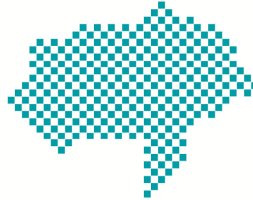


Police and Crime  
Commissioner  
North Yorkshire



**Follow Up Audit 2013/14**  
**First Second Month Review**  
**Draft Report**

## 1 Executive Summary

Internal Audit has undertaken a follow up audit into all recommendations that were categorised as either fundamental or significant and had been closed by the relevant action manager on ARM.

What follows is a summary of the follow up audit:

No. of Recs assessed as implemented	IA assessment of the Implementation Rate	Further Rec. Raised
<b>Diversity Update</b>		
1	1 (100%)	No
<b>Financial Systems testing</b>		
2	1 (50%)	Yes
<b>Follow Up Audit</b>		
2	2 (100%)	No
<b>Internal Assurance Bodies</b>		
5	3 (60%)	Yes
<b>Pension Scheme Transfer</b>		
2	1 (50%)	Yes
<b>Property Compliance</b>		
2	1 (50%)	Yes
<b>Time Off &amp; Rest Day in Lieu</b>		
4	4 (100%)	No

Internal Audit has found that a number of the recommendations that have been closed on ARM did not have sufficient evidence to mitigate the original risk or have been inappropriate responses to the recommendations. Where Internal Audit feels that recommendations have not been addressed, further recommendations have been made and are highlighted in the relevant section.

### Diversity Update

The original audit highlighted areas relating to the new Diversity strategy adopted by North Yorkshire Police (NYP). Assurances needed to be provided that the portfolio owners who were to be responsible for diversity issues were undertaking sufficient and necessary action where needed.

The response to the recommendation was for NYP to hold a workshop to discuss the current strengths and weaknesses of NYP in relation to equality and diversity, as well as to highlight any specific tasks which needed to be undertaken to improve the service provided.

During the follow up audit, it was found that although some work had been undertaken within this area, such as preliminary work on benchmarking and the review of some new and existing policies, none of the recommendations from NYP own findings had been implemented. It is therefore recommended that this is re-opened on ARM to help track and highlight the importance of the role of equality and diversity within NYP.

Risk Exposure			Root causes		
NYP may undertake unnecessary/insufficient activity to implement their Equality and Diversity objectives			NYP have not fully defined what they want to achieve from their actions, instead the mainstreaming of activity means that these matters are determined at a lower level.		
Likelihood	Value	Reputation	Operational	Legal	Rating
Probable	Significant	Significant	Significant	Significant	3:13

### Recommendation 1

For NYP to continue advancing the work and recommendations identified by the EDHR leadership Board to enable NYP to determine how it can be assured that the actions being taken by the portfolio owners is sufficient and necessary. Work streams to include additional training for senior management, an external expert appraisal and the sharing of expert resource with local partners.

### Financial Systems Testing

The audit highlighted areas for review within the financial systems process. One area concerned the requests that were received by NYP to change supplier bank details.

The audit recommended that only after the changes had been verified by a trusted source should they be updated. The follow up audit found that when a request for a change of bank details is received, searches are made first on the internet for a contact number for the organisation (not using the contact details on the letter) then the company is phoned and verification of the request is confirmed. The details of the individual spoken to at the organisation are recorded on the letter and signed by the member of NYP who undertook the check and then filed. A sample was checked by Internal Audit and all were found to have been verified and signed.

The original audit also highlighted that the pension banding exercise needed to be checked in full by a second member of the Payroll team to ensure that the pensionable pay calculation and any corresponding rates for contributions are correct. Although this was agreed at the time of the audit, this recommendation has not yet been completed, as the next banding exercise for 2014/15 does not begin until March 2014. It is therefore recommended that this is re-opened until the task has been completed and the Payroll team are content with the process.

Risk Exposure			Root causes		
Employee contribution rates and deductions from salary are incorrect.			The police staff pensions banding exercise for 2012/13 was not subject to a complete second check.		
Likelihood	Value	Reputation	Operational	Legal	Rating
Highly Probable	Negligible	Negligible	Nil	Negligible	5:7

## Recommendation 2

The pensions banding exercise should be checked in full by a second member of staff within Payroll, ensuring that the pensionable pay calculation and the corresponding rates dependant upon which contribution range they fall into, are correct.

