme was pitched at different managerial levels of police officer (bronze, silver and gold), and also tailored to police staff supervisors and managers. This provided all leaders with an opportunity to expand their digital knowledge and strengthen their digital skills.
- Arrangements were in place to collect and report course attendance data during programme delivery for management attention and follow up. There are examples of low attendance being raised with management and follow up action being agreed.
- There was no additional cost to running the programme, time came out of existing resources and was shared across the two forces.

<u>Skills and knowledge</u>
- Arrangements were in place to seek delegate feedback at the end of each module to identify areas of improvement, understand changing requirements and continuously adjust the programme to better meet needs. For instance, initial feedback from police

staff supervisors and managers highlighted elements of the course that were not relevant to them. As a result, the programme content was tailored to make it more suitable for police staff.

Plans on future model continuous development

- It is clear that the Digital Leadership Programme has generated a lot of interest nationally and is considered to be an innovative and useful approach to police training. HMICFRS echoed this in a report published following a PEEL assessment on Durham Constabulary in 2021/22. Discussions have taken place with the Chief Constables of other UK police forces and presentations have been delivered to the Police Digital Service (PDS), the College of Policing, the Home Office Transformation Team and the Institute for Cyber Digital Investigation Professionals (ICDIP). Support is now in place to launch a national Digital Leadership Academy, commencing with Lancashire and Humberside police forces in March 2022.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	2	0	2

The three levels of audit recommendation are defined in **Appendix B**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues: none identified

Medium Priority Issues:
- The governance arrangements around programme updates and progress reports to senior management, which we were informed of during the audit, could not always be demonstrated / evidenced.

- Arrangements were not put in place to ensure that the skills and knowledge relayed through the programme were actually put into practice in the workplace and reported upon.

Advisory issues: none identified

T/Assistant Chief Constable Comments

Thank you to the auditors for their work interviewing staff from two forces which has been difficult in terms of arrangements and planning.

Management Action Plan

Medium Priority

Audit finding	Management response
Governance Internal Audit was provided with evidence of four updates on DLP delivery being presented to senior management. Two were presented to the Digital Transformation Board chaired by the Director of Corporate Support and one to the Information Management Board chaired by the Deputy Chief Constable. It is understood from the DLP strategic lead that senior management oversight of the programme was maintained throughout delivery and regular progress reports and updates were produced. However, the nature of the collaboration meant that they often went to management boards / groups within Durham Constabulary, rather than Cumbria and for this reason there were gaps in the level of senior management oversight in Cumbria. There is also no evidence of a final report and evaluation of the programme, including participation numbers and benefits being prepared and presented to senior management in Cumbria. It was evident from audit discussions with those involved in planning and delivery that programme meetings were limited during development and implementation of the DLP. Assurance was given to Internal Audit that arrangements were thoroughly discussed, and sound decisions were made but this took place via telephone calls or emails. This meant that agendas, decision logs and minutes of meetings were not available to clearly capture and evidence discussions, challenges and contributions, actions agreed, or decisions made and the rationale behind them.	Agreed management action: The DLP goes from strength to strength and has developed in to a National Digital Leadership Academy. Whilst governance between two forces can be more difficult, especially when innovating, the focus needs to be on the innovation and ambition. The programme was successfully delivered across two forces and whilst it was not presented to both forces as per the audit findings it was mitigated through a joint Chief Superintendent leading for both forces at that senior level. A debrief will take place and lessons learned will be disseminated.

It is clear that the pace of DLP design and delivery, combined with the two-force approach impacted on the ability to clearly demonstrate the full governance arrangements.	
Recommendation 1: There are lessons to be learnt from the implementation of the DLP programme regarding the ability to demonstrate good governance arrangements. These lessons should be applied to future collaborative projects.	
Risk exposure if not addressed: • Lack of accountability. • Reduced ability to respond to challenge. • Reputational Damage	Responsible manager for implementing: ACC Blackwell Date to be implemented: 09/2022

Medium Priority

Audit finding	Management response
Skills and Knowledge Arrangements to ensure that the skills and knowledge relayed through the programme were actually put into practice in the workplace and reported upon are not fully established. As with all training and development activity, programme participants were encouraged to take their training back into the workplace as part of their continued development and learning. As the programme evolved, the silver and gold level programmes were developed	Agreed management action: Whilst the programme has been delivered, I agree that how effective we are digitally should be a future focus. That said, the outcome framework is something that is being grappled with nationally. There are no national

to equip managers with the capability to hold their staff to account regarding digital competence and ensure digital skills and knowledge were being fully embedded into policing practices and utilised. Mention was made at an Information Management Board meeting in February 2021 of plans for dip sampling to test learning. These plans were not progressed. The potential to develop performance measures and clearly demonstrate the impact of the leadership programme was not fully explored and implemented. Examples might have included measures around online security incidents, victim satisfaction through agile engagement and digital investigation standards to gauge performance before, during and after the programme. Opportunities have not been taken to measure, fully demonstrate and report on the value and impact of the programme and how it contributes to strategic policing priorities.in Cumbria.	standards, national performance frameworks or national APP guidance or other available guidance. As we are innovating in a field ahead of all other police forces, its stands to reason that we will have to create a measured outcome framework. This will be done as part of the Digital Leadership Academy working with other forces and national bodies.
Recommendation 2: Measures to demonstrate the impact of training and development in the workplace should be considered during the development of future training programmes.	
Risk exposure if not addressed: - Failure to achieve strategic objectives. - Wasted resources. - Reputational damage.	Responsible manager for implementing: ACC Blackwell Date to be implemented: 09/2022

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Appendix B

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.

Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary / Cumbria OPCC

Audit of Duties Management (Crown system)

Draft Report Issued: 5th May 2022

Final Report Issued: 24th May 2022

Audit Resources

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Audit Report Distribution

For Action:	Carl Patrick, Superintendent
	Stuart Henderson, Senior ICT Project Manager
For Information:	Robert Carden, Temporary Deputy Chief Constable
Audit Committee:	The Joint Audit Committee which is due to be held on 22nd June 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Duties Management (Crown system)**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

A new Crown Duties Management System was implemented in February 2021. The system aims to allow the Constabulary to better serve the public by scheduling staff more effectively, including having immediate access to details of staff skillsets to ensure that staff with required skills can be allocated to shifts. The system automatically calculates overtime and time off in lieu thereby reducing paperwork.

At the time of undertaking the fieldwork for this audit, Phase 2 of the Crown system implementation project was underway and a Service Design Project was being undertaken to determine how the Team should be resourced and structured.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Superintendent Carl Patrick. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- System Access controls

- Shift management controls e.g. ensuring minimum staffing levels maintained and that appropriately skilled officers are on shift at the right time, resourcing specific events
- Training provided to the users of the Crown System
- Interaction between the Crown System and other systems
- Reporting facilities available and used within the Crown System
- Future development of the duties management system.

Assurance Opinion

Each audit review is given an assurance opinion and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within Duties Management (Crown system) provide **Reasonable Assurance**.

This opinion recognises the level of controls operating around the Crown system and notable strengths as set out below. A significant amount of work has been undertaken to get the system to the current position. However, at the time of our audit testing, developments were still underway to ensure that the system is used to its full potential given the additional functionality purchased by the Constabulary.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

System access controls
- Bespoke templates are set up for users and control access to personal information.
- Templates are set up for supervisors and end-users based on administration rights. Sample testing confirmed that individuals are on the appropriate template based on their job role.
- Access levels were determined in line with Data Protection legislation, and we were advised that there was input from the Data Protection Officer.

Shift Management controls

- Shifts are planned 13 months in advance, on a rolling basis, based on various shift patterns in operation. This enables long term planning based on known events, ensuring the right numbers of officers with the required skills are available.
- Minimum staffing levels are set up in the system by shift. Resource Co-ordinators carryout a visual check in the Workforce Scheduling Tool (WFS). If minimum staffing levels have been breached this is highlighted so action can be taken.
- Staffing levels for major operations / events (for example Appleby Fair) have their own roster. Required skill sets are built into the roster and officers are moved from their usual roles into the event roster to ensure that the operation / event has the right level of people with the required skills to undertake the duties required. Setting up separate rosters for major operations / events also aids reporting and cost / overtime coding.
- For planned major events, restricted leave periods are added to officers' annual leave calendars so that they know leave cannot be requested during these periods in order to maintain the required staffing levels.
- Staff and officers cannot swap their own shifts. Responsibility for swapping shifts rests with Supervisors or Resource Co-ordinators thereby ensuring that adequate resource with the right level of skills will be available.
- Arrangements are in place to allow officers to move roles or geographical location to ensure that there is appropriate cover in place.

Training provided to the users of the Crown system

- A full programme of training was delivered to Supervisors following go live of the system. Drop-in sessions were available for end users and a Resource Co-ordination intranet page has been developed to support officers and staff with key training guides available.
- Each member of the Resource Co-ordination Team has received a five day superuser course with team members specialising in difference areas of the system.
- Instructions on how to use the Crown system are available for staff.

Interaction between the Crown system and other systems

- Interfaces exist between the Crown system, HR, Payroll and Command and Control systems. A 'data import rejection' tool within the Crown system flags overnight import failures and the reason. Individual lines can be drilled down to show a dialogue box which shows the reject reason. Interface success and failures are monitored and addressed.

- Workarounds are currently in place for 6 outstanding issues between iTrent (HR) and Crown.

Reporting facilities available and used within the Crown system

- A suite of management reports is available within the system and can be accessed based on permissions. It is managers' responsibility to access and run the reports unless they have requested scheduled reports. The team can see whether system reports have been viewed by managers.

Future development of the duties management system

- All modules of the Crown system have been purchased. At the time of the audit the auto approval of annual leave was the final part of the project to be delivered prior to project closure in April 2022.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	1	0	1

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues: None identified

Medium Priority Issues:
- System developments underway at the time of the audit should be concluded to ensure that the system delivers the intended benefits and efficiencies.

Advisory issues: None identified

Temporary Deputy Chief Constable Comments

I am satisfied with the actions taken by line managers to address the issues identified. Progress will be monitored via the Digital Board.

The report can now be finalised and reported to the next meeting of the Joint Audit Committee.

R J Carden

Management Action Plan

Medium Priority

Audit finding	Management response
Further development of the system in Phase 2 Interfaces We were informed that further development work was underway, to enhance the Command and Control and Period of Absence interfaces, as part of Phase 2 of the project. At the time of our review there were 6 interface issues between ITrent (HR) and Crown. Meetings had been scheduled with the consultants to investigate the ongoing issues so that fixes can be developed. In the meantime, workarounds are in place to deal with the issues. Auto approval of annual leave At the time of the audit fieldwork we were informed that auto approval of annual leave was still to be delivered for the project. It was envisaged that this would be concluded by project closure in April 2022. As this element of the system was not in place at the time of the review, Internal Audit has not looked at the controls in place for this aspect of the system. Reporting facilities As part of Phase 2 of the Crown system implementation, management are looking at how to make the best use of the system in the future, thereby maximising the benefits of the investment made. We were informed that a piece of work was in progress looking at the types of information being reviewed at monthly bronze, silver and gold meetings and how beneficial the reports are.	Agreed management action: After the audit fieldwork was completed and the report was drafted, the project ended, and the objectives delivered. As a consequence, the recommendation has been actioned. The project ended formally on 30th April 2022, as a result there is no further work to be done.

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Recommendation 1: Management should ensure the system developments underway are concluded to ensure that the benefits of the new system are fully realised, and efficiencies are maximised.	
Risk exposure if not addressed: • Investment and benefits from implementing the new system are not fully realised.	**Responsible manager for implementing:** Superintendent Carl Patrick **Date to be implemented:** Complete

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary / Cumbria OPCC

Audit of Establishment Processes - Recruitment

Draft Report Issued: 19th May 2022

Final Report Issued: 31st May 2022

Audit Resources

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Audit Report Distribution

For Action:	Dave Stalker, Detective Superintendent – Head of People.
	Charlotte Nutter, Temporary Chief Inspector – Head of People.
For Information:	Stephen Kirkpatrick, Director of Corporate Support.
Audit Committee:	The Joint Audit Committee which is due to be held on 22nd June 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Establishment Processes - Recruitment**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

Recruitment is very important to the organisation because it is the process used to determine who will join the Constabulary workforce.

A new recruitment module was implemented in August 2021, turning recruitment from a paper-based process into a primarily digital one. This implementation was part of the wider Business Transformation Programme aimed at improving processes and achieving process efficiencies. Applications are now made online and recruitment stages, their outcome, correspondence and documentation are recorded in the module.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Stephen Kirkpatrick, Director of Corporate Support. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- The project plan for, and governance of, the implementation of the recruitment module
- Controls within the system and timescales to complete different parts of the recruitment process
- Sample testing of police officer and staff recruitment (both internal and external) through the newly established recruitment module process.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within recruitment provide **Reasonable Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

Project plan for, and governance of, the implementation of the recruitment module

- A project board was in place for the recruitment module implementation project which met monthly and had minutes of its meetings documented.
- The project had a terms of reference setting out key aspects of the project including deliverables, scope and exclusions, principal stakeholders and governance structure.
- A project plan was in place for the project which included project stages broken down into specific tasks, start and end dates and any named resources.
- A governance, roles and responsibilities document was prepared for the project which included a RACI chart (responsible / accountable / consulted / informed) setting out Project Board and Project Team responsibilities.
- Staff from HR, Central Services and ICT were on the Project Board and Project Team to provide an appropriate mix of skills and knowledge.
- Project risks were captured in a RAID (risks / assumptions / issues / decisions) log which was reviewed monthly at Project Board Meetings.

- Training sessions were held on the new module, with user guides and videos also prepared which are available to staff on a sharepoint page.
- User Acceptance Testing was undertaken and signed off by the Project Board, as were the decision to go live with the recruitment module and to close the project and handover to Business as Usual.
- The End Project Report was reported to the Digital Transformation Board as well as the Project Board.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	2	0	2

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues: none identified

Medium Priority Issues:

- Further work is required to ensure all required information can be obtained from the recruitment module and to determine whether all identified benefits of implementing the module have been realised.
- Since the implementation of the recruitment module, recruitment process and system changes / developments have taken place, and further changes are likely. Sample testing identified that not all required documentation had been retained or was readily available.

Advisory issues: none identified

Director of Corporate Support Comments

I am very pleased to note that the recent internal audit of Establishment Processes, specifically relating to Recruitment, has provided a Reasonable Assurance which I believe recognises the good many practices together with effective and collaborative working in place across a number of Corporate teams.

The review has identified a number of strengths regarding the controls and measures in place, making specific mention of the successful project to implement new recruitment functionality within our Human Resources system. This implementation was achieved alongside the review and development of new processes to streamline and improve recruitment from both the organisation and applicants' perspective.

The review has identified a small number of medium areas for development resulting in two recommendations which are both accepted by the Constabulary and will be addressed within the timescales agreed within the report.

The implementation of the new recruitment module and processes demonstrates a further step with the Constabulary's drive to continually improve services across all areas.

I would like to note my thanks to all involved in the project and the ongoing service provision.

Stephen Kirkpatrick

Director of Corporate Support

Management Action Plan

Medium Priority

Audit finding	Management response
Moving Forward Reporting facilities Developing / writing reports to obtain information from the recruitment module was in progress at the time of drafting this report. The purpose of the reports is to provide management information and help to make the recruitment process more efficient. We were informed that there are no set or agreed timescales for the overall recruitment process, or the different stages of the recruitment process, and that the recruitment module does not hold information that would show reasons for any delays in the process. One of the reports being developed will help to identify any pinch points in the process and these will be assessed to determine if any action is required to make recruitment more efficient. Benefits Expected benefits from implementing the recruitment module were reviewed and assessed when the project was closed. However, the timing was probably too soon after implementation to determine if all benefits had been achieved and we were informed that they would be reviewed again in the second half of 2022 after the system was fully embedded and more data was available.	Agreed management action: The reporting from Recruitment has been developed and numerous reports have been produced and scheduled to run to assist the Recruitment Teams with their processes. The system records all the stages the applicant is at in the process and is time stamped when they move stages. This means that a report can show how long it takes an applicant to get through a process, and show what time is spent at each stage. However, we do not record on the system the reason for delays. Processes are being continually reviewed and improvements made where identified. This is a fortnightly meeting between CSD and HR to review any issues that arise and ensure the efficiency of the process.
Recommendation 1: Ensure that required recruitment reports are developed and that the review of benefits realised is undertaken.	

