

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Office of the Police & Crime Commissioner



Audit of Procurement

Draft Report Issued: **28th July 2016**

Final Report Issued: **10th August 2016**

Audit Resources

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Audit Report Distribution

For Action:	Vivian Stafford (Head of Partnerships and Commissioning)
For Information:	Ruth Hunter (Chief Finance Officer / Deputy Chief Executive) Stuart Edwards (Chief Executive)
Audit Committee	The Audit Committee, which is due to be held on 7 th September 2016, will receive the report.

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

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1 Background

- 1.1 This report summarises the findings from the audit of procurement relating to the Cumbria Office of the Police and Crime Commissioner (COPCC). This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2 Procurement for the OPCC is closely linked with the Constabulary's procurement team who undertake procurement activity on behalf of both organisations. Procurement is important to the organisation because it contributes to the efficient use of resources to support operational policing needs and the objectives in the Police and Crime Plan for Cumbria 2013-17. Effective procurement, in line with the organisation's constitution and legislation is necessary for the COPCC 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.
- 1.3 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.

2 Audit Approach

2.1 Audit Objectives and Methodology

- 2.1.1 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 which are outlined in section 4 of this report.

2.2 Audit Scope and Limitations

- 2.2.1 The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Head of Partnerships and Commissioning and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls in the following area:

- Compliance with the new Joint Procurement Regulations, from tendering through to supply and across the various procurement routes.

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

3 Assurance Opinion

- 3.1 Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.
- 3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within the OPCC in respect of procurement 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.

4 Summary of Recommendations, Audit Findings and Report Distribution

- 4.1 There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2 There are no audit recommendations arising from this review.
- 4.3 **Strengths:** The following areas of good practice within the OPCC were identified during the course of the audit:
- An up to date and approved Procurement Strategy is in place which was fully consulted upon and has clear links to strategic policing priorities as set out in the Police and Crime Plan for Cumbria 2013-17.
 - Joint Procurement Regulations have been developed with the Constabulary to reflect current legislation, EU Directives, strategy and best practice.

- Contract information is published on the COPPC's website for public scrutiny demonstrating the COPCC's commitment to openness transparency.
- There is regular representation from the Procurement Team at Partnerships and Commissioning Team meetings to liaise on procurements in the pipeline and ensure engagement from the outset.
- Arrangements are in place to ensure appropriate approval is secured for contracts, involving the Chief Executive where necessary.
- Appropriate approval is granted for any exemptions from normal procurement procedures, prior to the order for goods, works and services being placed.
- There is a commitment to training and developing the Partnerships and Commissioning Team with opportunities taken to attend training events organised for the Constabulary's Procurement Team.

4.4 **Areas for development:** No areas for development in terms of the OPCC's arrangements were identified during this review.

Comment from the Chief Executive: I welcome the assurance received from this report. Commissioning is and will continue to be an area that presents challenges and risks, including those that need to be mitigated and those that present opportunities to deliver more effective outcomes. This audit report has noted that the commissioning team are working well with procurement and in compliance with the control frameworks that have been established to govern our systems and processes. This, in addition to the on-going training of staff, will help to ensure that this continues as a well managed area of business.

Appendix A

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

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.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Constabulary



Audit of Procurement

Draft Report Issued: **28th July 2016**

Final Report Issued: **17th August 2016**

Audit Resources

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For Action:	Les Hopcroft (Head of Procurement)
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Audit Committee	The Audit Committee, which is due to be held on 7 th September 2016, will receive the report.

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Cumbria Shared Internal Audit Service

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1 Background

- 1.1 This report summarises the findings from the audit of procurement within Cumbria Constabulary. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2 Procurement is important to the organisation 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 2013-17. Effective procurement in line with the organisation's constitution and legislation is necessary for the Constabulary 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.
- 1.3 Cumbria Constabulary spends around £30 million on goods, works and services each year.

2 Audit Approach

2.1 Audit Objectives and Methodology

- 2.1.1 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 which are outlined in section 4 of this report.

2.2 Audit Scope and Limitations

- 2.2.1 The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Director of Corporate Support and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls in the following area:

- Compliance with the new Joint Procurement Regulations, from tendering through to supply and across the various procurement routes.

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

3 Assurance Opinion

- 3.1 Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.
- 3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating in respect of procurement 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.

4 Summary of Recommendations, Audit Findings and Report Distribution

- 4.1 There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2 There are 16 audit recommendations arising from this review.

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives (see section 5.1)	3	2	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	-	4	1
3. Information - reliability and integrity of financial and operational information (see section 5.3)	-	3	1
4. Security - safeguarding of assets	-	-	-

5. Value - effectiveness and efficiency of operations and programmes (see section 5.4)	-	1	1
Total Number of Recommendations	3	10	3

4.3 **Strengths:** The following areas of good practice were identified during the course of the audit:

- An up to date and approved Procurement Strategy is in place which was fully consulted upon and has clear links to strategic policing priorities.
- Joint Procurement Regulations have been developed with the OPCC to reflect current legislation, EU Directives, strategy and best practice.
- Arrangements are in place to ensure adherence to Public Procurement Regulation 2015 timescales.
- Appropriate approval is granted for any exemptions from normal procurement procedures, prior to the order for goods, works and services being placed.
- Arrangements are in place to ensure appropriate approval is obtained for contracts (dependant on value).
- Contract information is openly published on the OPPC's website for public scrutiny.
- A comprehensive training and development plan is in place for the procurement team to address the identified gap in skills.

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

4.4.1 *High priority issues:*

- Arrangements are not yet in place to update relevant constabulary staff on the new Procurement Strategy and updated Procurement Regulations.
- The risks of over dependence on the Head of Procurement in ongoing operational procurement activity have not been identified, assessed or managed.
- Procurement fraud risks are not identified, assessed and managed.

4.4.2 *Medium priority issues:*

- The procurement risk register does not comply with the constabulary's Risk Management Policy and associated guidance.

- Arrangements are not in place to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.
- Authorities, roles and responsibilities for undertaking procurement activity and monitoring compliance are unclear.
- Arrangements for the supervisory review of work within the procurement team and the evidencing of this are not in place.
- Professional indemnity insurance certificates are not routinely obtained from consultants in line with the Joint Procurement Regulations.
- The Joint Procurement Regulations do not provide guidance on the level of professional indemnity insurance required.
- The Procurement Team are not kept fully informed of future procurement activity for effective forward planning.
- A mechanism is not in place to clearly highlight the amount and source of budget approval to those tasked with approving contracts.
- Arrangements for storing and retaining procurement documentation have not been defined and communicated.
- Post completion reviews are not undertaken to identify good practice and areas for improvement in procurement activity.

4.4.3 *Advisory issues:*

- The Joint Procurement Regulations do not include review arrangements.
- Additional checks on the financial standing of framework suppliers subject to mini competition are not highlighted for the attention of those approving contracts.
- Approved lists of suppliers are out of date and therefore do not comply with the Joint Procurement Regulations.

Comment from the Director of Corporate Support:

The strengths identified within this audit help illustrate that Procurement function has come a long way over last two years since the procurement review and successfully meets organisational needs of both the Constabulary and OPCC whilst also complying with all required legislation.

I recognise that there a relatively large number of recommendations made within this report and that addressing some of the recommendations

will help formalise the best practices already in place.

The audit identifies concerns regarding procurement capacity and expertise which are continually being addressed with strong progress being made.

I accept the recommendations made which will be of benefit in continuing to continue to develop the procurement service.

Although the audit gives a partial assurance level, I am confident that the Procurement function effectively serves the needs of the Constabulary and OPCC and that there are no material concerns that need to be addressed.

5 Matters Arising / Agreed Action Plan

5.1 Management - achievement of the organisation's strategic objectives.

● High priority

Audit finding	Management response
<p>a) Communication</p> <p>The procurement team and relevant staff within the OPCC have been updated on the new Procurement Strategy and updated Procurement Regulations. Arrangements are not yet in place to update relevant staff throughout the rest of the constabulary.</p> <p>There is a need for all staff involved in procurement activity to be aware of how procurement links to strategic policing priorities and clearly understand their role within the procurement process and what is expected of them.</p>	<p>Agreed management action:</p> <p>The Procurement Strategy has been reviewed and approved by Extended COG and the previous Commissioner.</p> <p>The update of the Joint Procurement Regulations was reviewed by JASC with final agreement delayed due to clarification of policy regarding late tenders which has now been resolved.</p>
<p>Recommendation 1:</p> <p>Arrangements should be made to update appropriate staff in the constabulary on the new Procurement Strategy and updated Procurement Regulations.</p>	<p>The Procurement team together with the Heads of Service, OPCC and the Estates Teams have been briefed on the Procurement Strategy.</p> <p>Communications strategy to be developed to brief key staff on the strategy and revised regulations, including:</p> <ul style="list-style-type: none"> ● Business Board. ● Corporate Support SMT. ● Staff involved in procurement processes (Incl. CSD, Finance, ICT, Estates etc). ● Brief update on ForceNet Intranet site
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> ● Sanctions and reputational damage arising from non-compliance with procurement regulations. 	<p>Responsible manager for implementing: Head of Procurement</p>

- Wasted resources through inefficient procurement decisions.
- Strategic policing priorities are not achieved because supporting procurement activities are inadequate.

Date to be implemented:
End September 2016

- Medium priority (Rec 2)
- High priority (Rec 3)

Audit finding	Management response
<p>b) Risk Management</p> <p>The Head of Procurement, in consultation with his team, has recently captured procurement risks in a risk register. The register requires further development to address the following:-</p> <ul style="list-style-type: none"> • There is no clear link to delivery of the Procurement Strategy and strategic objectives. • The corporate approach to risk identification and assessment has not been followed. • Risks are not scored to inform escalation to the Corporate Support risk register. • The constabulary risk register template has not been utilised. • Guidance has not been sought from the Corporate Improvement team. <p>The current version of the risk register does not demonstrate that risks have been scored, mitigating actions have been identified or actions to address residual risks have been allocated to nominated individuals. The risks included are not described using the standard format and they are numerous, potentially diluting the risk management’s effectiveness.</p> <p>The Corporate Support risk register includes a risk around the procurement team not having the</p>	<p>Agreed management action:</p> <p><u>Recommendation 2</u></p> <ul style="list-style-type: none"> • Bullet points 2, 3 and 4 have been addressed and completed and can now be found in the Corporate Support risk register. • Further work has been undertaken to ensure that procurement risks are aligned to strategic objectives, including the Plan on a Page. • Guidance and quality assurance from Corporate Improvement risk management team has been actioned as part of the Constabulary’s quarterly risk management process. <p>Recommendation 2 is complete.</p>

appropriate skill set to meet the high demand for complex procurement. The risk, as described, does not capture and address the implications for the Constabulary. Significant reliance is placed on the Head of Procurement in operational procurement activity on an ongoing basis. This reduces his ability to meet the requirements of the post and provide strategic direction to, and oversight of, the procurement function.

Recommendation 2:

The procurement risk register should be prepared in accordance with the constabulary's Risk Management Policy and associated guidance.

Recommendation 3:

The risks of over dependence on the Head of Procurement in operational procurement activity should be identified, assessed and managed.

Recommendation 3

- Over dependence on the Head of Procurement is recognised and reviewed as part of on-going 121's with the Director of Corporate Support with appropriate prioritisation and assistance provided where necessary.
- It is recognised that the skills & experience of the procurement team have progressed significantly since the last procurement review but that further development is still required.
- A comprehensive training and development framework is in place for members of the Procurement Team, including 21 training sessions delivered to date with a further 6 planned, which continues to increase the knowledge and skills base of those involved in procurement activities.
- The current Admin Review, led by Corporate Improvement, is considering transactional procurement activities with the aim of introducing further efficiencies.
- Work continues to embed category management across procurement, including continued review of roles and responsibilities.