### Follow Up Audit

During the follow up audits in 2012/13 it was recommended that to help reduce the volume of transactions (around 500 per month for NYP) being authorised by the DAM (which were preventing them from undertaking other tasks), that some of these should be diverted.

Recent changes to the hierarchies within Oracle have meant that the role of a DAM is now to only authorise transactions of £500 to £1000. It was noted that the majority of transactions which are authorised are for smaller amounts and that these are now completed by the OSO role. During the audit it was reported by NYP that this was not impacting on their ability to undertake their other duties.

This has significantly reduced the numbers of authorisations (down to around 189 for a six month period) and when the DAMs were interviewed during the audit, they reported that this had significantly increased their ability to undertake other tasks. Internal Audit is therefore happy that this recommendation has been completed.

The report also highlighted that during procurement bidding processes, an account by the bidding organisation of its size and ability to service NYP requirements should be undertaken. It was confirmed with Regional Procurement that as part of the Pre Qualification Questionnaire (PQQ) the organisation needs to refer to its financial stability as well as complete a business continuity pro forma which details how they will ensure that the service will be fully provided. This is then assessed by the procurement team against the business impact assessment model to ascertain how this would affect the service delivery of the relevant police force.

Each procurement project can be weighted and adjusted to meet the needs of the organisation and should reflect the risk of the goods and services being procured. Discussions are held at the start of the procurement process with the relevant stakeholders to ensure that correct evaluation criteria are used.

### **Internal Assurance Bodies**

The original audit highlighted that NYP should consider aligning its compliance monitoring activity into a formal compliance programme and that there should be pro active audit activity within the organisation to help identify issues before they impact upon NYP.

In response to this it was reported that all emerging risks should be notified to the Joint Corporate Risk Group (JCRG) for consideration and management of action. This would be completed via the strategic risk register and then appropriate resources would be deployed by the JCRG to provide mitigating action. It was also reported that the JCRG would also consider all compliance activity within NYP via a new formal compliance programme.

At the time of the follow up audit it was found that although the JCRG had begun to implement a number of the areas noted above, including completing and updating its corporate risk register, it had still not completed an assessment of both its current capacity and capability position (those internal assurance bodies which could be used as a resource to target risk demands) or fully understand the current demands upon those same internal assurance bodies. It was also raised that the realignment of resources to fill any gaps, currently not covered by existing internal assurance bodies, had still not been fully considered, although there were plans at future JCRG meetings to discuss.

Although Internal Audit do recognise that progress has been made within this area, as a number of the key functions around internal assurance bodies and their resources and current situation mapping have not yet been fully completed, these recommendations should be consolidated and monitored via ARM.

Risk Exposure			Root causes		
NYP may fail to comply with statutory requirements or internal procedures vital to its performance.			The Chief Constable and Chief Officer Team may not receive relevant confirmation that important risks are being controlled as expected.		
Likelihood	Value	Reputation	Operational	Legal	Rating
Probable	Signifiant	Significant	Significant	Significant	3:13

### **Recommendation 3**

**The Force should continue, via the JCRG, the work that it has begun on understanding:**

- **its current capacity and capability of Internal Assurance Bodies**
- **review the areas where it is considered there are gaps on assurance and realign resources as appropriate**

The audit also recommended that the Delivery Unit (DU) should establish a compliance activity programme each year which is focussed upon key matters for NYP. The DU now undertake a planning process for the proceeding year taking into account the Internal Audit programme and intended HMIC inspection areas. The DU then establish which

areas would most benefit their resource and the plan is then intended to be presented to the JCRG for their approval. Work is currently ongoing for the 2014/15 plan.

Reviews of the work undertaken by the DU staff have also taken place with changes including briefs being sent out at the start of their assignment, a QA process by the DU Manager to ensure that the work undertaken fulfils the original scope and also to check that if any changes have occurred during the fieldwork, that the relevant management have been consulted. The DU also now undertakes, where necessary, post review meetings to present and discuss their findings and also to ascertain who the action managers will be for the agreed actions.

