AVON & SOMERSET POLICE & CRIME COMMISSIONER

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E-mail: JAC@avonandsomerset.pnn.police.uk   **Date :** 8th January 2019

To: ALL MEMBERS OF THE JOINT AUDIT COMMITTEE

  i.   Katherine Crallan, Jude Ferguson (Chair), Shazia Riaz, Sue Warman
  ii.   Chief Constable ("CC"), CFO for CC and Relevant Officers
  iii.   The Police & Crime Commissioner ("PCC")
  iv.   The CFO and CEO for the PCC
  v.   External and Internal Auditors

Dear Member

NOTICE OF MEETING

You are invited to a meeting of the **Joint Audit Committee** to be held at **10:00** on **16th January 2018** in the **Main Conference Room, Police Headquarters, Portishead.**

Joint Audit Committee Members are invited to attend a pre-meeting at 09:00 in the Main Conference Room.

The agenda for the meeting is set out overleaf.

Yours sincerely

Alaina Davies
Office of the Police and Crime Commissioner

Police and Crime Commissioner for Avon & Somerset
Police Headquarters, Valley Road, Portishead, Bristol BS20 8JJ
Website: www.avonandsomerset-pcc.gov.uk   Tel: 01278 646188   email: pcc@avonandsomerset.pnn.police.uk

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INFORMATION ABOUT THIS MEETING

(i)   Car Parking Provision

Please ask the Gatehouse staff where to park, normally the South Car Park. Disabled parking is available.

(ii)   Wheelchair Access

The Meeting Room has access for wheelchair users. There are disabled parking bays in the visitor's car park next to reception. A ramp will give you access to reception, a lift is available to the 1st floor.

(iii)   Emergency Evacuation Procedure

The attention of Members, Officers and the public is drawn to the emergency evacuation procedure for the **Conference Room**: Follow the Green Fire Exit Signs to the large green Assembly Point A sign in the **Car Park at the front of the Admin Building**.

(iv)   Please sign the register.

(v)   If you have any questions about this meeting, require special facilities to enable you to attend. If you wish to inspect Minutes, reports, or a list of the background papers relating to any item on this agenda, please contact:

Office of the Police and Crime Commissioner
Valley Road
Portishead
BS20 8JJ

Telephone: 01275 814677
Facsimile: 01275 816388
Email: JAC@avonandsomerset.pnn.police.uk

(vi)   REPORT NUMBERS CORRESPOND TO AGENDA NUMBER

AGENDA

16th January 2019, 10:00
Conference Room, Police Headquarters, Portishead

1.   Apologies for Absence

2.   Emergency Evacuation Procedure

The Chair will draw attention to the emergency evacuation procedure for the Conference Room: Follow the Green Fire Exit Signs to the large green Assembly Point A sign in the Car Park at the front of the Admin Building.

3.   Declarations of Gifts/Offers of Hospitality

To remind Members of the need to record any personal interests or any prejudicial interest relating to the agenda and disclose any relevant receipt of offering of gifts or hospitality

4.   Public Access

(maximum time allocated for this item is 30 minutes)

Statements and/or intentions to attend the Joint Audit Committee should be e-mailed to JAC@avonandsomerset.pnn.police.uk

Statements and/or intentions to attend must be received no later than 12.00 noon on the working day prior to the meeting.

5.   Minutes of the Joint Audit Committee Meeting held on 26th September 2018 (Report 5)

6.   Business from the Chair (Report 6):

a)   **Police and Crime Board (Verbal Update)**
b)   **Update on IOPC Investigations (Verbal Update)**

7.   Internal Audit (Report 7):

a) **IT Projects – Benefits Realisation**
b) **GDPR Governance**
c) **Procurement/ Contract Management**
d) **Change Commissioning Transformation**
e) **Key Financial Controls**
f) **Progress Report**

8.   External Audit Update (Report 8)

9.   Office of the Police and Crime Commissioner Strategic Risk Register (Report 9)

10.   Constabulary Strategic Risk Register and Draft Management of Risk Procedure (Report 10)

11.   **Summary of Recommendations** (up to date information on inspection and audit recommendations will be provided at the meeting using Qlik Sense. A paper will be provided at the meeting on the Statutory Multi-Agency Case Review recommendations)

Part 2

Items for consideration without the press and public present

12.   **Exempt minutes of the Joint Audit Committee Meeting held 26th September 2018 (Report 12)**

POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET **5**

MINUTES OF THE JOINT AUDIT COMMITTEE MEETING HELD ON WEDNESDAY 26TH SEPTEMBER 2018 AT 10:30 IN THE CONFERENCE ROOM, POLICE HQ, VALLEY ROAD, PORTISHEAD

Members in Attendance
Katherine Crallan
Jude Ferguson (Chair)
Sue Warman

Officers of the Constabulary in Attendance
Sarah Crew, Deputy Chief Constable
Mark Milton, Director of People and Organisational Development
Sharon Quantick, Deputy Director – Finance and Business Services
Michael Flay, Governance Secretariat Manager

Officers of the Office of the Police and Crime Commissioner (OPCC)
Mark Simmonds, OPCC CFO
Karin Takel, OPCC Strategic Planning and Performance Officer
Alaina Davies, OPCC Resources Officer

Also in Attendance
Iain Murray, Grant Thornton
Mark Jones, RSM
Victoria Gould, RSM
Sue Mountstevens, Police and Crime Commissioner
Mark Shelton, Police and Crime Panel Member (observing)

26.   **Apologies for Absence**

        Shazia Riaz, Joint Audit Committee Member
        Andy Marsh, Chief Constable
        Julian Kern, OCC CFO
        Nick Adams, Deputy Director – Transformation and Improvement
        Jackson Murray, Grant Thornton

27.   **Emergency Evacuation Procedure**

        The emergency evacuation procedure for the Conference room was noted.

28.   **Declarations of Interest / Gifts / Offers of Hospitality**

        None.

29.   **Public Access**

        There were no requests for public access

30.   **Minutes of the Joint Audit Committee Meeting held on 5th July 2018 (Report 5)**

RESOLVED THAT the minutes of the meeting held on 5th July 2018
were confirmed as a correct record and signed by the Chair.

Action update:

Minute 44c	The results of the Wellbeing survey are being reported to the Constabulary Management Board this week and will be forwarded to the Joint Audit Committee Members following that. The Director of People and Organisational Development gave an overview presentation on the results of the Wellbeing survey. Members were informed that the Constabulary developed their own survey this year rather than using the National survey they had in previous years. Initial results have already been shared with managers at a high level. The response rate has improved. The Constabulary have launched a new set of corporate values which are: Courageous; Caring; Learning and Inclusive. Members commented that they feel assured that the Constabulary now has an improved HR Structure in place to take forward the learning from the results of the Wellbeing survey. Joint Audit Committee Members will feed back comments and questions to the Director of People and Organisational Development outside of the Joint Audit Committee meeting once they receive the report. **Action Closed**
Minute 8b	The external auditors are arranging an event in November 2018 for South West Audit Committees. **Action Closed**
Minute 18c(i)	A decision was made by the Police and Crime Commissioner and Chief Constable at the Police and Crime Board on 1st August 2018 to extend the length of terms of the current Joint Audit Committee Members by one extra year. The decision notice is published on the Police and Crime Commissioner's website. **Action Closed**
Minute 18c(ii)	The Joint Audit Committee Terms of Reference have been updated to include the option to extend the Members length of terms by one extra year in exceptional circumstances. Also included is the decision making process for this and how the decision should be ratified. **Action Closed**
Minute 18d	The error in the Joint Audit Committee Terms of Reference regarding the Committee Chair length of term has been amended and the updated version published. **Action Closed**
Minute 19e	GDPR audit was pushed back to September 2018 and the Health and Safety audit was brought forward. **Action Closed**

Minute 21	Errors in the Joint Audit Committee Question and Answers document relating to the Annual Accounts have been corrected and the amended version published. **Action Closed**
Minute 22	The Office of the Police and Crime Commissioner (OPCC) Senior Leadership Team (SLT) have been debating SR6 in relation to Collaboration and this is discussed further at Item 9 on the agenda. **Action Closed**
Minute 24(i)	The Constabulary will ensure that any future summary of open recommendations will not include names as the document is published. No paper was submitted to this meeting of the Joint Audit Committee as real-time information will be provided from the Qlik Sense application at Item 11 on the agenda. **Action Closed**
Minute 24(ii)	Progress against external audit recommendations will also now be reported to the Joint Audit Committee under the summary of open recommendations agenda item. **Action Closed**

31. Business from the Chair

a) Police and Crime Board

There have been two Police and Crime Board (PCB) Meetings since the last Joint Audit Committee (JAC). Notes are available on the Police and Crime Commissioner's website and the OPCC CFO sends JAC Members additional updates following the PCB. Members thanked the OPCC CFO for the open and transparent information which provides helpful context to the work of the Joint Audit Committee.

b) Update on IOPC Investigations

There are currently 19 active IOPC investigations. Members were assured that the Constabulary have done an informal peer assessment which suggests all forces are seeing a similar increase in the number of live IOPC investigations – the Constabulary will also be completing a formal benchmarking exercise to provide further assurance on this.

12 of the cases are mandatory referrals which relate to death following police contact and many of these are Mental Health cases. The other 7 cases are in the process of being assessed by the IOPC to see if there is any misconduct or any criminal offences.

The PC was found as having no case to answer for gross misconduct in relation to the Taser incident in January 2017. This follows the IOPC investigation and criminal trial where the conclusion was not guilty. Members were assured that the Constabulary have been continuing to engage with relevant community members throughout the process to ensure they could convey what was happening and assure the

community of the learning the Constabulary were taking from this case. The PCC has introduced a Scrutiny of Police Powers Panel (some of the Justice for Judah campaigners sit on this panel), the Constabulary have introduced a Citizen Academy Masterclass on the use of force/Taser and the Constabulary Commissioned a peer review on their use of Taser which reported no concerns. The PCC and JAC Members raised concerns that the Constabulary were unable to release the Body Worn Video footage of this incident which provided useful context until after the conclusion of disciplinary proceedings. It was explained there are only certain circumstances in which the Constabulary can overrule the IOPC on a decision to release the Body Worn Video Footage in a case like this where matters are sub judice, such as if there was a threat to life of not doing so. Concerns were discussed with regard to the impact of social media in this case and what can be done to guard against the negative impact of social media.

c)   **Regional Collaboration Update**

Updates were given on the following:

- Forensics.
- ROCU funding issues were discussed in terms of managing "cliff edge" government funding.
- There is a lack of clarity regarding funding of the Airwave replacement. The Constabulary have reserve funding for this but don't know at this stage if it will be sufficient.
- Tri-Force – it has been agreed that Avon and Somerset will be the Host force for Firearms Specialist Operations and Training. The new blueprint is due imminently. It is hoped changes will be implemented by April 2018.
- The Joint Audit Committee raised the issue, with other committees in the region, of the difficulties in auditing collaboration and the risk this presents. The JAC chair shared the responses from other committees in the region. Avon and Somerset Joint Audit Committee feel it is essential to include the audit of any collaborations in the negotiation of any future collaborations. Also that this must be assessed during the review of any current collaborations. Members were informed that the PCC has had to clarify at regional meetings that the ROCU audit carried out only provides assurance to Avon and Somerset and that others in the region cannot take assurance from it as they did not take part.

RESOLVED THAT audit arrangements will be included in the negotiation of any future collaborations and also that this must be assessed during the review of any current collaborations.

32.   Internal Audit Reports:

a)   **Governance (Report 7a)**

Reasonable assurance was given on Governance with 3 medium actions and 7 low actions recommended. Positive comments were

given regarding engagement and transparency. Benchmarking showed that the organisation demonstrates better governance arrangements than others. Medium actions relate to the need for clear Terms of Reference for some meetings and formalised minutes (more detail required on Constabulary Management Board Capture sheets) which should include an attendance list. The report mentions another force who have recently won an award for their approach to governance and risk management and it is suggested that Avon and Somerset Constabulary should make contact with their Head of Audit to capture learning from them.

1.1.3 suggests Terms of Reference for weekly Senior Leadership Team meetings which the PCC does not feel would be appropriate due to the nature of these leader to leader meetings. There is an agenda and the PCC is happy to have a set of objectives for the meeting. The PCC asked that Page 12 be corrected to state that the PCC attends all Police and Crime Panel meetings but the Chief Constable only attends one per year.

Members found that this report helped to clarify the governance structure and the Constabulary commented that it was very timely as they are in the process of reviewing their governance structure so will take forward suggestions from this audit into their Governance Framework.

Members asked for a briefing on the new Strategic Framework to include a summary of strategic and tactical leads. The briefing will include how everything will work, roles and responsibilities, how decisions are made and where the risk sits.

RESOLVED THAT a briefing on the new Strategic Framework should be given at a future Joint Audit Committee Member pre-meeting.

b)   **Health & Safety (Report 7b)**

A reasonable assurance opinion was given regarding Health and Safety with 4 medium and 6 low actions recommended. Members raised concerns regarding the inspection of custody suites not happening in accordance with the schedule which is a contractual issue relating to the PFI sites. Members were assured that Constabulary recognise their responsibility and outside of contractual arrangements have Health and Safety representatives allocated to all locations that regularly monitor any issues and provide a point of contact to report issues – these representatives would work with the provider on any issues relating to PFI sites. These annual inspections will be reinstated by 31st December 2018.

Members sought assurance that there is a link between Health and Safety and professional training. Operational training is designed with Health and Safety in mind and to a College of Policing training standard. Officers are taught dynamic risk assessment techniques i.e. what are the risks of chasing a suspect versus the risks of not doing so.

The Health and Safety Team are experts who advise on everything in the organisation.