Risk exposure if not addressed:

- Procurement Strategy is not delivered because the risks have not been identified, assessed and managed.
- Strategic policing priorities are not achieved because supporting procurement activities are

Responsible manager for implementing:

Director of Corporate Support & Head of Procurement

Date to be implemented:

inadequate.	End September 2017
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● High priority (Rec 4) ● Medium priority (Rec 5)

Audit finding	Management response
<p>c) Fraud risk</p> <p>The procurement risk register does not demonstrate that arrangements are in place to identify, assess and manage fraud risks. The risk of fraud in procurement is generally considered to be high. CIPFA estimated, in May 2016, that the annual cost of fraud in the UK is in the region of £193bn with the biggest sources of fraud relating to procurement. Fraud risks are heightened in less knowledgeable and experienced procurement teams.</p> <p>Action has not been taken to raise awareness of potential fraudulent practices with procurement staff as an important component of proactive fraud prevention and detection. It is key that procurement staff understand how fraud might occur in the procurement lifecycle and what needs to be in place to mitigate the risks identified. This requires an appreciation amongst staff about what is expected of them in terms of standards of professional behaviour and integrity as part of their role in procurement activity.</p>	<p>Agreed management action:</p> <p>All procurement staff are aware of their responsibilities and have received training in relation to the Code of Ethics (both College of Policing & CIPS 2008), the Joint Procurement Regulations and the Constabulary's Anti-Fraud & Corruption policy and procedures.</p> <p><u>Recommendation 4</u></p> <ul style="list-style-type: none"> The Constabulary's CFO and Head of Procurement will undertake a procurement fraud risk assessment. Draft by end August 2016 with full assessment by end of October following further training.
<p><u>Recommendation 4:</u> Procurement fraud risks should be identified, assessed and managed accordingly.</p> <p><u>Recommendation 5:</u> Arrangements should be in place to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.</p>	<p><u>Recommendation 5</u></p> <ul style="list-style-type: none"> A training course on Procurement Fraud has been arranged for 06 October 2016, delivered by external consultants, to relevant staff across the organisation including Procurement,

	Finance, OPCC, Estates, Fleet & ICT.
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Financial loss and reputational damage arising from procurement fraud or unethical behaviour. Trust and confidence in Cumbria Constabulary is undermined because of a failure to award contracts with consistently high standards of integrity. 	<p>Responsible manager for implementing: Head of Procurement and CFO</p> <p>Date to be implemented: End October 2016.</p>

5.2 Regulatory - compliance with laws, regulations, policies, procedures and contracts.

- **Medium priority (Rec 6)**
- **Advisory Issue (Rec 7)**

Audit finding	Management response
<p>a) Procurement Regulations</p> <p>The Joint Procurement Regulations provide limited clarity around authorities, roles and responsibilities for day to day procurement activity across the constabulary. The regulations state that this responsibility is delegated to ‘Authorised Officers’ in accordance with the Scheme of Delegation. However the Scheme of Delegation does not detail who these Authorised Officers are and refers back to the Joint Procurement Regulations for clarification. Furthermore the Joint Procurement Regulations do not state who is responsible for ensuring staff comply with the regulations and for ensuring that only Authorised Officers are engaged in procurement activity. There is a need for staff undertaking procurement activity and monitoring compliance to know, understand and execute their responsibilities with appropriate authority.</p> <p>The Joint Procurement Regulations do not include review arrangements to demonstrate that they will be appraised on a regular basis to ensure they reflect legislation, EU Directives, strategy and best practice.</p>	<p>Agreed management action:</p> <p><u>Recommendation 6</u></p> <ul style="list-style-type: none"> Roles & Responsibilities defined within Joint Procurement Regulations and individual role profiles of relevant staff. Budget holder responsibilities, managed by Finance, are reviewed and refreshed on an annual basis. The Scheme of Delegation to be reviewed to refer to the Scheme of Devolved Resource Management’ rather than the Joint Procurement Regulations.

<p>Recommendation 6: Authorities, roles and responsibilities for undertaking procurement activity and monitoring compliance should be clarified and communicated to those concerned.</p> <p>Recommendation 7: Review arrangements for the Joint Procurement Regulations should be established.</p>	<p>Recommendation 7</p> <ul style="list-style-type: none"> The Joint Procurement Regulations are reviewed on a bi-annual basis, or as required (i.e. legislative change), in-line with the agreed corporate governance reviews. Next review date to be added to the Joint Procurement Regulations.
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Unauthorised and inefficient procurement activity because of a lack of clarity around officers authorised to undertake procurements. Poor performance because staff are unclear of their roles, responsibilities and authority. Sanctions and reputational damage arising from non-compliance with procurement regulations 	<p>Responsible manager for implementing: Head of Procurement and CFO's</p> <p>Date to be implemented: End August 2016</p>

● **Medium priority**

Audit finding	Management response
<p>b) Procurement Team</p> <p>Arrangements for supervisory review of work within the procurement team and evidencing this are not in place. Procedures do not detail the checks that should be undertaken at key stages, responsibility for undertaking checks, how they should be documented and mechanisms for providing feedback on the outcome of the checks. Supervisory confirmation that tasks are being appropriately undertaken might include the following:-</p> <ul style="list-style-type: none"> Joint agreement and sign off of evaluation criteria (department and procurement team). 	<p>Agreed management action:</p> <ul style="list-style-type: none"> The Head of Procurement holds fortnightly 121's with all staff within the Procurement Team and also works closely with his team to ensure oversight of all procurement activities detailed within this audit finding.

<ul style="list-style-type: none"> • Scoring took place against published criteria. • Award decisions are fully justified. • The required number / suitability of personnel are involved in procurement exercises. • All outcome letters have been issued to bidders. • All conflicts of interest forms have been returned promptly and reviewed. • All contracts over £10K have been captured on the Blue Light database for reporting purposes. <p>Current arrangements do not give the Head of Procurement assurance that procurement activity is being undertaken consistently and effectively, in compliance with Joint Procurement Regulations and that actions are being taken to secure ongoing improvement. Supervision is particularly important given the team's current level of skills, knowledge and experience. It is a relatively new team pulled together from different parts of the organisation, not necessarily with a procurement background.</p>	<ul style="list-style-type: none"> • The Constabulary is confident that the appropriate checks and balances are undertaken to give the Head of Procurement reassurance that procurement activities are compliant with both the Joint Procurement Regulations and the EU Procurement Regulations (2015). • The draft procurement cycle checklist to be finalised and introduced across all procurement functions.
<p>Recommendation 8:</p> <p>Management should define and communicate requirements around supervisory checking at key stages of the procurement lifecycle.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Sanctions and reputational damage arising from non-compliance with procurement regulations. • Strategic policing priorities are not achieved. • Poor performance because opportunities for improvement are not identified and acted upon. 	<p>Responsible manager for implementing: Head of Procurement</p> <p>Date to be implemented: End October 2016</p>

● **Medium priority (Recs 9 & 10)**

Audit finding	Management response
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c) **Professional Indemnity Insurance**

The requirement for professional indemnity insurance is included, as standard, as part of the Invitation to Tender (ITT) process for consultants. The Procurement Team ask bidders to confirm that they have the required level / period of cover in place but copy certificates are not routinely obtained in accordance with the Joint Procurement Regulations.

The Joint Procurement Regulations do not provide any guidance on the level of insurance cover required.

Recommendation 9:

Arrangements should be in place to ensure consultants have current professional indemnity insurance, for the specified period, and copy certificates are obtained.

Recommendation 10:

Guidance should be developed regarding the level of professional indemnity insurance cover required in different circumstances to adequately address risk exposure.

Risk exposure if not addressed:

- Sanctions and reputational damage arising from non-compliance with procurement regulations.
- Financial liabilities arising from inadequate contractor insurance cover.

Agreed management action:

Recommendation 9

- The Head of Procurement will reinforce the requirement to obtain copies of insurance certificates with members of the Procurement Team.
- Also to be included in procurement cycle checklist (recommendation 8).

Recommendation 10

- The level of insurance required is included in each ITT issued and is set, as a minimum of £250,000, but is set on an individual tender basis subject to the risk incurred.
- The Joint Procurement Regulations will be reviewed to consider whether minimum levels of insurances required should be included.

Responsible manager for implementing:

Head of Procurement

Date to be implemented:

Recommendation 9 by end October 2016.

Recommendation 10 by mid-September 2016.

5.3 Information - reliability and integrity of financial and operational information.

● **Medium priority (Recs 11 & 12)** ● **Advisory Issue (Rec 13)**

Audit finding	Management response
<p>a) Planning & approval for procurement activity</p> <p>The Procurement Team are not involved in the early stages of procurement activity when Business Cases are under development and approval is being sought but they endeavour to liaise with departments to keep informed of up and coming procurement activity. The Procurement Team is heavily reliant on departments to provide this information on a timely basis and this impacts upon the quality of forward planning for the procurement team.</p> <p>The Contract Signature Request Form that applies to procurements over £20k requires the signature of the relevant Head of Department to certify that budgetary provision exists before being passed to the Head of Procurement and Finance for approval. The form does not capture details of the amount or source of approval to inform this process and clearly demonstrate that contracts are only awarded where sufficient budgetary provision has been properly agreed in advance.</p> <p>The Joint Procurement Regulations state that where mini competitions are undertaken to select framework suppliers there may be a need for additional checks to be carried out on financial standing. This situation would arise where PQQ responses are more than two years old and should happen following advice from the Chief Finance Officer. In practice the Procurement Team perform initial checks utilising a credit checking company and then determine if further advice should be sought from finance regarding additional checking. The checks and the outcome are not evidenced on the Contract Signature Request Form to fully inform those involved in the decision making and approval process.</p>	<p>Agreed management action:</p> <p><u>Recommendation 11</u></p> <ul style="list-style-type: none"> The Head of Procurement and the Procurement Business Partners have regular engagement meetings with the relevant Heads of Service and OPCC with regards to current and pipeline procurement activities, thus ensuring good visibility is maintained. The Constabulary feels that appropriate arrangements to address recommendation 11 are already in place. <p><u>Recommendation 12</u></p> <ul style="list-style-type: none"> As part of the Contract Signature Request control process, the Constabulary CFO verifies that budgetary provision is available. It is accepted that this step would be better facilitated with further information being included on the form which has now been amended.
<p>Recommendation 11:</p> <p>Arrangements should be in place to keep the Procurement Team fully informed of future procurement activity, at the earliest opportunity for effective forward planning.</p>	<p><u>Recommendation 13</u></p> <ul style="list-style-type: none"> The Constabulary feels the selection criteria for the award and maintenance of the original

<p>Recommendation 12: A mechanism should be in place to clearly highlight the amount and source of budget approval for those tasked with approving contracts.</p> <p>Recommendation 13: Checks on the financial standing of framework suppliers subject to mini competition should be evidenced on Contract Signature Request Forms.</p>	<p>framework/contract already addresses this requirement.</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Inefficient and ineffective procurement activity due to poor planning and stretched resources. • Financial loss, legal challenge and reputational damage because the organisation cannot afford the contract. • Contract failure because the supplier does not meet financial standing requirements and cannot deliver. 	<p>Responsible manager for implementing: Head of Procurement</p> <p>Date to be implemented: Recommendation 11 is in place. Recommendation 12 has been completed. Recommendation 13 is the responsibility of the contracting authority.</p>

● **Medium priority**

Audit finding	Management response
<p>b) Records The Joint Procurement Regulations state that the Head of Procurement is responsible for securely storing all contracts (including those under seal) and maintaining records of contract exemptions. In practice information is retained by both the Legal Team and the Procurement Team and</p>	<p>Agreed management action: <u>Recommendation 14</u></p>

<p>arrangements have not been defined and communicated.</p> <p>Without this clarity, management cannot be assured that procurement documentation is held in accordance with the Constabulary's Records Management Policy, Data Protection Legislation and Procurement Regulations. It also raises issues around record duplication, consistency and access to information.</p>	<ul style="list-style-type: none"> • The arrangements for the storage and management of contract documentation will be reviewed jointly with the Head of Procurement and the Senior Legal Advisor with the Joint Regulations to be updated as required. • A central register of all contract exemptions is held by the Head of Procurement.
<p>Recommendation 14:</p> <p>Procurement record storage arrangements should be defined and communicated.</p>	<p>Responsible manager for implementing: Head of Procurement and Senior Legal Advisor.</p> <p>Date to be implemented: End September 2016.</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Sanctions and reputational damage arising from non-compliance with legislation, policies and regulations. • Wasted resources accessing information. 	<p>Responsible manager for implementing: Head of Procurement and Senior Legal Advisor.</p> <p>Date to be implemented: End September 2016.</p>

5.4 Value - effectiveness and efficiency of operations and programmes.

● **Medium priority**

Audit finding	Management response
<p>a) Lessons Learned</p> <p>Post completion reviews are not undertaken to identify good practice and areas for improvement in procurement activity that can be taken forward to strengthen future procurement exercises and inform training plans for the procurement team.</p>	<p>Agreed management action:</p> <p>Recommendation 15</p> <ul style="list-style-type: none"> • Post completion reviews (considering number of responses, evaluation criteria success,