	The benefits are currently being reviewed by Business Leads to ensure all available are realised. Benefits identified to date have been realised
Risk exposure if not addressed: • Recruitment information not easily accessible / available; • Recruitment and management of recruitment is inefficient; • Lack of clarity on whether the investment in the recruitment module achieved its expected benefits.	Responsible manager for implementing: Reporting facilities – Alison Hunter Business Benefits – Di Johnson & Ann Dobinson Date to be implemented: 31 August 2022

Medium Priority

Audit finding	Management response
Sample Testing <u>On-going development of the process</u> We were informed that the recruitment process has been further developed since the system was initially implemented, as in practice, many of the 'stages' originally built into the system are not required, or don't add to the process, so are not used. For example, rather than an applicant being moved to the 'successful after checks' stage (where no action is required and no workflow is initiated from) they can be moved straight to the 'offer' stage as they would only be moved to this stage if checks had been successful. Sample testing confirmed that recruitment processes have been changed / refined since the implementation of the module. Discussions indicated that further changes may be made. The Payroll and Transactional Services Manager and a Senior HR Advisor are	Agreed management action: Medical Forms To clarify the procedure followed in the initial Recruitment process was that CSD were to delete forms for data protection purposes, as forms to be actioned were sent to OHU for recording. As stated, this process has since been updated and OHU are retaining forms and recording on Recruitment module Vetting forms/recording

currently meeting fortnightly to discuss any issues and processes and to look for improvements that can be made, with issues fed in from the recruitment teams.

Information recorded in the module varied for some of the sample tested due to ongoing developments in the recruitment process and how information was recorded. In addition, the external police officer recruitment was added to the module at the stage they were at in the recruitment process when the module was introduced.

Examples include:

- Three of the five external police staff sample did not have a medical check result recorded in the module. We were informed that initially CSD staff triaged medical forms when they were returned by applicants, and if no issues were raised on the form, it was not sent to occupational health, and nothing was recorded on the recruitment module. We could not confirm that medical information was provided for these three cases as we were told that the forms were deleted. The process has since been changed so that all medical forms go to occupational health, and they record a pass / fail medical check against applicants in the recruitment module.

- Two of the five external police staff sample had no ID / qualification documents attached against their record in the recruitment module and we could not confirm that they had been provided. We were informed that one was before it had been determined how documents were going to be stored and that after copies had been received, they were deleted as the email address they came to was not solely for recruitment and it was considered inappropriate to retain them in the generic email area. The other was a problem where the applicant was unable to upload them to their application. We were informed that copies had been obtained and were held in the recruitment specific email inbox but at the time of drafting this report evidence of

The workflow has been set up to go to vetting to ask them to carry out the checks, once they have done the checks, they record this on the system and a workflow is sent to the Requisition Administrator to let them know to advance the applicant. The system was working but the staff in Vetting were not completing the recording on the system the results, they are all doing it now.

Since the audit, CSD have produced a report from the Recruitment system to show any recording of vetting that was missing. This report was sent to the Vetting Department, and they have updated the relevant records on the system.

This process is now working correctly, and Departments are aware of their obligations, would suggest that this recommendation is reduced to an advisory and we include the further sample testing in 6 months time.

this had not been provided. Another of the five had a document provided by email deleted after checking, though the documents they uploaded with their application form were retained against their record in the recruitment module.

- Two of the five external police officer sample did not have qualifications attached against their record in the recruitment module. It was stated that the majority should be attached but that sometimes there was an issue with the size of a document meaning it was saved on a drive on the constabulary network rather than in the system. It was confirmed that copies of qualifications are held for the two that were not in the system.

- Vetting check results were not recorded in the recruitment module for ten of the twenty recruitments sampled. We were informed that initially Vetting staff were informing results via email instead of directly entering a pass/fail result in the system as they do now. Confirmation of vetting checks was subsequently provided for four of the ten, one was stated as confirmed verbally and at the time of drafting this report nothing had been provided for the remaining five.

Recommendation 2:

Ensure that once ongoing recruitment process / system developments are implemented that they are fully embedded and working as intended. Further sample testing, at a later date, would help confirm compliance with the requirements and that relevant supporting evidence and documentation has been retained and is readily available for review.

Risk exposure if not addressed:	Responsible manager for implementing:
- Changes to processes are not understood and complied with; - All required recruitment information is not obtained / retained.	HR Manager Date to be implemented: Oct 2022

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

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Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary & OPCC

Audit of Financial Sustainability

Draft Report Issued: 4th May 2021

Final Report Issued: 13th May 2021

Audit Resources

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Audit Report Distribution

For Action:	Roger Marshall (Joint Chief Finance Officer)
For Information:	Mark Webster (Deputy Chief Constable)
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Financial Sustainability**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Financial sustainability is important to both the OPCC and Constabulary because it contributes to the efficient and effective use of resources to support operational policing needs, directly supports the strategic priority of spending money wisely and helps with the delivery of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025.

Robust financial planning is key to financial sustainability and requires an understanding of demand pressures, long term financial resources and how sustainable it is to deliver priorities and services. This is particularly important at a time when Cumbria Constabulary, and the wider public sector, is facing increasing financial pressures, including the ongoing need to identify and deliver savings.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Roger Marshall (Joint Chief Finance Officer). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Identification and consideration of pressures that impact on financial sustainability
- Review of the budget, forecasts and the Medium Term Financial Forecast (MTFF)
- Risk management, scenario planning and financial modelling

- • Plans to address savings gap and robustness of service plans.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around Financial Sustainability provide **Reasonable Assurance**.

This opinion recognises the level of controls operating around financial sustainability and notable strengths, as set out below. However, an organisation's financial sustainability can change very quickly and historically we have seen that this can sometimes be due to external factors outside of their control (such as the 2008 financial crash or the coronavirus pandemic). Our assessment of 'reasonable assurance' also acknowledges, as does the OPCC and Constabulary in their reports, that there a number of future financial challenges and the uncertainty of whether there will be changes to the Police Funding Formula. As the OPCC and Constabulary are fully aware of these issues, and are working on some areas, we have not included recommendations in this report but have simply highlighted these issues in the section headed 'Recognition of Future Challenges'.

Budget monitoring reports are usually prepared for chief officers of both organisations on a monthly basis but the frequency of this lapsed during 2020/21 due to the implementation of the new main accounting system. However, meeting minutes demonstrate that the Joint Chief Finance Officer continued to provide regular verbal reports on financial matters and that there was discussion of the budget position and longer term plans.

Note: as audit work is restricted by the *areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.*

Summary of Audit Findings

Controls were operating effectively in the following areas:

- Risks around financial sustainability are captured in the strategic risk registers of both organisations for ongoing review and management. Risk at this level recognises funding uncertainty around government funding levels, potential changes to the police funding formula, inflationary pressures, changes to police pension contributions and the impact of national ICT initiatives

- There is clarity around the approach to medium term financial forecasting and how it covers details of underlying assumptions, risks involved, savings required, costings and potential outcomes

- There is good consideration and assessment of the impact of local, regional and national factors affecting the 2021/22 budget and in the medium term to 2024/25

- There is clear identification and consideration of all income streams and their impact on the 2021/22 budget and in the medium term to 2024/25

- The 2021/22 budget reflects the known pay freeze and the MTFF includes realistic assumptions about future pay awards, averaging 2% per annum over the next three years. There are also reasonable estimates for non-pay inflation within the MTFF from 2022/23 onwards, with a sensibly higher rate for fuel and energy costs

- There is consideration within the 2021/22 budget of the impact of the COVID-19 pandemic in terms of reduced income, additional costs and reduced areas of expenditure to reflect new ways of working

- A detailed spreadsheet is in place which provides a way of building up the 2021/22 budget and MTFF and can be used to assess different scenarios using different rates for pay, non-pay, fuel and energy prices inflation, pension contributions, council tax and government grants

- Savings are clearly identified in the Medium-Term Financial Forecast and are to be achieved through a number of Vision 2025 initiatives. There are no unidentified savings in the 2021/22 budget or for 2022/23

- There is a separate Reserves Strategy in place

- Financial forecasts are refreshed at least quarterly, reflecting new demands and pressures

- Finance presentations and reports show an awareness and understanding of current and future demand and the pressures on the service that impact on financial sustainability

- Financial reports have been prepared on at least a quarterly basis for chief officers of both organisations

- Quarterly budget monitoring is reported to the 'Public Accountability Conference' with a summarised version prepared for the Police & Crime Panel

- The Joint Chief Finance Office provides verbal updates at Joint Audit Committee (JAC) meetings as to latest financial position and longer-term financial outlook as part of the 'Corporate Update' agenda item. This helps JAC members to understand the current and future financial challenges faced by the PCC and Constabulary. Furthermore, a JAC development session took place in March 2021 that included a budget briefing presentation by the Joint Chief Finance Officer and Deputy Chief Finance Officer

- There is a separate Capital Strategy in place that outlines how capital expenditure plans are underpinned by various asset strategies (Digital, Data & Technology Strategy, Estates Strategy and Fleet Strategy) and linked to the Commissioner's Police and Crime Plan and the Constabulary's Vision 2025

- A ten-year capital programme is in place with plans about how it is financed. The report includes a caveat that estimates for years 5-10 of the capital programme become increasingly indicative and should be treated with caution.

Recognition of Future Challenges

As previously stated the OPCC and Constabulary clearly recognise they face a number of future financial challenges as outlined below:

- An Innovation Programme has been drafted that sets out plans to deliver efficiencies and savings required in the Medium Term Financial Forecast. The plan has been populated in very broad terms and there are still gaps and areas that require further consideration and discussion. The priority in 2020/21 was to deal with Covid-19 and ensure the recruitment of officers as part of Operation Uplift. Savings plans are now being further developed as part of a strategic work programme managed by the Deputy Chief Constable

- It is still unclear whether a new Police Funding Formula will be introduced and if so when and if it would be phased. The PCC and Chief Constable are clearly aware of this and the potential impact it would have if damping was removed. The position is monitored and awareness maintained through constant references in updates to JAC, strategic risk registers, financial reports and budget papers and presentations

- It is clearly stated in the capital programme report that by the end of 2022/23 historic capital grant and general capital reserves will have been fully utilised. Increasing reliance is being placed on revenue contributions to fund the capital programme. Historically, the annual contribution from the revenue budget was set at £1.2m but this has risen in recent years and now stands at £3.8m for 2021/22. The capital programme is virtually fully reliant on revenue funding from 2024/25 onwards. Capital spending from 2024/25 onwards is on relatively short-lived assets. This represents a challenge as to the size and scale of the capital programme as borrowing to finance short-lived assets is not considered viable.

Deputy Chief Constable Comments

I note the positive audit comment on the range of effective controls in place. The majority of the challenges arise from external factors which are clearly recognised by the Constabulary, and plans are in place to deal with or mitigate. An Efficiency Plan is being developed jointly by the Chief Financial Officer and the Head of Corporate Services which will seek to develop a range of efficiencies to contribute to financial sustainability. There are also early steps in place to examine the potential implementation of a priority-based budgeting approach to further drive efficiency, effectiveness and continuous improvement. Potential changes to the Police Funding Formula are recognised, and the force has developed options for severe cuts to budgets should this be necessary in extremis. The reduction in capital grant has presented a difficult challenge to the force but this continues to be effectively managed through increasing contributions from revenue.
I am content that plans are in place to ensure the force can maintain its financial sustainability through the controls currently in place, and the responses outlined to identified current challenges.

DCC M Webster
13th May 2021

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary & OPCC

Audit of Financial Sustainability

Draft Report Issued: 6 April 2022

Final Report Issued: 1 June 2022

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Audit Report Distribution

For Action:	Roger Marshall (Joint Chief Finance Officer)
For Information:	Rob Carden (Temporary Deputy Chief Constable)
Audit Committee:	The Joint Audit Committee which is due to be held on 22nd June 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Financial Sustainability**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

Financial sustainability is important to both the OPCC and Constabulary because it contributes to the efficient and effective use of resources to support operational policing needs, directly supports the strategic priority of spending money wisely and helps with the delivery of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025.

Robust financial planning is fundamental to financial sustainability and requires an understanding of demand pressures, long term financial resources and how sustainable it is to deliver priorities and services. This is particularly important at a time when Cumbria Constabulary, and the wider public sector, is facing increasing financial pressures, including the ongoing need to identify and deliver savings.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Roger Marshall (Joint Chief Finance Officer). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Identification and consideration of pressures that impact on financial sustainability
- Review of the budget, forecasts and the Medium Term Financial Forecast (MTFF)
- Risk management, scenario planning and financial modelling
- Plans to address savings gap and robustness of service plans.

2

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around Financial Sustainability provide **Reasonable Assurance**.

This opinion recognises the level of controls operating around financial sustainability and notable strengths, as set out below. However, an organisation's financial sustainability can change very quickly and historically we have seen that this can sometimes be due to external factors outside of their control (such as the 2008 financial crash, 2020 coronavirus pandemic or the current situation in Ukraine). Our assessment of 'reasonable assurance' also acknowledges, as does the OPCC and Constabulary in their reports, that there a number of future financial challenges including the potential impact of changes to the Police Funding Formula and the long term sustainability of the capital programme. The OPCC and Constabulary are fully aware of these issues and are working on some areas to address them such as the Productivity and Efficiency Plan - Innovation Programme, which sets out plans to deliver efficiencies and savings required in the Medium Term Financial Forecast. At the time of the audit the plan was being refreshed in light of the updated MTFF with in-year progress against the plan to be included in financial summary reports from December 2021 onwards. In addition, the PCC and Chief Constable are aware of the potential financial risks arising from Local Government Reorganisation (LGR) and the PCC taking on Fire governance. The financial implications of these will be built in to future MTFF if, or when they arise.