Members were assured that actions are in place to address the issue raised around incident recording on SAP.

Members agreed that there should be a follow up to this Health and Safety Report next year.

RESOLVED THAT a follow up to the Health and Safety audit should be carried out next year.

c) **Income Generation (Report 7c)**

A reasonable assurance opinion was given regarding income generation with 2 medium and 5 low actions recommended. The Constabulary need to be mindful of timelines when negotiating a contract as the costings will need to be relevant to the year of delivery. The PCC has asked the OPCC CFO to work closely with the Constabulary to ensure that the OPCC can scrutinise contract management and in particular monitor when contracts are due to expire, to be assured that the Constabulary are in the process of ensuring new contracts for services are in place before old ones come to an end. Members are concerned with the implications of not having a contract in place for Bristol Airport.

Policing of events in the force area was discussed and how specific events such as football can have a wider reaching effect and not just affect the location of the event i.e. having to escort football supporters to train stations etc. The Constabulary are unable to charge for these wider reaching impacts on the organisation of events in the force area. The OPCC CFO commented that the current police funding formula does not take into account regular events held in a force area such as sporting events.

d) **Follow Up (Report 7d)**

The internal auditors reported concerns regarding the degree of progress made on the recommendations from the audits considered as part of the Follow Up report. The internal auditors also asked that the Constabulary ensure that they make all evidence available to the internal auditors where recommendations have been/are being met in a timely manner to avoid additional time and work.

The Constabulary agree that they need to be more proactive about agreeing what an action means and whether the timeline is achievable. Actions from internal audit needs to be tracked with the same discipline as HMIC recommendations. The Constabulary commented that earlier in the year they made the decision to direct resources toward the Force Management Statement.

Business continuity and disaster recovery plan is a concern. The Constabulary recognise the need to ensure better leadership in this

area of business. There have been issues and members were assured that the current plans are working but the Constabulary do recognise the risk.

The internal auditors asked for agreement to return to the previous way of working - making a recommendation and then agreeing an action with management. Members agreed this, provided that the action can be agreed prior to submission of the final reports so that it shows a recommendation and an agreed action. The Constabulary will need to be clear if they are unable to meet any recommendations and provide reasons for this.

RESOLVED THAT the internal audit process will return to the auditors making their recommendation and then an action being agreed with management.

e) **Progress Report (Report 7e)**

The Financial Controls audit scheduled for November was due to focus on MFSS so this will need to be re-scoped following the decision not to join. The scope of this report will be developed with the OPCC and OCC CFOs and may look at SAP segregation of duties.

33. **External Audit Updates:**

a) **Joint Annual Audit Letter (Report 8a)**

This is a summary of the findings reported to the Joint Audit Committee in July 2018.

b) **Audit Update (Report 8b)**

Initial timescales and planning for the 2018/19 audit is being discussed. Members found the sector briefing included in the report helpful and will feedback questions following the meeting. Members were assured that Avon and Somerset OPCC are involved in 3 bids for early intervention youth transformation funding.

34. **Office of the Police and Crime Commissioner Strategic Risk Register (Report 9)**

There has not been much movement in terms of ratings just updates to the commentary. The best way to incorporate the risk to partner funding into the risk register was discussed and how collaboration should be shown. It was agreed that the risk to partner funding should not be a separate risk and should instead be included in the commentary of relevant risks. The collaboration risk should be separated into two risks which cover collaboration with other forces and collaboration with other partners respectively.

RESOLVED THAT the risk to partner funding should be included in the commentary of other relevant risks rather than be a specific risk of its own. The collaboration risk should be separated by collaborations with other forces and collaborations with other partners.

35. **Constabulary Strategic Risk Register (Report 10)**

The only rating to have changed is SRR5 in relation to lack of financial resources – this has moved from a mitigated risk score of 2 to 3. The Constabulary are considering de-escalating SRR8 in relation GDPR once the new Data Protection Officer is in place in November 2018. The format of the Constabulary Strategic Risk Register may change following the Governance Review. Members asked the Constabulary to confirm if they are still happy with their risk register being published with the Joint Audit Committee papers The Constabulary are happy with the open and transparent approach to publishing the Constabulary Strategic Risk Register with the Joint Audit Committee papers but may need to redact information in the future. The OPCC is a very transparent organisation and it is recognised that the Constabulary are not always able to be as open for operational reasons.

36. **Summary of Open Recommendations (Report 11)**

Up to date information on the number of open recommendations on Qlik Sense was given and a discussion was had regarding how Members would like to receive this information in the future to make the most effective use of the data. The Qlik Sense data gives more detail to Members than a report can so it was agreed that a summary paper should be submitted to the Joint Audit Committee and a process should be established for them to then agree and inform the Constabulary what information they would like to drill down on at the meeting.

RESOLVED THAT the Constabulary should submit summary reports relating the open recommendations to the Joint Audit Committee. The Joint Audit Committee will decide on a process for agreeing the information they would like to drill down on at the meetings based on the report and informing the Constabulary.

37. **Exempt Minutes of the Joint Audit Committee Meeting held 5th July 2018 (Report 12)**

EXEMPT MINUTES

The meeting concluded at 13:20

CHAIR

ACTION SHEET

MINUTE NUMBER	ACTION NEEDED	RESPONSIBLE MEMBER/ OFFICER	DATE DUE
Minute 31c **Business from the Chair: Regional Collaboration** **26th September 2018**	Audit arrangements will be included in the negotiations stage and any subsequent collaboration agreement for any collaborations from this point on.	DCC	Immediate
Minute 32a **Internal Audit Report: Governance** **26th September 2018**	A briefing on the new Strategic Framework should be given at a future Joint Audit Committee Member pre-meeting.	OPCC CFO's PA	TBA
Minute 32b **Internal Audit Report: Health and Safety** **26th September 2018**	A follow up to the Health and Safety audit should be carried out next year.	RSM	2018 - TBA
Minute 34 **Office of the Police and Crime Commissioner Strategic Risk Register** **26th September 2018**	The risk to partner funding should be included in the commentary of other relevant risks rather than be a specific risk of its own. The collaboration risk should be separated by collaborations with other forces and collaborations with other partners.	OPCC Strategic Planning and Performance Officer	Immediate
Minute 36 **Summary of Open Recommendations** **26th September 2018**	The Constabulary should submit summary reports relating the open recommendations to the Joint Audit Committee. The Joint Audit Committee will decide on a process for agreeing the information they would like to drill down on at the meetings based on the report and informing the Constabulary.	OPCC CFO	Immediate

AVON AND SOMERSET POLICE

IT Projects - Benefits Realisation
FINAL
Internal audit report: 7.18/19
3 January 2019

RSM

CONTENTS

Debrief held	3 October 2018	**Internal audit team**	Mark Jones - Head of Internal Audit
Draft report issued	23 November 2018		Victoria Gould - Client Manager
Responses received	2 January 2019		Sheila Pancholi - Engagement Lead
			Joseph Webb – TRA Manager
			David Wayman - Internal Auditor
Final report issued	3 January 2019	**Client sponsor**	Jennifer Grannan – Head of Transformation
			Mark Simmonds - OPCC CFO
			Nick Adams - Constabulary CFO
			Jane Walmsley - Inspection and Audit Coordinator
		Distribution	As agreed.

1   EXECUTIVE SUMMARY

1.1 Background

As we reported in March this year (2018), the Constabulary has reviewed and revised its approach to the identification and monitoring of IT project benefits. Management had recognised that this was an area requiring improvement, particularly in the monitoring of benefits post-implementation.

A paper was presented by the Portfolio Office Manager to the Constabulary Management Board in July last year (2017) which set out proposed improvements to the way the Constabulary identifies, tracks, measures and reports upon project benefits. This paper was accepted in full and the process was revised, and benefits registers redesigned for the Transformation Programme. Benefits Workshops were held in January 2018 which identified a set of agreed benefits associated with the Digital Programme. These benefits were allocated Unique Reference Numbers (URNs) to assist in the transparency of the tracking process and for clarity on reporting to the Programme Board and then in summary to the Constabulary Management Board.

This audit was limited in scope to the Digital Programme, which initially consisted of the implementation of Body Worn Cameras, Mobilisation and Digital Evidence.

We also performed a brief follow-up of the audit report "IT Projects – Benefits Realisation (14.17/18)" issued by RSM in March 2018. Any management actions not fully implemented from the earlier report have been incorporated into the management actions in this report. Results are summarised at 1.5, below.

1.2 Conclusion

Our review has confirmed that the Constabulary has implemented and developed a benefits recognition process that is likely to enable the reliable and accurate reporting of benefits realisation over an appropriate period. For greater consistency in the application of the agreed process we have agreed a number of actions with management aimed at formalising the benefits realisation process and ensuring consistency between reports.

Internal audit opinion:
Taking account of the issues identified, the board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risks.

1.3 Key findings

The key findings from this review are as follows:

We agreed management actions to address two issues of 'medium' importance:

- The current benefits tracking process, having been introduced during the life of the Digital Programme, is not able to identify SMART objectives from the original project initiation phase. Management have advised that the identified benefits were agreed at a workshop of programme stakeholders; given that the process is now bedded in we would expect future projects to identify SMART benefits in such a way that they can be effectively tracked and measured using current benefits realisation management processes; and
- the Body Worn Video project completed without a Post Implementation Review being scheduled. Failure to undertake PIRs, or lessons learnt, can lead to project successes not being recognised and repeated in future projects; and conversely in project failures being repeated, increasing the risk of financial loss and failure to achieve expected benefits.

We have also raised three 'low' rated issues around:

- The absence of any specific references to benefits realisation in the post profile of the Portfolio Office Manager;
- the absence of written procedures around the update of benefits registers and reporting to management; and
- discrepancies between the tactical benefits tracker maintained by the Portfolio Office and the version presented to the Programme Board.

However, we also reviewed the following control which we found to be well-designed and operating as designed:

The design of the benefits realisation process was proposed in a paper to the Constabulary Management Board; the paper clearly defined the scope and objectives of benefits tracking and responsibilities for its management and oversight. We reviewed evidence confirming that the proposals were accepted in full.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risk	Control design not effective*		Non-compliance with controls*		Agreed actions		
					Low	Medium	High
Perceived benefits are not realised, and investments are not effective.	0	(6)	6	(7)	3	2	0
Total					**3**	**2**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

1.5 Progress made with previous audit findings

Date of previous audit	Low	Medium	High
Number of actions agreed during previous audit	0	2	0
Number of actions implemented/ superseded	0	1	0
Actions not yet fully implemented:	0	1	0

As part of this review we found the Constabulary has demonstrated good progress in implementing agreed actions made within the IT Projects – Benefits Realisation audit report (14.17/18). Of the two 'medium' priority agreed management actions followed up, we confirmed that one has been implemented in full and one is in progress.

2 ACTION PLAN

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

Ref	Recommendation	Priority	Management action	Implementation date	Responsible owner
1	Management should review the Post Profile for the Portfolio Manager role and ensure that it fully reflects the current requirements of the post.	Low	The Head of Transformation is planning to review the Post Profile for the Portfolio Manager post as there have been a few tweaks to the duties since the role was first established in 2018. These are in line with the rank and responsibilities of the role so are not substantial changes.	March 2019	Head of Transformation
2	Management should aim to document the benefits realisation process in the form of operating procedures or similar, for the practical and consistent application of required processes and controls within benefits realisation management.	Low	The Transformation Department is already looking to implement a suite of 'how to' guides – this will form part of the rollout of the new Strategic Framework in 2019. This will include aspects such as benefits realisation and will be made available to all staff and officers.	June 2019	Transformation Portfolio Manager /
3	Management should ensure that where a business cases does not present measurable, quantifiable benefits, that there is a clear plan in place to identify benefits through the project lifecycle and post-implementation review process - to ensure that change is not approved without a clear focus on delivering business advantages.	Medium	There is already a formal Change Commissioning process in place which ensures that business cases have a sufficient focus on benefits. Management will ensure that, through the development of the Strategic Framework, this is enhanced and developed. It will also ensure that, in terms of the Digital Programme specifically, there is renewed emphasis on benefits	October 2019	Transformation Portfolio Manager /

Ref	Recommendation	Priority	Management action	Implementation date	Responsible owner
			realisation – through the PIR process as appropriate.		
5	As agreed with management, the Portfolio Office should ensure that identified benefits within the Digital Programme are tracked accurately at Portfolio Office level and reported in a transparent manner to senior management.	Low	Management are working to address the differences between the tracker and the reports presented to the Programme Board, however we do not believe that this finding / weakness impacts on senior management decision making. This improvement activity will form part of our new Benefits workstream within the Digital Programme.	March 2019	Transformation Portfolio Manager / Digital Programme Manager
6	Management will ensure that a PIR is scheduled as standard following the project implementation (typically around six months after implementation) and that a specific reason for omission is stated if a PIR is not commissioned.	Medium	The project closure report templates have been updated and will now make reference to whether a PIR has been completed, and the conclusions achieved by the PIR. Management will also ensure that there is a more formal and visible process to ensure that the dates of PIRs are recorded and take place as scheduled.	January 2019	Transformation Portfolio Manager