### **Pension Scheme Transfer**

It was highlighted during the audit that formal assurances had not been provided by Mouchel that the transfer of pension details to the new system was handled appropriately and that complete and accurate member records had transferred onto their system.

NYP provided a software acceptance certificate which states that the software has been installed correctly but does not provide assurance regarding the data transfer. NYP has not sought any further certification and has accepted the associated risk highlighted in the audit report.

The original audit also recommended that a report should be provided by Mouchel to list key information held against each member of the pension scheme so comparisons can be made against the NYP HR and payroll system. Although this recommendation had been recorded as completed on ARM, the task has not yet been undertaken therefore Internal Audit recommends that this is re-opened until completed.

Risk Exposure			Root causes		
Individual's commutation payments are incorrect.			Pension scheme administrators have been provided with inaccurate information or input errors have occurred, once the information has been recorded by the pension scheme administrator.		
Individuals are deemed eligible for retirement sooner/later than they actually are.					
Likelihood	Value	Reputation	Operational	Legal	Rating
Highly Improbable	Negligible	Negligible	Negligible	Minor	6:3

### **Recommendation 4**

**Payroll should utilise the report provided by Mouchel of key information regarding members of the Police Pension Scheme and compare it against NYP HR and Payroll data.**

**Property Compliance**

The original audit found that issues had been raised with access to the firearms temporary store at Richmond Police station. A new process has been implemented which includes the relocation of the key to the temporary firearms locker to a restricted key press. The code for the key press is changed by the OSO (who has responsibility) after any occasion where it has been given out and is only given to Sergeants. If a Sergeant is unavailable the officer in the case has to transport the item to Northallerton instead.

Since the key press has been installed there has only been one incident where it was accessed by a Sergeant and the code was changed when the OSO came back on duty.

The audit also highlighted the need for seal numbers of evidence to be recorded on the premises search form and POTF entry. It was reported that non compliance would be addressed through reporting to DAMs and also a reliance on a new Niche pilot.

A subsequent audit undertaken into Drugs Storage by Internal Audit found that a number of items were still not being adequately recorded therefore Internal Audit recommend that this should be re-opened on ARM to continue to monitor the use of seal numbers.

Risk Exposure			Root causes		
Property may be lost/misappropriated. Lack of continuity of evidence may affect the success of prosecution			Seal numbers for exhibits are not always recorded on premises searched records or PITF entries.		
Likelihood	Value	Reputation	Operational	Legal	Rating
Unlikely	Minor	Significant	Significant	Minor	5:10

**Recommendation 5**

**For NYP to monitor the use of seal numbers and whether they have been recorded by Officers and escalate where necessary.**

**Time Off & Rest Day in Lieu Management**

The audit highlighted that the requirement for the re-rostering of cancelled rest days should be undertaken within four days of the notification to cancel. The RMU now run a weekly report to highlight the number of rest days outstanding to ensure that staff do indeed re-roster the rest day. This is checked by RMU management and where any issues are highlighted the supervisor of the individual is contacted.

The RMU have also made significant progress in reducing the high number of rest days in lieu banked by officers reducing it from 7500 to 2400 over a 12 month period. Those officers with a large number are prioritised and where necessary escalated to the individual's supervisor. It was acknowledged during the follow up that it is anticipated that

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this may take up to two years to fully reduce but through regular reporting from the system and the series of chasers that have been put in place the management are confident that through reporting via the JNCC group, staff engagement at the highest level will maintained and the reduction in numbers continued.

### **Delivery Unit**

The assessment of progress against open audit recommendations continues to be shared between the Delivery Unit and Internal Audit. An update is provided every 3 months to the Senior Management of NYP, to enable them to consider if the progress reported is satisfactory.

The follow up audit has highlighted that some of the recommendations in this report, which have been recorded by the Delivery Unit as closed on ARM have, in Internal Audits assessment, not been implemented and therefore need to be re-opened/consolidated.

Internal Audit would point to the need for more scrutiny of the updates received by the Delivery Unit, before a recommendation is closed. Some of the updates from management contained insufficient action to allow that recommendation to be closed.

Internal Audit would therefore recommend that the process for checking the progress on open recommendations is reviewed to ensure that a more rigorous assessment is made of the update provided by the action manager to confirm that it fulfils the requirement of the original recommendation, before the recommendation is closed on ARM. It was noted that two of these recommendations were technically complex and therefore the DU should, if uncertain contact the Internal Audit department for advice and guidance when needed before closing recommendations on ARM.