Budget monitoring reports are usually prepared for chief officers of both organisations on a monthly basis but the frequency of this lapsed during the early part of 2021/22 due to issues with forecasting and a conscious decision was taken to not produce the October 2021 financial monitoring report so that finance staff could focus on the 2022/23 budget preparation. However, reporting arrangements appear to be back to normal now and meeting minutes demonstrate that the Joint Chief Finance Officer continued to provide regular verbal reports on financial matters and that there was discussion of the budget position and longer term plans.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings

Controls were operating effectively in the following areas:

- Risks around financial sustainability are captured in the strategic risk registers of both organisations and are reviewed on an ongoing basis by management. Risk at this level recognises uncertainty around government funding levels, potential changes to the police funding formula (to be implemented in 2023/24), inflationary pressures, changes to police pension contributions and the impact of national ICT initiatives

- The Medium Term Financial Forecast (MTFF) has been extended to cover a 5 year timeframe, in accordance with CIPFA best practice (previously the MTFF was a 4 year timescale)

- There is clarity around the approach to medium term financial forecasting and how it covers details of underlying assumptions, risks involved, savings required, costings and potential outcomes

- There is good consideration and assessment of the impact of local, regional and national factors affecting the 2022/23 budget and in the medium term to 2026/27

- There is clear identification and consideration of all income streams and their impact on the 2022/23 budget and in the medium term to 2026/27

- The 2022/23 budget includes 3.5% for police officer pay award which should be sufficient, given the Home Office's recommendation for a minimum pay rise of 2% for 2022/23. Currently, the MTFF includes realistic assumptions about future pay awards, a cumulative averaging of 2.19% per annum over the four years after 2022/23

- There are reasonable estimates for non-pay inflation within the MTFF from 2023/24 onwards, with a continuation of the sensible approach of using a higher rate for fuel and energy costs

- There is consideration within the 2022/23 budget of the continued impact of COVID-19 pandemic with the retention of a COVID recovery and renewal budget for 2022/23

- A detailed spreadsheet is in place which provides a way of building up the 2022/23 budget and MTFF and can be used to assess different scenarios using different rates for pay, non-pay, fuel and energy prices inflation, pension contributions, council tax and government grants

- Savings are clearly identified in the Medium-Term Financial Forecast and are to be achieved through a number of Vision 2025 initiatives. There are no unidentified savings in the 2022/23 budget

- There is a separate Reserves Strategy in place

- Finance presentations and reports show an awareness and understanding of current and future demand and the pressures on the service that impact on financial sustainability

- Monthly financial reports have been prepared since July 2021 (excluding October 2021) for chief officers of both organisations

- Quarterly budget monitoring is reported to the 'Public Accountability Conference' (with the exception of Q1 in 2021/22) with a summarised version prepared for the Police & Crime Panel

- In response to a recommendation from external audit, from December 2021 the Financial Summary reports to chief officers of both organisations have included details about in year progress on delivery of the savings plan

- The Joint Chief Finance Officer provides verbal updates at Joint Audit Committee (JAC) meetings as to latest financial position and longer-term financial outlook as part of the 'Corporate Update' agenda item. This helps JAC members to understand the current and future financial challenges faced by the PCC and Constabulary. Furthermore, a JAC development session took place in March 2022 that included a budget briefing presentation by the Joint Chief Finance Officer and Deputy Chief Finance Officer

- There is a separate Capital Strategy in place that outlines how capital expenditure plans are underpinned by various asset strategies (Digital, Data & Technology Strategy, Estates Strategy and Fleet Strategy) and linked to the Commissioner's Police and Crime Plan and the Constabulary's Vision 2025

- A ten-year capital programme is in place with plans about how it is financed but it should be noted that there is a £7.62m funding deficit after 2025/26.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	3	0	3

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues:

- None

Medium Priority Issues:

- The 2022/23 budget includes general inflation of 3.5% and at 5% for fuel and energy costs. This was not unreasonable, when preparing the budget, but we are now seeing much greater than expected increases in inflation. The Bank of England expects inflation to rise to around 8% in spring 2022, and perhaps even higher later this year, but to fall back over the next couple of years. The impact of this will need closely monitored. Although, budget scenario planning / sensitivity analysis considered changes of 0.5% to 1% there may be a need, moving forward, to extend the top end of the range used

- The ten year capital programme is now only fully funded for the four-year period to 2025/26 with an overall capital programme funding deficit of £7.62m by 2031/32 despite revenue contributions of over £3.7m per annum in the years 2026/27 to 2031/32. There may need to be further revisions to the capital programme, and it is highly likely that additional revenue savings will need to be found to help fund the longer term capital programme against a background of potential changes to the Home Office police funding formula which may mean further, and potentially more significant, revenue savings need to be found

- Unlike in previous years, the Quarter 3 financial summary, considered at the Public Accountability Conference (PAC) on 16 February 2022, was the first time in 2021/22 that a financial summary was publicly available on the PCC's website for taxpayers to get an overview of the financial position for 2021/22.

Advisory Issues:

- None.

Temporary Deputy Chief Constable Comments

I recognise that financial sustainability is critical to the successful long-term operation of the Constabulary and welcome the overall assessment that there are robust financial planning and management processes in place. The recent emergence of inflationary pressures in the world economy will undoubtedly filter through to all public sector organisations. The Constabulary is fully cognisant of the challenges this will present and will be providing enhanced scrutiny of the financial impact through the monthly budget monitoring process. We will also actively explore opportunities to identify savings to offset the effect of increased inflation in 2022/23. Over the medium term, I, alongside the newly appointed Assistant Chief Officer, will personally assume responsibility for ensuring that savings plans and the capital programme are actively developed and managed to ensure financial sustainability. The Constabulary and PCC remain committed to transparency in the reporting of their financial position.

Rob Carden
T/Deputy Chief Constable

Management Action Plan

Medium Priority

Audit finding	Management response
Estimates and scenario planning The PCC's and Constabulary's overall approach to estimates and scenario planning is sound and has been for many years. This has included: • Providing for annual pay awards over the lifetime of the MTFF • Providing for general inflation over the lifetime of the MTFF and using a higher rate for fuel and energy costs • Scenario planning on the 2022/23 budget and MTFF for some of the key assumptions (pay inflation, general inflation, fuel inflation, police pensions, local government pensions, council tax precept & council tax base and government grant) by assessing the impact of a change of 0.5% and 1% In previous years changes in inflation, and particularly energy and fuel inflation, will not have been significantly outside of the ranges used in the budget and MTFF. However, there are a number of external factors that are impacting on general inflation and particularly on fuel and energy inflation. For the 2022/23 budget general inflation has been set at 3.5% and at 5% for fuel and energy costs. This was not unreasonable, when preparing the budget, but we are now seeing greater than expected increases in inflation. The Office of National Statistics (ONS) reported on 23 March 2022 that 'The Consumer Prices Index (CPI) rose by 6.2% in the 12 months to February 2022, up from 5.5% to January 2022. This is the highest CPI 12-month inflation rate in the National Statistic series	Agreed management action: Senior management and the finance team are very alive to the potential impact of inflation on the budget position. Whilst this is unlikely to be fully adequate volatile budgets such as energy, fuel and insurance are re-based each year. For example the electricity budget was increased by 23% in 2022/23. In the context of the current inflationary pressures a report on the potential impact of inflation in 2022/23 was submitted to the Chief Officer Group on the 3rd April. Current indication are that whilst there are likely to be overspends on some budget lines as a result of inflation these are considered manageable in the short term. The effect of inflationary pressures will continue to be closely monitored through the normal monthly management accounts process through the year. Exceptional reports may also be produced if the situation warrants it. We will also examine

which began in January 1997, and the highest rate in the historic modelled series since March 1992, when it stood at 7.1%'. Added to this the Bank of England reported on 18 March 2022 that 'We expect inflation to rise to around 8% in spring 2022 and perhaps even higher later this year. We expect it to fall back over the next couple of years'. The specific rates of increases in fuel and energy are likely to be even higher.

Given these larger than expected increases there will be a need to closely monitor inflation rates and assess their additional impact, beyond that already included in the 2022/23 budget. Although the Bank of England has suggested that inflation will fall back over the next couple of years it would make sense to also consider 2023/24. In addition, given that scenario planning / sensitivity analysis has already looked at changes of 0.5% to 1% there may be a need, moving forward, to extend the top end of the range used to 2% to 5%.

the best way to communicate the effects of inflation, which may include extending the range of scenario planning. The latest report includes a scalable analysis which allows the effect of a variety of inflation scenarios to be modelled.

Recommendation 1:
Management should closely monitor inflation rates and assess their additional impact, beyond that already included in the 2022/23 and 2023/24 budgets. Given the current rates of inflation management should consider extending to extend the top end of the range used to 2% to 5%.

Risk exposure if not addressed:
- Insufficient provision made for inflation in annual budget and MTFF.
- Unexpected savings need to be delivered in current and future years.

Responsible manager for implementing:
Roger Marshall Joint CFO
Date to be implemented:
30/06/2022

Medium Priority

Audit finding	Management response
Capital Programme There is a separate 'Capital Strategy' in place which outlines how capital expenditure plans are underpinned by various asset strategies, which are linked to the Commissioner's Police and Crime Plan and the Constabulary's Vision 2025. There is a more detailed capital programme covering the next 10 years. Significant capital expenditure is planned for 2023/24 (£12.28m) and 2024/25 (£12.23m) on infrastructure replacement projects and planned replacement of the Territorial Policing HQ in West Cumbria at the end of the PFI Contract. Since the last capital programme was agreed in February 2021 there has been an increased number of new capital demands at a cost of around £4.9m plus increased costs for ESN (£3m) and Fleet (£3m). The impact of this is that the capital programme is now only fully funded for the four-year period to 2025/26. In years 5-10 of the programme there are some shortfalls with an overall capital programme funding deficit of £7.62m by 2031/32 despite revenue contributions of over £3.7m per annum in the years 2026/27 to 2031/32. By the end of 2023/24 historic capital grant and general capital reserves will have been fully utilised. This, in combination with the removal of capital grant from 2022/23, means that the capital programme becomes even more reliant on revenue contributions to support capital expenditure. There is a real risk that after 2025/26 the capital programme will no longer meet the 'affordability, prudence and sustainability' tests set out in the Prudential Code. This can only be addressed by reducing capital expenditure or further revenue contributions (£0.76m per annum over 10 years or £1.27m per annum over years 5-10). Most worrying is the £2.9m deficit in 2026/27 largely as a result of the increased cost of the Emergency Services Network (ESN) commonly known as 'Airwave'.	Agreed management action: The Joint Chief Finance Officer has highlighted both to the Constabulary and PCC the need to ensure that savings are delivered to put both the revenue and capital budgets are put on a sustainable basis. The Chief Constable has instigated a Gold Group, part of whose remit is to develop a savings plan to address the medium term savings gap. In the current volatile financial situation both the MTFF and savings plans will be regularly updated to ensure that senior management are aware of the latest position. In relation to funding the capital programme, annual revenue support for the programme has been tripled in recent years and potential need to increase this further will be highlighted as part of budget planning options.

There may need to be further revisions to the capital programme, and it is highly likely that additional revenue savings will need to be found to help fund the longer term capital programme. There is also the potential that the Home Office review of the police funding formula could be implemented in 2023/24 and this may well mean further, and potentially more significant, revenue savings need to be found. Therefore, when considering the capital programme, and the options to address its longer term sustainability, there is a need to ensure that all potential factors are considered.

Recommendation 2:

Ensure that when considering options to address the longer term sustainability of the capital programme that all potential factors are considered e.g. likely impact of the review of the police funding formula (scheduled for implementation by 2023/24).

Risk exposure if not addressed:	Responsible manager for implementing:
• Unsustainable capital programme which could impact on the ability of the PCC and Chief Constable to deliver strategic objectives • Additional / unexpected revenue savings need to be delivered in future years.	Roger Marshall Joint CFO Date to be implemented: 31/12/2022

Medium Priority

Audit finding	Management response
Availability of financial summary reports provided at Public Accountability Conference (PAC) Management accounts for June 2021 (Q1) were not produced due to problems with forecasting and the first financial reports produced for 2021/22 were to 31 July 2021, and these went to Chief Officer Group (COG) and the Police and Crime Panel. However, there was no finance Public Accountability Conference (PAC) meeting held at the time that could have received a Quarter 1 report (had it been produced) or the report to 31 July 2021 so the financial information for the early part of 2021/22 was not provided publicly. The Quarter 2 financial summary was considered at the PAC on 3 November 2021 however, unlike previous meetings, the supporting reports were not attached to the agenda (for any of the agenda items) on the Police and Crime Commissioner's (PCC's) website. However, we were informed by management that it was published on the PCC's website under the Finance and Governance section. The Quarter 3 financial summary was considered at the PAC on 16 February 2022 and this time supporting reports were attached to the agenda on the PCC's website. The impact of this is that it was not until the meeting on 16 February 2022 that a summary was publicly available on the PAC agendas and papers for taxpayers to get an overview of the financial position for 2021/22. Publicly available quarterly financial summary reports are a key feature of Public Accountability Conference meetings and a way for the PCC to demonstrate, in a transparent way, his holding the Chief Constable to account for the Constabulary's financial performance. In addition, as the PCC's financial position is also reported it gives the taxpayer a good overview of the PCC's financial performance as well as that of the	Agreed management action: The quarter 2 and quarter 3 financial position has been published on the PCC Website with the quarter 2 position shown published under the finance and governance section of the website from early November when it was presented to the PCC Public Accountability Conference. It is acknowledged that quarter 1 monitoring was not published. This was due to a combination of a delay in collating the data until July due to the new financial system being bedded in and the reduced number of PAC meetings, but this was very much the exception. Going forward we will publish quarterly financial monitoring data irrespective of whether it is presented to PAC and will ensure that there is a link from PAC meetings to the papers on the website.

Chief Constable. For financial information to be of most value to the reader is needs to be timely and therefore there is a need to ensure that financial summary reports to PAC are produced on a quarterly basis and are always attached to the agendas to support the transparency agenda.	
Recommendation 3: Ensure that the financial summary reports that go to Public Accountability Conference (PAC) are produced on a quarterly basis and are always attached to the agendas so that taxpayers are able to get an overview of the overall financial position.	
Risk exposure if not addressed: • Lack of transparency about the in-year financial position of the PCC and Chief Constable • Inability of the local taxpayer to assess the overall PCC / Chief Constable financial position making it difficult for them to have an informed view to provide a response to the next year's budget consultation.	**Responsible manager for implementing:** Roger Marshall JCFO & Gill Shearer Chief Executive **Date to be implemented:** 30/06/2022

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

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Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of Financial Systems - Inventory

Draft Report Issued: 28th January 2022 (Updated 15th February 2022)

Final Report Issued: 1st March 2022

Audit Resources

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Audit Report Distribution

For Action:	Amy Wharton (Commercial Manager) Keith Hewitt (Commercial Manager)
For Information:	Barry Leighton (Head of Commercial) Michelle Bellis (Deputy Chief Finance Officer) Stephen Kirkpatrick (Director of Corporate Support) Roger Marshall (Joint Chief Finance Officer)
Audit Committee:	The Joint Audit Committee which is due to be held on 16th March 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Financial Systems - Inventory**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

An effective inventory system is important to the Constabulary, both to ensure that there is enough stock on hand to meet the demands of the organisation and that stock levels are not maintained at unnecessarily high levels, which could lead to incur unintended costs and ineffective use of resources.

The inventory management module is part of the Oracle Fusion system, which has been in use since October 2020. Use of the module should result in more efficient, accurate inventory management than the previous system.

A conscious decision was taken to initially limit the functionality of the module to ensure that those elements being used are used effectively and the team are competent and confident in its use. The functionality will be expanded on a planned basis so that each element can be used to its potential and adds value to the process, the ultimate aim being to enhance accuracy and reduce administration.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Stephen Kirkpatrick (Director of Corporate Support). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Stock requests and approval (self service)
- Catalogue maintenance
- Stock issue
- Stock control (replenishing and receipting stock, write on and off and stock counts)
- Security
- Transfer of data to financial module

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within Financial Systems - Inventory provide **Reasonable Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:
- User roles, approval rules and limits have been defined and are set up in the system and for the sample tested were operating effectively.
- Through our sample testing we confirmed that:

   Stock request and approval

   o requisitions under £250 are auto-approved within the system

- o requisitions over £250 had been approved by the appropriate cost centre manager
- o coding of the transactions were appropriate
- o items requisitioned were reasonable in relation to the role of the person requesting the item

Catalogue maintenance
- o access to cost / re-cost items is restricted to two nominated individuals which provides resilience to maintain up to date catalogue prices in the absence of the primary post holder.

Stock issue
- o items requisitioned had been shipped to the requisitioner

Stock control
- o Stock orders under £250 are auto approved within the system
- o Stock orders over £250 were approved in accordance with the agreed scheme of delegation (within procurement)
- o Stock items had been receipted into the system with an appropriate segregation of duties between ordering and receipting the items.

Security
- o Roles within the Inventory Module of Oracle Fusion are assigned to individuals. Only those with the assigned roles have access to certain features which ensures that an appropriate separation of duties exists, and access to the system is via individual login and passwords.
- o Security arrangements in respect of access to the stores has recently been improved by the introduction of security system controlled by via fob access.

Transfer of data to the financial module
- o Oracle system processes run at various intervals during the week, pulling information from the different sub modules within the system and posting the transactions into the accounts ledger.
- o Sample testing confirmed posting to appropriate codes in the financial ledger had taken place.

- A set of Process maps and test scripts have been prepared to illustrate processes and provide step by step guidance for the various stages of the Inventory process.

- Guidance in the form of videos and help notes is available to Users on the Oracle Fusion Requisitions home page.
- Physical Inventory Guidance has been produced, which includes the process of how to create inventory reports, enter stock counts and request approval within Oracle Fusion.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	1	2	3

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues:
- None identified

Medium Priority Issues:
- The Oracle Fusion System has a number of functions available in relation to Inventory. When the system was introduced management made a conscious decision to limit the functionality of the module which will be expanded on a stepped basis so that staff can become proficient in the use of the system before further functionality is added. Plans are in place to increase the functionality of the inventory module over time. Implementation of the additional functionality within inventory module is being monitored by management and once the system is fully implemented the Senior Reporting Officer (SRO) should inform Management Board that the module is used as intended and benefits have been realised.

Advisory issues:

- Building a suite of standard reports is in the early stages and there are currently no reports available that show the history / turnover of an item, detailing for example the number that have been issued in a period / how often they are issued.
- The documented 'Physical Inventory Guidance' procedure setting out the stock taking process only include the Fusion processes, they do not specify the operational human element of the process, for example that two people are required to count together.