3   DETAILED FINDINGS

The results of our assessment are set out below.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
1	The role of Portfolio Manager is defined within a formal Post Profile.	Yes	No	We reviewed the Portfolio Manager Post Profile and noted that the processes around benefits realisation management are not specifically included. Within the "Main responsibilities" section there appears: "In conjunction with business owners and programme managers, create strategies for the effective planning, monitoring and delivery of the portfolio, assuring overall integrity and coherence;" and "Provide an ongoing assessment as to whether programmes/projects continue to meet the overall strategic objectives and effective reporting to appropriate governance bodies (e.g. Dashboard, highlight reports, dependencies map, portfolio milestone plan etc)." However, neither of these responsibilities explicitly covers the important role of benefits realisation management. Given that the current post holder is experienced in and fulfilling the role of benefits realisation management, there is little risk in the formal post profile omitting this role; however, for succession planning purposes it would be prudent to review this profile to ensure that it fully reflects the current requirements of the post.	Low	Management should review the Post Profile for the Portfolio Manager role and ensure that it fully reflects the current requirements of the post.
2	The benefits realisation management process is documented.	Yes	No	We reviewed the available documentation around the benefits realisation process and confirmed that, whilst it will likely assist in the correct completion of standard documentation, it does not provide detailed, end-to-end guidance through the process. The original proposal to the CMB gives a description of the purpose and methods and these would be a good starting point for the introduction of a benefits realisation management process note. In discussion with the Portfolio Manager we confirmed that as part of ongoing training, team members are being trained in the benefits realisation tracking process, and this may be a good opportunity to create practical procedure notes around the process. The risk of not fully documenting significant processes within the programme management framework is that over	Low	Management should aim to document the benefits realisation process in the form of operating procedures or similar, for the practical and consistent application of required processes and controls within benefits realisation management.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
				time, adherence to required processes can slip and business benefits of the process are eroded		
3	Management aims to identify project benefits at the outset which are: Specific Measurable Agreed upon Realistic Time-based (SMART)	Yes	No	The benefits realisation management process allows business benefits identified at project initiation to be tracked following implementation, enabling management to assess the relative success of deliverables within the transformation programme. The current benefits tracking process, having been introduced during the life of the Digital Programme, is **not** able to identify SMART objectives from the original project initiation phase. Management have advised that the identified benefits were agreed at a workshop of programme stakeholders; given that the process is now bedded in we would expect future projects to identify SMART benefits in such a way that they can be effectively tracked using current benefits realisation management processes. In the most recent highlight report to CMB the section on the Digital Programme benefits states "There are currently no financial benefits associated with the Digital Programme." It is acknowledged that not all business benefits from programme implementation will have a monetary value, or at least a quantifiable monetary value; however, it is important that project initiation is informed by the requirement to identify and justify SMART benefits that can be accurately measured post-implementation.	Medium	Management should ensure that where a business cases does not present measurable, quantifiable benefits, that there is a clear plan in place to identify benefits through the project lifecycle and post-implementation review process - to ensure that change is not approved without a clear focus on delivering business advantages.
4	A management summary of the Body Worn Video (BWV) implementation was created by the Improvement & Problem-Solving Officer in September 2018.	Yes	No	We reviewed the management summary and confirmed that it identifies 13 benefits associated with the BWV project (although it is not clear whether these were identified at project initiation) and summarises evidence pertaining to their realisation. We noted that, according to the report: • Four benefits were being realised; however • three benefits had not been realised (to date); and		See recommendation 3

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
				• six benefits were not measurable, either because a measure had not been set or because of lack of resources to measure those benefits. As noted at 3, above, it is important that all benefits identified as part of project initiation are measurable, and also that resources are available to carry out that measurement.		
5	A Benefits Register is maintained and updated regularly for reporting to the Constabulary Management Board.	Yes	No	We noted that the version of the benefits register reported to the Programme Board does not have a direct correlation to the week-by-week tracker spreadsheet completed by the Portfolio Office. Whilst the higher-level register lists benefits by URN, URNs are not referenced within the spreadsheet and there is not a line-by-line match between the two. We also noted that the benefit "reduction in unplanned O/T due to mobilisation of deployable staff" shown as DIG001 in the higher-level register is not listed in the spreadsheet. The Portfolio Office Manager explained that this absence of transparency is a known defect of current reporting that is particular to the Digital Programme and that aligning the two registers is a recognised task for the future. The lack of transparency between tracked benefits and those reported to senior management raises the risk that senior management are not properly informed about programme benefits and make strategic decisions based on unreliable or incomplete information.	Low	As agreed with management, the Portfolio Office should ensure that identified benefits within the Digital Programme are tracked accurately at Portfolio Office level and reported in a transparent manner to senior management.
6	Responsibility for completing tracking and reporting on post-project benefits: we noted that the process adopted following the report to the Programme Board specifically allocates this responsibility to the Portfolio Office.	Yes	No	We noted that the BWBV project completed without a commitment to performing a post-implementation review. A PIR is a useful tool to assess the successes and failures of projects in the expectation that successes can be repeated, and failures avoided in future projects. Failure to schedule PIRs can lead to project successes not being recognised and repeated in future projects; and conversely in project	Medium	Management should ensure that a PIR is scheduled as standard following the project implementation (typically around six months after implementation) and that a specific reason for

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
				failures being repeated, leading to financial loss and failure to achieve expected benefits.		omission is stated if a PIR is not commissioned.

APPENDIX A: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

Objective of the area under review
To ensure that high level IT projects are being adequately monitored to provide assurance that the required benefits are being realised, and the investment was effective.

Additional management concerns

The Constabulary is currently operating three change programmes:

- Digital Programme;

- Service Redesign Programme; and

- Infrastructure Programme.

At the scoping meeting it was agreed this audit focus on the Digital Programme, specifically the Body Worn Cameras, Mobilisation, and Digital Evidence projects. We will also consider the exit from the South West One contract which forms part of the Service Redesign Programme.

Scope of the review

The following areas will be considered as part of the review:

This review will follow on from the 2017/18 IT Projects audit and will seek to provide assurance that the Constabulary is aware of and accurately tracking benefits. Specifically, we will review:

- the processes in place for monitoring progress towards realising benefits, and the regular reporting of progress and realisation of benefits to an appropriate forum for challenge and scrutiny;

- the benefits registers in place and how the benefits compare to planned benefits included in initial business cases;

- how benefits are monetised, and if they are not monetised how benefits and savings are measured;

- how the benefits / savings are re-invested; and

- responsibility for completing tracking and reporting on post-project benefits, i.e., with the project team, or is responsibility passed on following completion of the project.

We will also follow up actions from the 2017/18 IT Projects audit.

The following limitations apply to the scope of our work:

We will not comment on or provide assurance over the benefits being reported, only around the processes to track the benefits being realised.

Testing will be undertaken on a sample basis only.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

James Davis – Portfolio Office Manager

Documentation reviewed during the audit:

Strategic Level Benefits Framework – paper to CMB July 2017
Avon and Somerset Police and Crime Plan (current version)
CMB Minutes July 2017
Portfolio Office Manager Post Profile (current)
Mobilisation benefits tracker September 2018
Digital Programme Benefits Register September 2018
BWV benefits update September 2018

FOR FURTHER INFORMATION CONTACT

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OPCC FOR AVON AND SOMERSET & AVON AND SOMERSET CONSTABULARY

GDPR Governance

FINAL

Internal Audit Report: 8.18/19

8 January 2019

RSM

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Debrief held	2 October 2018	**Internal Audit team**	Mark Jones – Head of Internal Audit

Debrief held   2 October 2018

Draft report issued   23 November 2018

Responses received   8 January 2019

Final report issued   8 January 2019

Internal Audit team   Mark Jones – Head of Internal Audit
Shiela Pancholi – Engagement Lead
Vickie Gould – Client Manager
Joseph Webb – TRA Manager
David Wayman - Consultant

Client sponsor   Mark Simmonds – OPCC CFO
John Smith – OPCC CEO
Nick Adams – Constabulary CFO
Ellena Talbot – Head of Legal Services
Jane Walmsley – Inspection and Audit
Coordinator

Distribution   As agreed.

1 EXECUTIVE SUMMARY

1.1 Background

From 25 May 2018 the General Data Protection Regulations (GDPR) replaced the EU Directive 95/46/EC.

Whilst many of the GDPR's main concepts and principles remain largely the same as those in the Data Protection Act, there are significant new elements and enhancements which will require companies and organisations to perform some specific compliance activities for the first time. In particular, GDPR places greater emphasis on the documentation that data controllers must keep to demonstrate their accountability.

The Avon and Somerset OPCC's lawful basis for processing information comes under the following categories:

- Legitimate interest – responding to queries, running of events, providing media statements and press releases.
- Consent – passing information over to Avon and Somerset Constabulary where this is appropriate.
- Contract – issuing grants and commissioning services.
- Legal obligation – dealing with complaints against Avon and Somerset Constabulary's Chief Constable, against the PCC or members of OPCC staff, Human Resources (HR) data and applications.

The Constabulary is likely to hold or process:

- Personal details such as name, address and other biographical information;
- Details of family, lifestyle and social circumstances;
- Information about education and training;
- Employment details;
- Other financial information about an individual;
- Details of goods or services provided;
- Information about offences committed and/or offences alleged to have committed;
- The details of criminal proceedings (including the outcome of those proceedings and sentences imposed);
- Information about physical appearance and biometric data (including records of DNA and fingerprints);
- Images of individuals, recordings of voice or video footage;
- Licenses or permits held;
- Information gathered about individuals by cookies or log files;
- References about individuals;
- Criminal Intelligence about individuals;
- References to manual records or files relating to individuals;
- Information relating to health and safety investigations; or
- Details of complaints, incidents or accidents.

We have been commissioned to perform an agreed upon procedures assignment of the current data governance processes, procedures and controls. Our report is a factual report and we do not provide a level of assurance, or internal audit opinion, and should not be taken to provide such.

1.2 Headline findings

The key findings from this review are as follows:

Business processes and data discovery

- The Constabulary has created a spreadsheet template for the identification of personal data flows and information relating to those data flows for the purpose of ascertaining GDPR compliance, including identification of the need for Privacy Impact Assessments. To date the Constabulary has only completed two of the required 20+ data flow spreadsheets, these being for HR and Legal teams. Given the importance of HR in handling personal data this was seen as a priority, and management report that a lack of resources has hindered this exercise (a new Data Protection Officer for both the OPCC and the Constabulary has been appointed and will start in November). The Constabulary may be exposed to action by the Information Commissioner's Office if a data breach occurs and it is considered by the ICO that the Constabulary has not taken adequate action in regard to GDPR preparation.

- The OPCC has completed an "Information Assets" spreadsheet, fulfilling the same purpose as the spreadsheets created by the Constabulary. These were substantially complete at the time of our review, although some omissions are noted.

Third parties

- Within the Constabulary, the data flow spreadsheets that have been completed identify third parties. However, some entries appear as questions and others identify a third party without indicating how the data is shared. We confirmed that this information is recorded in a separate spreadsheet.

- Within OPCC, we noted that the "external parties" column of the information assets spreadsheet in most cases refers to information sharing protocols where appropriate, but that some items were not fully explained.

Data ownership

- Within the Constabulary, ownership of data assets is not identified as an attribute on the GDPR spreadsheet template but this information is held within a data asset ownership list, which we verified and found to be maintained.

- We confirmed with OPCC management that the spreadsheet attribute "asset manager" is synonymous with "asset owner" and we verified that these managers had been identified within the spreadsheet.

Data storage and retention

- Data storage and retention are attributes included within the spreadsheets created for the purpose of ascertaining GDPR compliance. We noted incomplete entries on both of the spreadsheets regarding data storage and retention, which management stated were understood to relate to items where the existing data retention policies applied. For completeness, management agreed to indicate on the spreadsheets where published data retention guidelines apply.

Awareness

- We confirmed that both organisations are using the College of Policing awareness training modules to promote awareness of GDPR amongst staff and that completion of the modules is being monitored at both organisations. As an example of the progress made to date, we are aware that 1034 staff members have completed the training within the Constabulary, from a total of around 5000 (though this figure may include staff on long-term absence or career breaks).

Data policy, roles and responsibilities

- We confirmed that appropriate policies (including Data Protection, Data Retention, Data Breaches, etc) have been created or updated by both organisations and published on the intranet and website.

- We confirmed that job descriptions are in place for existing post holders with GDPR and Data Protection responsibilities, but we also noted that a new Data Protection Officer, who will work for both the OPCC and Constabulary, has been appointed and will start duties in November.

Individuals' rights

- We noted that information about individuals' rights, including a data privacy policy and a cookies policy, is published on both the intranet and public website, but procedures on Data Subject Rights are currently in draft.

Consent

- We confirmed that the completed personal data flow spreadsheets record whether data subject consent is required for each data flow/asset, and if so, where the consent is held.

Data breaches

- Although the OPCC has a documented procedure in place for handling data breaches, we noted that it does not follow the practical, step-by-step guidance of the Constabulary.