Risk Exposure			Root causes		
Management may not take necessary action to address risk, as they consider that the action has already been undertaken.			The DU does not always properly assess the information that they are given, before closing a recommendation.		
Likelihood	Value	Reputation	Operational	Legal	Rating
Highly Probable	Negligible	Nil	Minor	Nil	4:12

### **Recommendation 6**

**The Service Review Manager should dip test recommendations which have requested to have been closed on ARM ensure that the action listed is sufficient to address the recommendation.**

Due to the issues that have been raised within this follow up audit, Internal Audit are only able to provide limited assurance on the systems that that the Delivery Unit have in place for the following up of recommendations.



	Commentary
<b>Effectiveness of Risk Management Approach</b>	Recommendations were closed which were assessed as not being completed. Although progress had been made in some cases, in the main, they still posed a risk to the Force. NYP still requires assurance that these matters are being addressed. Further recommendations have therefore been made.
<b>Efficiency of Risk Management Approach</b>	The way in which information is now passed to Internal Audit has improved and progress has been made in aligning Internal Audit and Delivery Unit activity.
<b>Assurance Level</b>	<b>3 – Limited Assurance</b>

## 2 Report Distribution

Name/Role	Draft	Final	Final with Response
Relevant manager, as appropriate	✓	✓	✓
Delivery Unit	x	✓	✓
Joanna Carter, Chief Executive Officer	x	✓	✓

### 3 Recommendations

#	Recommendation	Category of Rec.	Management Action	Action Manager & Action Date	Satisfactory Response (IA View)
1	For NYP to continue advancing the work and recommendations identified by the EDHR leadership Board to enable NYP to determine how it can be assured that the actions being taken by the portfolio owners is sufficient and necessary. Work streams to include additional training for senior management, an external expert appraisal and the sharing of expert resource with local partners	<b>Significant</b>	The report 'Equality and Diversity – A Strategic Proposal' produced by the EDHR working group submitted eight recommendations, and updates to these were discussed at the EDHR Leadership Board meeting on 14.02.14 and will be followed up at each EDHR Leadership Board Meeting 12 May and 20 August 2014. see attached document for updates.	Ruth Williams Legal Officer (Equality and Human Rights) 12/05/14 20/08/14	Yes
2	The pensions banding exercise should be checked in full by a second member of staff within Payroll, ensuring that the pensionable pay calculation and the corresponding rates dependant upon which contribution range they fall into, are correct	<b>Significant</b>	Due to a reduction in Payroll Team resource capacity over the last 8 weeks (1 FTE Head of Pensions and Payroll retirement) this action has been delayed and the remainder of the team are focussed on NYP BAU payroll activity and statutory changes only. Management action has been taken to replace the resource. Once capacity is back to original strength the work will be scheduled in for completion. It is unlikely that resource capacity will be reinstated before the end of June due to recruitment and vetting timescales.	Helen Raisbeck Target completion date by end of December 2014	Yes
3	The Force should continue, via the JCRG, the work that it has begun on understanding: <ul style="list-style-type: none"> <li>its current capacity and capability of Internal Assurance Bodies</li> <li>review the areas where it is considered there are gaps on assurance and realign resources as appropriate</li> </ul>	<b>Significant</b>	The Delivery Unit have completed a full resource plan and presented it to the JCRG along with other department compliance activity. This is discussed at JCRG to enable resources to be allocated to compliance activity as it arises	Lesley Whitehouse	Yes
4	Payroll should utilise the report provided by Mouchel of key information regards members of the Police Pension Scheme and compare it against NYP HR and Payroll data	<b>Significant</b>	Due to a reduction in Payroll Team resource capacity over the last 8 weeks (1 FTE Head of Pensions and Payroll retirement) this action has been delayed and the remainder of the team are focussed on NYP BAU payroll activity and statutory changes only. Management action has been taken to replace the resource. Once capacity is back to original strength the work will be scheduled in for completion. It is unlikely that resource capacity will be reinstated before the end of June due to recruitment and vetting timescales.	Helen Raisbeck Target completion date by end of December 2014	Yes