Director of Corporate Support and Joint Chief Finance Officer Comments

I am pleased to note that the recent Internal Audit review of the Inventory systems and processes has achieved a reasonable level of assurance which I feel is an accurate reflection of performance in this area of business.

It is fair to observe that the implementation of the new inventory system, along with associated processes, proved very challenging. The team are now focusing on introducing additional capabilities as part of an ongoing programme of developments, as recognised in recommendation 1.

Despite the challenges faced with the system implementation, it is reassuring to note that the review identified that controls are operating effectively across a wide range of areas, specifically including segregation of duties where required.

Looking forward the, one medium and two advisory, recommendations will help the Constabulary focus on further developing this area of business to ensure we continue to enhance the services provided to support both operational and corporate activities.

The positive findings within this report are a direct result of the excellent efforts across the Commercial and other teams to successfully achieve a challenging implementation that has resulted in the inventory services now operating on a secure and supported platform that will continue to develop on a continuous improvement basis.

Stephen Kirkpatrick – Director of Corporate Support 01/03/22

The implementation of the Oracle inventory module has and continues to be challenging. Members of the Commercial and Finance teams continue to work diligently and collaboratively to ensure that the system works as efficiently as possible. The Constabulary's governance boards will continue to be updated on progress through the benefits management process.

Roger Marshall – Joint Chief Finance Officer 01/03/22

Management Action Plan

Medium Priority

Audit finding	Management response
Planned Developments The Oracle Fusion System has a number of functions available in relation to Inventory that are currently not being utilised by the Constabulary. This was a conscious decision taken by management to ensure that the new system and processes were fully embedded and operating correctly before additional functionality was implemented. It is intended that functionality will be increased on a planned, stepped basis to ensure that each element of the system can be used as intended to its full potential. Planned developments for the future include: Min-Max Planning The Min-Max planning function allows management to set the minimum and maximum inventory levels for individual stock items and to replenish the stock by automatically generating an order when the stock level falls to the set minimum level. This will assist in ensuring that stock levels were maintained at an optimal level. Cycle Count A Cycle Count facility within the inventory module can automatically select a percentage of stock items to be counted throughout the year (the frequency for this can be determined when the cycle count is created). This should enhance inventory accuracy and allow for timely investigation into any stock discrepancy. Cycle counting could also be used to help in identifying any patterns in any errors found, such as regular discrepancies on similar types of item or human error.	Agreed management action: Final features, as described by the inventory team to the auditors, remain outstanding and are currently being implemented by the Commercial team and Oracle in order to achieve full implementation and benefit from the system. Credit should be given to the team who, without previous experience and with increased "day job" demands replaced a system that would have become vulnerable to cyber attacks (without significant investment) with a new, efficient state of the art lean system that is future proof, provides vfm meets the requirements of Vision 25 and provides features such as auto approval and self service. Achieved benefits have included enabling a Commercial Department redesign, £67k Budget saving and Headcount reduction which has created additional bandwidth to focus on many strategic contracts.

Punchout Punchout provides a direct link to the supplier's catalogues which suppliers maintain themselves. Use of the Punchout would remove the need for the Stores team to manually upload internal Blanket Purchase Agreements (BPA) to the system which is currently the practice. This function would reduce administration in relation to BPA catalogue maintenance and would also remove the potential for human error in the accuracy of pricing for any purchase orders raised via the BPAs. We are advised that the first Punchout is currently in development. Once implemented these additional functions would streamline processes for the team and create efficiencies. We are informed that the Joint CFO, as Senior Reporting Officer (SRO) for the project, has oversight regarding progress on implementing the additional functionality and benefits delivered, and is responsible for reporting progress to the Management Board.	As the SRO is a member of Chief Officers Group, Executive team, Management Board, Collaboration Board and Service Design Board each of these Boards has been briefed on updates. In addition the Head of Commercial provided a briefing at the annual review at the Joint Audit Committee. As the material benefits identified at the start of the transformation program have now been delivered, the final features will deliver smoother operation rather than material benefits.
Recommendation 1: Once the system is fully implemented this should be formally reported by the SRO to Management Board to confirm that the improvements have been delivered and benefits realised.	
Risk exposure if not addressed: • Improvements are not implemented on a timely basis • Planned efficiencies are not delivered	**Responsible manager for implementing:** Head of Commercial **Date to be implemented:** 31/12/2022

Advisory issue

Audit finding	Management response
Stock Turnover Reports Although stock levels in the Oracle Fusion system automatically update following items being reserved and shipped to the requester, there are currently no reports available that would show the history / turnover of an item, detailing for example the number that have been issued in a period / how often they are issued. We are advised that a library of reports is still in the early stages of being developed. If such a report was in place it could provide useful management information to identify any trends and also help in determining more accurate minimum - maximum levels.	Agreed management action: A range of reports are under discussion/review
Recommendation 2: Management should consider developing a report that provides details on the number / frequency an item has been issued / re-ordered.	
Risk exposure if not addressed: • Insufficient stock in hand to meet demands of the Service	Responsible manager for implementing: Barry Leighton Date to be implemented: 12/2022

Advisory issue

Audit finding	Management response
Stock Taking Procedures A 'Physical Inventory Guidance' document has been produced to set out the various processes within the Fusion system (for example, creating an inventory, enter a stock count and requesting approvals etc). We are advised that the annual stores count is carried out in pairs with one member of the stores team and a person from another department. Once the count has been completed, the stock sheet is signed / initialled by both participants. The Commercial Manager will carry out an additional check if there are any discrepancies or there is a need for a re-count and will sign to confirm his involvement. The documented 'Physical Inventory Guidance' procedure only includes the Fusion system processes, they do not specify the operational human element of the process, for example that two people are required to count together.	Agreed management action: Written instructions that are in place will be clarified to include the recommendation
Recommendation 3: Management should ensure that stock taking procedures are updated and include the operational aspects of how the stock counts should be undertaken, for example by two people and the steps to take should a recount be required.	
Risk exposure if not addressed: • Ineffective systems of internal control in place due to procedures being inadequately defined	Responsible manager for implementing: Barry Leighton Date to be implemented: 03/2022

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

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Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary / Cumbria OPCC

Audit of Main Accounting System

Draft Report Issued: 12 March 2021

Final Report Issued: 26 April 2021

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Audit Report Distribution

For Action:	Keeley Hayton, Financial Services Manager
	Michelle Bellis, Deputy Chief Finance Officer
For Information:	Roger Marshall, Joint Chief Finance Officer
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Main Accounting System**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

The main financial accounting system is the mechanism by which the PCC and Constabulary manage their financial affairs and record all financial transactions. The Joint Chief Finance Officer is responsible for ensuring the financial affairs of the PCC and Chief Constable are properly administered and that financial regulations are observed.

A new accounting system was procured in 2020 and went live in October 2020.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Michelle Bellis, Deputy Chief Finance Officer. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Journals
- Bank Reconciliations
- Control Accounts
- Feeder Systems
- Trial Balance
- Transfer of balances to the new Oracle system.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within Main Accounting System provide **reasonable** assurance.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:
- Journals are processed by authorised staff and protocols are in place to ensure any lines over £50,000 are independently approved by Joint Chief Finance Officer or Deputy Chief Finance Officer.
- A timetable has been established for the monthly bank account and control account reconciliation deadlines, adherence to this is monitored via a Control Account Reconciliation Monitoring spreadsheet.
- Monthly bank account reconciliations for April 2020 to January 2021 were produced in a timely manner and have been independently reviewed (observations re. timeliness of reviews is contained in the main body of the report). Testing of the bank reconciliations for August, October and November 2020 confirmed they were consistent with supporting evidence.
- There are a number of control accounts in use e.g. payroll, investments, debtors, etc. We sample tested control account reconciliations for October and November 2020; testing confirmed that these were generally undertaken in a timely manner, in line with monthly deadlines and were independently reviewed (observations re. timeliness of reviews is contained in the main body of the report).
- Review of the Control Account Reconciliation Monitoring spreadsheet confirmed that 81.6% of reconciliations for the period April to January 2021 were completed on time and a further 9.2% nearly on time (based on timeliness parameters as defined by Finance).

- Feeder system control accounts were tested for October and November 2020. All amounts reconciled to those shown in the general ledger.
- Trial balances were reviewed for October and November 2020; it was confirmed that these balanced to zero.
- Detailed monthly information was transferred to the new Fusion system at the end of September 2020. Audit testing confirmed that balances had been correctly migrated to the new accounting system and trial balances equalled zero.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	1	0	1

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

Medium Priority issue:

- Not all required control accounts reconciliations are produced on a monthly basis. Target deadlines for reviewing the monthly bank and control account reconciliations have been missed on a number of occasions during the year.

Joint Chief Finance Officer comments

I welcome this report, which shows that many financial processes and controls are operating effectively. In relation to the recommendation, under normal circumstances control account reconciliations are completed on a timely basis. During the current year there have been extenuating circumstances as a result of remote working and implementing the new finance system, which have put pressure on the Financial Services team and resulted in delays in some financial processes. As indicated in the management response, we recognise that this is a key control and we will make every effort to complete control account reconciliations on a more timely basis going forward.

Roger Marshall, Joint Chief Finance Officer

26/04/21

Management Action Plan

Medium Priority

Audit finding	Management response
Production and independent review of monthly account reconciliations Target dates for reconciling and reviewing monthly bank and control account reconciliations have been set and are monitored via a Control Account Reconciliation Monitoring spreadsheet. The monitoring spreadsheet did not show any completion or review dates for Police Property Act (PPA) or Creditors control accounts. Sample testing of PPA for October and November found the reconciliations were completed but not dated or reviewed. Further review of the Creditors information found that, although undertaken, no reconciliations or reviews had been completed on time for the period April 2020 to January 2021. This partly reflects the fact that the Finance Officer who normally undertakes these reconciliations is on maternity leave and the reconciliations are currently being produced by other members of the finance team. The Seized Cash Control Account and Seized Cash Bank were also reconciled and reviewed beyond the target dates each month. We were advised that there were issues obtaining relevant Seized Cash reports from the new accounting system for the period October 2020 to January 2021, this has now been resolved.	Agreed management action: The monthly/quarterly processes around bank and control account reconciliation are a key part of the financial controls. While I am confident that the reconciliations have been completed, the fact that the supervisor review has not always been undertaken in a timely manner is of concern. The financial year 2020/21 has been challenging in two respects, firstly as a result of the covid pandemic and the requirement for the team to work from home and secondly as a result of the change in financial ledger system, these factors have perhaps contributed to this lack of timely review during 2020/21. The Financial Services Managers have been reminded of the importance of the timely completion of these reconciliations, their

In the ten month period April 2020 to January 2021, bank account reconciliations had been produced promptly after the month end, however independent review of the bank account reconciliation was only completed by the target date on one occasion. For all reconciliations (bank and control accounts) the percentage independently reviewed by the target date set by Finance was calculated. Between April 2020 and January 2021 only 16.2% of reviews were completed on target, 45.3% nearly on target and 38.5% of reviews were late.	subsequent review/QA by a supervisor and the need to demonstrate an audit trail that the work has been done.
Recommendation 1: Ensure that all required control account reconciliations are produced on a monthly basis. Review of bank and control account reconciliations should be completed in a timely manner and within target dates.	
Risk exposure if not addressed: • Errors or irregularities with bank and control account reconciliations are not picked up in a timely manner.	**Responsible manager for implementing:** Michelle Bellis, Deputy Chief Finance Officer Date to be implemented: 30/04/2021

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of the New Business Transformation Project: Finance

Draft Report Issued: 10th February 2021

Final Report Issued: 1st June 2021

Audit Resources

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Audit Report Distribution

For Action:	Roger Marshall (Joint Chief Finance Officer)
For Information:	Mark Webster (Deputy Chief Constable)
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of the **New Business Transformation Project: Finance (phase 1)**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Business transformation activity is important to the organisation because it helps to make organisational savings and address inefficiencies in ways of working. This contributes directly to the strategic priority of spending money wisely and the delivery of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025.

The Finance and Procurement Project is one workstream of the wider Business Transformation Programme originally approved in November 2018 and revised in July 2019. The project is in place to facilitate the move from end of life systems, where support dates are due to expire, to new, fit for purpose technology and a full Oracle cloud solution. The project's original 'Go Live' date was 5th October 2020 but due to various data quality and technical issues identified during data migration, on the 4th October 2020 the Project Board approved a recommendation from the delivery partner to move from a direct cutover to a phased approach. The phased approach ended on the 23rd November 2020 once the final modules went live, 7 weeks behind the original go live date of the 5th October 2020. This impacted on the business creating backlogs in Central Service Department and Commercial Department but also Finance due to the additional resources required to assist the Project. Reports at the time suggested it would take some time for the backlogs to clear and departments to return to normal.

The issues identified during the user testing phase and the various data quality and technical issues resulted in the Project Board having to make some quick and difficult decisions in order to keep the project moving forward. This included:

- the phasing of the Go Live stage (as outlined above)

- the conscious move to a daily briefing structure with key senior project board members to allow greater focus and support quicker decision making during the phased implementation approach. These meetings were documented through a situational report which was shared with the key staff and short daily verbal updates to the team

- agreeing that several pieces of functionality, de-scoped from the Go Live period, would be delivered post go live.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Roger Marshall (Joint Chief Finance Officer). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- **Phase 1** – management of the finance stream of the business transformation project. This will include project objectives, governance arrangements, risk management, decision making, monitoring and reporting of progress and feedback received on finance elements specifically, or generally from the peer review covering the wider transformation programme

- **Phase 2** – this will be undertaken during quarter 1 of 2021/22 as a Post Implementation Review and will include arrangements for ensuring that once implemented the systems are delivering what was expected with an adequate level of internal control. This audit review was originally scheduled for quarter 4 of 2020/21 but project implementation delays mean that the post go live phase of the project will not be ready for review at this time. Specific elements such as balance transfers have been picked up as part of main financial system audit review included in the 2020/21 reassessed internal audit plan.

There were initially delays in receiving some information due to the impact of project implementation delays and the backlog of work created. Further information was supplied to finalise the report.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around the New Business Transformation Project: Finance provide **Reasonable Assurance**.

Our opinion recognises the significant challenges that were faced in implementing the Finance and Procurement project. The project team had to operate in a Covid environment (home working) making communication within the team and with the delivery partner more difficult, with the team having to work in different ways and adapt quickly to situations as they arose. Testing and implementing the new system mid-year brings with it its own challenges at the best of times never mind having to work in such unusual times and to tight timescales. Despite these challenges, the new system is in place and operating and we recognise this in our assessment. However, there also needs to be recognition that not everything has gone to plan and that the handover to business as usual, planned for 30 October 2020 was still ongoing in mid-January 2021. Not all of the agreed scope has been achieved within the timelines of the project with the remaining tasks to be delivered in Phase 2.

There are clear lessons to be learnt from the implementation of this project, even after taking into account the impact of Covid. These need to be shared widely so that other transformation projects can learn as from this and consider what changes they may need to make. It is noted that several of the senior members of the project board for this project are also on other BTP boards which should help sharing relevant learning.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- There is clear business justification for the project, providing clarity around what is required from the system and how the project aligns with strategic objectives
- Chief Officer Group approved the Terms of Reference for the Finance and Procurement Project that fully explain governance arrangements
- A Project Board has been established to provide direction, oversight and leadership of the project. The Project Board met on a monthly basis to oversee project progress and feeds regularly into the Business Transformation Programme Board within the wider governance structure. Some members of the Project Board moved to daily meetings when the live implementation date was exceeded in early October 2020, then twice weekly and returning to monthly meetings in mid-December 2020
- Decisions at key stages of the project were documented
- A Finance and Procurement Project Plan has been developed. It includes the tasks to be undertaken at each stage, the timing of each task, resources allocated, and percentage of task completed.
- Nominated staff across Finance, Procurement, Central Services and ICT have been allocated to the project to provide an appropriate mix of skills and knowledge.
- Project risks are captured within a RAID Log (Risks, Assumptions, Issues and Decisions) for ongoing consideration and management. The RAID Log is presented to the Project Board on a monthly basis and minutes confirm that full discussions take place.
- A peer review of the wider transformation programme was arranged to identify potential areas for improvement and develop the Constabulary's approach to business transformation
- A closure report was produced which includes a section on lessons learned.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	1	1	2

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues: None identified.