2 ACTION PLAN

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

Ref	Recommendation	Priority	Management action	Implementation date	Responsible owner
1	It is a priority to complete the personal data discovery and mapping within the Constabulary to ensure that all personal data flows are identified and that appropriate controls are in place to address the requirements of the GDPR. *(Constabulary and OPCC)*	High	The new DPO will own this process and ensure completion of data flow spreadsheet in cooperation with Directorates/IAOs. This will be reported via the Strategic Information Management Board. The new DPO will also give advice on compliance with best practice on the OPCC side around information assets recording.	Start November 2018 Completed by April 2019	Data Protection Officer
2	Management should ensure that details of information sharing agreements and protocols are in place for all instances identified where	Medium	The new DPO will review information sharing agreements around personal data being shared with third parties, and will	Start November 2018 Completed by April 2019	Data Protection Officer

Ref	Recommendation	Priority	Management action	Implementation date	Responsible owner
	personal data are shared with third parties. *(Constabulary and OPCC)*		take the necessary action, and report this via the SIMB.		
3	For completeness, the data flow spreadsheets should be updated to show, or refer to, applicable data retention schedules / schemes for all data assets. *(Constabulary and OPCC)*	Medium	The DPO will reviewed and updated to reflect data retention schedules / schemes for all data assets.	Start November 2018 Completed by April 2019	Data Protection Officer
4	To ensure that responsible staff are able adequately to administer individuals' rights under GDPR, procedures on Data Subject Rights should be completed and implemented. *(Constabulary)*	Low	The new DPO will review standard operating procedures and ensure they are updated to reflect the new GDPR.	30 November 2018	Data Protection Officer
5	OPCC management should consider adapting or supplementing the data breach guidance with more staff-focused step-by-step guidance as implemented at the Constabulary. *(OPCC)*	Low	The new DPO will liaise with the OPCC to assess whether there is a need for further data breach guidance - as implemented by the Constabulary, and whether this can be adopted across both entities.	Start November 2018 Completed by April 2019	Data Protection Officer

3 DETAILED FINDINGS

The results of our assessment are set out below:

Ref	Area (ICO Step)	Findings summary	Priority	Recommendation
1	**Business processes and data discovery** The Constabulary and OPCC have created spreadsheets to identify data personal data processed within the respective organisations. The model for these spreadsheets was adapted from guidance from the Information Commissioner's Office.	We reviewed the completed OPCC and Constabulary HR and Legal data flow spreadsheets and queried with the Head of Legal the timetable for completion of other spreadsheets and were informed that, due to lack of resources, the team have been unable to complete the remaining 22 spreadsheets required. When the DPO starts on 12 November this will be her first task.	High	It is a priority to complete the personal data discovery and mapping within the Constabulary to ensure that all personal data flows are identified and that appropriate controls are in place to address the requirements of the GDPR. *(Constabulary and OPCC)*
2	**Third parties** Third parties with whom data is shared are identified within the data flow/asset spreadsheets.	**Constabulary:** The data flow spreadsheet identifies third parties. However, some entries appear as questions and others identify a third party without indicating how they data are shared. We confirmed by observation that this information is recorded in a separate spreadsheet. **OPCC:** We noted that the "external parties" column of the information assets spreadsheet in most cases refers to information sharing protocols where appropriate, but that some items were not fully explained.	Medium	Management should ensure that details of information sharing agreements and protocols are in place for all instances identified where personal data are shared with third parties. *(Constabulary and OPCC)*
3	**Data storage and retention** Data storage and retention are included as indicators within the data flow/information spreadsheets and retention policies and guidance have bene updated for GDPR.	**Constabulary:** Some entries in the data flow spreadsheets are not complete. These have been queried with management. **OPCC:** The information assets spreadsheet also has some blank or uncertain entries. In the latter case we confirmed that the data retention policy applies. This is stored on the OPCC website.	Medium	For completeness, the data flow spreadsheets should be updated to show, or refer to, applicable data retention schedules / schemes for all data assets. *(Constabulary and OPCC)*
4	**Individuals' rights**	We requested information from the current Data Protection Officer about individuals' rights procedures. Whilst information about individuals' rights is published on both the intranet and public website,	Low	To ensure that responsible staff are able adequately to administer individuals' rights under GDPR, procedures on Data Subject

Ref	Area (ICO Step)	Findings summary	Priority	Recommendation
	Updated information on individuals' rights is published on the public websites**.**	procedures on Data Subject Rights are currently in draft, pending the additional resource that the appointment of the new DPO will provide.		Rights should be completed and implemented. *(Constabulary)*
5	**Data breaches** The Constabulary has implemented an updated data breach procedure: "Data Protection Breach Procedural Guidance" issued May 2018. The OPCC has issued updated guidance "BREACH OF DATA PROTECTION – PCC INTERNAL POLICY" issued May 2018. Both procedures incorporate the amended guidance for reporting DP breaches to the ICO.	**Constabulary:** We reviewed the data breach procedure. It contains a step-by-step approach to breach handling (including the use of a standard reporting form) and requires the early and full involvement of the DPO. **OPCC:** The data breach procedure takes a more theoretical approach, referencing ICO guidance. This may be appropriate given the relative size of the organisation, but practical guidance to all staff may also be useful.	Low	OPCC management should consider adapting or supplementing the data breach guidance with more staff-focused step-by-step guidance as implemented at the Constabulary. *(OPCC)*

APPENDIX A: SCOPE

Scope of the assignment

The scope of the assignment will include as assessment of what the two organisations have done in readiness for the new act, and how they are progressing towards compliance with requirements.

Business processes and data discovery

- Based on the documentation and information provided inspection of the management control processes designed to identify and document all in scope data across the organisation. Related data inflows and outflows focussing in particular on:

- the existence of process and data mapping;

- processes to classify data;

- identification of data flows to third parties; and

- methods of data storage and transfer.

Third parties

- Based on the assessment set out at (1), we will carry out the following:

- inspection of the methods used to identity third parties to whom the 'in scope' data is transferred.

- identification of methods used to assess contractual data confidentiality existence and coverage.

Data ownership

- Based on the documentation and information at 1 above, note the existence of processes used to identify/allocate data owners.

Data storage and retention

- Based on documentation and information at 1 above, comment on the existence of data retention and storage policies.

Awareness

- Based on the documentation and information at 1 above, comment on the existence of GDPR awareness processes.

Data policy, roles and responsibilities

- Based on the documentation and information at 1 above, comment on the existence and scope of current data policies.

- Based on the documentation and information at 1 above, comment on the existence and designation of data protection roles and responsibilities.

- Comment on current roles by reference to recognised good practice.

Individuals' rights

- Based on the documentation and information at 1 above, comment on the existence of procedures for updating, deleting, and reporting personal data at department and organisation level.

Consent

- Based on the documentation and information at 1 above, comment on the existence of processes in place to capture data consent.

Data breaches

- Based on the documentation and information at 1 above, comment on processes in place for the detection, reporting and investigation of personal data breaches.

Limitations to the scope of our work:

- The assignment is delivered as 'agreed upon procedures' and therefore will not result in a formal assurance level or opinion.

- We will not confirm compliance with GDPR and/or provide any legal or regulatory advice.

- We will not test data security controls over data inflow, data repository and data outflow

- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

Ellena Talbot – Head of Legal

Julie Dennis – Data Protection Officer

John Smith – OPCC CEO

Kathryn Palmer – OPCC Public Contacts & Standards

Kate Watson – OPCC Office & HR Manager

Documentation reviewed during the audit:

Constabulary Data Protection Policy - CIM-002-19 – May 2018
Constabulary Data Protection Breach Procedure – May 2018
Constabulary GDPR Data Flow spreadsheet (in progress)
OPCC Data Protection & Freedom of Information Policy – May 2018
OPCC Master Information Assets List (in progress)
Job descriptions (various) - current
OPCC Records Retention Scheme – May 2018

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AVON AND SOMERSET POLICE

Procurement / Contract Management

FINAL

Internal audit report: 6.18/19

5 November 2018

RSM

CONTENTS

Debrief held	22 October 2018	**Internal audit team**	Mark Jones – Head of Internal Audit
Draft report issued	1 November 2018		Victoria Gould – Manager
			Joe Hanley – Senior Auditor
Responses received	5 November 2018		
Final report issued	5 November 2018	**Client sponsor**	Sharon Quantick – Deputy Director of Finance and Business Services
			Nick Adams – Constabulary CFO
			Mark Simmonds – OPCC CFO
			Jane Walmsley – Inspection and Audit Coordinator
		Distribution	As agreed

1   EXECUTIVE SUMMARY

1.1 Background

This audit was carried out as part of the 2018/19 internal audit plan to review the procurement and contract management processes across the Constabulary.

The procurement function for the Constabulary divested from SouthWest One in 2016 and is now managed by a central Procurement team consisting of 14 members of staff based at HQ. The Procurement team structure is set out below:
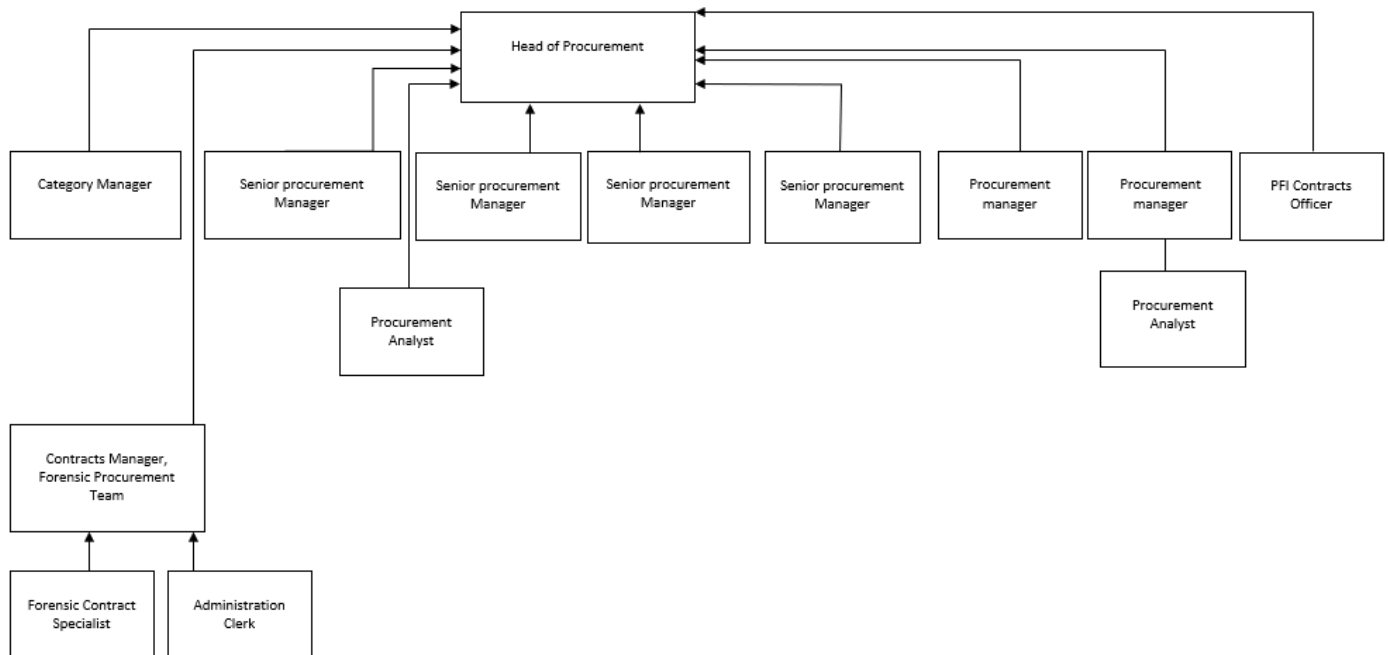
Avon and Somerset Constabulary submits an Achieved Savings report to the Home Office on a monthly basis (this was only required quarterly prior to June 2018). The 2017/18 total reported savings figure was £3,964,822. The savings reported since June 2018 are outlined in the table below:

Month	June	July	August	September	October
Savings	£23,640	£88,850	£40,512	£15,225	£77,160

1.2 Conclusion

The Constabulary has robust controls in place for procurement and contract management processes. Our audit fieldwork did not identify any weaknesses in the control framework or instances of non-compliance.

Internal audit opinion:
Taking account of the issues identified, the PCC, JAC and Chief Constable can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.

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1.3 Key findings

The key findings from this review are as follows:

Contracts are monitored through the use of a central Contracts Register which is held on a shared network drive accessible by the finance and procurement teams.

Suppliers do not invoice the Constabulary following the expiration of contract agreements. At this point the contracts are archived in the Contracts Register.

Contractual agreements are in place and are signed by both the supplier and an appropriate individual from the Constabulary.

Payments to suppliers are made in line with pricing schedules and payment arrangements set out within the contractual agreements.

Appropriate processes are adopted to short list suppliers in line with Contract Standing Orders.

Appropriate governance arrangements are in place for the awarding of contracts and the approval of successful parties.

Detailed performance information is provided to the Constabulary for each supplier, where relevant. The frequency of provision of performance information is appropriate for the level of risk associated with each contract.

Regular meetings take place between the Constabulary and suppliers, where appropriate. The frequency of these meetings is appropriate for the level of risk associated with each contract.

The Constabulary reports monthly on achieved procurement savings to the Home Office. These saving reports are spot checked by the Home Office to confirm the validity of the figures.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*	Non-compliance with controls*	Agreed actions		
			Low	Medium	High
Contracts register and invoicing	0 (2)	0 (2)	0	0	0
Contract awarding (governance)	0 (2)	0 (2)	0	0	0
Contract management and reporting	0 (2)	0 (2)	0	0	0
Total			**0**	**0**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2   DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Area: Contracts register and invoicing								
1	The Contract Standing Orders require that a record of all contracts with a value in excess of £10,000 is maintained in a central contracts register. As at 1 October 2018 there were 253 live contracts on the register. Once a contract has expired, the contract detail is moved from the 'live' tab to the 'archived' tab. The Constabulary's contracts register is stored on a shared network drive, for which access is restricted to the finance and procurement teams. The contracts register is maintained by the Senior Procurement Manager.	Yes	Yes	We obtained the contracts register and selected a sample of five contracts that had expired and had been moved to the archived tab. Through examination of the supplier payments within the finance system, SAP, we confirmed that these suppliers had not been invoicing the Constabulary as part of the contract agreements, or been paid, since the date of expiry. We reviewed the 'live' tab of the contracts register and confirmed that recent updates had been provided to contracts approaching the expiry date. We are therefore satisfied that the contracts register is a well-designed tool		None.		