<p>Recommendation 15:</p> <p>Post completion reviews should be undertaken in respect of key procurement exercises in order to identify any learning that can be taken forward as part of a commitment to continuous improvement.</p>	<p>quality of the tender documents and procurement timings) are currently undertaken on an informal basis.</p> <ul style="list-style-type: none"> • A formal review template to capture the above, together with lessons learnt, is being developed for use.
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Opportunities not taken to learn lessons and improve. • Failure to train and develop staff to provide a more efficient and effective procurement function. 	<p>Responsible manager for implementing: Head of Procurement</p> <p>Date to be implemented: End August 2016</p>

● **Advisory Issue**

Audit finding	Management response
<p>b) Approved Lists</p> <p>The Head of Procurement is responsible for maintaining approved lists of suppliers. The current approved lists have not been reviewed and re-advertised for a number of years and do not therefore comply with the Joint Procurement Regulations. Approved lists should be reviewed and re-advertised on a regular basis to demonstrate the constabulary's commitment to genuine competition as an integral part of ethical procurement activity.</p> <p>The Head of Procurement is planning a project to address this issue. We suggest that a project plan is developed to include all actions required, people responsible, clear time targets and the necessary approval.</p>	<p>Agreed management action:</p> <p><u>Recommendation 16</u></p> <ul style="list-style-type: none"> • The Procurement Team are working closely with Estates and have awarded frameworks (YPO) to reduce the dependencies on approved lists but the Constabulary accepts that there is still work to do. • The potential for joining a managed service, subject to impact on local agenda and a new spend analysis being undertaken, is being considered.
<p>Recommendation 16:</p> <p>A plan should be developed to update approved lists of suppliers in accordance with the Joint</p>	

Procurement Regulations.	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none">• Poor value for money arising from the use of out of date approved lists.• Reputational damage arising from a failure to demonstrate the exercise of genuine competition.	<p>Responsible manager for implementing: Head of Procurement and Head of Estates & Fleet</p> <p>Date to be implemented: End March 2017.</p>

Appendix A

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

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.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Cumbria Shared Internal Audit Service
Internal Audit Report for Cumbria County Council & Cumbria Constabulary



Audit of Cumbria's Multi-Agency Safeguarding Hub

Draft Report Issued: 20th October 2016
Final Report Issued: 4th November 2016

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Audit Report Distribution

For Action:	Deborah Royston (Senior Manager – Multi-Agency Safeguarding Hub) Brian Murray (Detective Inspector:- Multi-Agency Safeguarding Hub)
For Information:	John Macilwraith (Corporate Director Children and Families Services) Walter McCulloch (Assistant Director – Children & Families) Darren Martland (Assistant Chief Constable – Cumbria Constabulary) Doug Marshall (Head of Public Protection Unit – Cumbria Constabulary) Ruth Hunter (Chief Finance Officer / Deputy Chief Executive – OPCC)
Audit Committee	The OPCC and Constabulary's Joint Audit & Standards Committee, which is due to be held on 24th November 2016, will receive the report. The County Council's Audit & Assurance Committee, which is due to be held on 20 th March 2017, will receive a summary of the outcomes of the audit.

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

Executive Summary

1. Background

- 1.1. This report summarises the findings from the audit of the Cumbria Multi-Agency Safeguarding Hub Action Plan. This was a planned audit assignment which was undertaken in accordance with the 2015/16 Audit Plans for both Children's Services and Cumbria Constabulary.
- 1.2. Local Authorities have statutory duties under Children's Act legislation to play a key role in promoting and protecting the welfare of children. The safeguarding of children is important to the County Council because of the need for children and young people to be protected from abuse, neglect and exploitation, have a safe environment in which to grow up and a greater opportunity to reach their full potential into adulthood. Promoting and protecting the welfare of children contributes directly to the 2016-19 Council Plan priority around safeguarding children and supporting families and schools.
- 1.3. Cumbria Constabulary also has a key role to play in protecting children from harm and supporting victims. Safeguarding children is important to the organisation because it contributes directly to a commitment in the Police and Crime Plan to work with other agencies to prevent harm through public protection services. In 2015, as part of its annual inspections into police effectiveness, efficiency and legitimacy (PEEL), HMIC assessed the effectiveness element (how well Cumbria Constabulary keep people safe and reduce crime) as requiring improvement. An action plan was developed to address issues raised in this report, issues arising from a Peer Review in March 2015 and national requirements identified by the College of Policing. Actions have now been incorporated into the Cumbria Constabulary Improvement Plan.
- 1.4. In November 2014 the Cumbria Multi-Agency Safeguarding Hub was launched with a vision to 'work together to keep children and young people safe in Cumbria'. The Safeguarding Hub is part of the wider Cumbria Local Safeguarding Children Board (LSCB) structure and operates as a strategic partnership between Cumbria County Council's Children's Services Directorate, Cumbria Care Commissioning Group, Cumbria Partnership Trust and Cumbria Constabulary. Day to day management is overseen by Children's Services. In 2015 a Hub Action Plan was developed to take the team forwards with a more streamlined and efficient model of working to address issues raised through formal reviews and Ofsted inspections.

2. Audit Approach

2.1. Audit Objectives and Methodology

2.1.1. 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 which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

2.2.1 The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsors for this review were the Assistant Director – Children & Families and the Head of the Public Protection Unit - Constabulary and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls in the following areas:

- Consistent implementation of the Hub Action Plan to address national requirements, Ofsted recommendations and HMIC recommendations in two key areas:
 - Children missing from home.
 - Child sexual exploitation.

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

3. Assurance Opinion

3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.

3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within the Cumbria Multi-Agency Safeguarding Hub 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.

4. Summary of Recommendations, Audit Findings and Report Distribution

4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2. There are 9 audit recommendation arising from this audit review and this can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives achieved (<i>see section 5.1</i>)	-	3	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	3	-
3. Information - reliability and integrity of financial and operational information (<i>see section 5.2</i>)	-	1	-
4. Security - safeguarding of assets	1	-	-
5. Value - effectiveness and efficiency of operations and programmes	1	-	-
Total Number of Recommendations	2	7	-

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Arrangements are in place to provide clear direction, leadership and oversight of decisions relating to the Safeguarding Hub through the Cumbria Local Safeguarding Children's Board governance structure.
- A new senior manager post has been established in Children's Services to oversee the work of the Multi-Agency Safeguarding Hub. The role and responsibilities of this post have been well defined, with clear lines of accountability. The manager has already demonstrated a high level of commitment to continually developing the Hub and driving improvements.
- Actions to address national safeguarding requirements, Ofsted recommendations and HMIC recommendations are captured in improvement plans and monitored.
- There is a risk register in place to record risks to delivering the Hub Improvement Plan. The risks are monitored and managed by the Hub Programme Board.

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

4.4.1. *High priority issues:*

- There is a lack of clarity around Hub information sharing protocols and the level of information governance / security training provided to Hub staff.
- Implementation of Phase 2 of the Hub Action Plan is nine months overdue.

4.4.2 *Medium priority issues:*

- Individual partner contributions to Hub operations are not formally reflected in a signed funding agreement.
- There has been no specific activity to raise awareness and understanding of the Hub Improvement Plan or new working practices across partner organisations.
- Opportunities have not been taken to deliver multi-agency training to Hub staff.
- Regular quality assurance checks on cases have not taken place for a number of months.
- Arrangements for the development of Hub procedures have not been formalised and documented to demonstrate input, agreement and sign off by partners. The documents produced are not consistently dated / version controlled.
- There are inconsistencies in induction arrangements for new staff in the Hub and access to policies, procedures and guidance material.
- The current Hub performance report does not facilitate effective monitoring of Hub activity and progress towards delivering required improvements

4.4.3 *Advisory issues:*

None identified.

Comment from the Corporate Director of Children's Services:

I am conscious that the senior manager has initiated a review of both the operational and partnership arrangements within the Hub. These findings will be presented to the Hub programme board and Children's Services SMT. It is expected that a revised

development plan will be created and monitored through the LSCB. It is positive to read that there are a number of strengths and the newly appointed manager is already showing the required impact.

Comment from the Assistant Chief Constable:-

I've read the attached and I am satisfied with the recommendations that have been made and having discussed the matter with Deb Royston the Safeguarding hub manager and advised that the recommendations will be addressed in the form of an action plan that will be governed by the Safeguarding Hub Governance Group which is chaired by the Director of Children's Services, Mr Walter McCulloch.

Management Action Plan

5. Matters Arising / Agreed Action Plan

5.1. Management - achievement of the organisation's strategic objectives.

● **Medium priority**

Audit finding	Management response
<p>a) Governance Arrangements</p> <p>A Safeguarding Hub Memorandum of Understanding (MOU) was established and signed by all parties in December 2014. It broadly sets out the key objectives, principles of collaboration, governance structure and the roles & responsibilities of partners.</p> <p>There is a clause in the MOU stating that 'the parties agree to share the costs and expenses arising in respect of the Hub between them in accordance with a Contributions Schedule to be developed and approved by the Programme Board within 6 months of the date of the MOU'. There is no evidence that a Contributions Schedule was developed.</p> <p>There is limited clarity in the MOU around the staffing that that each party will provide for the Hub. It states that parties will 'deploy appropriate resources' (sufficient, appropriately qualified resources to fulfil the responsibilities set out in the MOU).</p> <p>Partners do not share the cost of providing Business Support services to the Hub. These services are crucial to meeting time targets and data quality standards. Business Support is predominantly provided to the Hub from Children's Services.</p> <p>By formally clarifying and agreeing the level of funding / resources required for the Hub and defining each partners' contribution the scope for funding disputes arising between partners is much reduced. It would also ensure that there are sufficient staff with the relevant skills and sufficient funds to effectively operate the Hub and continue to deliver improvements / actions.</p>	<p>Agreed management action:</p> <p>The Programme Board, which met on 27th October, established a Task and Finish Group which met on 27th October 2016 and will ensure that the updated MOU is in place by 5th January 2017 and is agreed / endorsed by the Board.</p> <p>The MOU will capture the issue regarding multi-agency resourcing.</p>

<p>Recommendation 1: Hub resources should be fully considered in terms of the skills, qualifications and experience required to fulfil defined responsibilities, operate the Hub effectively and deliver improvements. The agreed requirements and individual partner contributions should be formally reflected in a signed funding agreement that is properly communicated, including to individual partner leadership boards.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Ineffective service delivery. • Failure to deliver agreed actions / improvements and achieve strategic objectives. • Reputational damage. • Disputes with partners regarding staffing and funding responsibilities. 	<p>Responsible managers for implementing: Chair of the Programme Board Date to be implemented: January 2017</p>

● **Medium priority**

Audit finding	Management response
<p>b) Communications Strategy</p> <p>There have been communications about the formation of the Safeguarding Hub across partners but there has been no specific activity to raise awareness and understanding of the Hub Improvement Plan or new working practices such as the development of screening and risk assessment tools.</p> <p>Improvements may be difficult to attain if partners / professionals don't fully understand the role and remit of the Hub, the threshold guidance and assessment process that was recently introduced, recommendations from inspection bodies and what the Hub aims to achieve moving forwards.</p>	<p>Agreed management action:</p> <p>Learning and review following roadshows carried out in September will inform the Communication Strategy for the following 12 months.</p>

<p>Communications about the Hub also help to clarify expectations around referrals and the level of information required to improve data quality and increase efficiency.</p>	
<p>Recommendation 2: A Communications Strategy should be developed to raise understanding and awareness of the current role and remit of the Hub, improvement plans in place and an understanding of how the Hub applies threshold guidance and assesses levels of need.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Failure to deliver agreed actions / improvements and achieve strategic objectives. • Queries and challenges arising from misunderstandings around the role and remit of the Hub and working practices. • Inefficiency due to time spent dealing with inappropriate and poor quality referrals. • Reputational damage. 	<p>Responsible managers for implementing: Senior Manager – Multi-agency Safeguarding Hub</p> <p>Date to be implemented: September 2016 (this will be an on-going maintenance activity)</p>

● **Medium priority**

Audit finding	Management response
<p>c) Multi-Agency Training Multi-agency training for the Hub has been limited to date but the newly appointed Senior Manager is planning a series of themed workshops later this year. There is an acknowledged need for staff in the hub to develop a better understanding of working practices across partners, including the terminology in use. Joint training is a further opportunity to improve the way the team works together, deliver a more consistent approach, increase resilience and achieve improvements.</p>	<p>Agreed management action: Plans have been delivered in terms of a number of multi-agency sessions. More sessions are in the pipeline. Multi-agency learning will be maintained and delivered through multi-agency management meetings which by their nature result in multi-agency learning.</p>
<p>Recommendation 3:</p>	

Plans should be progressed to design and deliver multi-agency training to Hub staff.	We will prepare a calendar of training events
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Failure to deliver agreed actions / improvements and achieve strategic objectives. • Sickness absence and loss of staff due to increased stress and dissatisfaction. • Reputational damage arising from poor performance. 	<p>Responsible managers for implementing: Senior Manager – Multi-agency Safeguarding Hub</p> <p>Date to be implemented: November 2016</p>

5.2 Regulatory - compliance with laws, regulations, policies, procedures and contracts.

● **Medium priority**

Audit finding	Management response
<p>a) Data Quality Assurance</p> <p>There is currently no framework for management / supervisory quality assurance checks to ensure adherence to safeguarding Hub policies and procedures and data quality standards.</p> <p>There was some evidence of the dip sampling of cases and feedback being given to staff within the Hub but the sampling was limited and ceased in March 2016.</p> <p>Findings from quality assurance activity would inform staff development plans and help drive improvement activity.</p>	<p>Agreed management action:</p> <p>Multi-agency audits have been initiated and learning from them has been incorporated into the Performance Quality Framework which was agreed at Programme Board in the summer.</p>
<p>Recommendation 4:</p> <p>Management tools for undertaking quality assurance checks on a multi-agency basis should be re-introduced, with appropriate feedback and support given to Hub staff.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Poor quality data leading to flawed or delayed decision making. 	<p>Responsible managers for implementing:</p>

- Failure to deliver agreed actions / improvements and achieve strategic objectives.
- Sanctions and reputational damage arising from non-compliance with Hub policies and procedures and national requirements.