Medium Priority Issues:
- There is a need to share the lessons learned with other Business Transformation Projects as part of continuous learning and improvement.

Advisory issues:
- Commentary in project plans is not always updated to support the RAG rating used and cross referencing between different plans could be clearer.

Deputy Chief Constable Comments

I acknowledge the audit opinion given. I am aware that difficulties were encountered in the transition to new system, primarily due to COVID challenges but also due to other internal factors. Such difficulties are not unexpected, but lessons learned do need to be harvested for future project activity. The project board has reviewed the lessons learned, and the implementation of this will be monitored to reduce the future risk of repetition.

DCC M Webster 28th May 2021

Management Action Plan

Medium Priority

Audit finding	Management response
Improvement Activity An interim peer review of the wider transformation project was arranged with Durham Constabulary to identify potential improvements. The outcomes of the review were presented to Chief Officer Group on 29 July 2020 but we have not seen the evidence to demonstrate how learning from the peer review was incorporated into this project. At the time of the initial draft of our audit report a lessons learned review was being undertaken as part of the Post Go Live Project Plan. At the time it was reported to Internal Audit that some lessons have already been shared verbally with the Duty Management System replacement project. On 27 January 2021 a 'Finance & Procurement Project – Phase 1 Closure Report' was presented to the Finance & Procurement Project Board. This included a section on 'Lessons Learned'. Although some are specific this project there are several which may also provide wider learning for other Business Transformation Projects (BTP) such as: • ensuring that contingency time is built into the project timescales / plan • assessing at the start whether there are benefits of a 'phased' implementation approach if resourcing and timescales are constrained • assess whether system to be implemented is well established, or relatively new technology, and assess any additional risks that might need to be considered.	Agreed management action: *Many of the actions arising from the peer review of the BTP project relate to work which is planned in phase 2 of the project for example service re-design where the emphasis will be on collaborative working and realising benefits.* *In the time between the peer review and audit the focus has been on ensuring that the finance and procurement systems went live and operated as effectively as possible, which is consistent with the recommendations of the peer review.* *Opportunities for wider learning are restricted by the fact that there are generally fewer interdependencies between this element of the project, which is centred on the procure to pay process, than the other strands, which are very people focused. Nevertheless, the ICT Business Development Manager, Deputy CFO and Head of Central Services all sit on other BTP boards including Duties and have been to communicate relevant knowledge in these*

Recommendation 1: Ensure that lessons learned are shared with the wider Business Transformation Project, as part of a commitment to continuous improvement.	*forums. Members of the Finance and Procurement project will continue to advise and work collaboratively to ensure that all elements of BTP operate as efficiently as possible.*
	These lessons learnt will also be considered across the portfolio of Projects moving forward.
Risk exposure if not addressed: • Failure to identify shortcomings in the business transformation process. • Opportunities not taken to make improvements.	Officer responsible for Implementing: Joint CFO Date to be implemented: 06/2021

Advisory issue

Audit finding	Management response
Project Planning Internal Audit was provided with three separate Finance & Procurement Project Plans for review. A project plan within Microsoft Project dated 13/08/20, a Microsoft Excel Cutover Plan prepared in November 2020 and then an updated Microsoft Project Plan dated 29/01/21. It is understood that a Post Implementation Plan is now being initiated. The Cutover Plan was prepared in Microsoft Excel so that it could be shared more widely, with staff unfamiliar with Microsoft Project software.	Agreed management action: *The general response to this recommendation is that there was effective and transparent project planning in relation to replacement of the Finance and Procurement systems, which followed Prince 2 methodology. In relation to the specific points raised :*

An examination of the three plans raised a number of issues:

- The Cutover Plan shows all but one task 100% complete but the commentary in some instances suggests otherwise and RAG ratings are not utilised. For this reason, it was difficult to gauge progress and the volume of work outstanding.
- The updated January 2021 version of the Microsoft Project Plan shows a number of tasks not yet started or incomplete as at 29/01/21 and RAG rated red. This raised questions around the ability to successfully close the project on the 09/02/21, per the plan.
- The transfer of tasks from Microsoft Project to Microsoft Excel and reflected back into Microsoft Project for project planning during the project made it difficult to track progress with some individual tasks and the project overall. This was due in part to the Cutover Plan tasks not cross referencing clearly to tasks in the master Microsoft Project Plan.

Project issues and delays may have impacted on project plan maintenance and reduced the level of clarity around progress made.

- The cutover plan was continuously updated until the end of phase 1 of the project. Comments were retained on the plan to provide an audit trail and in some cases may have been superseded.
- It is correct that some elements of the project were incomplete at the closure of phase 1 of the project. These were transferred to phase 2 project and this was clearly documented on the phase 1 closure and the phase 2 terms of reference documents.
- Two project plans were maintained a high-level project plan and a more detailed staged plan. This is in accordance with Prince 2 methodology. The plans were fully cross referenced and consistently rag rated, although it is recognised that the versions shared with internal audit could have been expanded to show the detail around the cross-referencing.

Recommendation 2:

Ensure that the commentary in project plans is always updated so that it supports the RAG rating used and that any cross referencing between different plans is clear.

Risk exposure if not addressed:

- The project fails to deliver expected results.
- Deadlines are exceeded.

Officer responsible for Implementing

ICT Business Development Manager

	Date to be implemented:
• Inefficient use of resources. • Lack of clarity over progress.	06/2021

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of OPCC Complaint Review Process

Draft Report Issued: 3rd September 2021

Final Report Issued: 24th September 2021

Audit Resources

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Audit Report Distribution

For Action:	Joanne Head - Governance & Business Services Manager
For Information:	Gill Shearer - Chief Executive / Head of Communications and Business Services
Audit Committee:	The Joint Audit Committee which is due to be held on 17th November 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **The Office of the Police and Crime Commissioner (OPCC) Complaint Review Process**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

The Policing and Crime Act 2017 (the Act) and supporting regulations made significant changes to the police complaints and disciplinary systems. It introduced a number of changes designed to achieve a more customer-focused complaints system. From 1 February 2020, the Act placed a mandatory requirement upon Local Policing Bodies to review the outcome of police complaints when this is requested by a complainant. This change is aimed at making the system clearer and more accessible for complainants, while maintaining their rights to have decisions about their complaints reviewed.

The complaint review considers whether the handling of the complaint or the outcome is reasonable and proportionate. The review is not a reinvestigation of the complaint. Where the relevant review body finds that the outcome of the complaint is not reasonable and proportionate it will uphold the outcome of the review.

The OPCC can only deal with complaint reviews where they have been identified as the Relevant Review Body. This is for those complaints which were Recorded but where No Investigation has taken place.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Joanne Head, Governance Manager (OPCC). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- **Communication of the complaint review procedure** – The audit will consider the arrangements in place to ensure that there is a clearly defined complaint review procedure which is visible to the public, officers and staff
- **Compliance with the procedure** - Arrangements in place to ensure that the complaint review procedure defined by the OPCC is complied with.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides the Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within the OPCC Complaint Review Process provide **Substantial Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:
- The OPCC complaint review process is readily accessible on the PCC's website. The 'Police Complaint Reviews' webpage sets out the date from which the Police and Crime Act 2017 placed a mandatory requirement upon Local Policing Bodies to carry out reviews of the outcome of police complaints when requested by a complainant. It includes links to the statutory regulations and frequently asked questions.

- The OPCC has developed a complaint review process, which has been clearly set out in a procedures document. The procedure, which is also available on the OPCC website, provides background on the complaint review process and sets out what individuals requesting a review can expect from the OPCC. The procedure was approved by the OPCC Executive Team in February 2020 and was reviewed by them in January 2021.

- In addition to the Public version of the Complaint Review Procedure, which is published on the website, there is also an internal version of the procedure. This includes additional information on the different stages of the review process that the OPCC Governance Manager and Governance Officer need to carry out (such as responsibility for requesting information from Professional Standards Department, updating the Centurion case management system and informing any officers or staff involved in the original complaint, that a review is underway).

- The options available to the OPCC for reviewing complaints were reviewed and considered and the Police and Crime Commissioner took the decision to use an independent review officer (who is external to the OPCC and Constabulary) to carry out reviews of complaints to ensure openness and transparency in the process.

- Arrangements are in place to ensure that the Independent Review Officer has access to all relevant information pertaining to the complaint, and a data protection impact assessment has been undertaken to ensure the security of the information provided to them. This includes obtaining confirmation from the Independent Review Officer that all documentation has been deleted from their systems upon completion of their determination.

- The Independent Review Officer's determination report is subject to a quality review by the Governance Manager before being passed to the OPCC's Appropriate Authority for consideration and sign off.

- The OPCC Appropriate Authority for complaint reviews is identified in the OPCC Scheme of Delegation.

- The outcome of the complaint reviews and any recommendations made by the Independent Review Officer are recorded on the OPCC internal tracking spreadsheet and on Centurion (the Constabulary's case management system).

- Arrangements are in place for a further independent review should the OPCC not agree with the Independent Review Officer's determination or feel that the recommendations being made may cause harm or distress to a victim or witness. The outcome of any second review is final.

- The Ethics and Integrity Panel receive a six-monthly report on Complaints and Quality of Service and Policing Issues. The report, which is prepared by the OPCC's Governance Manager, also includes information on complaint reviews.

- The Ethics and Integrity Panel undertake dip sampling of the OPCC complaint review files in accordance with their annual programme of work.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	0	2	2

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues:
- No High Priority Issues identified

Medium Priority Issues:
- No Medium Priority Issues identified

Advisory issues:
- The Memorandum of Understanding and Data Sharing agreement between the OPCC and Sancus Solutions, who employ the Independent Review Officer (IRO), references duties to be undertaken as a Custody Visitor, rather than as the IRO.

- OPCC internal procedures sets out that if a complaint review is not complete, an update will be provided to the complainant after 28 days. The method used to calculate the number of days taken to carry out a complaint review is not always consistent.

OPCC Chief Executive / Head of Communication and Business Services Comments

I welcome the comprehensive Internal Audit report. The OPCC has worked diligently to ensure the establishment of the Complaint Review process and to ensure that it has been implemented properly and fairly. This report confirms the processes are correct and working according to the legislation.

The advisory recommendations have already been implemented.

This is an important area of work for the OPCC and members of the public.

Management Action Plan

Advisory

Audit finding	Management response
Memorandum of Understanding There is a Memorandum of Understanding (MoU), between the OPCC and Sancus Solutions which has been prepared to highlight the main areas of the Independent Review Officer's (IRO) role when carrying out reviews of public complaint files and the security of information. The MoU covers roles and responsibilities, system access, confidentiality of information, Code of Conduct, Equality and Diversity & Personal Data. The MoU was updated to include the OPCC's expectations regarding retention of data as a result of the COVID-19 restrictions and the way in which the IRO would gain access to the complaint information. Examination of the latest MoU, signed in March 2021, noted that section 4. Code of Conduct, makes reference to carrying out duties of the "Custody Visitor", rather than duties of the Independent Review Officer.	Agreed management action: The Memorandum of Understanding has been updated. References to the Custody Visitor have been removed and have been replaced with the Independent Reviewing Officer. The updated MoU has been signed by the OPCC Chief Executive and the Director - Sancus Solutions.
Recommendation 1: The reference to carrying out duties of the Custody Visitor in the Memorandum of Understanding with Sancus Solutions should be updated to refer to the duties of the Independent Review Officer and the MOU should be re-signed.	
Risk exposure if not addressed: Lack of accountability as all duties of the Independent Review Officer are not effectively reflected in the Memorandum of Understanding	Responsible manager for implementing: Governance & Business Services Manager Date to be implemented: Implemented on 16th September 2021

Advisory Issue

Audit finding	Management response
Monitoring compliance with OPCC Complaint Review Procedures	Agreed management action:
The OPCC's complaint review procedure includes an internal timescale of 28 days for updating the complainant on the progress of the case if it is not complete. Statutory guidance does not place any time limit on the OPCC to complete a complaint review.	The spreadsheet record has been updated to include an additional column showing the date that the 28-day update is due.
The complainant is advised of the 28 day update timescale in the procedure document published on the website and in the acknowledgement letter, issued by the OPCC on receipt of the review request.	The Centurion progress log is also being used to provide a prompt for the OPCC after 21 days. The system produces a task which serves as an alert so that progress with the review can be followed up and arrangements can be made to update the complainant within 28 days if required.
An internal tracking spreadsheet was prepared by the OPCC in 2020, to record the complaint reviews and key dates in the review process.	
As time has progressed and reviews have taken place, the spreadsheet has been developed and updated with additional information being captured. Details recorded now include the date the review request was received; and the number of working days taken to complete the review.	
The point at which the 28 day timescale begins has also changed over time. It was initially taken to be the date the information was passed to the Independent Review Officer but was later changed to the date the review request was received by the OPCC.	
Sample testing on the number of days recorded on the 2021 spreadsheet identified that there were some inconsistencies in the way they were calculated. For example, some	

included the start and end dates in the calculation others did not, some included bank holidays where others did not.

Since the 'complaint review received date' was added to the spreadsheet most of those tested used this as the start date, but two of the sample tested still used the date the review was sent to the Independent Review Officer at Sancus Solutions as the start date.

At the time of the audit, the 2021 spreadsheet indicates that 37 reviews had been requested since January 21. It shows that only one exceeded 28 days, taking 34 days to complete.
The Governance Manager informed us that no update was provided in this case as she was aware that the review was nearing completion, so felt a 28-day update at this point was unnecessary.

When recalculating the number of days for a sample of complaints from the 2021 spreadsheet (using the date received as the start date and excluding bank holidays), audit testing identified a further two cases that marginally exceeded the 28 days without an update being provided.

In order to effectively monitor compliance with the 28 day timescale for updating the complainant on progress there is a need to consistently apply the method of calculation.

Recommendation 2:
The method used to calculate the number of days a review is active should be agreed and consistently applied.

Risk exposure if not addressed:	Responsible manager for implementing:
• Compliance with OPCC internal procedures cannot be demonstrated because they are not consistently applied.	Governance & Business Services Manager
	Date to be implemented:
	Implemented on 6th September 2021

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary / Cumbria OPCC

Audit of Payroll

Draft Report Issued: 28 January 2022

Final Report Issued: 17 February 2022

Audit Resources

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Audit Report Distribution

For Action:	Ann Dobinson, Head of Central Services Stuart Henderson, Senior ICT Project Manager
For Information:	Michelle Bellis, Deputy Chief Finance Officer Roger Marshall, Joint Chief Finance Officer Stephen Kirkpatrick, Director of Corporate Support
Audit Committee:	The Joint Audit Committee which is due to be held on 16th March 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Payroll**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

The payroll processing function is undertaken by the Central Services Department (CSD). The department currently administer the monthly salaries of approximately 2,080 Constabulary officers and staff with a cost of £4.1m per month and 25 OPCC staff at £38,000 per month.

A new Crown Duties Management System was implemented in February 2021. The system specification includes automated overtime, unsocial hours and TOIL claims. Output files from the Crown system are uploaded to the payroll system for payment. Checks and validations are carried out within the Resource Co-ordination Team prior to uploading the file to CSD for payroll processing. CSD checks are carried out on the payroll file prior to upload for payment.

At the time of this audit the Crown system implementation project was regarded as complete and business as usual. A Service Design Project is currently underway to determine how the Team should be resourced and structured, this work is due for completion in March 2022. A review of the duties management element of the Crown system is included in the 2021/22 internal audit plan and this also intrinsically links to workforce planning and resource allocation which is currently being reviewed by Internal Audit.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Ann Dobinson, Head of Central Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Processes around TOIL, Unsocial Hours and Overtime output files from the Crown Duty Management System and the subsequent checks prior to upload to payroll;
- New starters – Police Officers and Staff.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Confirmation that controls are in place to ensure that employee records can only be created in the payroll system where an authorised post exists was not tested as part of this review as it is being picked up as part of the audit of Resource Allocation / Workforce Planning which is currently underway.