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				to manage this area and is kept up to date.				
2	Contracts are in place where suppliers perform a service, provide a product or commit to an act that is enforceable by law, with the Constabulary. Contracts are held on a shared network drive which is accessible by the finance and procurement teams. The invoicing arrangements and payment terms are specific to each contract and are set out within the contract documentation.	Yes	Yes	We obtained a report of the 10 top suppliers by value at the Constabulary. From this we found: • in all cases there was a contractual agreement in place signed by an appropriate individual from the Constabulary; • in all cases there was a contractual agreement in place signed by the supplier; and • payments to the suppliers had been made in line with the pricing schedules and payment arrangements for nine of the 10 suppliers. In the remaining case the payment for communication services to Airwave is taken centrally from the grant provided to the Constabulary by the Home Office, and so the finance team do not have sight of this on the accounts payable system. We found that appropriate contracts are in place for the top 10 suppliers and that the Constabulary is incurring costs in line with these contracts. We also further reviewed the top 50 suppliers and the contracts register and were satisfied that we could not identify any anomalies or duplications that may		None.		

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				suggest attempts to bypass the correct procurement routes.				

Area: Contract awarding (governance)

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
3	The procurement process for different contracts is dependent upon the expected value of the contract, as follows: • items up to a value of £10,000 require a minimum of three quotes which can be in the form of emails; • items between £10,000 and £50,000 require three written formal competitive quotations from three or more persons or organisations; • items in excess of £50,000 require referral to the procurement team so that they be procured through formal tender, which may involve compliance with EU regulations if the EU threshold is exceeded; and • items in excess of the OJEU threshold (£118,133 as at 1 January 2018) must comply with the OJEU tendering process. Following any tender process, a formal report (form 419) is submitted for approval to the Procurement and Strategic Contracts Manager (up to £100,000) or to the Chief Financial Officer (over £100,000).	Yes	Yes	We selected a sample of 10 contracts from the contracts register, with values between £150,000 and £15,300,000. From this we found: • in five cases we saw evidence of a tender process having been followed by the Constabulary and that suppliers had been appropriately evaluated prior to selection; • in the remaining five cases we saw evidence that the supplier had been selected as a result of either a national / West Midlands / South West Crown Commercial Service framework agreement; • in all cases the procurement process complied with the OJEU requirements; and • in all cases there was a form 419 report on file which had been signed by an appropriate individual in line with the Contract Standing Orders. We are therefore satisfied that appropriate processes are adopted to short list and award contracts in line with Contract Standing Orders and good / expected procurement practice.		None.		

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
4	As per Appendix A of the Contract Standing Orders, the following delegated limits apply for the award of contracts: • contracts with a value up to £10,000 can be approved by an Authorised Officer; • contracts with a value between £10,000 and £50,000 can be awarded by an Area Commander, Departmental Head or Procurement and Strategic Contracts Manager. Contracts can be approved by the Head of Department or the CFO; • contracts with a value between £50,000 and £100,000 can be awarded by the Procurement and Strategic Contracts Manager. Contracts can be approved by the CFO; • contracts up to £250,000 relating to the procurement of vehicles can be awarded by the Head of Transport Services; Contracts can be approved by the CFO; • all contracts between £100,000 and £500,000 can be awarded and approved by the CFO; and • all contracts above £500,000 shall be referred by the CFO to the PCC Chief Executive or PCCFO to be awarded and approved.	Yes	Yes	We selected a sample of 10 contracts from the contracts register, with values between £150,000 and £15,300,000. From this we found: • in seven cases we obtained the contractual agreements and confirmed that these had been signed by an appropriate individual from the Constabulary, in line with the Contract Standing Orders; and • in the remaining three cases the contract is owned by either the Constabulary's insurance brokers (Marsh) / West Midlands Police / BMW. We saw evidence that each of these bodies underwent a competitive tendering process to select the suppliers, however due to the nature of the arrangements, signed contracts are not entered into by the Constabulary. The arrangements are included within the contracts register to ensure the Procurement team is aware that the arrangements are in place and when they are due to expire. We are therefore satisfied that appropriate governance arrangements are in place for the ethical awarding of contracts and the approval of successful parties.		None.		

Area: Contract management and reporting

| 5 | The Contract Standing Orders state that where appropriate, contracts are monitored and measured by the way of performance indicators and regular review meetings involving the contractor and Constabulary representative.

Meetings are documented to ensure actions raised can be monitored in subsequent meetings. The frequency of the meetings is dependent upon the risk associated with each contract. Factors affecting this level of risk include how business critical and emotive the contract is to the Constabulary.

Different members of the procurement team are allocated to each contract and have responsibility for the performance management of the supplier. | Yes | Yes | We selected a sample of 10 contracts from the contracts register, with values between £150,000 and £15,300,000. From this we found:

• detailed performance information is provided for each supplier, where relevant;
• the frequency of provision of performance information is appropriate for the level of risk associated with each contract;
• where performance information is provided, the content and quality of the information is satisfactory and covers operational and financial indicators; and
• regular meetings take place between the Constabulary and suppliers, where appropriate. The frequency of these meetings is appropriate for the level of risk associated with each contract.

We are therefore satisfied that contracts are being managed in terms of delivery, performance reporting, and regular engagement with suppliers. | None. |
| 6 | The Constabulary produces a report on procurement savings which is submitted to the Home Office on a monthly basis. Prior to June 2018 the Constabulary were only required to submit the report quarterly. The report breaks down the savings for each contract category, and includes the following detail:

• procurement contact; | Yes | Yes | We obtained the Police Force Achieved Savings reports for the Constabulary and confirmed that the following savings had been reported across the months of June to October:

• June £23,640;
• July £88,850;
• August £40,512;
• September £15,225; and | None. |

- contract reference number;
- contract title;
- general and specific contract categories;
- recurring or one-off saving;
- cashable saving (Y/N);
- collaborative saving (Y/N);
- description of saving and calculation;
- previous total cost and new total cost;
- total savings; and
- breakdown of savings across future months.

The report is signed off by the Constabulary Chief Financial Officer and the Home Office.

The Home Office periodically performs spot check audits on procurement saving lines to validate the source documentation supporting the figures.

- October £77,160.

Through discussion with the Head of Procurement we were informed that going forward, the procurement savings will also be reported in the Medium Term Financial Plan.

We obtained evidence that the Home Office performed a spot check audit on the procurement savings report in August 2018 and did not identify any issues.

We are satisfied that the Constabulary monitors and reports monthly on achieved procurement savings.

APPENDIX A: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

Objectives of the area under review
Objective of area under review: To ensure purchases are made and contracts are entered into in under the required legislation and rules, ensuring value for money and contract delivery. **Audit objective:** To test whether a robust framework is in place and being applied in practice for appropriate and efficient purchasing activities.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

We will test the top ten suppliers (by value) and deep dive into invoices and activity with each supplier, to ensure appropriate contracts are in place and being invoiced in line with such contracts.

We will review the contracts register to ensure it is up to date.

We will test a sample of high value contract tenders to ensure that appropriate processes were adopted (in line with OJEU requirements where appropriate), to short list and award contracts, and the governance arrangements around awarding and approval of successful parties.

As part of our testing (where appropriate) we will also review how contracts are being managed in terms of delivery, performance reporting, and regular engagement with suppliers.

We will also review how the Constabulary is monitoring and reporting on the procurement savings achieved, given the funding constraints placed on police forces and the requirement to continue to make savings.

Limitations to the scope of the audit assignment:

Testing will be undertaken on a sample basis only.

This review will not provide an overall opinion on whether the Constabulary is achieving value for money.

We will not provide assurance on the amount of savings reported, only that the Constabulary is monitoring and reporting on this.

We will not include Forensics procurement as part of this review.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Stephen Hodgson – Head of Procurement;
- Nick Jenkins – Category Manager;
- Vicky Turner-Roope – Senior Procurement Manager;
- Tony Holmes – Senior Procurement Manager;
- Bob Jones – Senior Procurement Manager;
- Helen Glanville – Senior Procurement Manager;
- Mike Dix – Procurement Manager;
- Sham Singh – Procurement Analyst; and
- Chris Wady – Senior Accountant.

Documentation reviewed during the audit:

- Contracts Register;
- Supplier invoices;
- Contract Standing Orders;
- Supplier spend report;
- Police Force Achieved Savings report;
- Contract documentation;
- 419 forms;
- Contract management minutes; and
- Contract performance information.

Benchmarking

We have included some comparative data to benchmark the number of management actions agreed, as shown in the table below. In the past year, we have undertaken a number of audits of a similar nature in the sector.

Level of assurance	Percentage of reviews	Results of the audit
Substantial assurance	78%	X
Reasonable assurance	22%	
Partial assurance	0%	
No assurance	0%	
Management actions	**Average number in similar audits**	**Number in this audit**
High	0.1	0
Medium	1.2	0
Low	1.9	0
Total	**3.2**	**0**

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AVON AND SOMERSET POLICE

Key Financial Controls

FINAL

Internal audit report: 11.18/19

4 January 2019

RSM

CONTENTS

Debrief held	22 November 2018	**Internal audit team**	Mark Jones – Head of Internal Audit
Draft report issued	21 December 2018		Vickie Gould – Client Manager
Responses received	4 January 2019		Joe Hanley – Senior Auditor
			Laura Howells – Internal Auditor
Final report issued	4 January 2019	**Client sponsor**	Nick Adams – Constabulary CFO
			Sharon Quantick – Director of Finance and Business Services
			Chloe Cornock – Corporate Business Partner (Management Accounting) and Interim Head of Finance
			Jane Walmsley – Inspection and Audit Coordinator
		Distribution	As agreed

1 EXECUTIVE SUMMARY

1.1 Background

An audit of Financial Controls was undertaken as part of the approved internal audit plan for 2018/19.

Avon and Somerset Constabulary use the SAP computer system for all financial functions. This covers a number of services, including Finance, Payroll, Procurement and Human Resources. The Constabulary brought the shared service arrangement with SWOne to a close in June 2018 and was working with MFSS (multi force shared service) hosted by Cheshire, Northampton and Nottinghamshire police forces, to provide back office functions including finance going forward. However, earlier this year the decision was made to withdraw from the MFSS project and to continue using SAP and managing the finance, payroll, procurement and HR functions in house. Redundancies were made in the finance team in preparation for the MFSS agreement, which had led to some resource limitations currently within the finance team, which is reflected and considered throughout the report.

The finance function at the Constabulary has recently undergone a restructure. There are now four teams within finance:

- Financial Accounting;
- Management Accounting;
- People and Positions; and
- Finance Business Partners (that link in to various departments across the organisation).

As part of this audit we have assessed the design and application of a core framework of financial control across the following areas:

- Policies and procedures;
- General ledger;
- Debt management;
- Purchase to pay;
- Cash management;
- Procurement cards; and
- Special constable expenses.

The Constabulary has recently introduced the Duty Sheet system to assist in paying expenses to its Special Constabulary, as the current system of paying expenses via the creditors ledger is laborious.

The Constabulary's debt position as at 16 October 2018 was £1,665,064:

Days	0-30 days	31-60 days	61-90 days	91-180 days	181-365 days	365 days+
Amount	£596,943.49;	£119,239.95;	£27,242.43;	£433,747.56;	£67,783.42	£420,107.26.

1.2 Conclusion

The Constabulary has seen a significant change to its finance structure and personnel over the past year, and as such the consistent application of financial control has slipped. Once vacancies are filled the Finance function needs to focus on ensuring the framework is adequate and effective. Until then it must prioritise the high-risk tasks and ensure segregation of duties and independence is being applied.

Internal audit opinion:
Taking account of the issues identified, the OPCC, Chief Constable and JAC can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risks.

1.3 Key findings

The key findings from this review are as follows:

The majority of the audit findings related to a lack of or inconsistent application of the control framework, rather than an overall poor design. This is clearly due to the changes in and reduced resource in this area, now that all systems and processes sit in-house. We summarise the key exceptions below:

- Financial Regulations are out of date and refer to old processes and structures.
- SAP user accounts and changes to user access are not reviewed on a regular basis to ensure they are appropriate for the role and individual.
- The Constabulary's debt position at October 2018 was £1.67m, with 55% of this figure being over 90 days old. Our testing found that the Debt Management Procedure was not being applied due to the resource available. The finance staff also found it too detailed and demanding for them to apply.
- New supplier set ups and changes to supplier details were not having robust enough verification checks undertaken before being processed. This presents a risk of fraudulent changes being processed and then payments being made to fake / fraudulent suppliers.
- The HQ petty cash account had not been reconciled in a number of months. This presents a risk of loss not being identified and investigated in a timely manner.
- Bank and control account reconciliations have not been undertaken and reviewed on a monthly basis.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risks	Control design not effective*	Non-compliance with controls*	Agreed actions		
			Low	Medium	High
Moneys are lost, or misappropriated Moneys are spent without appropriate authorisation	2 (21)	12 (21)	6	5	0
Total			**5**	**5**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 ACTION PLAN

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

Ref	Recommendation	Priority	Management action	Implementation date	Responsible owner
1	The Financial Regulations need to be reviewed and updated to reflect the changes that have taken place across the Constabulary over the past year.	Medium	A review of the Financial Regulations will be undertaken as part of the wider review of the Scheme of Governance, to reflect new structures, systems and processes.	1 June 2019	PCC CFO
2	The Constabulary should implement a quarterly spot check of access levels afforded to positions within SAP, to ensure that the access is appropriate for the job role and that no inappropriate changes have been made to user access.	Medium	The Constabulary will document a list of which SAP roles cannot be held by the same person in order to ensure effective segregation of duties. Once this is done, a quarterly review of SAP user access will take place to ensure that no one individual holds these two roles.	1 September 2019	Team Leader, People and Positions
3	The Head of Finance should perform monthly / quarterly spot checks of journals and escalate any themes or issues identified with mis postings.	Low	The new Head of Finance will re-implement the monthly review of journals, sampled based on value / time or day posted / cost centre etc. Any errors identified will be fed back to the finance team.	1 April 2019	Head of Finance

4	The Finance team should update the month end timetable each month to show that the required tasks have been completed, by whom and when. Management response: This would not add value as any uncompleted tasks would be identified as part of the monthly meetings. It would be more useful to maintain a record of issues discussed at the monthly meetings.	Low	The Finance team will minute the monthly finance meetings and maintain a record of any issues discussed.	1 April 2019	Head of Finance
5	Management should ensure that all bank and key balance sheet control account reconciliations are completed every month in a timely manner and are prepared and reviewed by two separate members of staff, with the reviewer being independent from the day to day processing. If staffing resource does not currently allow for this, a timetable should be created to identify and prioritise when the reconciliations will be done.	Low	A review of bank and control accounts will be carried out with a view to reinstating monthly reconciliations where these are identified as necessary, recognising the current capacity constraints in the finance team.	1 April 2019	Head of Finance
6	The Debt Management Procedure should be reviewed and updated to ensure that the expected debt chasing activity at the Constabulary will effectively address the poor debt position whilst being realistic for the finance team to deliver	Medium	The Debt Management Procedure will be updated when the new Head of Finance is recruited. Following the implementation of the new Debt Management Procedure, periodic debt management meetings between the Head of Finance, Finance Assistant and Legal team will be reinstated to review the current debts.	1 September 2019	Head of Finance

| 10 | The Finance team should contact new suppliers via telephone to verify that bank and other details are correct prior to updating the supplier ledger. This should be documented to evidence that the phone call has taken place.