Senior Manager – Multi-agency Safeguarding Hub

Date to be implemented:
July 2016

● **Medium priority**

Audit finding	Management response
<p>b) Hub Procedures</p> <p>Some evidence was provided of partners having an input to recent procedural developments. However the development process was not formalised and documented to demonstrate this input or the agreement and sign off by partners. The documents produced are not consistently dated / version controlled.</p> <p>Input from partners to developments in Hub procedures is vital to ensure there is no conflict with the internal procedures of respective partners, that partners are fully aware of, understand and consistently apply the procedures and staff are following the latest versions of procedures.</p>	<p>Agreed management action:</p> <p>A set of Hub operating procedures is in place. Whilst enhancements and operational developments are needed it has been agreed that we will use the procedures from November.</p>
<p>Recommendation 5:</p> <p>Arrangements for the development / update of Hub documentation should be formalised to ensure input is obtained from all partners and their agreement and sign off is documented. New versions of documents should be clearly version controlled / date stamped to ensure only the latest versions are accessible to staff and used.</p>	

Risk exposure if not addressed:

- Ineffective service delivery because partners do not fully understand and comply with up to date Hub procedures.
- Failure to deliver agreed actions / improvements and achieve strategic objectives.
- Sanctions and reputational damage arising from non-compliance with Hub policies and procedures.

Responsible managers for implementing:

Senior Manager – Multi-agency Safeguarding Hub

Date to be implemented:

November 2016

● **Medium priority**

Audit finding

Management response

c) **Staff Induction**

There is currently no agreed induction process across the Hub.

Our audit identified the following inconsistencies in:-

- The initial arrangements for introducing Hub staff to the new procedures, flowcharts and forms.
- Induction routines for new staff covering the new procedures, flowcharts and forms.
- Access to procedures, flowcharts and forms across the team because partners do not have access to the Children's Services Sharepoint site where they are held.

We understand that there has been a high level of staff turnover within the Hub and the ongoing requirement to use agency staff. The need for an agreed induction process is all the more important given the current high turnover. Such a process would ensure standard understanding and approach and would further enhance consistency and proficiency and contribute to improvement activity.

It is understood that the Hub Service Manager has been tasked with producing an induction process / pack but it is unclear what the arrangements are for partner agreement and sign-off and what the target date is for implementation.

Recommendation 6:

- a) A Hub induction process should be finalised, with input, agreement and sign off by partner agencies.
- b) Arrangements for raising awareness of, and providing access to, new or updated procedural documentation and guidance should be defined across partner agencies.

Risk exposure if not addressed:

- Ineffective service delivery because partners are not aware of and don't have access to up to date Hub procedures.

Agreed management action:

- a) Multi-agency staff induction has been agreed and is in place from 26th September 2016 when it was signed off by the Development Group.
- b) The Sharepoint site is in place and ready to use. The Task and Finish Group will, on 14th November, confirm the content of the site and the on-going maintenance arrangements.

Responsible managers for implementing:

Senior Manager – Multi-agency Safeguarding Hub

<ul style="list-style-type: none">• Failure to deliver agreed actions / improvements and achieve strategic objectives.• Sanctions and reputational damage arising from non-compliance with Hub policies and procedures.	<p>Date to be implemented:</p> <ul style="list-style-type: none">a) September 2016b) November 2016
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5.3 Information - reliability and integrity of financial and operational information.

● **Medium priority**

Audit finding	Management response
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a) **Performance Data**

A performance report is presented to the Hub Programme Board on a regular basis. The report provides a vast amount of data such as the total number of contacts coming into the Hub, sources of contacts, contacting agencies and outcomes of contacts. However the report does not include performance targets and measure performance against them to gauge progress made and comparisons are not made at individual, team, or district level. Consequently the reports do not give management an indication of how effectively the Hub operates or how consistently the Hub Action Plan is being implemented across the county.

At the time of the audit review the Hub Senior Manager contacted the performance team regarding improvements to the standard Hub performance report. These improvements should be specified and agreed by management across partner agencies having considered aspects such as the following:-

- Linking performance measures to the delivery of strategic objectives and actions detailed in Hub Action Plans.
- Agreement regarding what good performance looks like and setting realistic, achievable targets accordingly.
- Measurement methods, frequency and monitoring arrangements.
- Report presentation and the facility to compare data at individual, team, or district level to feed into improvements, training activity etc.
- Opportunity to compare performance to previous periods to highlight progress made, trends and issues.
- Sharing performance data across the team so that staff better understand their contribution to Hub objectives and user outcomes.

Agreed management action:

A framework was agreed at the June Programme Board. Iterations of the reporting tool have been agreed by the Programme Board and the tool is now in use.

The Framework will be available on the Sharepoint site.

Recommendation 7:

<p>Partners should agree the format of a new performance report that will contribute to the effective monitoring of Hub activity and progress towards delivering required improvements. The report could be placed on the SharePoint site for all staff to better understand the issues coming through and buy into proposed actions.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Failure to deliver agreed actions / improvements and achieve strategic objectives. • Delays identifying poor performance and implementing remedial action. • Staff dissatisfaction and reduced performance because of an inability to understand their contribution to service objectives and improvement activity. 	<p>Responsible managers for implementing: Senior Manager – Multi-agency Safeguarding Hub</p> <p>Date to be implemented: June 2016</p>

5.4 Security - safeguarding of assets.

● **High priority**

Audit finding	Management response
<p>a) Information Sharing</p> <p>As a multi-agency Hub, information sharing between partners is a key requirement of daily operations. A Hub Information Sharing Protocol has been prepared to facilitate this sharing of information between partners but the document is still marked as a draft, it is not dated, and there is no evidence of agreement and sign-off by partner agencies. At the time of the audit review the Hub Information Sharing Protocol was not available to Hub management or staff.</p> <p>Hub managers are currently unaware of the level of information governance / security training provided to Hub staff.</p> <p>Recommendation 8:</p>	<p>Agreed management action:</p> <p>a) The MOU and Practice Standards will address elements regarding information sharing.</p> <p>There is an agreed action to improve information security in respect of information access to social care.</p> <p>Information sharing is well handled within the Hub but could be better assisted when NHS colleagues are able to resolve some IT issues.</p>

<p>a) Information sharing arrangements within the Hub should be subject to review and arrangements put in place to ensure full compliance with data protection legislation.</p> <p>b) A training review should be undertaken to establish the level of information security training provided to Hub staff so that plans can be established to address any gaps.</p>	<p>b) We will formalise an annual check of Information Security training and undertake a security audit.</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Sanctions, reputational damage and legal challenge arising from inappropriate sharing / disclosure of confidential and personal data. 	<p>Responsible managers for implementing: Senior Manager – Multi-agency Safeguarding Hub</p> <p>Date to be implemented: January 2017</p>

5.5 Value - effectiveness and efficiency of operations and programmes.

● **High priority**

Audit finding	Management response
<p>a) Hub Action Plan Phase 2</p> <p>Phase 2 of the Hub Action Plan was scheduled for implementation in mid-January 2016. At the time of the audit review in August 2016 Phase 2 of the Hub Action Plan had not been developed but was re-scheduled for the end of September 2016.</p>	<p>Agreed management action:</p> <p>An updated Action Plan has been completed. Outstanding Phase 2 actions have been carried forward into the Phase 3 Action Plan. This was agreed by the Programme Board in September 2016.</p>
<p>Recommendation 9:</p> <p>Arrangements should be made to finalise Phase 2 of the Hub Action Plan, having obtained input, agreement and sign-off from partner agencies. Arrangements should include a strategy for communicating the updated plan to the team and across partner agencies.</p>	

Risk exposure if not addressed:

- Delays and failures in delivering improvements and achieving strategic objectives.
- Reputational damage.
- Staff dissatisfaction and reduced performance arising from a loss of momentum in improvement activity and progress.

Responsible managers for implementing:

Senior Manager – Multi-agency Safeguarding Hub

Date to be implemented:

September 2016

Appendix A

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being	Significant non-compliance with basic controls which leaves the system open to error and/or abuse.

	unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.
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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.

		Definition:
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Constabulary



Audit of Mobile & Digital

Draft Report Issued: **20th October 2016**

Final Report Issued: **11th November 2016**

Audit Resources

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Audit Report Distribution

For Action:	Andy Towler (Chief Superintendent – Operational Benefits Delivery) Stephen Kirkpatrick (Director of Corporate Support)
For Information:	Jason Corbishley (Head of ICT) Ian Hogarth (ICT Business Development Manager) Michelle Skeer (Deputy Chief Constable) Ruth Hunter (Chief Finance Officer / Deputy Chief Executive OPCC)
Audit Committee	The Audit Committee, which is due to be held on 15 th March 2017, will receive the report.

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

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1 Background

- 1.1 This report summarises the findings from the audit of the mobile and digital programme within Cumbria Constabulary. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2 The Mobile and Digital Programme is included in the Constabulary's Business Plan 2013-17. The programme is important to the organisation because it contributes to the modernisation of the police service and supports elements in the Police and Crime Plan through investment in technology to make efficiency savings, ensure sustainability, maximise the efficiency and effectiveness of front line policing and improve visibility.

2 Audit Approach

2.1 Audit Objectives and Methodology

- 2.1.1 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 which are outlined in section 4 of this report.

2.2 Audit Scope and Limitations

- 2.2.1 The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Director of Corporate Support and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls in the following area:
 - Measuring, monitoring and reporting on mobile and digitisation benefits.
 - Identification and application of learning as the project progresses.

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

3 Assurance Opinion

- 3.1 Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.

3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating in respect of mobile devices and digitisation benefits 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.

4 Summary of Recommendations, Audit Findings and Report Distribution

4.1 There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2 There is 1 audit recommendation arising from this review.

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation’s strategic objectives (see section 5.1)	-	-	1
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	-	-	-
3. Information - reliability and integrity of financial and operational information (see section 5.3)	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes (see section 5.4)	-	-	-
Total Number of Recommendations	-	-	1

4.3 **Strengths:** The following areas of good practice were identified during the course of the audit:

- There is an approved business case for the Mobile and Digital Programme setting out strategic objectives and with clear links to service & organisational objectives and transformation activities.
- Senior management are visibly committed to driving through the benefits of mobile and digital technology and this is demonstrated through representation on the Mobile and Digital Project Board.
- Responsibility for the delivery of operational benefits has been allocated to a nominated Chief Superintendent.
- A sound project governance structure is in place for delivery of the Mobile and Digital Project and the realisation of identified benefits. There is a defined project team, including a named Project Manager, and clearly described roles & responsibilities.
- Opportunities to explore the benefits of mobile working are maximised through connections with the University of Cumbria & the N8 Research Partnership.
- A project risk register reflecting current risks is maintained in accordance with the Constabulary's risk management process.
- A post implementation review was carried out at the end of Tranche 1 with lessons learnt to be applied to future stages of the project.
- Feedback on project benefits is actively sought from users as part of ongoing learning and improvement.
- An update on Mobile and Digital Programme benefits is scheduled to be presented to the OPCC in November 2016.

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

.4.1 *High priority issues:*

None identified.

.4.2 *Medium priority issues:*

None identified.