Assurance Opinion

Each audit review is given an assurance opinion and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within Payroll provide **Reasonable Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- A process map has been produced setting out the processes to be undertaken within the Resource Co-ordination Team and Central Services Department (CSD) to ensure that Officer and Staff claims for TOIL, Unsocial Hours and Overtime are correct prior to payment.
- Exception reports are run from the system on a daily / weekly basis and these are reviewed within the Resource Co-ordination Team. Exceptions need to be actioned prior to the payroll file being passed to CSD for processing.
- Audit testing of a sample of changes made to the claims, as a result of the checking process, were correctly reflected in the Officer / Staff pay.
- A monthly timetable has been agreed showing deadlines for payroll files to be extracted from Crown, finalised and sent to CSD. Audit testing confirmed that the deadlines have been adhered to with one exception where there was a system issue which needed to be resolved. CSD were made aware of the issue and the payroll file was provided to them early the following day.
- All correspondence relating to claim queries and additional authorisations are retained within the Duties Overtime Enquiries email folder.
- CSD have prepared a procedure document showing the checks that need to be completed on the Crown pay file prior to the monthly payroll being processed.
- Payroll responsibilities are clearly documented in the Constabulary's Financial Regulations and Financial Rules.
- A New Starter Process document has been prepared by CSD.
- The new starter vetting process is undertaken by the Force Vetting Department who provide CSD with confirmation of clearance.
- A sample of new starters, both Officer and Staff, were selected for testing. New starter information was reconciled to contracts of employment and current salary scales. There is a clear segregation of duties between the member of staff adding the record to iTrent, attaching the employee to payroll and checking it.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	1	0	1

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues: No high priority issues were identified

Medium Priority Issues:
- The claim checks, undertaken within the within the Resource Co-ordination Team, have not been documented in detail.

Advisory issues: No advisory issues were identified

Director of Corporate Support and Joint Chief Finance Officer Comments

I am pleased that the audit report has revealed that internal controls in relation to payroll continue to operate effectively and that checks on overtime, TOIL and are operating as designed. This is particularly important as overtime expenditure is significant and recording overtime worked in Crown Duties is a new process. The recommendation that checks on overtime processes in Crown be fully documented is accepted and will be addressed as indicated in the management response.
Roger Marshall Joint CFO

I support and echo the Joint CFO's observations and feel that this audit review has given assurance that payroll services continue to operate in a secure and effective manner. The review highlighted that controls were in place and operating effectively across all areas, which is a testament to the approach and diligence of all involved. As observed, the recommendation to improve the process (incl. documentation) within the Resource Coordination function is accepted and will be actioned.

Stephen Kirkpatrick, Director of Corporate Support

Management Action Plan

Medium Priority

Audit finding	Management response
Documented procedures for checking monthly claims prior to file transfer Staff within the Resource Co-ordination Team undertake a variety of daily and monthly checks on the overtime, unsocial hours and TOIL claims to ensure payments are authorised, based on legitimate time worked, and claimed in line with police overtime regulations. Exception reports are produced and checked daily for issues including incorrect codes selected when planned overtime is input to Crown, missing cost centre codes, overtime in excess of 4 hours (additional authorisation required if claim is over 10 hours or crosses into the following day), unsocial hours paid for overtime where staff member already receives an enhancement and checking that deductions are correct. Procedures for carrying out the various checks have not been documented e.g. which systems or reports should be reviewed to confirm accuracy of the claim including that deductions are correct.	Agreed management action: *Note and agree the recommendation, whilst the checks are detailed as part of the process map we will formalise these into a monthly procedure document.* *Action – A monthly checklist document will be produced with a list of each step of the process map that needs to be completed, which will be version controlled with the date and signature the action was carried out and who by. This checklist will be used each month through the process until the file has been sent to CSD for checking and then continue their stage.* *This will be implemented ahead of the next Payroll run due March w/c 07/03/22.*
Recommendation: Details of the various checks to be undertaken within the Resource Co-ordination Team on monthly claims should be documented.	
Risk exposure if not addressed: • Payments are made in error due to inconsistencies in the checking process.	Responsible manager for implementing: Karen Thomson – Resource Coordination Team Leader

	Date to be implemented: March 2022

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.

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Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary / Cumbria OPCC

Audit of Police Pensions

Draft Report Issued: 26th April 2021

Final Report Issued: 12th May 2021

Audit Resources

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Audit Report Distribution

For Action:	Ann Dobinson, Head of Central Services
	Michelle Bellis, Deputy Chief Finance Officer
For Information:	Stephen Kirkpatrick, Director of Corporate Support
Audit Committee:	The Joint Audit Committee which is due to be held on 23 June 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Police Pensions**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

The Constabulary contracts out police pension's administration, this includes the calculation of pensions and lump sums. Following the acquisition of Kier Business Services Ltd in 2018 (the police pension administration provider since 2016) the service is now provided by PS Administration Ltd trading as XPS Administration. A twelve-month contract extension, to March 2022, was approved in September 2020.

Pensions are important to the organisation because they are a significant area of expenditure. Pensions benefits payable total around £39m per year.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsors for this review were Michelle Bellis, Deputy Chief Finance Officer and Ann Dobinson, Head of Central Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Follow up of the previous audit recommendation
- Data Quality
- Lump sum Payments
- Refunds

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within Pensions provide **Substantial Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:
- Follow up of previous audit recommendation: arrangements are now in place to ensure that, for new starters, there is an independent payslip check to confirm the correct pension contribution rate and the correct pension scheme have been selected. This check is evidenced on standard paperwork completed.
- There is a contract in place for the Administration of the Police Pension Scheme which includes a comprehensive list of roles and responsibilities.
- Central Services Department have documented procedures for internal administration of the Police Pension Scheme.
- There are regular meetings with the pension scheme administrator to discuss service delivery and KPI's. The meetings are minuted, contain notes and actions; the meetings are appropriately attended.
- Checks undertaken prior to authorisation of the monthly pensions' payroll, including lump sum payments, are evidenced on the monthly Team Leader checklist which also serves as a guide to ensure staff are aware of all the required checks.
- Monthly BACS authorisation reports and Payroll certificates (which include pension payroll) are reviewed and approved appropriately. Where errors / warnings are shown on the Payroll Certificate, there is evidence that issues are investigated prior to authorisation.

- Sample testing of new starters confirmed that data prepared for the pension scheme administrator was accurate. Our tests confirmed that the data provided was supported by documentation, independent checks of data were carried out as required, correct pensionable pay, contribution rate and scheme were applied.
- Testing on a sample of leavers confirmed that lump sum payments had been correctly calculated, appropriately authorised, correctly paid and coded in the accounts.
- Pension contribution refunds were sample tested and were found to be eligible for refund with supporting documentation in place to confirm the length of service. Refund value and tax paid are calculated by XPS.

Director of Corporate Support Comments

I am very pleased to observe that the recent Internal Audit review of Police Pensions has achieved a substantial level of assurance with no recommendations being made, recognising the excellent level of controls and governance in place regarding pensions management.

The review highlighted that all previous audit recommendations are now in place to strengthen the checks in place regarding pension provision for new starters.

The report goes on to observe the effective contract and provisions in place around administration of the police pensions scheme and that robust policies and procedures are in place within Central Services.

Crucially, the report also recognises the robust reporting and stringent checks in place to ensure that the pension service continues to be managed effectively.

Independent sample testing undertaken by Internal Audit also confirmed that lump sum payments for leavers had been calculated correctly, appropriately authorised and correctly paid.

The positive findings within this report are a credit to the Central Services & Finance departments who are committed to ensuring that the pensions service continues to be managed effectively.

Stephen Kirkpatrick
Director of Corporate Support
12/05/21.

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of Preparedness for McCloud Remedy

Draft Report Issued: 8 February 2022 (amended 17 February 2022)

Final Report Issued: 24 February 2022

Audit Resources

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Audit Report Distribution

For Action:	Michelle Blenkinsopp (Employee Services Technical Officer)
For Information:	Ann Dobinson (Head of Central Services Department) Roger Marshall (Joint Chief Finance Officer)
Audit Committee:	The Joint Audit Committee which is due to be held on 18th March 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Preparedness for McCloud Remedy.** This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

In autumn 2019, the Government accepted a High Court ruling that changes to many public sector schemes introduced in 2015, including the Police Pension scheme, were illegal on the grounds that they were discriminatory. This ruling affects all police officers who were in a police pension scheme prior to 2015 including officers who retired or left the organisation over the last five years.

To remedy the ruling, the Constabulary, along with other Police Forces in the UK, needs to prepare for its implementation. Legislation is still being laid before Parliament and until the full details are known there remains some uncertainty. However, deadlines have been set for implementation and given the anticipated size and scale of the work, preparatory arrangements are underway. This review focuses on the arrangements the Constabulary has in place to prepare for the McCloud Remedy in readiness for the Legislation being passed.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Ann Dobinson (Head of Central Services). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Project planning arrangements in place for the McCloud Remedy
- Governance of the project
- Current and future resourcing of the project

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around Preparedness for McCloud Remedy provide **Reasonable Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

Project planning arrangements

- Planning for the McCloud Remedy has been ongoing since 2020. Whilst a formal plan hasn't been written down (because of the unknowns surrounding the outcome such as the Legislation being delayed) it is clear that the Constabulary has made arrangements for its implementation and continues to prepare in readiness for the legislation being passed, and at the time of our review, they are as prepared for it as they can be. We are informed that the National Police Chief's Council (NPCC) are going to issue a plan for all Forces when they are in a position to do so. This has been discussed, but until Cumbria Constabulary know what the final requirements are they are unable to plan any further.

- A Project Initiation Document (PID) has been prepared by XPS (the Constabulary's pension provider). The PID is the foundation for managing and implementing the McCloud Remedy project on behalf of Cumbria's scheme. At the time of our fieldwork the PID had not been signed as some clarification was being sought by the Constabulary. We were informed that signature of the PID is imminent.

- Data cleansing has taken place on claimant data and against XPS data.

- Some initial work has been carried out on calculations and the Constabulary expect that XPS will provide the data for checking, shortly after the PID is signed. Planning for receipt of the data from XPS has taken place.

Governance

- The Chief Constable, as Scheme manager, has been provided with updates on the McCloud Remedy (for example, the Chief Constable briefing document dated 5th July 2021).

- The Head of Central Services is the Constabulary's nominated lead for the McCloud Remedy.

- Arrangements are in place to ensure that key officers are kept up to date on progress with the McCloud Remedy through the Pensions Challenge (Cumbria Police) Board meetings. All Board meetings held have been attended by the Head of Central Services, Employee Services Technical Officer, Joint Chief Finance Officer, Deputy Chief Finance Officer and an HR Representative. Legal Services and the Federation have attended some Board meetings.

- Finance updates are a standing agenda item at Board meetings.

- The Constabulary is engaged with national networks (National Police Chiefs Council (NPCC) steering group) to ensure that it is up to date with the requirements, is kept aware of when legislation is due to be laid before Parliament and to be able to influence / have

4

input to the process. The NPCC Steering Group includes representatives from the Home Office and Force Remedy Leads. In addition to the formal meetings there are informal sessions with the NPCC lead where specific topics are chosen as an area of focus. Engagement on a national level put the Constabulary in a sound position to implement the Remedy.

- The McCloud Remedy is included in the pensions risk register. The Pensions provider (XPS) RAID log includes a risk tab.

- An Immediate Detriment Policy is in place and procedures for CSD to follow for Immediate Detriment have been documented (Immediate detriment refers to the cases of members who have already retired or who will do so in the near future). Decisions regarding policy were taken to and agreed by Workforce Board in November 2021.

- In line with NPCC requirements, a dedicated pensions challenge intranet page was set up in July 2020, along with a dedicated email address for the pensions challenge.

- The Employee Services Technical Officer is part of the NPCC Communications Steering Group for McCloud Remedy.

Current and future resourcing

- Resource has been increased to accommodate work on the McCloud Remedy. A dedicated 0.81 FTE (full time equivalent) resource was allocated for a 6 month period to December 2020 to co-ordinate and manage the work. This was increased to a 1 FTE permanent post in March 2021.

- At the time of concluding the audit fieldwork, the Employee Services Technical Officer considered that further additional resource would not be required to move officers from the legacy pension scheme to the reformed scheme as it could be managed within existing workloads. Whilst the full resources required to deliver the remedy aren't yet known, discussions with the Employee Services Technical Officer indicated that this had been discussed with the Head of Central Services and is under constant review. We were informed that, should additional resource be required, arrangements are in place to escalate this to ensure that the timescales and requirements within legislation can be met.

- The financial implications for the Constabulary aren't yet know but the Joint Chief Finance Officer and Head of Central Services attend the North West region pensions board.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	1	0	1

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues: None identified

Medium Priority Issues: The documented governance arrangements for the McCloud Remedy do not correctly reflect the intended / actual arrangements in place.

Advisory issues: None identified

Joint Chief Finance Officer Comments

I am pleased that the internal audit of the preparedness for implementing the McCloud Remedy has judged that the Constabulary has put in place proportionate arrangements, governance and resources for implementing the McCloud remedy, in what is an inherently difficult area, due to the uncertainties over the details of the remedy. We will continue to review the situation to ensure that the implementation process proceeds as smoothly as possible. The recommendation to ensure that the terms of reference accurately reflect the reality the role of the Pension Board is noted and will be acted upon as described in the management action.

Management Action Plan

Medium

Audit finding	Management response
Governance A Pensions Challenge (Cumbria Police) Board has been established. We are informed that the purpose of the Board is to keep key officers in the loop on where the Constabulary are with the McCloud Remedy rather than the Board members working on the remedy. The Board is attended by the Head of Central Services, Employee Services Technical Officer, Joint Chief Finance Officer, Deputy Chief Finance Officer and an HR Representative. Legal Services and the Federation have attended some Board meetings. We are advised that the Board is not a decision making body. A Pension Challenge Project Team is in place and Terms of Reference (ToR) have been prepared and approved by the Board. The ToR state "The purpose of the group is to update the Force on developments in respect of the McCloud Employee Tribunal decision, identify key issues, act as a communication point and provide guidance to support local implementation of remedy (covering prioritisation, resource planning and managing data)". The ToR include the membership of the Project Team. Review of attendance at the Pensions Challenge Board shows the same members attending as per the ToR of the Project Team. The governance arrangements within the ToR state "A monthly Pension Remedy Working Group will take place chaired by the Head of Central Services. Actions will be noted by one of the attendees". We were informed that currently the active Working Group is the Head of Central Services and Employee Services Technical Officer as others are waiting for national progress to be made before they can undertake any work they are required to do. The Terms of Reference for the Cumbria Board were discussed at the most recent Board meeting held on 24th November 2021 and the notes state that the "Board were asked to consider if we should amend the terms of reference for this board to include all pension	Agreed management action A new Terms of Reference for the Pensions Challenge (Cumbria Police) Board will be created which clearly defines its role, expanding to cover all pensions related matters. This Board TOR will reference the role of the Project Team which will provide improved governance and clarity around roles and responsibilities of each group.

related matters and not specifically the pension challenge. This was thought to be a good idea and also invite Mrs Skeer (Scheme Manager)". There appears to be a lack of clarity over whether the ToR referred to here relate to the Pensions Challenge (Cumbria Police) Board or the Pension Challenge Project Team.

The frequency of Board meetings has been less regular than anticipated, with some scheduled meetings being cancelled as there hasn't been any progress to report (for example, no meetings were held between 7th April 2021 and 24th November 2021 for the reasons outlined). This is not an unreasonable approach.

Although there are arrangements in place in relation to governance for the McCloud Remedy the way these have been documented i.e. ToR does not properly reflect the actual arrangements in place and require review.

Recommendation 1:

The documented governance arrangements for the McCloud Remedy should be reviewed to ensure that they correctly reflect the intended / actual arrangements in place.

Risk exposure if not addressed:	Responsible manager for implementing:
• Roles and responsibilities for governance are unclear	Ann Dobinson, Head of Central Services
	Date to be implemented: 1 April 2022

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of Reflective Practice Review Process – Practice Requiring Improvement

Draft Report Issued: 10th March 2021

Final Report Issued: 10th May 2021

Audit Resources

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Audit Report Distribution

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For Information:	Lisa Hogan, Superintendent, Head of People Stephen Kirkpatrick, Director of Corporate Support Mark Webster, Deputy Chief Constable
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Reflective Practice Review Process – Practice Requiring Improvement**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

The Reflective Practice Review Process (including Practice Requiring Improvement) was introduced as part of the updated Police Conduct Regulations which came into force on 1st February 2020.