The same approach should be taken when changes to standing data, such as bank details and address, are requested by suppliers. | Medium | The Finance team will be reminded to apply and document more robust checks when adding new suppliers or changing supplier details within the supplier ledger. | 1 April 2019 | Head of Finance |
|---|---|---|---|---|---|
| 13 | Management should ensure the HQ petty cash reconciliations are completed by the Admin Officer by the 15th of each month and checked by Finance. | Medium | Spot checks will be undertaken by the Finance team to ensure petty cash balances are reconciled with no errors or differences on a monthly basis. Those responsible for managing cash balances will be reminded of this requirement. | 1 April 2019 | Head of Business Services |
| 17 | As planned, the Procurement Card Policy should be updated to reflect the new process. | Low | The Administration Manager will review and update the Procurement Card Policy to reflect new and best practice. | 1 April 2019 | Head of Procurement |
| 18 | Following implementation of the new Procurement Card policy, the Senior Procurement Manager should ensure that all current and future cardholders sign to acknowledge possession of a procurement card and to confirm that they have read and agree to the terms of use. | Low | Staff will be reminded to maintain records going forward of all new procurement cardholder signed agreements.

A task will also be undertaken to retrospectively gather and retain this evidence for current cardholders. | 1 April 2019 | Senior Procurement Manager |
| 21 | Following the implementation of the Duty Sheet expenses software for Special Constables, the Special Constabulary Co-ordinator | Low | The Finance team will work with the Special Constabulary Co-ordinator to ensure the internal audit recommendations are built into the use of Duty Sheet going | 1 April 2019 | Special Constabulary Co-ordinator |

should perform a quarterly spot check of a sample of five expense claims to ensure sufficient supporting documentation is available to support the claims.

In setting up the authorisation hierarchy in Duty Sheet, an independent check / reconciliation to SAP should take place to ensure delegated authority is in line with the Financial Regulations.

forward, and this will aid the evaluation of how the system is used in the future.

3 DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

Our internal audit findings and the resulting actions are shown below.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
Risk: Moneys are lost or misappropriated **Moneys are spent without appropriate authorisation**						
Policies and procedures						
1	**Financial Regulations** The Constabulary has Financial Regulations and Contract Standing Orders, that apply to the PCC, all staff in the OPCC, the Chief Constable and police officers and staff. The document includes: • purpose; • status; • financial roles and responsibilities; • financial management framework; • accounting systems, records and returns; • annual statement of accounts; • financial planning and control;	No	N/a	We obtained the Financial Regulations and confirmed that they set out the overarching financial framework at the Constabulary. The Financial Regulations were last updated on 1 April 2014 when they were approved by the Chief Constable and Police and Crime Commissioner. Our audit identified outdated information included within the Financial Regulations, such as references to the Constabulary's relationship with Southwest One, which no longer exists. Where the Financial Regulations are out of date there is a risk that Constabulary staff are working towards a	Medium	The Financial Regulations need to be reviewed and updated to reflect the changes that have taken place across the Constabulary over the past year.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
	• budgetary control; • capital programme; • maintenance of balances and reserves; • risk management and business continuity; • audit requirements; and • preventing fraud and corruption. The Financial Regulations were last updated on 1 April 2014 and are available on the PCC's website.			framework which does not reflect current expected practice or the current structures, roles and responsibilities in place. We confirmed that the Financial Regulations are available on the PCC website.		
General ledger						
2	**Access to SAP** SAP user accounts are based on a position not an individual, so the person allocated to that position can change without the account for that position needing to change. Each position is allocated a list of composite roles which broadly specify the access that role requires. Behind each composite role there are a number of single roles which have transaction assignments behind them. The transaction assignments specify the individual access levels the position has been allocated. Changes to roles on SAP (which control access) are processed by the People & Positions Management team. There is a form to request these changes that has to be authorised by Head of Finance for finance roles, Head of HR Operations for HR roles and Master Category Manager for procurement roles.	Yes	No	We obtained a SAP User Access report from the SAP Application Support team. The spreadsheet was split into three tabs: Tab 1: list of composite roles attached to each position; Tab 2: list of single roles attached to each composite position; and Tab 3: list of transaction codes attached to each single role and the associated transaction code description. We selected one position and attempted to obtain a list of all access levels that the position had been allocated, however this provided an extremely time-consuming task, as hundreds of different access levels fell behind each composite role and associated single roles. Through discussion with the Head of Finance, we agreed that the process for monitoring these access levels was far too laborious and was not carried out by the Constabulary, this used to be part of the role of Southwest One via IBM. As a result, the Constabulary	Medium	The Constabulary should implement a quarterly spot check of access levels afforded to positions within SAP, to ensure that the access is appropriate for the job role and that no inappropriate changes have been made to user access.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
				receive no assurance that the access levels are appropriate for each role. Where no monitoring activity of SAP access takes place, there is a risk that staff have inappropriate access to SAP and this is not identified, leading to potential fraud or error in the system.		
3	**Journals** Finance Managers and Finance Officers authorised to raise a journal within SAP must complete a SAP Journal Upload spreadsheet. Once completed, there is an option to save and send the Journal Upload spreadsheet to the Finance mailbox. There is an in-built control within the spreadsheet that will not allow it to be sent if the posting date has not been completed or if the credit and debit amounts do not balance. If a cost centre that does not exist is entered the spreadsheet, this is automatically flagged to the requester. All members of the Finance Team have access to the Finance mailbox and can approve and process the journal, although this is usually done by the Finance Assistant. Once a journal has been raised, the Finance Assistant opens the attached spreadsheet from the Finance mailbox. The following checks are then completed: • check all required fields have been completed by the requester; • check that the provided reason corresponds with the information on the journal;	Yes	No	We obtained a report of all journals posted in SAP between 1 April and 31 October 2018. We selected a sample of 10 journals and from our testing of this sample we found: • in five cases the journals were raised and approved by different members of staff. In the remaining five cases the journals were raised and posted by the same members of staff; and • in all cases there was sufficient backing documentation to support the reason for the journal and the figures within it. We note that the Finance Assistant position was vacant at the time of the audit and this has resulted in workarounds to the standard procedure. As part of the Financial Controls (6.16/17) audit, we acknowledged that preventative control over the posting of journals, for example having segregation of duties in place for every journal, was not efficient nor realistic, and it was suggested that instead a detective control of dip sample testing high value journals would be sufficient. We found as part of the Financial Controls (12.17/18) audit that the Head of Finance was now performing quarterly spot checks on journals as a detective control. However, since the previous	Low	The Head of Finance should perform monthly / quarterly spot checks of journals and escalate any themes or issues identified with mis postings.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
	• check that the item to be credited is already on the system as recorded; • check the cost centres and ensure that the transfer makes sense and is allowed; and • ensure descriptions are meaningful and informative. The Finance Assistant then saves a SAP compatible copy of the file. The file is then uploaded to SAP and the document number is entered onto the printed journal, initialled and dated by the member of staff processing the journal. If the journal relates to an accrual, the Finance Assistant puts the email into a separate accruals sub-folder within the Finance mailbox. The Principal Accountant checks the journal and puts the Journal Upload Sheet in a folder entitled "Ready for Input". The Finance Assistant then processes all journals in this folder and adds them to his monthly accrual log spreadsheet. This spreadsheet is then used for reversing the journals in the following period. Prior to August 2016, the accrual Journal Upload Sheets were printed and signed when processed by the Finance Assistant.			Head of Finance left the Constabulary the quarterly checks have not taken place. Without sufficient control over journals, there is a risk of fraud or error not being identified and corrected, resulting in misstated financial reports.		
4	**Month end timetable** The Constabulary has a month end timetable in place which outlines the key tasks to be completed by the finance team at the end of each month. The timetable includes: • period;	Yes	Yes	We obtained the month end timetable and confirmed that it includes key month end tasks. We confirmed that the month end timetable is available to staff via the shared network drive, however we could not see evidence that it was being used as a tool to complete the month end process. Good practice we tend to see elsewhere is the finance team signing off the confirm each step has been completed by the set deadline.	Low	The Finance team should update the month end timetable each month to show that the required tasks have been completed, by whom and when.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
	• month; • submission deadline for journals, accruals, virements and adjustments; • submission deadline for pay commentary and projections; • submission deadline for high level commentary to be sent to Head of Finance; and • submission deadline for monthly reports. The timetable is held on the shared network drive and is accessible by the Finance team.			This enables the team to be accountable for their responsibilities and to deliver financial information and reports to the set deadlines.		<u>Management response:</u> This would not add value as any uncompleted tasks would be identified as part of the monthly meetings. It would be more useful to maintain a record of issues discussed at the monthly meetings.
5	**Control account reconciliations** The Finance team completes purchase ledger, sales ledger and VAT reconciliations on a monthly basis. The reconciliations are completed by the Senior Accountant and reviewed by the Principal Accountant. There is a pro-forma reconciliation spreadsheet which is used to record the reconciliations. Supporting documents are attached to the reconciliations to support the balances. The Constabulary does not have a suspense account.	Yes	No	Purchase ledger and sales ledger reconciliations have not been completed in the past three months due to staffing shortages. We obtained the VAT reconciliations for August, September and October 2018. The three reconciliations did not note that they had been prepared and reviewed by the Senior Accountant. However, through discussion with the Senior Accountant we were informed that the VAT reconciliations for each month in the past year were completed in October 2018. Each reconciliation, when including input and output accrual VAT and VAT claims not yet received from HMRC, reconciled to the figures within the system and on the VAT claim form. Due to staffing shortages the Senior Accountant also subsequently reviews the reconciliation. There is a risk that if reconciliations are not completed within a timely manner that any issues or discrepancies identified may be difficult to investigate due to the period that has passed. The VAT account	Low	Management should ensure that all bank and key balance sheet control account are completed every month in a timely manner and are prepared and reviewed by two separate members of staff, with the reviewer being independent from the day to day processing. If staffing resource does not currently allow for this, a timetable should be created to identify and prioritise when the

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
				may also contain incorrect information which could be missed due to reconciliations not being completed. In addition, the VAT reconciliations not being reviewed by another member off staff risks any reconciliations containing errors going unnoticed.		reconciliations will be done.
Debt Management						
6	**Debt Management Procedure** The Constabulary has in place a Debt Management procedure document which details the Force's policies on the billing, collection and recovery of money due to the Constabulary. The procedure includes: • introduction; • invoicing procedures; • pricing of service; • contracts; • invoicing errors; • reminders; • dealing with outstanding debt; • legal action; • salary overpayments; and • advice and guidance. The procedure was updated in August 2016 and is available to staff via the shared network drive.	No	N/a	We obtained the Debt Management Procedure and confirmed that it outlines the debt collection framework at the Constabulary and the procedure to be followed operationally by staff. We confirmed that the procedure is available to staff on the shared network drive. We note that the procedure was last updated in August 2016. Additionally, following our debt collection findings in control 7 and conversations with the Acting Head of Finance, it was felt that the debt collection expectations as outlined in the procedure are too demanding on the finance team.	Medium	The Debt Management Procedure should be reviewed and updated to ensure that the expected debt chasing activity at the Constabulary will effectively address the poor debt position whilst being realistic for the finance team to deliver.
7	**Debt collection** 30 days after an invoice is raised a reminder is automatically generated by the finance system, checked by Finance and sent to the customer. This	Yes	No	We obtained the aged debtor report as at 16 October 2018 and found that the total debts outstanding to the Constabulary totalled £1,665,064. We selected a sample of 10 debts and from our testing of this sample we found:		See management action 6.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
	details the invoice number, date, amount owed and description as well as a request to pay immediately. Contact should be made by phone if possible on day 14, day 28, day 45 and every five days thereafter to chase outstanding invoices. The following information sets out the process to be followed. If a customer is not contactable or progress to collect the debt is not made after 90 days, procedure to refer an outstanding debt to legal services below must be followed. A monthly debt report is generated from SAP and is split into various area debt tabs within the spreadsheet according to which department the debt belongs to, including: • financial services; • purchase and supply; • training school; • Financial Management Unit (FMU), although FMU no longer exists; • Unique Reference Number (URN) alarms; • payroll (chased by the Payroll team unless pension related in which case chased by Peninsula pensions); • legal; and • car / seconded / grants. This spreadsheet is then distributed to each department to ensure they are aware of the outstanding debts relating to their area.			• in four cases we confirmed that the debts were being chased regularly and effectively; • in three cases the debt had been paid at the time of the audit fieldwork; • in one case it was deemed by the Finance team that it was unsuitable to chase as the debt related to a pension overpayment for a deceased ex-officer which had been paid to a widow; and • in the remaining two cases we saw evidence of email communications with the debtor but the debt chasing activity was not robust or in line with the Debt Management procedure. One of these related to a debt of £437 owed to ROCU which was over 181 days old, and the other case related to a debt of £34,342 which was over two years old owed by the Home Office for rent and service charges at Bridewell Police Station. Where debt is not chased on a regular basis there is a risk that the debt becomes unrecoverable, leading to financial loss and cash flow issues. Through discussion with the Acting Head of Finance it was felt that phone calls every five days following the debt becoming 45 days old is not feasible given the resource available for debt chasing. The Debt Management Procedure should be reviewed and updated to ensure that the expected debt chasing activity at the Constabulary can realistically be carried out. The Constabulary debt position is currently high, with £921,638 (55%) over 90 days old. Whilst the procedure is felt to be demanding, steps needs to be taken to address the poor recovery of debt.		