.4.3 *Advisory issues:*

- The current Business Plan has not been refreshed since 2014 to reflect ongoing learning, developments in policing services and renewed priorities going forward. There is an intention to update the business plan to support priorities in the next Police and Crime Plan which needs to be fulfilled.

Comment from the Director of Corporate Support:

I am delighted that this review of Mobile & Digital has provided Substantial assurance and that there are no high or medium recommendations identified that require action. I note and accept the advisory recommendation to refresh the Constabulary Business Plan in support of the next Police and Crime Plan. The Constabulary's priorities and plans (including change and corporate / business plans) will be updated over the coming months in light of both emerging financial challenges and to support the new Police and Crime Plan.

The audit has confirmed that the Constabulary has a sound and robust approach to the delivery of Mobile & Digital services and is actively ensuring that benefits are realised at each stage of the programme. These findings are extremely positive in recognising the excellent work of all involved in the design and delivery of Mobile & Digital services to support and enable cost effective operational policing.

5 Matters Arising / Agreed Action Plan

5.1 Management - achievement of the organisation's strategic objectives.

● **Advisory**

Audit finding	Management response
<p>a) Benefits Realisation</p> <p>The original Business Plan, which includes digital working and mobility and flexibility, was prepared in 2013 and updated in November 2014. It outlines the benefits the initiatives will deliver and how they will contribute to service and organisational objectives and Cumbria Constabulary's vision, as set out in the 'Rights Picture'. A performance management framework has been developed for the project including key indicators to enable monitoring of project delivery and demonstrate the changes being made to the business. The performance management framework helps to monitor and demonstrate the delivery of key outputs and expected benefits, in particular; financial savings, increased visibility of officers and numbers of flexed devices distributed.</p> <p>The programme has progressed since 2013/14 in response to technological developments, ongoing user engagement, academic research and the identification of new benefits and dis-benefits. The Constabulary proposes to re-visit the Business Plan and ensure it reflects this learning and advancement, fully supports priorities in the next Police and Crime Plan and contributes to evolving policing services. It is intended that any resulting changes in the anticipated benefits of the mobile and digital programme will be captured in a refreshed benefits realisation framework (pulling together various elements such as the Benefits Management Strategy and the performance management framework). The refreshed benefits realisation framework should be evidence based, able to measure the expected outcomes and demonstrate that benefits have been fully delivered and this need is acknowledged by the Constabulary.</p>	<p>Agreed management action:</p> <p>a) Review Constabulary and Business Plan as required to meet emerging challenges and priorities in support of the next Police and Crime Plan. Note that this will be undertaken in the context of whole organisation plans (change and corporate) which may not necessarily result in a specific Business Plan.</p> <p>b) The benefits of mobile and digital will continue to be refreshed and reviewed under the guidance of the Mobile & Digital Programme Board to ensure further development of a research based approach to demonstrate effective delivery. Benefits realisation for Mobile & Digital will progress under the Programme banner rather than as part of a refreshed Business Plan.</p>
<p>Recommendation 1:</p> <p>The intention to review and update the Business Plan to reflect ongoing learning, developments in policing services and renewed priorities going forward should be fulfilled following publication of the</p>	

<p>next Police and Crime Plan. The benefits of mobile and digital working should be refreshed as part of this review process, with full consideration given as to how the organisation will develop a strong evidence base to demonstrate successful delivery.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none">• Programme deliverables are not aligned to service and organisational objectives.• Wasted resources because the project does not provide clear, relevant benefits.• Organisation fails to apply learning and continuously adapt to make ongoing improvements.	<p>Responsible manager for implementing:</p> <ul style="list-style-type: none">a) Director of Corporate Support /b) Chief Superintendent – Operational Benefits Delivery <p>Date to be implemented: July 2017</p>

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

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.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Cumbria Shared Internal Audit Service
Internal Audit Report for Cumbria Constabulary



Audit of Stop and Search

Draft Report Issued: **27 October 2016**

Final Report Issued: **18 November 2016**

Audit Resources

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Audit Report Distribution

For Action:	Sean Robinson, Chief Superintendent Territorial Policing.
For Information:	Mark Pannone, Superintendent Operational Support Jon Sherlock, Community Safety Inspector Darren Martland, Assistant Chief Constable Stuart Edwards, Chief Executive – OPCC Vivien Stafford, Head of Partnerships and Commissioning – OPCC.
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 15 March 2017, will receive the report.

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

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1. Background

- 1.1. This report summarises the findings from the audit of **Stop and Search**. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2. Stop and search is important to the Constabulary as it allows officers to allay or confirm suspicion about people, without exercising their power of arrest. In 2014 the Best Use of Stop and Search Scheme (BUSS) was introduced with the aim of achieving greater transparency, community involvement in the use of stop and search powers and to support a more intelligence-led approach, leading to better outcomes.
- 1.3. The Constabulary was one of thirteen forces suspended from the Best Use of Stop and Search Scheme for non-compliance in February 2016. In September 2016, Her Majesty's Inspectorate of Constabulary (HMIC) confirmed that the force is BUSS compliant.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.1.1. 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 which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Chief Superintendent of Territorial Policing. 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:
 - Ensuring compliance with the Best Use of Stop and Search Scheme,
 - The management of the grounds for stop and search,
 - Governance arrangements in place for stop and search.
- 2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.
- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within stop and search 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.

4. Summary of Recommendations, Audit Findings and Report Distribution

- 4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2. There are **two** audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives	-	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.1)	-	1	-
3. Information - reliability and integrity of financial and operational information (see section 5.2)	-	-	1
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	-	1	1

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Roles and responsibilities for Stop and Search are clearly identified within the procedures.
- Operations Board receive regular stop and search updates.
- Actions were identified and taken to address HMIC recommendations, requirements of the Best Use of Stop and Search (BUSS) scheme and All Party Parliamentary Group for Children (APPGC) requirements.
- All stop and search forms are currently reviewed by the Business Improvement Unit, with feedback provided on each one. Plans are being made for supervisory reviews of all forms going forward following the implementation of a new system, Red Sigma, in 2017.
- Independent reviews of stop and search forms are undertaken by the Office of the Police and Crime Commissioner's Ethics & Integrity Panel and the Independent Advisory Group.
- Prior to the roll out of national mandatory stop and search training, some interim training was provided and directed at frontline officers most likely to be undertaking searches.

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

4.4.1. *High priority issues:*

- No high priority issues were identified.

4.4.2. *Medium priority issues:*

- Updates to the policy and procedures in May 2016 were not communicated to staff and the policy was not published on the intranet. This was rectified with the subsequent update of these documents in September 2016.
- Two versions of the Best Use of Stop and Search policy statement are available to the public through the Constabulary's website.

4.4.3. *Advisory issues:*

- There is no arrangement in place to make public, instances of departure from the requirements of the scheme and explain the reasons why (point five of the BUSS – adherence to the scheme). A slight amendment to the policy could rectify this.

Comment from the Assistant Chief Constable:

I can confirm that I am in full agreement with the recommendations and factual accuracy of the report.

I can also confirm that the actions identified will be addressed within the next 4 weeks, and reported to the Operations Programme Board in January 2017, for audit and finalisation purposes.

I am satisfied that the report is now to be finalised and will be reported to the next meeting of the Joint Audit & Standards Committee via the internal audit quarterly progress report.

Darren Martland.

Assistant Chief Constable.

5. Matters Arising / Agreed Action Plan

5.1. **Regulatory** - compliance with laws, regulations, policies, procedures and contracts.

● **Medium priority**

Audit finding	Management response
<p>(a) Communication of Policy / Procedures Changes Stop and Search policy and procedures were updated and approved by the Operations Board in May 2016, however this update was not communicated to officers. We were informed that this was an oversight. During the course of providing information for the audit the Constabulary identified that the updated policy had not been published on the intranet, despite being provided for upload along with the procedures which had been published. A subsequent update of the policy and procedures in September 2016 was communicated to staff via Force Orders and it was ensured that both the policy and procedures were published on the intranet.</p> <p>We note that two versions of the Best Use of Stop and Search policy statement (May and September 2016) are available to the public through the Constabulary’s website, depending on the route taken to access it.</p>	<p>Agreed management action:</p> <ul style="list-style-type: none"> a) This has been rectified, with the September 2016 update to policy and procedures being informed to staff and published on the intranet. b) The older version of the policy will be removed from the Constabulary website. We will ensure that, in future, previous versions are deleted when new ones come into effect.
<p>Recommendation 1:</p> <ul style="list-style-type: none"> a) Arrangements should be put in place to ensure that all updated documents are clearly communicated and made available to staff. b) Where policy documents are made available to the public through the Constabulary’s website, arrangements should be put in place to ensure only the most recent version is published. 	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> ● Out of date policy / procedures being followed, ● Officers unable to easily access relevant documents, ● Non-compliance with internal policy. 	<p>Responsible manager for implementing: Inspector Sherlock</p> <p>Date to be implemented: a) September 2016 b) November 2016</p>

5.2. Information - reliability and integrity of financial and operational information.

● **Advisory issue**

Audit finding	Management response
<p>(a) Adherence to the Best Use of Stop and Search Scheme</p> <p>The Best Use of Stop and Search Scheme (Section 5 – adherence to the Scheme) states that “forces participating in the scheme will make public all instances where they have departed from the requirements of the Scheme and explain the reason for why this occurred”.</p> <p>No reference to non-adherence to the Scheme was noted in the stop and search policy or procedures and it was confirmed that no specific arrangement is in place for this aspect of the BUSS.</p> <p>We were informed that HMIC had not raised this aspect of the BUSS during their recent visit to review BUSS compliance, which concluded the Constabulary is compliant. However, should an instance arise where a departure is required, inclusion of this aspect within the procedures would ensure completeness.</p>	<p>Agreed management action:</p> <p>The stop and search policy will be amended to include a mechanism for public reporting following any identified departure from the scheme.</p>
<p>Recommendation 2:</p> <p>Management should consider including reference to departure from adherence to the scheme in the stop and search procedures so that the requirement is known if the situation arises.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Non- compliance with an aspect of the BUSS, • Lack of transparency. 	<p>Responsible manager for implementing: Inspector Sherlock</p> <p>Date to be implemented: January 2017</p>

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

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.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Office of the Police & Crime Commissioner



Code of Corporate Governance

Draft Report Issued: **31st January 2017**

Final Report Issued: **9th February 2017**

Audit Resources

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Audit Report Distribution

For Action:	Ruth Hunter (Chief Finance Officer / Deputy Chief Executive)
For Information:	Stuart Edwards (Chief Executive – OPCC)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 15 th March 2017, will receive the report.

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

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1. Background

- 1.1. This report summarises the findings from the audit of Cumbria Office of the Police and Crime Commissioner's (COPCC) Code of Corporate Governance. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2. The CIPFA / SOLACE Delivering Good Governance in Local Government Framework was revised to comply with international standards, with effect from April 2016. The Police and Crime Commissioner is required to set out his governance framework on an annual basis in a Code of Corporate Governance that reflects the seven principles outlined in the CIPFA Framework.
- 1.3. The Code of Corporate Governance is important to the organisation because it is a key element of the overall governance framework. A good governance framework establishes a high degree of transparency, fairness, standards and accountability to the public that contribute to efficient and successful achievement of strategic objectives.
- 1.4. The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account. This includes ensuring that adequate and effective governance arrangements are in place both within the Constabulary and his own office.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.1.1. 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 which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Chief Finance Officer / Deputy Chief Executive. 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:
 - Arrangements put in place to ensure compliance with the revised CIPFA Delivering Good Governance Framework introduced in April 2016. Testing will incorporate areas of notable change in the COPCC's Code of Corporate Governance.

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

3. Assurance Opinion

3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.

3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within the arrangements for developing and maintaining a Code of Corporate Governance 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.

4. Summary of Recommendations, Audit Findings and Report Distribution

4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2. There is **1** audit recommendation arising from this audit review and this can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives (see section 5.1.)	-	1	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2.)	-	-	-
3. Information - reliability and integrity of financial and operational information (see section 5.3)	-	-	-
4. Security - safeguarding of assets (see section 5.4)	-	-	-

5. Value - effectiveness and efficiency of operations and programmes (see section 5.5)	-	-	-
Total Number of Recommendations	-	1	-

4.2.1. Strengths: The following areas of good practice were identified during the course of the audit:

- Responsibility for developing and maintaining an up to date Code of Corporate Governance has been clearly defined and allocated to the Chief Finance Officer.
- A plan to update the Code of Corporate Governance to reflect the CIPFA Delivering Good Governance Framework introduced in April 2016 was prepared, communicated and delivered on a timely basis.
- Sufficient time was built into the plan for consultation, scrutiny, challenge and approval to ensure the Code of Corporate Governance addressed all aspects of the guidance and fully captured the new requirements.
- Staff with appropriate knowledge, skills and seniority were nominated to contribute to the update.
- Arrangements are in place to oversee ongoing compliance and ensure the seven principles of good governance are fully embedded.
- Documented arrangements are in place to support statements made in the Code of Corporate Governance for example plans, strategies, policies and procedures.
- Opportunities to improve the Code of Corporate Governance update process and fully demonstrate compliance are maximised through open communication channels with CIPFA.