Practice Requiring Improvement is defined within the Home Office Statutory Guidance as *'underperformance or conduct not amounting to misconduct or gross misconduct, which falls short of the expectations of the public and the police service as set out in the Code of Ethics'.*

The purpose behind the reformed system is to develop an approach to the handing of matters which fall short of the expectations set out in the Code of Ethics and are considered low level conduct, mistakes or performance issues that can be handled in a more proportionate and constructive way without recourse to formal disciplinary proceedings or performance procedures.

The principal focus of following the process is to learn and to develop by improving from mistakes, poor judgement and low-level wrongdoing through early intervention. The process is designed to be inclusive, reflective and participative for the officer involved, and to be a process in which they can engage and take genuine learning and positive action from.

Reflective Practice Review Process - Practice Requiring Improvement (RPRP-PRI) falls within the remit of Professional Standards Department (PSD). A new Head of Professional Standards came into post in mid-November 2020.

The regulations came into place at the time the COVID-19 pandemic was escalating. As a result, the pace of introducing and developing the process within the Constabulary has been slower than anticipated and this means that the Reflective Practice Review Process – Practice Requiring Improvement (RPRP-PRI) process is not yet embedded within the Constabulary.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Stephen Kirkpatrick (Director of Corporate Support). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Policy and procedures
- Themes identified from the process
- Compliance with the regulations
- Awareness raising and training

Assurance Opinion

Each audit review is given an assurance opinion, and this provides the Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within Reflective Practice Review Process – Practice Requiring Improvement provide **Partial Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- The Professional Standards Department (PSD) undertook an initial exercise to review all RPRP-PRI cases (we were informed that this was in the region of 10 cases at the time of the audit). They identified that the process, as required by the regulations, was not being complied with. This has resulted in corrective action being been taken with a new process being proposed to enable oversight for compliance by PSD.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
2	3	0	5

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues:

- Awareness of, and training on RPRP- PRI within the Constabulary needs to be developed and rolled out so that there is a full organisational understanding of, and engagement with, the process.
- Arrangements are not in place to identify and capture organisational learning from the RPRP-PRI process.

Medium Priority Issues:

- Supplementary procedures for the RPRP-PRI process have been developed. They require authorisation, approval and communication throughout the organisation.
- The measures identified by PSD to address issues of non-compliance with the RPRP-PRI process are not yet approved or rolled out so are not working in practice.
- A replacement for the Kallidus system, which included training outcomes from RPRP-PRI should be explored.

Advisory issues: None identified

Deputy Chief Constable Comments

Implementing new systems and processes to support the changed focus on police complaints and discipline towards Reflective Practice/Practice Requiring Improvement has been a developing area nationally since its recent introduction. The force approach is seeking to mirror that across other forces to ensure consistency. The College of Policing training products are key to that, along with internal process to record issues such as performance action plans that arise, along with ancillary issues such as the approval of business interests. These processes will allow the identification of themes across the organisation which can then be utilised to improve our policing approach. I am content that the steps outlined by the business area will take these issues forward in a way that will deliver to national standards and address the recommendations outlined within this report.

DCC M Webster 7th May 2021

Management Action Plan

High Priority

Audit finding	Management response

Awareness Raising and Training
We were informed that, at the time of our review, no training has been delivered on RPRP-PRI. Awareness raising and training is an area that the Head of PSD has identified as requiring some focus and development. It is recognised that RPRP-PRI represents a change in culture for the whole organisation and consideration is being given to how best this might be achieved.
 	
An extract of the notes from a recent Regional Professional Standards Panel meeting, which included a discussion on Practice Requiring Improvement, noted that *'most forces reported that they have been able to roll out training for supervisors and line managers around the time the reforms were implemented in February 2020. However, and understandably, efforts have since been hampered by Covid-19 meaning some line managers may have been left without the necessary knowledge and experience of using Reflective Practice and RPRP to deal with performance and lower-level conduct matters'*.
 	
We were informed that in Cumbria, training has not been rolled out for supervisors and line managers. The Home Office Guidance document 'Conduct, Efficiency and Effectiveness: Statutory Guidance on Professional Standards, Performance and Integrity in Policing' highlights the important responsibility placed on supervisors and line managers in engaging in difficult conversations locally and addressing shortcomings through this process. Training for these roles is key to ensure that Officers have the confidence that unintentional mistakes, shortcomings or failings will be handled in a constructive way and
	Agreed management action:
	We will develop a plan for rolling out training on RPRP-PRI. The plan will include timescales to enable delivery of training throughout the organisation.
	
	We are now utilising the MLE Training Package which will provide input in two formats.
	   1) Supervisors
	   2) All members of staff (recipients)
	
	It is anticipated this initial phase will see completion by Autumn 2021.

admissions of such behaviour or mistakes will not be to their detriment or result in being punished. Instead they will be supported through constructive steps to aid their improvement and organisational learning identified to improve the wider environment.

We were informed that Chief Officer Group (COG) has recently approved the creation of a Force Learning Panel which is Chaired by the Head of People. At the time of our review the Panel had not yet met and Terms of Reference had not been defined to set out the remit of the Panel. We were informed that the Force Learning Panel would include work around how the RPRP-PRI might look with regard to training throughout the organisation.

The Head of PSD reported that the College of Policing's Managed Learning Environment (MLE) will be used as part of the training roll out for RPRP-PRI once implemented. We were informed that the MLE information on RPRP-PRI had only been made available in late February 2021 and that the detail was still being worked through.

The Head of PSD informed Internal Audit that feedback had recently been sought from those involved in the RPRP-PRI process. We were informed that the feedback confirmed that additional work on awareness raising and training was required for the RPRP-PRI process.

Recommendation 1:

A plan for rolling out training on RPRP-PRI should be developed, approved by management and delivered across the Constabulary. Items to consider as part of the plan should include timescales, who the training will be initially focussed at (e.g. line managers and supervisors), arrangements for cascading and embedding the training throughout the

organisation and how the training will be delivered (e.g. through e-learning, classroom based, as part of the promotion process etc).	
Risk exposure if not addressed: • RPRP-PRI process doesn't work as anticipated and the intended purpose is not achieved. • Under-developed workforce. • Non-compliance with Police Conduct Regulations	Responsible manager for implementing: Head of Professional Standards Date to be implemented: Plan to be drawn up by end April 2021

High Priority

Audit finding	Management response
Themes identified from the process We are advised that there are currently no routine arrangements in place to identify whether there are themes arising from RPRP-PRI to determine if there are any wider organisational issues arising. The Head of PSD agreed that this was an area that he would like to see developed and it was noted that this has been built in to the new process proposed which includes that "*DI PSD reviews the [RPRP] form identifying any organisational learning, requirement to update complaints etc"* but at the time of our review this process was not in operation. We were informed, as part of our audit discussions, that there is no reporting to management on the number of RPRP-PRI cases.	Agreed management action: The process to identify themes and organisational learning identified through RPRP-PRI will be built into the plan to be developed as part of recommendation 1 We are currently working with IT to develop an existing process (Secondary Business Interests), as a model to address this priority. It is anticipated the adoption of this system will facilitate the individual and organisational learning that will fall out of the process.

Capturing organisational learning from the RPRP-PRI process is a valuable practice in improving how the force as a whole interacts with members of the public and the community and its importance is noted in the Home Office Guidance document.	
Recommendation 2: Arrangements should be put in place to identify whether any themes are emerging from the RPRP-PRI process which highlight organisational learning and would require a corporate response (this links to recommendation 1 on awareness raising and training).	
Risk exposure if not addressed: • RPRP-PRI process doesn't work as anticipated. • Intended purpose of the process is not achieved. • Underdeveloped workforce. • Wider learning opportunities / improvements are not identified.	**Responsible manager for implementing:** Head of Professional Standards **Date to be implemented:** Themes & organisational learning to be identified by March 2022 once arrangements have had sufficient time to embed.

Medium Priority

Audit finding	Management response
Policy and Procedure The framework for Reflective Practice Review Process – Practice Requiring Improvement (RPRP-PRI) is governed by legislation including the Conduct Regulations. These are supported by the Home Office Guidance – Conduct, Efficiency and Effectiveness: Statutory	Agreed management action: The procedure has now been approved by the Head of PSD and the process will be communicated within the Force in line with the

Guidance on Professional Standards, Performance and Integrity in Policing. The details are set out in Chapter 13 of the guidance.
 	
During our initial discussions on 12 January 2021, we were informed that local guidance, setting out how the legislative requirements should be applied in practice, was not required as the process was set out in legislation. On 28 January 2021 we were made aware that a procedure 'Participating Officers Guide' and 'Reviewer Guide' had been developed to set the scene and expectations of PRPR-RPI. We were informed that the guidance was drafted, based on College of Policing documents, amended for Cumbria Constabulary's requirements in response to issues found when the RPRP has been used (in approximately 10 cases at the time of the audit). At the time of our review the guidance was in draft, awaiting review and approval by management.
	plan to be developed as part of recommendation 1.
	
	We are now utilising the MLE Training Package which will provide input in two formats.
	    1) Supervisors
	    2) All members of staff (recipients)
	
	It is anticipated this initial phase will see completion by Autumn 2021.

Recommendation 3: RPRP-PRI procedure prepared by the Constabulary should be reviewed, approved and communicated within the Constabulary.	
Risk exposure if not addressed: • The RPRP-PRI process is not effectively applied.	**Responsible manager for implementing:** Head of Professional Standards **Date to be implemented:** Procedure approved March 2021 Initial phase completion Autumn 2021

Medium Priority

Audit finding	Management response
Compliance with the process We were informed that completed RPRP-PRI referrals, undertaken since February 2020 when the new regulations were introduced, have recently been reviewed by the DI PSD. Information provided for this audit identified that a number of issues had been identified as part of the DI PSD's review of cases. The issues included: • RPRP not being completed by the participating officer / reviewer • RPRP not being launched • Some cases where no record has been completed • Questions whether full reflection had occurred / reflection doesn't appear to fully agree with the issue identified by the Appropriate Authority. An interim measure, a process (referred to under policy and procedures) was developed by the DI PSD, together with templates to be completed. This process is with the Head of PSD for review and approval. We were informed that the Ethics and Integrity Panel will undertake dip sampling work on the Reflective Practice Review Process (RPRP) and the Practice Requiring Improvement Process (PRI) during April 2021 as its Thematic Session for the May 2021 meeting.	Agreed management action: The quality assurance process has now been agreed and is embedding.
Recommendation 4: The quality assurance process for RPRP-PRI should be agreed and approved as part of the embedding of the overall process.	

Risk exposure if not addressed:	Responsible manager for implementing:
• Non-compliance with legislation and guidance. • The RPRP-PRI process is not effectively applied. • Reputational damage from non-compliance.	Head of Professional Standards Date to be implemented: March 2021

Medium Priority

Audit finding	Management response
Replacement of Kallidus system used to record training The outcome of RPRP-PRI process was recorded on the Kallidus system which has now become obsolete. We were informed that there had been an omission to include RPRP-PRI in the new Crown system. As an interim measure the details of RPRP-PRI are being recorded on a spreadsheet. We were informed that the Kallidus system had an audit trail which meant that any training (including training identified as RPRP-PRI) went into the individual's profile so that managers / supervisors could see what training had been given. However, the indication is that the new Crown system doesn't have the facility to capture information into each officer's profile. PSD have access to the Centurian system and the various stages of the RPRP-PRI process is stored within that system. This allows traceability for PSD, but as this is a PSD system, line managers do not have access. While the number of RPRP-PRI cases are small, the spreadsheet held by PSD (although not ideal) will currently suffice to record and monitor RPRP-PRI. As the process becomes	Agreed management action: We are currently working with IT to develop an existing process (Secondary Business Interests), as a model to address this priority. It is anticipated the adoption of this system will facilitate the individual and organisational learning that will fall out of the process. Timescales are currently looking at 4 – 6 months to implement following agreement of the proof of concept.

embedded within the organisation it is possible that the number of cases will increase so there is a need to implement a robust, fit for purpose system to record RPRP-PRI cases and outcomes moving forward.	
Recommendation 5: Arrangements for recording RPRP-PRI should be explored to ensure that the information is captured and retained organisationally.	
Risk exposure if not addressed: • RPRP-PRI is not fully captured and organisational learning in this area is not addressed.	**Responsible manager for implementing:** Head of Professional Standards **Date to be implemented:** 4-6 months following agreement of the proof of concept

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary / Cumbria OPCC

Audit of Resource Allocation / Workforce Planning

Draft Report Issued: 15th March 2022

Final Report Issued: 4th May 2022

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For Information:	Stephen Kirkpatrick, Director of Corporate Support.
Audit Committee:	The Joint Audit Committee which is due to be held on 22 June 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Resource Allocation / Workforce Planning**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

Resource allocation / workforce planning is important to the Constabulary because it contributes to overall constabulary performance. It ensures that the organisation has the right number of the right people, with the right skills, in the right jobs for the efficient and effective delivery of frontline policing to the people of Cumbria and the achievement of strategic objectives. Accurate and complete establishment data is important in this as it provides base information required for resource allocation / workforce planning including budgeted posts and the actual posts the Constabulary currently has in place.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Stephen Kirkpatrick, Director of Corporate Support. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- The arrangements to ensure the accuracy / completeness of the Resource Allocation Model (RAM).
- The arrangements for updating and maintaining the RAM, including any approvals required.

- Consideration of aspects to be aware of in the next stage of the workforce planning process – officer requirements / demand management.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating within Resource Allocation / Workforce Planning provide **Reasonable Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:
- All establishment data is recorded in the HR system (iTrent), and it is this data that is used to prepare the RAM.
- The RAM provides important information for resource allocation / workforce planning as it shows the budgeted establishment post figures as well as the actual, which can be drilled down on to obtain details of those in post.
- The scheme of delegation sets out who can authorise changes that would impact establishment data (the RAM).
- Establishment information is agreed and discussed at monthly workforce plan meetings, which include officers from a number of departments including HR, Finance, Central Services Department and Resource Coordination.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	3	2	5

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues:
- None Identified.

Medium Priority Issues:
- The recently introduced 'structure change request form' and any other upcoming developments to establishment change processes should be reviewed for effectiveness once they are embedded.
- Establishment changes are not always authorised in line with the scheme of delegation.
- The Workforce Data Officer role is key in maintaining accurate establishment data but there is no guidance on the tasks she performs that could be used to provide resilience in her absence.

Advisory issues:
- Arrangements to confirm and agree the accuracy and completeness of the establishment data in the Resource Allocation Model (RAM) moving forward are not yet formalised.
- The change to budgeted establishment spreadsheet is not consistently completed.

Director of Corporate Support Comments

I am pleased to observe that the recent Internal Audit review of Resource Allocation & Workforce Planning has achieved a reasonable level of assurance which I feel is a fair reflection of performance.

The lack of high priority recommendations illustrates that the relevant processes are broadly working effectively with established levels of governance and control in place. The three medium and two advisory recommendations have accurately captured the areas for development needed in order to move to a substantial assurance level in future.

The recommendations made are all accepted and will be progressed in line with the timescales agreed within the report, with some areas already being complete.

Whilst noting the areas for improvement, it is positive to note that the audit work identified that the establishment data is well recorded and is used to support effective workforce management (previously referred to as the Resource Allocation Model). Additionally, the report highlighted that the scheme of delegation is also being used effectively together with regular cross-functional planning meetings to manage the workforce.

The positive findings within this report are a credit to the People department, CSD, Finance and all involved in the effective management of our workforce.

Stephen Kirkpatrick
Director of Corporate Support
03/05/22.

Management Action Plan

Medium Priority

Audit finding	Management response
Notification of changes and actioning them Changes to the budgeted establishment are recorded on the 'changes to budgeted establishment' spreadsheet before being made on the HR system (iTrent). These changes include establishment growth and reduction as well as changes to existing / budgeted posts (such as restructures within departments and using vacant posts to fund new posts). The scheme of delegation states that these types of changes should be agreed at Silver workforce meetings or at COG (depending on the specific change) but we were informed that they come in from various directions (other boards, via email, verbally and often indirectly) and in different formats, often with only limited information provided on the change. It was also noted that many changes recorded on the 'changes to budgeted establishment' spreadsheet are made in the HR system after the date they take effect. It was stated that there are several reasons for this including awaiting information needed to make the change, the Workforce Data Officer (WFDO) not being informed of the change, decisions being made but budget not yet being released, and requiring someone to be available within Crown Duties team to make the change on their system at the same time as iTrent is updated. These delays in updating the HR System will mean that the RAM establishment data may not be as accurate as it could be. The RAM is prepared at the start of each month (based on the previous month end) and the WFDO stated that she makes a determined effort to	Agreed management action: *Improvements made to existing processes, including the 'change to structure request form', will be reviewed in six months, once embedded, to ensure they are working effectively.* *Further changes in the pipeline, including those that arise from the 'change of circumstances' task and finish group and any new electronic forms, will also be reviewed in the future once they have been established and embedded.*

update the HR system with changes in the month they take effect from so that the RAM is as accurate as possible.