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
Purchase to pay						
8	**Purchase orders** Purchase requests are raised by requisitioners set up within SAP. Once a purchase has been requisitioned, an email is sent to all staff with authority to approve the request within the given cost centre. Any member of staff receiving a notification can then authorise the request. Subject to authorisation of the purchase request, the Procurement team must review the request and create a purchase order. The Procurement team are then responsible for raising all purchase orders for the organisation and for sending this to the supplier. Once the order has been raised by the Procurement team, the goods can be received, and the invoice matched and marked for payment within SAP. This is done by the Procurement team for orders under £10,000. Email authorisation is required from the budget holder for all orders over £10,000.	Yes	Yes	We obtained a list of all invoices from 1 April to 31 October 2018. We selected a sample of 15 invoices and from our testing of this sample we found: • in all cases purchase requests had been raised and approved by two different members of staff prior to the invoice date, therefore there was no retrospective ordering; • in all cases we confirmed all purchase requests were approved by an appropriate member of staff in line with the scheme of delegation; • in the five cases where the order was over £10,000, there was evidence that additional authorisation was obtained before procurement released the purchase order; • in all cases the purchase orders were released after the purchase request had appropriate authorisation; and • in all cases the invoices had been matched to the purchase order before being paid. We found that purchase orders are raised following segregation of duties and appropriate approval from budget holders in line with delegated authority, and that invoices are matched to orders prior to payment.	None.	
9	**Preferred suppliers** The Constabulary does not hold a list of preferred suppliers but holds a list of suppliers with established contracts of supply. This list is held in a Contracts Register spreadsheet which is held on the shared network drive.	Yes	Yes	Through discussion with the Senior Procurement Manager we were informed that the Constabulary should not hold a list of preferred suppliers as such a list should not exist for a public-sector authority as it would contrast with Public Contract Regulations 2015.	None.	

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
				The Contracts Register was examined as part of the 2018/19 Procurement audit and no issues were identified.		
10	**New suppliers** When a request is received by the Finance team to set up a new supplier on SAP, approval is needed from Strategic Procurement Services prior to the supplier being set up by the Senior Accountant. The Senior Accountant will contact the supplier via telephone using details found via an internet search. Official forms such as medical forms, evidential property department requests and translator forms are signed as approved prior to being received by the Finance team and so no further checks are completed to verify these, as the signed form acts as approval to proceed from the relevant member of staff.	Yes	No	We selected a sample of 10 new suppliers set up on SAP since 1 April 2018 from a system generated report. From our testing of this sample we found: • in six cases we evidenced that approval had been given from SPS to add the new supplier. In the remaining four cases the request came via a medical form, evidential property department request or translator form and so did not require SPS approval; • in the six cases where official forms were not used, we confirmed that the Senior Accountant had contacted the supplier via the telephone in three cases and had emailed the supplier in the remaining three cases; and • in all cases the bank details provided on the request matched those held in SAP. Where new suppliers are contacted using an email address on an invoice there is a risk that the invoice and hence the email address could be fraudulent and a risk that the email address can be intercepted. Contacting a supplier via a telephone number available on the suppliers' website mitigates the risk of fraudulent details being added to SAP and subsequent fraudulent payments being made.	Medium	The Finance team should contact new suppliers via telephone to verify that bank and other details are correct prior to updating the supplier ledger. This should be documented to evidence that the phone call has taken place. The same approach should be taken when changes to standing data, such as bank details and address, are requested by suppliers.
11	**Changes to supplier details** When a request is received by the Finance team to change supplier details on SAP, the supplier is contacted via telephone using existing contact	Yes	No	We selected a sample of 10 changes to supplier bank details in SAP since 1 April 2018 from a system generated report. From our testing of this sample we found:		See recommendation 10.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
	details held on SAP prior to the supplier details being changed by the Senior Accountant. A daily check is performed by the Finance Assistant on all changes to supplier bank details, to check that the details match those entered on to the system and that an appropriate check has taken place.			• in all cases we could evidence that the supplier had been contacted using existing details to confirm the validity of the bank detail change, however only five of these were done via telephone. In the remaining five cases this was done via email; • in six cases we confirmed that the details had been checked by the Finance Assistant. In three of the remaining cases the spreadsheet containing the check was dated prior to July 2018 and appeared to have been corrupted by an excel update. In the remaining case the supplier bank detail change was processed on 26 September 2018 but had still not been checked at the time of the audit fieldwork; and • in all cases the bank details provided on the request matched those held in SAP. Where suppliers are contacted using an email address there is a risk that the email could be intercepted. Contacting a supplier via a telephone number previously held by the Constabulary mitigates the risk of fraudulent details being added to SAP. Where secondary checks are not carried out in a timely manner there is a risk that any erroneous or fraudulent bank detail changes are not identified and that subsequent payments are processed and result in financial loss to the Constabulary.		
12	**Payment runs** Supplier payment runs are processed twice a week. Once invoices have been appropriately approved they are included within the next payment run. The	Yes	Yes	We obtained all the payment runs over the past month. From the 16 October to 16 November 2018 there were 10 payment runs. For each payment run we obtained the corresponding BACS payment form and confirmed that within this each payment run was noted electronically as being completed by the		None.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
	Finance Officer prepares the payment run and the Senior Accountant reviews the report. Once satisfied, the Senior Accountant sends the proposed payment run along with a BACS payment form to the Corporate Business Partners who then process the payment.			Finance Officer and as reviewed by the Senior Accountant. Each form was also dated by both Finance staff. We obtained the email sent to the Corporate Business Partners and confirmed they contained the BACS payment run form. The payment run form and the email sent to the Corporate Business Partners were always completed on the same day. We are satisfied that the Corporate Business Partners have sufficient delegated authority to sign off the payment runs. There is evidence that arrangements are in place to ensure payments runs are prepared and reviewed by appropriate members of staff and that the processing of the runs is not delayed.		
Cash management						
13	**Petty cash and transactions** Imprest accounts are in place for various sites across the Constabulary. An imprest is a cash account that a business uses to pay for small, routine expenses. A fixed balance is maintained in the account, and it is replenished routinely to maintain that balance. Petty cash is held at the following sites across the Force: • Corporate Support Bridgwater; • Corporate Support Concorde House; • Corporate Support HQ; • Corporate Support Keynesham; • Corporate Support Kenneth Steele House; • Corporate Support Patchway;	Yes	No	The imprest account balances for each account are as follows: • Headquarters Corporate Services – £46,000; • Kenneth Steele House Corporate Services – £14,000; • Patchway Corporate Services – £10,000; • Bridgwater Corporate Services – £10,000; • Keynsham Corporate Services – £6,000; • Yeovil Corporate Services – £6,000; • Trinity Road Corporate Services – £6,000; • Concorde House Corporate Services – £4,000; • PCC for A&S – £1,000; and • HQ Cashpoint – £50,000. The petty cash balance kept in the safes at each site are considerably less than the account balances. We	Medium	Management should ensure the HQ petty cash reconciliations are completed by the 15th of each month.

- Corporate Support The Bridewell; and
- Corporate Support Yeovil.

HQ and KSH

The petty cash tin is held within a safe in the Corporate Services office. The key to the safe is held within a pin coded key safe. Only four members of the Corporate Services team have the pin to open the key safe at HQ and five members of the Corporate Services team at Kenneth Steele House.

To withdraw money from the petty cash tin the individual requesting the cash completes a paper expense claim form. This form is signed as authorised by the requester's supervisor or inspector. Supporting receipts are attached to the expense claim form and the relevant budget code is specified for each cost.

A member of the Corporate Services team checks the form has been appropriately authorised and that the supporting receipts match the request amount, before withdrawing and handing over the specified amount from the petty cash tin.

If required in advance, an IOU form can be put in the safe and repaid. The form specifies the amount, purpose and requestor name. The form is signed to confirm receipt of the requested amount.

The Corporate Services team have a petty cash book which records all amounts withdrawn from the petty cash tin. The book is signed when withdrawals are made. There is also an imprest breakdown form

were informed by the Admin Officers at HQ and KSH that the petty cash balances fluctuate dependent upon the cash requirements in the coming days, and that the petty cash balances are usually between £2,000 and £3,000. In our judgement these balances are reasonable given the purposes for which they are used.

For the two largest petty cash sites based on the size of the imprest holdings (HQ and KSH), we selected three payment request forms. From this we found:

- the amounts on the payment request forms matched the imprest breakdown forms and the expense claim forms;
- all expense claim forms were signed;
- all payment request forms were prepared and checked by different individuals; and
- all receipts were in place and were authorised for each claim.

We also selected three petty cash transactions at each site and confirmed these had been coded.

We are satisfied that petty cash transactions are supported by appropriate receipts and that they are coded prior to being processed by the finance team.

We obtained the petty cash reconciliations for August, September and October 2018 at KSH. In each case the reconciliation was completed, balanced, had supporting documentation attached and was prepared and reviewed by separate individuals.

However, the petty cash reconciliation had not been completed in August, September and October 2018 at HQ. Where reconciliations are not completed at the

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
	which is also filled out by the member of the Corporate Services team.

A monthly imprest account reconciliation is completed by the Facilities / Admin Officer by the 15th of every month. All the petty cash sheets are then gathered together, and an electronic payment request form is completed on SAP. The Accounts Payable team process coding for each item.

Periodically, a member of the Corporate Services team will, accompanied by another member of the team, visit the NatWest bank on Portishead High Street (for HQ) or Corn Street, Bristol (for KSH) to collect the cash to top up the petty cash tin. | | | end of each month, there is a risk that any cash that was to go missing would not be identified and investigated in a timely manner. | | |
| 14 | **Banking arrangements**

<u>HQ and KSH</u>

Income is collected by the Corporate Services teams and held in a tin within the main safe. Income is collected from a variety of different sources, including:

- forensics / fingerprints;
- disclosure income / legal;
- accommodation;
- seized cash;
- training course fees; and
- subject access fees.

When cash / cheques arrive at the Corporate Services office, the individual bringing the cash / cheques fills in their receipt book to confirm the source of the income, amount and budget code. A | Yes | Yes | For the two largest petty cash sites based on the size of the imprest holdings (HQ and KSH), we selected three paying in slips. From this we found:

- two matching receipts were in place for each amount paid in as part of the paying in slip;
- all receipts were signed appropriately; and
- all 9C&D forms were completed and appropriately signed.

We also selected three items of income at each site and confirmed that these had been coded.

We are satisfied that items of income are supported by appropriate receipts and that they are coded prior to being processed by the finance team. | None. | |