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

4.3.1 *High priority issues:*

- No high priority issues were identified

4.3.2 *Medium priority issues:*

- Formal agendas and minutes are not prepared for Executive Team meetings to demonstrate the level of discussion, scrutiny and challenge in support of decisions taken.

4.3.3 *Advisory issues:*

- No advisory issues were identified.

Comment from the Chief Executive:

I am pleased to see the overall level of assurance and strengths within our process for this area of governance. Having considered arrangements for the Executive team a decision has been taken to formally record the items discussed and decisions taken in response to the audit recommendation.

Stuart Edwards

5 Matters Arising / Agreed Action Plan

5.1 Management - achievement of the organisation's strategic objectives.

● **Medium priority**

Audit finding	Management response
<p>(a) Executive Team Meetings</p> <p>Executive Team meetings are the key platform for those tasked with updating the Code of Corporate Governance to share, discuss and challenge contributions and to make decisions.</p> <p>Formal agendas and minutes of Executive Team meetings are not prepared so the OPCC cannot effectively demonstrate the level and content of information communicated to the team, degree of scrutiny and challenge around preparation of the Code of Corporate Governance and decisions taken as part of good governance arrangements.</p>	<p>Agreed management action:</p> <p><i>The Executive Team has determined to formalise the arrangements for agenda and minutes of the Executive Team Meetings. This will be managed during the meeting utilising the new mobile device and share point arrangements that will enable all members of the Executive Team to access all papers.</i></p>
<p>Recommendation 1:</p> <p>The risks associated with the decision not to manage Executive team meetings through formal agendas and minutes should be assessed and actions taken to mitigate those risks if they are above the OPCC's acceptable risk tolerance level.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Lack of accountability. • Reduced ability to respond to challenge. • Reputational Damage. 	<p>Responsible manager for implementing:</p> <p>Stuart Edwards</p> <p>Date to be implemented:</p> <p>From immediate effect</p>

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

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.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Constabulary



Code of Corporate Governance

Draft Report Issued: **31st January 2017**

Final Report Issued: **14th February 2017**

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	01228 226261
Lead Auditor(s)	Sarah Wardle	sarah.wardle@cumbria.gov.uk	01228 226255

Audit Report Distribution

For Action:	Roger Marshall (Chief Finance Officer)
For Information:	Michelle Skeer (Deputy Chief Constable)
Audit Committee:	The Joint Audit & Standards Committee, which is due to be held on 15 th March 2017, will receive the report.

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

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1. Background

- 1.1. This report summarises the findings from the audit of Cumbria Constabulary's Code of Corporate Governance. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2. The CIPFA / SOLACE Delivering Good Governance in Local Government Framework was revised to comply with international standards, with effect from April 2016. The Chief Constable is required to set out his governance framework on an annual basis in a Code of Corporate Governance that reflects the seven principles outlined in the CIPFA Framework.
- 1.3. The Code of Corporate Governance is important to the organisation because it is a key element of the overall governance framework. A good governance framework establishes a high degree of transparency, fairness, standards and accountability to the public that contribute to efficient and successful achievement of policing objectives.
- 1.4. The Chief Constable is responsible for putting proper governance arrangements in place within the Constabulary and is held to account on the adequacy and effectiveness of the arrangements by the Police and Crime Commissioner.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.1.1. 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 which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Chief Constable's 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:
 - Arrangements put in place to ensure compliance with the revised CIPFA Delivering Good Governance Framework introduced in April 2016. Testing will incorporate areas of notable change in the Constabulary's Code of Corporate Governance.

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

3. Assurance Opinion

3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.

3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within the arrangements for developing and maintaining a Code of Corporate Governance 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.

4. Summary of Recommendations, Audit Findings and Report Distribution

4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2. There is **1** audit recommendation arising from this audit review and this can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives (see section 5.1.)	-	1	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2.)	-	-	-
3. Information - reliability and integrity of financial and operational information (see section 5.3)	-	-	-
4. Security - safeguarding of assets (see section 5.4)	-	-	-

5. Value - effectiveness and efficiency of operations and programmes (see section 5.5)	-	-	-
Total Number of Recommendations	-	1	-

4.2.1. Strengths: The following areas of good practice were identified during the course of the audit:

- Responsibility for developing and maintaining an up to date Code of Corporate Governance has been allocated to the Chief Constable's Chief Finance officer.
- The Code of Corporate Governance was updated to reflect the CIPFA Delivering Good Governance Framework introduced in April 2016 on a timely basis.
- Staff with appropriate knowledge, skills and seniority were nominated to contribute to the update.
- Arrangements are in place to oversee ongoing compliance and ensure the seven principles of good governance are fully embedded.
- Documented arrangements are in place to support statements made in the Code of Corporate Governance for example plans, strategies, policies and procedures.

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

4.3.1 *High priority issues:*

- No high priority issues were identified

4.3.2 *Medium priority issues:*

- The Constabulary are unable to demonstrate the level of consultation, scrutiny and challenge undertaken around the development of the Code of Corporate Governance to those charged with approval and sign-off.

4.3.3 *Advisory issues:*

- No advisory issues were identified.

Comment from the Deputy Chief Constable:

I am happy that the audit revealed that the arrangements for producing the Constabulary's Code Of Governance were found to be robust and will take note of the need for greater transparency and documentation of the process.

5 Matters Arising / Agreed Action Plan

5.1 Management - achievement of the organisation's strategic objectives.

● **Medium priority**

Audit finding	Management response
<p>(a) Preparation & Approval</p> <p>In March 2016 the Chief Constable's Chief Finance Officer sought input from other senior officers to update the Code of Corporate Governance to address the new requirements of the CIPFA Delivering Good Governance Framework. A deadline for contributions was set to allow sufficient time for consultation, finalisation and approval.</p> <p>The process was conducted largely on an informal basis through telephone calls and face to face conversations. As a result the level of consultation, quality assurance activity, scrutiny and challenge cannot be fully confirmed to demonstrate that the Code of Corporate Governance addresses all aspects of the guidance, captures all new requirements and is an accurate reflection of the Constabulary's governance framework.</p> <p>The Code of Corporate Governance was reviewed by the Joint Audit & Standards Committee in May 2016 but formal sign-off was not obtained through Chief Officer Group and documented, as in previous years. Internal Audit are advised that the Chief Constable gave approval in a separate meeting with the Chief Finance Officer in April 2016. The approval arrangements cannot be effectively demonstrated.</p>	<p>Agreed management action:</p> <p>The findings of the audit in relation to the lack of formal evidence and documentation of the process for constructing and formally approving the Code of Corporate Governance are accepted.</p> <p>As the Constabulary updates its Governance documents for 2017-18, which will be largely completed by May 2017, additional care will be exercised to maintain a clear audit trail of the preparation and approval process.</p>
<p>Recommendation 1:</p> <p>In future years, supporting evidence of arrangements to ensure compliance with the CIPFA Delivering Good Governance Framework should be presented to those charged with approval and sign-off.</p>	

Risk exposure if not addressed:

- Lack of accountability.
- Reduced ability to respond to challenge.
- Reputational damage.

Responsible manager for implementing:

CC Chief Finance Officer

Date to be implemented:

05/2017

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

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.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Constabulary



Audit Follow up of Duty Management System

Draft Report Issued: **14th February 2017**

Final Report Issued: **20th February 2017**

Audit Resources

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Audit Report Distribution

For Action:	Mark Pannone (T/Chief Superintendent Territorial Policing – Audit Sponsor)
For Information:	Michelle Skeer (Deputy Chief Constable) Roger Marshall (Chief Constable's Chief Finance Officer)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 15 March 2017, will receive the report.

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



Background

- 1.1. An audit of the Duty Management System was previously carried out in 2015/16. The scope of the work focussed on the following areas:
 - Governance arrangements;
 - Policies, procedures and training;
 - System data.
- 1.2. Based on the evidence provided at that time, the audit concluded that the controls in operation provided *partial* assurance. The management response, agreed at the time of the audit, set out action to be taken in respect of the recommendations.
- 1.3. Internal Audit has recently undertaken a formal follow up audit to provide updated assurance to senior management and the Joint Audit and Standards Committee that the previously agreed actions to address each recommendation have been fully implemented and that controls put in place are working effectively to mitigate the risks previously identified.

2. Audit Approach

2.3. Follow up Methodology

- The Internal Audit follow up process involved obtaining an update statement from management and then undertaking testing as necessary to confirm that the actions have been fully implemented and that controls are working as intended to mitigate risk.
- It is the responsibility of management to continue to monitor the effectiveness of internal controls to ensure they continue to operate effectively.

3. Assurance Opinion

- 3.3. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.
- 3.4. Where the outcomes of the follow up confirm that actions have been successfully implemented and controls are working effectively, the internal audit assurance opinion may be revised from that provided by the original audit.

3.5. From the areas examined and tested as part of this follow up review we now consider the current controls operating in respect of the Duty Management system provide **reasonable** assurance. This has been revised from the original opinion of *partial* assurance. Our revised opinion for this follow up audit is restricted to the areas reviewed in the original audit and on this basis we are unable to give a higher than reasonable level of assurance. Another audit, taking into account the current arrangements in place, would be required to give a higher than reasonable level of assurance.

4. Summary of Recommendations and Audit Findings

4.3. There are three levels of audit recommendation. The definition for each level is explained in **Appendix B**.

4.4. The previous audit raised **11** audit recommendations for action (2 high priority and 9 medium priority).

- All 11 recommendations have now been successfully implemented (summarised at Section 4.3);

4.5. **Recommendations fully implemented:**

- Objectives of the Duty Management System have been identified and defined and link to strategic policing priorities. As part of the development of the Origin HR Strategic Development plan 2017-19 these objectives have been redefined.
- Ownership of and responsibility for the Duty Management System has been agreed and communicated.
- Arrangements are now in place to ensure officers confirm the accuracy and validity of overtime data entered on the DMS. Force orders have been issued to reiterate the roles and responsibilities of officers making claims.
- DMS procedures have been documented and are available to staff via the intranet.
- DMS skill sets have been identified and training has been provided to Resource Coordinators.
- Arrangements are now in place for Resourcing Co-ordinators to receive regular, structured supervision.
- Arrangements are now in place to check that pay or time is selected for each entry of overtime on DMS prior to payment.
- A suite of reports are now in place to identify incomplete or incorrect DMS records prior to payment of overtime.
- Sergeants and Inspectors have been made aware of the procedures for routing DMS overtime input via Resourcing Co-ordinators.
- Arrangements now in place that ensure overtime is paid or rolled forward as TOIL.
- Arrangements now in place that ensure DMS access permissions are adjusted/removed to correctly reflect job roles and responsibilities.

Comment from the T/Chief Superintendent Territorial Policing

All content of this report agreed.

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

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.

		Definition:
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control



Cumbria Shared Internal Audit Service Internal Audit Report for Cumbria Constabulary



Audit of Self-Service Travel Expenses and Overtime

Draft Report Issued: **22nd December 2016**

Final Report Issued: **22nd February 2017**

Audit Resources

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Audit Report Distribution

For Action:	Anne Dobinson – Head of Central Services
For Information:	Stephen Kirkpatrick (Director of Corporate Support) Roger Marshall (Chief Constable's Chief Finance Officer) Michelle Bellis (Deputy Chief Finance Officer) Ruth Hunter (OPCC Chief Finance Officer / Deputy Chief Executive)

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 15 March 2017, will receive the report:
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Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

1. Background

- 1.1. This report summarises the findings from the audit of Self Service Travel Expenses and Overtime. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2. The self-service travel expenses and overtime system was introduced in 2014 as part of the implementation of the Constabulary's new Payroll system. The main objective of self-service was to streamline processes, improve efficiencies and reduce costs by reducing paperwork and eliminating double entry of information wherever possible.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.1.1. 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 which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the 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
 - Accuracy of data (checking and authorisation).
- 2.2.2. There were instances whereby the audit work undertaken was impaired by the availability of information and this may have had a bearing on the audit findings. The areas affected were:
 - Confirming whether there were any risks, associated with self-service, identified as part of the initial project plan.