#	Recommendation	Category of Rec.	Management Action	Action Manager & Action Date	Satisfactory Response (IA View)
5	For NYP to monitor the use of seal numbers and whether they have been recorded by Officers and escalate where necessary	<b>Significant</b>	<p>A process reminder will be issued via the BAS intranet subsite to reiterate the procedural requirement for exhibit bag seal numbers to be recorded on the exhibit record. We will also include this in our monthly audits and raise issues as they arise.</p> <p>Keith Ruff (NYP lead for Exhibits Handling Procedure) will ensure the same reminder is cascaded to officers.</p>	<p>Kate Williams</p> <p>30<sup>th</sup> May 2014</p>	Yes
6	The Service Review Manager should dip test recommendations which have requested to have been closed on ARM to ensure that the action listed is sufficient to address the recommendation	<b>Significant</b>	The Service Review manager will dip test a sample of closed recommendations in line with the Audit reporting to Independent Joint Audit Committee	Lesley Whitehouse	Yes

Classification of Recommendations	
<b>Fundamental</b>	Action is needed to address risks that could impact on the organisation's ability to achieve its objectives. Action will typically be organisation-wide and be necessary at the highest level. Other fundamental recommendations will be made in regard to potentially serious breaches of statutory obligations.
<b>Significant</b>	Action is needed to address risks that impact primarily on one major business area or to address lower risks on an organisation-wide basis.
<b>Merits Attention</b>	Action is advised to enhance control, remedy minor breaches of current controls or to improve efficiency.

## 4 Appendix: Assurance Level

Internal Audit assesses the effectiveness of internal control, within the scope of what is audited. This measure is therefore a relative one.

Category	Description
1	Reasonable assurance can be provided that the main risks considered are being effectively managed; action may still enhance the management of risk in a small number of areas. In addition Internal Audit has identified that the approach taken to address risk as representing good practice in this area.
2	Reasonable assurance can be provided that the main risks considered are being effectively managed. Limited management action may be required to address a small number of significant issues.
3	Limited assurance can be provided that the main risks considered are all being effectively managed. Significant management action is required to address some important weaknesses.
4	Inadequate assurance can be provided that the risks identified are being effectively managed. Significant weaknesses have been identified in the risk management action, these are likely to involve major and prolonged intervention by management. These weaknesses are such that the objectives in this area are unlikely to be met.

## 5 Appendix: Overall Assessment Criteria

Risks in this report have been assessed using the following criteria. It is the same criteria as that used by North Yorkshire Police to assess risk for the Risk Register.

Probability	Highly Probable	Nil	5:7	4:12	2:14	1:16
	Probable	Nil	5:4	5:8	3:13	2:15
	Unlikely	Nil	6:2	5:5	5:10	4:11
	Highly Improbable	Nil	6:1	6:3	5:6	5:9
	Nil	Nil	Nil	Nil	Nil	Nil
		Nil	Negligible	Minor	Significant	Catastrophic
		Impact				

Probability	Nil	< 20% Highly Improbable (HI)	20% – 40% Unlikely (UL)	40% - 60% Probable (P)	> 60% Highly probable (HP)
Impact	Nil	Negligible	Minor	Significant	Catastrophic
Financial (£)	Nil	< 10K Minimal impact upon either devolved budget or the Police fund	10 – 30K Minor impact upon either devolved budget or the Police fund	30 - 75K Significant impact upon either devolved budget or the Police fund	>75K Catastrophic impact upon either devolved budget or the Police fund
Reputation	Nil	Negligible adverse publicity. Minimal impact upon public perception	Localised adverse publicity. Minor/transient impact upon public perception of Force or Authority	Criticism at local Government level. Lasting impact upon public perception of Force or Authority	Intense national media. Criticism at national government level.
Operational	Nil	Negligible impact upon ability to deliver service and meet Force targets	Minor impact upon ability to deliver service and meet Force targets	Significant impact upon ability to deliver service and meet Force targets	Catastrophic impact upon ability to deliver service and meet Force targets
Legal Compliance	Nil	Negligible prospect of legal challenge	Minor/Transient prospect of legal challenge	Serious non compliance. Litigation/challenge	National legal issue