It is hoped that the recent formalisation and introduction of a 'change to structure request form', to be completed for changes to existing / budgeted posts where there is no overall financial growth, will improve the process of notifying changes to the HR team along with the detail provided to make the change and will allow changes to be actioned more quickly (assuming Crown Duties Team have the resource).

A COG report is still required for changes that involve growth or reduction in force budgeted establishment or for permanent or temporary growth where no funding is identified.

In addition to the above, we were informed that changes to the individuals within posts (i.e. the actual figures and data in the RAM) occur frequently and are recorded on a 'change of circumstances spreadsheet'. Review of this spreadsheet also identified that some changes had been made after their effective date however it was stated that this area is currently under review with process changes being investigated.

Recommendation 1:
It should be ensured that, once embedded, the recently introduced change to structure request form and any further development to processes affecting establishment data are reviewed to confirm they are effective and work as intended.

Risk exposure if not addressed:	Responsible manager for implementing:
• Governance arrangements around establishment changes are not effective;	HR Manager
• Delays in updating establishment data;	Date to be implemented:
• Establishment data is not as accurate as it could be.	10/2022 (existing processes)

Medium Priority

Audit finding	Management response
Approval of Changes to the Establishment Review of the 'changes to budgeted establishment spreadsheet' identified that many changes were shown as approved by individual officers. This is not in line with the Scheme of Delegation which states these types of change (change to existing / budgeted posts with no overall financial growth) can be approved by 'Chief Superintendents / Directors through Workforce Silver'. We were told that senior officers were being reminded that any decisions concerning structure changes must go via Silver meetings, and whilst the email reminder issued did include the extract from the scheme of delegation it was focused on ensuring changes requiring COG approval first go via Silver. We were informed that when a temporary change ended it would require appropriate authorisation again if it was to continue. Evidence of approval to extend one 'temporary' change sampled could not be provided. We were informed that this extension was verbally notified to the WFDO by HR. Whilst this example was different to most (as it related to a long standing counter terrorism secondment post which is externally funded with a formal agreement in place to facilitate specific numbers of officers), it was stated that going forward such extensions would be taken to Silver workforce meeting to note.	Agreed management action: *The Head of People has communicated the routes that should be used for establishment changes to Commanders / Senior Officers in an email and COG has recently signed off the Scheme of Delegation.* *A sense check of approvals recorded on the changes to budgeted establishment spreadsheet will be undertaken in 6 months to ensure approval of changes is in line with the Scheme of Delegation.*
Recommendation 2: It should be ensured that all changes to the establishment are appropriately authorised in accordance with the Scheme of Delegation.	
Risk exposure if not addressed: • Establishment changes are incorrectly authorised;	Responsible manager for implementing: Head of People

• Non-compliance with required authorisation process.	**Date to be implemented:** 10/2022

Medium Priority

Audit finding	Management response
Workforce Data Officer Role The Workforce Data Officer (WFDO) role is key in preparing the RAM and ensuring the establishment data in it is maintained up to date and is accurate. However, there is nothing documented on the tasks she performs to ensure that this important role could continue in her absence. We were informed that the WFDO is the person responsible for updating the HR system (iTrent) budgeted establishment data and that currently only one other person has the system access required to be able to do this and create 'posts' in the system. It was also noted that some of the tasks performed by the WFDO are not documented meaning there is no evidence of them being undertaken which could make them easy to overlook in her absence. These include the monthly reconciliation of the changes to budgeted establishment spreadsheet to the RAM and the reconciliation of total RAM and Workforce plan establishment figures.	Agreed management action: *Other individuals within the HR department have been trained to undertake the tasks on iTrent in the absence of the Workforce Data Officer.* *System Admin have trained other individuals in CSD to update budgeted establishment data and create posts.*
Recommendation 3: Information / guidance on the work undertaken by the WFDO should be documented and it should be ensured that there is capacity and resilience within the HR team to perform this important role.	

Risk exposure if not addressed:	Responsible manager for implementing:
- Lack of resilience around establishment changes in the absence of the WFDO; - Establishment changes are delayed leading to inaccurate data.	HR Manager Date to be implemented: Complete

Advisory Issue

Audit finding	Management response
Accuracy / Completeness of the Resource Allocation Model (RAM) The RAM includes budget and actual establishment figures against posts for both police officer and police staff roles and is created from data extracted from the HR system (i-Trent). Details of the people in each post can also be obtained by double clicking on the actual figures in the RAM. Significant work was undertaken to update and agree the RAM with reconciliation exercises being undertaken with departmental leads / managers before the data was taken to Commanders / Senior Officers for sign-off. This sign-off by Commanders / Senior Officers was not formally documented and we were informed that it has been acknowledged that the RAM process requires more formal approval with a plan to provide a high-level overview to COG annually including posts created and ended during the year. The Workforce Data Officer also stated that she planned to introduce an annual budget and actual establishment reconciliation exercise to ensure data accuracy moving forward.	Agreed management action: *A Strategic Workforce Planning Meeting now takes place every month which ratifies agreed establishment changes and ensures they are correctly reflected on the establishment.* *The meeting includes the Head of People, HR Manager, Chief and Deputy Chief Finance Officer, Senior Finance Officer and the Workforce Data Officer.*
Recommendation 4:	

Arrangements to ensure the accuracy and completeness of RAM establishment data, and document its agreement, moving forward should be formally established.	
Risk exposure if not addressed: • Inaccurate RAM establishment data; • Inaccurate data used to inform resource allocation / workforce planning decisions; • No evidence of senior oversight / agreement of establishment data.	**Responsible manager for implementing:** Head of People **Date to be implemented:** Complete

Advisory Issue

Audit Finding	Management response
Completeness of Changes to budgeted establishment spreadsheet We were informed that all changes to budgeted establishment, structure changes and changes to posts are recorded on a 'changes to budgeted establishment' (CBE) spreadsheet before being made on the HR system. However, one change example provided could not be traced to the spreadsheet. It was stated that this related to a significant amount of change that was documented separately but that it had now be added to the spreadsheet for transparency. It was noted that the decision-making forum column was not completed when the post changes were added. Review of the spreadsheet also identified that a few changes were not recorded as having been completed in iTrent and that further clarity could have been provided against some changes including the reason / explanation for change such as: • one which just states 'post should not exist' and makes no reference to who identified it / how this was identified or the approval for it;	Agreed management action: *The introduction of the 'change to structure request form', the ratification of establishment changes at Strategic Workforce Planning meetings and the reminder email issued to Commanders / Senior Officers helps to mitigate the risks of a lack of transparency around changes and origins / reasons for changes being unclear.* *We recognise the value of an auditable trail of lower level changes and take on board the recommendation. Given the frequency of lower level changes that occur in the Constabulary to enable fluidity within the force, we will weigh up*

- one that just states 'establishment correction' and doesn't include an action against it (e.g. new, end, increase) and; - some that stated 'outstanding' in the decision making column. It was also stated that corrections made to the establishment are recorded on the CBE spreadsheet such as post title changes, budget adjustments where roles can be undertaken by either a Police Constable or Detective Constable, changes identified during a reconciliation exercise and changes made to support the Crown Duties system. Although these changes are more minor and do not require COG or Silver workforce approval it was noted that not all of them have the same level of detail recorded against them on the CBE spreadsheet e.g. who/where the change originated from. Consistent completion of the CBE spreadsheet and inclusion of who requested the change would allow for greater transparency, a clearer audit trail of changes made and would help if any queries arose in relation to them.	*the cost / benefit of maintaining the CBE spreadsheet in this level of detail to determine whether we can aspire to it in the future.*
Recommendation 5: It should be ensured that the changes to budgeted establishment spreadsheet is consistently completed and includes the origin of the change.	
Risk exposure if not addressed: - Lack of transparency around establishment changes; - Origin of / reason for changes are unclear.	**Responsible manager for implementing:** Head of People **Date to be implemented:** Complete (mitigating actions) Cost / benefit analysis – to be determined

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
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Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

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High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
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Cumbria Shared Internal Audit Service

Internal Audit report for Cumbria Constabulary

Audit of Sickness Management

Draft Report Issued: 6th April 2021

Final Report Issued: 12th May 2021

Audit Resources

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Audit Report Distribution

For Action:	Lisa Hogan (Superintendent People Department)
For Information:	Stephen Kirkpatrick (Director of Corporate Support)
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Sickness Management.** This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Sickness management is important to the organisation because it contributes directly to the strategic priority of spending money wisely and to efficient and successful service delivery against of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025. Effective sickness management arrangements help the organisation to understand and manage sickness absence so that provisions can be made for a healthier and more productive workforce, resources can be maximised, and costs reduced. Thus, minimising the potential impact on service delivery so that Cumbria Constabulary can provide the highest standards of policing.

The percentage of contracted hours lost to sickness in Cumbria Constabulary has remained consistently below the national average for police forces in England and Wales since September 2016.

1.1. Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Stephen Kirkpatrick (Director of Corporate Support). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas: -

- Compliance with sickness management policies and procedures.
- Interactions between Line Managers, the Occupational Health Unit (OHU) and Human Resources (HR) to effectively manage sickness and support the wellbeing agenda.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

From the areas examined and tested as part of this audit review, we consider the current controls operating around Sickness Management provide **Substantial Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:
- Attendance Support Policy, Procedures and Guidance are in place providing clarity around responsibilities for sickness management. The documents are up to date, fully approved and widely available to staff.
- Additional policy guidance has been put in place for the management of Covid-19 related absence.
- The HR team has arrangements in place to keep up to date with relevant legislation, national guidance and best practice. Any changes are incorporated into policy and are cascaded within the force (as appropriate) through staff bulletins and workforce meetings.

- Clear governance arrangements are in place that provide transparency and reassurance around sickness levels (including Covid-19 sickness). These arrangements include the Workforce Board, which meets on a monthly basis and Operation Lectern (Covid-19) structures where sickness absence rates are discussed at regular meetings (the meeting frequency and level of detail is appropriate to the command level).
- Processes are in place to identify risks around sickness and for these to be assessed and managed on an ongoing basis. The strategic risk register currently includes a risk around Covid-19 which takes account of the impact of sickness.
- The commitment of senior management to the health and wellbeing of their staff and the management of absence is clearly demonstrated through the wide support offering and the achievement of a Bronze Health and Wellbeing Award in 2019.
- A new role of Wellbeing and Performance Inspector has been developed and appointments have been made with one post allocated to each Basic Command Unit (BCU) area. Sickness absence management roles and responsibilities within the post are clearly defined and include working with OHU and HR to implement changes that improve wellbeing. The Inspectors are part of the Senior Leadership Team in each area and attend Workforce Bronze meetings, so they are an integral part of area absence management arrangements.
- Regular data on sickness absence is prepared to highlight any issues or trends for consideration and appropriate action to be taken. The investigation of a recent spike in sickness absence highlighted an issue with 'Return To Work forms' not being completed in the system that was impacting on reported sickness levels. Prompt management action was taken to update the system and remind supervisors of their responsibilities via email and Sergeant / Inspector briefings. Sickness figures returned to within normal range within a week.
- HR and OHU meet regularly to review strategies, discuss issues and share best practice and information. The Absence Surgery initiative (introduced in November 2020) was discussed at a recent meeting because it hasn't been fully rolled out and some BCUs have experienced limited attendance. Actions to address this issue were agreed and logged.
- The level of reporting has stepped up during the Covid-19 pandemic and includes national submissions. Arrangements during the pandemic ensure that sickness data reaches senior management at least three times per week.
- Arrangements are in place to keep the effectiveness of absence management initiatives under review. Examples include undertaking an Annual Wellbeing Survey with action being taken to address areas of concern and the trialling of an updated approach to Absence Surgeries (monthly events in each BCU attended by HR and OHU to provide advice and guidance to managers on an individual basis).

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	0	2	2

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues: None identified.

Medium Priority Issues: None identified.

Advisory issues:
- Details of dedicated HR contacts are not currently publicised to staff across the force.
- The joint HR and OHU absence surgery initiative has not been fully rolled out across the areas.

Director of Corporate Support Comments

I am delighted to observe that the recent Internal Audit review of Sickness Management has achieved a substantial level of assurance with only two advisory recommendations for consideration, which will both be addressed imminently.

The review highlighted that controls are working very effectively across many areas with clear policies, active case management, regular reporting and management oversight all in place.

The report also noted the significant efforts of all involved to effectively manage Covid-19 related absences which have placed a significant strain across the whole organisation. Throughout the Covid-19 pandemic, the organisation has effectively and proactively managed sickness levels to minimise absences and protect operational policing services to continue keeping Cumbria safe.

The report goes on to note the significant progress that has been made regarding wellbeing and welfare, including the addition of an Inspector level portfolio lead.

The positive findings within this report are a credit to the People department, line managers across the organisation, and all involved in the effective management of sickness.

Stephen Kirkpatrick
Director of Corporate Support
12/05/21.

Management Action Plan

Advisory

Audit finding	Management response
Supporting Line Managers Arrangements are in place for HR and OHU to support managers to manage the sickness absence of their staff. Throughout the Attendance Support Procedures and Guidance managers are referred to HR for advice and guidance, particularly in relation to support for staff returning to work. HR and OHU provide dedicated inboxes and telephone lines for managers seeking advice and raising queries. Dedicated HR Staff HR staff are assigned to specific areas / departments and this becomes known through representation at Workforce Bronze meetings and Senior Leadership Teams (SLTs). The HR SharePoint site on the force intranet is not currently used to publicise this information and provide contact details. It is understood that there are plans to do this when the site is next refreshed. The signposting of staff to dedicated HR contacts ensures that they receive informed advice and guidance based on knowledge and experience of a specific area. It also helps to build stronger working relationships between managers and their allocated HR contacts. Absence Surgeries Absence surgeries were introduced towards the end of 2020 to provide an opportunity for managers to meet with HR and OHU representatives. The intention was for surgeries to be held on a monthly basis in each BCU area to offer managers additional advice and support and discuss OHU reports where necessary. Absence surgeries have not been held in the	*Agreed management action:* *Dedicated HR Staff* *The HR SharePoint site is currently being refreshed. It previously had a list of staff within HR.* *New structure implemented 1 April 2021 and HR staff assigned new portfolio areas. This has been clearly communicated at senior management level, Workforce Bronze meetings and with the individual departments.* *SharePoint site is being updated with the details of the HR staff and areas of responsibility.* *This will be completed within 2 weeks.* *Absence Surgeries* *Due to the scheme being relatively new, not all areas had embedded the process whilst the audit was ongoing.*

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west area and those held in the north and south have been poorly attended. HR and OHU have discussed this issue and a new approach is being trialled in the south area. Any agreed changes to absence surgeries will need to be captured in updated terms of reference and rolled out across all areas, with the full support of senior leadership teams and an appropriate level of communication. The effectiveness of the initiative should be kept under review.	*The surgeries are discussed in the joint HR/OH bi-monthly meetings which were shared with JAC. At the last meeting in March, it was agreed to take the South TP approach where Inspectors are supporting the scheme and encouraging Sgts to attend and explaining the process and selling the benefits.*
Recommendation 1: The HR SharePoint site should be used to signpost staff to their dedicated HR contacts. Recommendation 2: Absence surgeries should be fully rolled out across the areas and their effectiveness kept under review.	*Message was circulated in Crime & TP SLT for management intervention to support the scheme.* *Review at the next joint meeting in early May.*
Risk exposure if not addressed: • Ineffective sickness management strategies and wasted resources. • Failure to manage sickness levels. • Managers are not supported by HR and OHU and make poor decisions.	Responsible manager for implementing: Di Johnson, HR Manager Date to be implemented: 05/2021

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

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