3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.
- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within self-service travel expenses and overtime 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.

4. Summary of Recommendations, Audit Findings and Report Distribution

- 4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2. There are **five** audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives	-	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.1.)	-	1	-
3. Information - reliability and integrity of financial and operational information (see section 5.2)	-	3	1
4. Security - safeguarding of assets	-	-	-

5. Value - effectiveness and efficiency of operations and programmes (see section 5.3)	-	-	-
Total Number of Recommendations	0	4	1

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- New Business Travel and Expense Policy and Procedures have been developed and approved.
- On line training has been developed and is available to users of the self-service system.

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

4.4.1. *High priority issues:*

- None

4.4.2. *Medium priority issues:*

- Two versions of the Travel and Expenses Policy, 2004 and 2016, are available on the Constabulary's website.
- There is a lack of clarity regarding roles and responsibilities around driving licence information.
- Arrangements are not in place for management to receive assurance that all aspects of the Business Travel and Expenses procedure are complied with.
- Arrangements are not in place for management to be assured that all monthly reports and checks are undertaken.

4.4.3. *Advisory issues:*

- The options for reclaiming VAT on fuel should be explored.

Comment from the Director of Corporate Support

I am pleased that this review of Self-Service of Travel Expenses & Overtime has provided Reasonable assurance however the Constabulary is committed to working towards, and achieving, a Substantial assurance level for any future audits in this area.

I am pleased with the strengths observed regarding the appropriate policies and procedures, together with availability of the on-line training facilities.

The five recommendations (4 medium and 1 advisory) will all be addressed within the timescales agreed by the relevant departments within the Constabulary. The confusion arising from the availability of duplicate policies has already been addressed, whilst actions to address the recommendations regarding compliance with both Policy & Procedures and Monthly checks will be completed as per the management responses.

The advisory issue regarding reclamation of VAT will be investigated by the Finance Team to determine whether there are any further pragmatic and cost effective and opportunities to maximise funding available through improved procedures.

The audit has confirmed that the Constabulary has a sound and robust approach to the delivery of Travel Expenses & Overtime utilising the Self-Service approach, however we are committed to addressing the recommendations made.

5. Matters Arising / Agreed Action Plan

5.1. **Regulatory** - compliance with laws, regulations, policies, procedures and contracts.

● **Medium priority**

Audit finding	Management response
<p>(a) Policy A Business and Travel Expenses Policy has been prepared to define what Police Officers, Police Staff and authorised volunteers can claim in respect of travel and subsistence in the course of their duties. The Policy was approved by the Business Board in April 2016.</p> <p>Examination of the Constabulary’s policies page on their website identified that the policy was available. However, there was also a travel and expenses policy from 2004 published on the same web page.</p>	<p>Agreed management action: Arrangements will be made to remove the outdated policy from the Cumbria Constabulary website.</p>
<p>Recommendation 1: Where policy documents are made available on the Constabulary’s website, arrangements should be put in place to ensure only the most recent version is published.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> ● Out of date policy / procedures being followed, ● Officers unable to easily access relevant documents, ● Non-compliance with internal policy. 	<p>Responsible manager for implementing: Head of Central Services</p> <p>Date to be implemented: 02/2017</p>

5.2. Information - reliability and integrity of financial and operational information.

● Advisory issue

Audit finding	Management response
<p>(a) VAT</p> <p>Audit discussions identified that the Constabulary does not reclaim VAT on the fuel element of travel expenses so receipts are not provided by officers or staff. It was unclear where and when this decision was taken.</p> <p>We were informed that the Constabulary have been advised by their VAT specialists that receipts may not be required to reclaim VAT on fuel and that this will be explored by the Constabulary.</p>	<p>Agreed management action:</p> <p>Options for reclaiming VAT on fuel will be explored and reported to the Business Board.</p>
<p>Recommendation 2:</p> <p>Options for reclaiming VAT on fuel should be explored to inform policy in this area.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Missed opportunities to maximise funding available. 	<p>Responsible manager for implementing:</p> <p>Chief Constable’s Chief Finance Officer</p> <p>Date to be implemented:</p> <p>05/2017</p>

● Medium priority

Audit finding	Management response
<p>(b) Compliance with Policy and Procedures</p> <p>Management place some reliance on the declaration made by officers and staff, when submitting a claim for travel and expenses, that they have valid insurance, MOT and driving licence.</p> <p>The Business Travel and Expenses Procedures (para 4.9) state that “...officers and staff must submit a copy of their certificate of insurance (and any necessary associated documentation) to CSD.....”. At the time of the audit we were informed that arrangements are not in place to ensure that CSD receive a copy of current insurance certificates and any associated documentation.</p> <p>The Procedure also states that (para 4.11) ““it is the responsibility of officers and staff who use their own vehicle for work on official Constabulary business to update their driving licence details on the ORIGIN HR system by checking and notifying CSD Employee Services”. Similarly “it is the responsibility of the line manager to ensure that their officers and staff provide up to date driving licence details to Central Services for update of the ORIGIN HR system”</p> <p>Driver Training informed us that driving licence details are initially recorded on Origin on first joining the organisation. If individuals then require any type of driver training, licences are checked to make sure that they are current and legal. The current system does not give management assurance that all officers and staff have current valid driving licences.</p>	<p>Agreed management action:</p> <p>New forms are being devised in line with the new procedures along with a full review of all officers and staff claiming mileage.</p> <p>The new form includes the requirement to submit insurance and MOT documentation; this will be completed in the next couple of months.</p> <p>As part of this new documentation Line Managers will be reminded of their obligations in connection with Driving licence details as defined in the policy document.</p>
<p>Recommendation 3:</p> <p>Procedures should give greater clarity with regard to the roles and responsibilities of officers, managers and CSD in respect of driver licence details.</p> <p>Recommendation 4:</p>	

<p>Management should ensure arrangements are in place to confirm that all aspects of the Business Travel and Expenses procedures are complied with.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Non-compliance with internal policy and procedures, • Financial and reputational damage to the Constabulary. 	<p>Responsible manager for implementing: Head of Central Services Date to be implemented: 05/2017</p>

• **Medium priority**

Audit finding	Management response
<p>(c) Monthly Checks A monthly checklist is in place setting out the processes and actions required for payment runs. The checklist includes a duplicate claim report. We noted that the September 2016 checklist had not been updated with the date this report was run. Discussions held with CSD at the time of the audit, identified that this report is not run and checked each month.</p> <p>We were informed post-audit that this was a newly created report, in August, to look at the previous 3 months for duplicate claims and that it was under review in September. .</p>	<p>Agreed management action: The duplicate payments report has now become part of the procedural checks and moving forward this will be done on a monthly basis.</p>
<p>Recommendation 5: Management should ensure that arrangements are in place to confirm that all required reports and checks are undertaken in accordance with their requirements.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Non-compliance with internal policy, • Fraudulent or excessive claims, • Financial risk to the Constabulary. 	<p>Responsible manager for implementing: Head of Central Services Date to be implemented: In place 12/2016</p>

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse.

		Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.
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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.

		Definition:
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Constabulary



Audit of Offender Management

Draft Report Issued: **21 June 2017**

Final Report Issued: **1 August 2017**

Audit Resources

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Audit Report Distribution

For Action:	Andy Slattery - Chief Superintendent, Crime Command.
For Information:	Mark Webster – Assistant Chief Constable.
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 13 September, will receive the report.

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

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1. Background

- 1.1. This report summarises the findings from the audit of **Offender Management**. This was a planned audit assignment which was undertaken in accordance with the 2016/17 audit plan.
- 1.2. The Constabulary are required to manage offenders in an efficient and consistent manner to ensure that national and local objectives are met.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.1.1. 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 which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Chief Superintendent – Crime Command. 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:
 - ARMS (Active Risk Management System) risk assessment.
 - Administration of workload of offender managers – allocation, methodology/criteria, and monitoring and reporting
 - Inspections – arrangements for implementing recommendations/agreed actions.
- 2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.
- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within Offender Management 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.

4. Summary of Recommendations, Audit Findings and Report Distribution

- 4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2. There are 7 audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives (see section 5.1.)	1	3	1
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2.)	-	2	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	1	5	1

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- The Managing Sexual Offenders, Dangerous Offenders and other potential dangerous persons' policy is regularly reviewed and updated.
- Regular team meetings are held to raise awareness and train staff on new guidance and legislation relating to offender management ie Integrated Management Offender "IOM" strategy, MOSOVO guidance etc.
- Administration of offender managers' caseload is regularly assessed and reviewed to ensure it complies with best practice.

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

4.4.1. *High priority issues:*

- The actions and outcomes to manage and measure the delivery of the IOM strategy and the Constabulary's strategic priority on managing offenders have not been identified.

4.4.2. *Medium priority issues:*

- There is not always a record retained of discussions, decisions taken and action arising from management's review of potential risks including MAPPA risks that impact on the service objectives, of PVP monthly performance reports and progress in delivering MAPPA strategic aims.
- Two HMIC inspection recommendation actions are overdue and no revised delivery date or update has been received since the last update in January 2017.
- Staff's roles and responsibilities relating to the administration of offender managers' caseload and implementation of HMIC inspection report recommendations are not considered as part of their 15 weekly performance reviews.
- The Cumbria MAPPA Memorandum of Understanding "MOU" that details the Constabulary and other partners' arrangements for sharing information to assess the risk posed by certain offenders was last reviewed and updated in 2012 is out of date.
- There is a list of checks to verify the accuracy and completeness of ARMS risk assessments and risk management plans however these have not been formally documented or approved.

4.4.3. *Advisory issues:*

- Police Staff Offender Manager's job description that details their roles and responsibilities relating to offender management was last reviewed and updated in 2009; following recent changes to this role it is recognised that there a need to review and update it.

Comment from the Assistant Chief Constable

The recommendations highlighted in this audit report are accepted and will provide a number of helpful areas where internal processes and controls can be improved. Some of the necessary actions have already been completed to meet the recommendations made, and all others are in train to do so.

In considering the recommendations made I have looked into the overall approach to IOM within the constabulary, and I am satisfied that the above recommendations do not reveal systemic weaknesses in our overall approach to IOM; rather that they highlight a handful of areas where documentation can be improved to move comprehensively evidence the good work that is going on in this area.

In making this point, its relevant to reflect the comments of HMIC in March this year when they rather the force ‘**Good**’ in this area and stated that:

“Cumbria Constabulary is effective at investigating crime and reducing re-offending. The constabulary is proactive about managing those offenders who pose a risk to the public.”

And...

“...the constabulary has made good progress in introducing new arrangements with other organisations to reduce offending and to monitor offenders under its integrated offender management programme.”

It is for this reason that I have queried the audit reports assurance rating of ‘partial’ as this seems at odds with HMC’s findings and my own assessment. I understand that the current audit methodology rigidly applies a ‘partial’ rating if there is one high priority issue highlighted, regardless of how many other areas are assessed positively. My view is that the methodology would be far more informative if it was less rigidly formulaic. This point however should be taken as a constructive comment as to the audit process, not as evidence of resistance to the recommendations which are accepted and will be implemented.

5. Matters Arising / Agreed Action Plan

5.1. **Management** - achievement of the organisation's strategic objectives.

● **High priority**

Audit finding	Management response
<p>(a) Service objectives</p> <p>The Integrated Offender Management (IOM) Strategy details the aims and priorities for offender management covering the period 2016-2020.</p> <p>The audit review found that the actions and outcomes to assess and manage the delivery of the IOM strategy and the Constabulary's strategic priority on managing offenders have not been identified.</p> <p>Defining and quantifying expectations for delivering operational and strategic aims and priorities and how resources are used and decisions are made to deliver these is recognised as good management practice in the Constabulary's performance management framework.</p>	<p>Agreed management action:</p> <p>Annual IOM Strategy to be drawn up and agreed. It will include the actions and outcomes to assess and manage the delivery of the aims and priorities detailed in the 2016-2020 IOM Strategy.</p> <p>Detective Chief Inspector will obtain assurance that the progress on actions and outcomes are regularly monitored and reported.</p>
<p>Recommendation 1:</p> <p>Management should ensure that the actions and outcomes to assess and manage the delivery of the IOM aims and priorities are clearly defined. Arrangements should include regularly monitoring and reporting progress on these.</p>	<p>Responsible manager for implementing: Detective Chief Inspector – Public Protection</p> <p>Date to be implemented: 09/2017</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • IOM aims and priorities are not delivered because the performance framework to manage these has not been effectively implemented. • Senior management are unaware of poor performance that needs to be escalated. 	

- Medium priority

Audit finding

(b) Record of decisions taken on identified risks and performance reports

A risk relating to offender management, in particular ViSOR (Violent and Sexual Offences Register), was identified and reviewed for inclusion in the Crime Command and Territorial Policing Area's (TPA) risk register. The audit review identified that there is not always a record retained of the decision taken and action arising relating to risks that have been identified. Audit were informed that the Crime Command's Senior Management Team (SMT) agenda had previously included an item to review risks however this had been removed. It was reinstated during the period of our audit.

The Constabulary has a process in place to regularly review MAPPA (Multi Agency Public Protection Arrangements) risks and escalate these to the Crime Command and TPA's risk register. The audit review identified that there is no record of the discussions, decisions taken and actions arising relating to this review. Audit were informed that in future the Crime Command SMT's agenda item to review risks will also include a review of MAPPA risks that impact on the Constabulary's objectives.

Performance monitoring reports are in place and are regularly presented to Operational Protection of Vulnerable People (PVP) meetings to inform them of the progress of measuring ARMs risk assessments and visits. Audit testing identified that the Operational PVP minutes detail discussions on individual offender cases however there is no record of the decisions taken and actions relating to the review and challenge on the PVP performance reports. Audit were informed that these performance reports are discussed however as there were no exceptions to report there are no actions recorded.

The Constabulary's progress in delivering its MAPPA strategic aims is regularly reviewed and any performance issues are discussed at 1:1 meetings with the Chief Superintendent of Crime Command. Audit were informed that these meetings are diarised however decisions taken and

Management response

Agreed management action:

PVP Forum is currently under review to incorporate this and other risk management processes. Risk Register is now a standing item at the Crime Command SMT and a record of decisions taken will be documented.

MAPPA SMB records the details. It was recognised that they are not formally recorded by police (only as stated) they will now go to Crime Command SMT where a record of decisions taken will be documented.

This is being considered as part of the on-going PVP Forum review. A record of decisions relating to review and challenge of performance reports will be documented.

Decisions taken at these meetings will be documented and fed into Crime Command SMT and MAPPA SMB as appropriate.

<p>actions arising from these that relate to the review of MAPPA strategic aims are not formally documented.</p>	<p>Actions Complete as above.</p>
<p>Recommendation 2: Arrangements should be put in place to demonstrate discussions, decisions taken and actions arising relating to the:</p> <ul style="list-style-type: none"> • review of risks including MAPPA risks for inclusion in the Crime Command and TPA's risk register; and • regular review of the PVP monthly performance report and progress on delivering MAPPA strategic aims. 	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Decisions taken and actions arising that relate to managing the potential risks that impact on service priorities and operational performance reports cannot be demonstrated. 	<p>Responsible manager for implementing: DI MOSOVO Date to be implemented: 09/2017</p>

• **Medium priority**

Audit finding	Management response
<p>(c) Performance management and reporting</p> <p>There is a process in place to regularly review progress on implementing HMIC inspection recommendations relating to offender management. Audit testing confirmed that 2016/17 HMIC inspection recommendations relating to offender management had been updated and reviewed with the last update made in January 2017. Audit testing identified all actions had been implemented with the exception of two:</p> <ul style="list-style-type: none"> • MO 5.1 “Develop the performance dashboard to reflect the BIG 6, MANAGE OFFENDERS including automation where possible (with IT) and to reflect the new Management Information Strategy with regard to data content”; and • MO 5.2 “Assist Corporate Improvement as required to develop the performance dashboard to reflect the BIG 6, PREVENT CRIME, RTC and ASB including automation where possible 	<p>Agreed management action: Actions Complete and embedded into existing processes. The Chief Inspector BIU has been assured that these actions are now completed.</p>

<p><i>(with ICT) and to reflect the new Management Information Strategy with regard to data content”.</i></p> <p>The timescale for delivering both these actions is overdue and no revised timescale or update has been provided since January 2017. We were informed that both actions had been transferred to the Corporate Improvement Group and management were aware that these are outstanding.</p>	
<p>Recommendation 3:</p> <p>Management should obtain and review the latest update on the two overdue offender management HMIC inspection recommendation actions, be assured that there are arrangements in place to provide a revised date and once completed to verify that these are implemented.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Service priorities are not achieved because there are not effective arrangements to manage progress of delivering HMIC inspection recommendations. 	<p>Responsible manager for implementing: Chief Inspector BIU Date to be implemented: 06/2017</p>

• **Advisory issue (R4)** • **Medium priority (R5)**

Audit finding	Management response
<p>(d) Roles and Responsibilities and appraisals</p> <p>The Police Staff Offender Manager’s job description detailing roles and responsibilities relating to offender management was last reviewed and updated in 2009. Audit were informed that following recent changes to this role it is recognised that there a need to review and update this job description.</p> <p>Audit were informed that staff’s roles and responsibilities are assessed and evaluated as part of their 15 weekly reviews. The audit review confirmed that the roles and responsibilities relating to ARMs risk assessments and home visits had been assessed and evaluated in their 15 weekly reviews. Audit testing identified that roles and responsibilities relating to the administration of caseload and implementation of HMIC inspection report recommendations had not been assessed</p>	<p>Agreed management action:</p> <p>R4: Job description currently being reviewed and expected to be complete by 09/2017.</p> <p>R5: 15 Week Reviews adapted by the department to cover salient issues including HMIC. 15 Week reviews now tailored to Offenders Managers individual roles and responsibilities.</p>

and evaluated as part of the 15 weekly reviews. We were informed that the 15 weekly reviews are not role specific.

Recommendation 4:

A timescale should be set for the review and updated of the Police Staff Offender Manager's job description including its approval.

Recommendation 5:

Management should be assured that staff's performance relating to their roles and responsibilities are being appropriately assessed, evaluated and there is evidence that performance issues are reported with corrective action is taken.

Risk exposure if not addressed:

- Service priorities are not achieved because staff roles and responsibilities for offender management are not clearly defined.
- Roles and responsibilities are not effectively managed because the relevant job description is out of date.
- Service priorities are not achieved because there is not an effective evaluation process of staff performance against these and performance issues may remain undetected.

Responsible manager for implementing:

DI MOSOVO

Date to be implemented:

09/2017

5.2. Regulatory - compliance with laws, regulations, policies, procedures and contracts.

● **Medium priority**

Audit finding	Management response
<p>(a) Memorandum of Understanding</p> <p>The Cumbria MAPPA Memorandum of Understanding “MOU” between Cumbria MAPPA Responsible Authorities (RAs) and Duty to Co-operate (DTC) Agencies is in place. The MOU details the Constabulary and other partners’ arrangements to fulfil their statutory requirements for sharing information to assess the risk posed by certain offenders. The MOU states that it “<i>will be reviewed annually and the partners agreed that Cumbria Constabulary will hold the original signed copy of the agreement, but will provide copies electronic copies (including copies of signatures) to all partners upon request.</i>” Audit testing identified that the MOU was last reviewed and updated in 2012 so is out of date. Audit has since been informed that the MOU is currently being reviewed and updated.</p>	<p>Agreed management action: MAPPA Coordinator to ensure that the Constabulary’s responsibilities and accountabilities detailed in the MOU are reviewed as part of their core role. This will be done annually in line with the review of the MOU</p> <p>The Chief Superintendent PPU will obtain assurance that MOU is annual reviewed.</p>
<p>Recommendation 6:</p> <p>Arrangements should be in place for regularly reviewing and updating the Constabulary’s responsibilities and accountabilities detailed in the MOU to ensure that they accurately reflect its current working arrangements and to fulfil its statutory requirements for sharing information.</p>	<p>Responsible manager for implementing: DI MOSOVO</p> <p>Date to be implemented: 06/2017</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Constabulary information sharing risks are not effectively managed because the MOU is out of date. • Reputational damage arise from non-compliance with statutory information sharing requirements because the application of out of date MOU. 	

● **Medium priority**

Audit finding	Management response
<p>(b) Checks on ARMs risk assessments and risk management plans</p> <p>A process is in place to review and check the accuracy and completeness of ARMS risk</p>	<p>Agreed management action: Now in place with quality assurance audits.</p>

<p>assessments and risk management plans. Audit testing confirmed that there is a list of checks that are undertaken however these have not been formally documented or approved. Audit were informed that the College of Policing is to issue new guidance relating to the review of ARMs risks assessments and that this will be made available to relevant officers.</p>	<p>DI MOSOVO now completes 4 quality assurance checks per month on a random of ARMs risk assessments and risk management plans that have already been reviewed by Supervisors; this increases the confidence that the completion and supervision is fit for purpose.</p>
<p>Recommendation 7: Arrangements should be put in place to assure management that the ARMS risk assessments and risk management plans are verified in accordance with their requirements and that where any issues are identified these are reported and corrective action taken where appropriate.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Service priorities are not achieved because there is not effective monitoring and reporting over the ARMs risk assessments and risk management plans. • Non-compliances with procedures to follow may remain undetected. 	<p>Responsible manager for implementing: DI MOSOVO Date to be implemented: 06/2017</p>

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

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.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Cumbria Shared Internal Audit Service

Internal Audit Report for Cumbria Constabulary & OPCC



Audit of Treasury Management

Draft Report Issued: **14 September 2017**

Final Report Issued: **4 October 2017**

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Audit Report Distribution

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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 Standards Committee, which is due to be held on 22 November, will receive the report.

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

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1 Background

- 1.1 This report summarises the findings from the audit of Treasury Management. This was a planned audit assignment which was undertaken in accordance with the 2017/18 Audit Plan, as part of a cyclical review of main financial systems.
- 1.2 Treasury Management is important in making sure that the PCC has sufficient liquidity to meet obligations whilst managing payments, receipts and financial risks effectively. Treasury management is defined as the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.3 The Commissioner is required to approve an annual Treasury Management Strategy Statement in accordance with CIPFA Code of Practice on Treasury Management. The Strategy must also incorporate an Investment Strategy as required by the Local Government Act 2003. Together, both these strategies cover the financing and investment strategy for each financial year.

2 Audit Approach

2.1 Audit Objectives and Methodology

- 2.1.1 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 which are outlined in section 4 of this report; detailed findings and recommendations are reported within section 5 of this report.

2.2 Audit Scope and Limitations

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

- **Compliance with the Treasury Management Strategy**

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

3 Assurance Opinion

- 3.1 Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their 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**.
- 3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating in respect of treasury 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.

4 Summary of Recommendations, Audit Findings and Report Distribution

- 4.1 There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2 There are no audit recommendations arising from this review.
- 4.3 **Strengths:** The following areas of good practice were identified during the course of the audit:
- The treasury management strategy has been approved by the Commissioner.
 - The strategy is supported by documented Treasury Management Practices as recommended by the CIPFA Code of Practice on Treasury Management.
 - The strategy and supporting treasury management practices are reviewed annually by the Joint Chief Finance Officer and Deputy Chief Finance Officer and are independently reviewed by the Joint Audit and Standards Committee prior to approval by the Commissioner.
 - The Deputy Chief Finance Officer, as officer with overall delegated responsibility for treasury management, has arrangements in place to be assured that the strategy is being complied with. Where instances of non-compliance occur these are reported with explanations to the Joint Audit and Standards Committee and Commissioner.
 - There is quarterly reporting to and independent review and scrutiny of treasury management performance by the Joint Audit and Standards Committee.
 - Roles and responsibilities of those involved in treasury management activity have been clearly identified, documented and communicated.

- Risks around delivery of the treasury management strategy are considered and included within the Corporate Support risk register.
- Arrangements are in place to ensure segregation of duties between making and authorising transactions.
- There is regular review of access permissions to treasury management systems.
- Arrangements are in place to ensure there is resilience within the treasury management team and treasury management is included within the finance business continuity plan.

Comment from the Director of Corporate Support and Joint Chief Finance Officer:

Director of Corporate Support comments

I am delighted that this review of treasury management has provided Substantial assurance and that there are no areas for action identified. The audit has confirmed that the Constabulary & the Office of the Police and Crime Commissioner (OPCC) have a sound and robust approach to treasury management which supports and enables the priorities set out in the Policing Plan.

I am pleased that the audit review also recognised the strong governance and working practices in place around treasury management, including clear ownership with demarcation of responsibilities and robust reporting arrangements. These findings are extremely positive in recognising the excellent work of the shared Financial Services team working on behalf of both the Constabulary and the OPCC.

Joint Chief Finance Officer comments

I am very pleased to note the continuing assessment of Substantial Assurance in relation to Treasury Management activities, in what is an inherently risky activity. The report reflects the high quality of work delivered by the Financial Services team in liaison with our Treasury Management advisors Arlingclose Ltd to safeguard PCC and Constabulary funds.

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

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.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.