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
	member of the Corporate Services team also completes and signs a separate receipt book (9C&D form) to confirm the amount, before putting the cash into the safe. Periodically, the cash is taken to the NatWest bank on Portishead High Street (HQ) or Corn Street, Bristol (KSH) by a member of the Corporate Services team, who is accompanied by another member of staff.					
15	**Cashflow forecasts** The Principal Investment Officer at Somerset County Council is responsible for preparing cashflow forecasts for the Constabulary. All cashflow items are recorded on the Treasury Management database, which holds records of all debt and investments, debt and investment portfolios and scheduled repayments of capital and interest. As actual figures become available (i.e. creditors run processed twice per week), the cashflow is updated to reflect this. A cashflow spreadsheet is used to compare forecast position with actual figures and is used to enable optimisation of investments. Cash flow is reported to the PCC Chief Finance Officer as part of a monthly information and performance pack of papers, and in person at quarterly meetings, where any exceptional cash flow items can be discussed.	Yes	Yes	We obtained evidence that rolling cashflow forecasts are completed by the Principal Investment Officer. We also obtained evidence that the Principal Investment Officer provided the OPCC CFO with a Treasury Management report in July, August and September 2018. We confirmed that the Principal Investment Officer and OPCC CFO attend a quarterly Treasury Management meeting where any exceptional cashflow items can be discussed and addressed.		None.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
16	**Bank reconciliations** The Constabulary has three bank accounts: Income, Creditors and Payroll. All three accounts are reconciled monthly. A pro-forma reconciliation spreadsheet is utilised to perform the reconciliation. Screen shots are incorporated into the spreadsheet to provide supporting evidence from the ledger and bank statements. The reconciliations are completed by the Senior Accountant. Due to staffing shortages the Senior Accountant also subsequently reviews the reconciliation. This is not in line with good practice as it does not represent independence and segregation of duties which should be in place.	Yes	No	We obtained each of the three bank account reconciliations for August, September and October 2018. None of the nine reconciliations were signed as completed by the Senior Accountant. We were informed by the Senior Accountant that they had not been signed as completed because the reconciliations had not been printed off due to not needing another reviewers signature as the Senior Accountant was also reviewing the reconciliations. Each of the nine reconciliations were noted electronically as having been completed in the following month. Additionally, each reconciliation, when including amounts cleared but not posted and vice versa reconciled to the figures within the system. There is a risk that due to lack of resource core Finance functions are not able to be fully carried out. This results in there being a risk that reconciliations may not be completed, and errors or differences not picked up leading to loss or inaccurate management reports.		See recommendation 5.
Procurement cards						
17	**Procurement Card Policy** The Constabulary has a Government Procurement Card policy document in place which is designed to limit the use of the GPC in terms of both the circumstances in which the GPC may be used and the types of goods and services that may be acquired. The policy includes: • card security; • lost / stolen cards; • limits; • restrictions of use;	Yes	No	We obtained the Procurement Card policy document and confirmed that it outlines the framework for the use of procurement cards. We found that the policy stipulates the current expected practice as observed throughout our audit testing. We confirmed that the policy was approved by the Chief Officer Group in September 2014. It is good practice to review the policy periodically to ensure it is up to date. We were informed by the Admin Manager and Senior Procurement Manager that a draft Procurement Card policy has been drafted as the process for submitting supporting documentation is	Low	As planned, the Procurement Card Policy should be updated to reflect the new process.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
	• using the card; • managing the card; • returning the card; and • audit. The policy was updated in September 2014 and is available to staff via the intranet.			changing so that cardholders will be able to gain 'read-only' access to their online statement. They will then be able to submit supporting documentation on a 'self-serve' basis, reducing the burden on the Procurement team. We confirmed that the policy is available to cardholders via the intranet.		
18	**Procurement card authorisation** The Force Policy restricts the use of the Government Procurement Card (GPC) to the purchase of low value, non-recurring goods and services which cannot be purchased from existing Contracts or Frameworks. The Strategic Procurement Service team manages the GPCs. The use of the GPC is restricted to individuals who can demonstrate a valid business need and for which the use of the GPC is essential for their normal business activity. The GPC will only be issued to staff with purchasing authority and requires approval from the Head of Procurement and the Procurement Manager. A NatWest cardholder application form is completed and signed by the cardholder, Head of Procurement and the Procurement Manager before being sent to NatWest for processing. A business case must be put forward to the Head of Procurement with rationale for the issue of the card.	Yes	No	The Constabulary has a total of 29 procurement cardholders. We selected a sample of 10 procurement cardholders. From this we found: • in nine cases we confirmed a NatWest form was in place which was signed by the cardholder. In the remaining case the card was issued prior to 2005 which was before Southwest One and before the procurement card process was managed by the SPS team, and so no form was able to be found; and • in all nine cases where a form was available we were provided with a business case providing a rationale for the card to be issued and associated approval. As cardholders are not required to sign to acknowledge receipt of the card or agree to the Procurement Card policy, there is a risk that the Constabulary cannot evidence that the cardholder has received the card and that they have read and understood the terms of use and can be held to account for adherence to it.	Low	Following implementation of the new Procurement Card Policy, the Senior Procurement Officer should ensure that all current and future cardholders sign to acknowledge possession of a procurement card and to confirm that they have read and agree to the terms of use.
19	**Spend limits**	Yes	Yes	We selected a sample of 10 procurement cardholders. We performed a sense check of the cardholder spend		None.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
	The Constabulary has a total of 29 procurement cardholders. 27 of these cardholders have a maximum spend of £1,000 per transaction and £5,000 per month. In the remaining two cases, the Head of e-Services has a maximum spend of £5,000 per transaction and £10,000 per month and the Admin Manager has a maximum spend of £15,000 per transaction and £18,000 per month.			limits and found that the limits seemed appropriate for the individuals job role. The spend limits of the two members of staff with the higher spend limits appeared appropriate for their job role and purchasing activity.		
20	**Spend review / review of procurement card users** The Senior Procurement Manager downloads the card statements for each cardholder monthly. Each transaction is reviewed to ensure it is appropriate to have been procured in this manner as opposed to following the usual procurement process. Additionally, the Senior Procurement Manager checks that the spend area is not covered by another contract.	Yes	Yes	We obtained the monthly bank statements for August, September and October 2018 and confirmed that the monthly spend review had been completed in each case by the Senior Procurement Manager. We performed a sense check of the items purchased in October 2018 and found that use of a procurement card was appropriate for these items. The Senior Procurement Manager informed us that any procurement cardholders who no longer needs a card due to inactivity would be picked up during this monthly process. As the Constabulary only has 29 procurement cardholders in place, we are satisfied that this process is working effectively. We selected a sample of 10 procurement cardholders and confirmed that they are still employed by the Constabulary. We are satisfied that procurement card spend is reviewed monthly and that procurement cardholders are reviewed to ensure they still require a card.		None.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
Special Constabulary expenses						
21	**Special Constabulary expenses** The current process for paying expenses to Special Constables appears laborious and is run via the vendor function of finance and not via the payroll. The Constabulary has recently introduced the Duty Sheet software for its Special Constabulary, however has not activated the authorisation function within the software. Therefore, the Duty Sheet software is currently being trialled to record expenses, which are then printed off and physically reviewed and signed by the authorising supervisor.	Yes	No	Two test accounts were set up on the Duty Sheet system, for a 'test' Special Constable and a 'test' authoriser. We walked through the system using the two test accounts to show the recording and authorisation of expenses. We confirmed that the 'test' Special Constable account was able to accurately record a set of expenses and select a designated authoriser for review. We then logged in as the 'test' authoriser account and authorised the expense claim successfully. Following our walkthrough testing, the Constabulary can be assured that the Duty Sheet system can be used as a robust means of recording and authorising expense claims by Specials. We are not however able to place any assurance on the hierarchy of authorisers set up for each Special Constable, as this was not fully set up at the time of the audit. This should however match the hierarchy in SAP. The previous expense claim process involved the authoriser visually inspecting the Special Constable's pocket notebook to confirm that the expense claims were valid. With the new electronic process through Duty Sheets, the authoriser will not inspect the pocket notebook as there will be no supporting documentation. However, the Special Constabulary Co-ordinator informed us that there was a general view at the Constabulary that Specials should receive more trust over their activity, as would be the case with regular police officers.	Low	Following the implementation of the Duty Sheet expenses software for Special Constables, the Special Constabulary Co-ordinator should perform a quarterly spot check of a sample of five expense claims to ensure sufficient supporting documentation is available to support the claims. In setting up the authorisation hierarchy in Duty Sheet, an independent check / reconciliation to SAP should take place to ensure delegated authority is in line with the Financial Regulations.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Recommendation
				Implementing retrospective periodic spot checks to request supporting documentation (in the form of pocket notebook entries) to verify a sample of expense claims would detect any inappropriate claims.		

APPENDIX A: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risks:

Objective of the risk under review	Risks relevant to the scope of the review	Risk source
Objective of the area under review: To safeguard the Constabulary's assets and report accurate financial information. **Objective of the audit:** To provide assurance on the design and application of internal controls within key financial processes operated by the Constabulary.	Moneys are lost, or misappropriated Moneys are spent without appropriate authorisation	Generic risks

When planning the audit, the following Risks for consideration and limitations were agreed:

Due to the changes outlined above the Constabulary is seeking assurance that key financial controls are still in place. Our review will focus on the design of the control framework, focusing on the controls outlined below. We will therefore perform walkthrough testing of the following areas:

Policies and procedures:

- Financial Regulations are in place; and
- Policies, procedures and user guides are in place and available to all staff.

General ledger:

- Access to SAP is restricted to authorised users and is reviewed on a regular basis;
- Journals;
- Month end timetable;
- Month end control account reconciliations (including suspense accounts).

Debt management:

- regular monitoring of the debt position; and
- debt management and collection.

Purchase to pay:

- purchase orders are raised with appropriate approval from budget holders;

- invoices received are matched to orders prior to payment, within a defined tolerance limit;

- the use of preferred suppliers;

- new suppliers and changes to supplier details (focus on bank details) are effectively managed; and

- proposed supplier payment runs are reviewed and authorised in line with delegated authority.

Cash management:

- security and access to petty cash;

- recording of petty cash transactions;

- banking arrangements;

- daily / weekly / monthly review and monitoring of cash flow forecasts;

- bank account reconciliations.

We will review what volume of petty cash is held at each site and take a risk-based approach to focus our testing.

Procurement cards:

- issuing of procurement cards, with appropriate authorisation and acknowledgement of receipt;

- spending limits have been set for each card holders;

- regular secondary review of spending; and

- regular review of cards in issue.

Special Constabulary expenses:

The processes for paying expenses to the Special Constabulary is currently laborious. The Constabulary has recently introduced the Duty Sheet system for its Special Constabulary. We will perform walkthrough testing to provide assurance that the Duty Sheet system can be used as a robust means of recording and authorising expense claims by Specials.

Limitations to the scope of the audit assignment:

Our audit will be limited to the key financial controls within the scope detailed above only.

Testing will be undertaken on a sample basis only for the 2018/19 year to date.

Our work does not provide assurance that the Constabulary has identified all debts / monies owed to it.

We will not substantively re-perform reconciliations.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Chloe Cornock – Corporate Business Partner (Management Accounting) and Interim Head of Finance;
- Steve Hodgson – Head of Procurement;
- Tony Holmes – Senior Procurement Manager;
- Suzanne Gimber – Corporate Business Partner;
- Kulbinder Konsal – Finance Business Partner;
- Chris Wady – Senior Accountant;
- Matthew Britton – Senior Accountant;
- Daniel Coggins – Finance Assistant;
- Cherrie Hardwell – Admin Review;
- Alan Sanford – Principal Investment Officer (Somerset County Council);
- Simon Green – Special Constabulary Duty Sheet Team;
- Katie Hancock – Special Constabulary Co-ordinator;
- Kate Watson – Administrator (KSH);
- Vicky Ellis – PA to CFO; and
- Scott Kendall – Admin Officer.

Documentation reviewed during the audit:

- Financial Regulations;
- Statement of Accounts;
- SAP Access Report;
- Report of Journals 2018/19;
- Journal Input Sheets and Backing Documentation;
- Month End Timetable;
- Control Account Reconciliations;
- Debt Management Policy;
- Debtors Report October 2018;
- Report of invoices Paid 2018/19;
- Report of New Suppliers 2018/19;
- Supplier Creation Forms;
- Report of Supplier Changes 2018/19;
- Supplier Change Forms;
- Payment Runs;
- Cashflow Forecasts;
- Cashflow Reports to PCC CFO;
- Bank Reconciliations;
- Imprest Account Holdings;
- Procurement Card Policy;
- List of Procurement Cardholders;
- Procurement Cardholder Application Forms;
- Special Constabulary Expenses Forms (old and new); and
- Duty Sheet Software.

Benchmarking

We have included some comparative data to benchmark the number of management actions agreed, as shown in the table below. In the past year, we have undertaken a number of audits of a similar nature in the sector.

Level of assurance	Percentage of reviews	Results of the audit
Substantial assurance	67%	
Reasonable assurance	31%	
Partial assurance	0%	X
No assurance	2%	
Management actions	**Average number in similar audits**	**Number in this audit**
High	0.1	0
Medium	1.5	5
Low	2.1	6
Total	**3.7**	**11**

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AVON AND SOMERSET POLICE

Internal Audit Progress Report

Joint Audit Committee: 16 January 2019

CONTENTS

1   INTRODUCTION

The 2018/19 audit plan was approved at the JAC meeting on 21 March 2018, and work has been ongoing to complete the plan. Five final and one draft advisory report has been issued since the last JAC meeting.

Assignments	Status	Opinion issued	Actions agreed		
			H	M	L
Procurement Contract Management (6.18/19)	FINAL		0	0	0
IT Projects – Benefits Realisation (7.18/19)	FINAL		0	2	3
GDPR Governance (8.18/19)	FINAL	Advisory	1	2	2
Change Comissioning / Transformation (9.18/19)	FINAL	MFSS Project: Change commissioning, Tri-Force Futures programme and lessons learnt:	2	2	1
Strategic Framework (10.18/19)	DRAFT	Advisory			
Key Financial Controls (11.18/19)	FINAL		0	5	5

Impact of findings to date

 From the audit work undertaken to date, we have issued two negative assurance opinions with two high priority management actions which may effect our annual internal audit opinion. This was in the Change Commissioning audit, specifically in the MFSS part of the review, and the Key Financial Controls audit.

2 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2018/19	Status
Environment Scanning	December 2018	Fieldwork complete. Debrief meeting taking place 22 January 2019.
Organisational Learning	January 2019	Fieldwork taking place w/c 14 January 2019. Scope agreed with audit lead.
PCC / Chief Constable Expenses	N/a	Additional review requested by the OPCC. Fieldwork taking place w/c 14 January 2019.
Follow Up (Part 2)	January 2019	Fieldwork taking place w/c 21 January 2019. Updated tracked already provided by Constabulary.

3   OTHER MATTERS

3.1 Changes to the audit plan

There has been one change to the 2018/19 internal audit plan to date, with the addition of a PCC / Chief Constable Expenses review.

3.2 News briefing

We have included below some sector information / briefings that may be of interest to the Joint Audit Committee members:

Consultation on new statutory guidance

The Independent Office for Police Conduct (IOPC) has launched a consultation on a new statutory guidance on the police complaints system. It is noted that changes are being made to the police complaints system through the Policing and Crime Act 2017, the IOPC is therefore aiming to publish a revised statutory guidance as soon as the changes have taken place. The IOPC are consequently 'seeking views of those who work within the complaints system, and those who can offer the user's perspective.'

Micheal Lockwood. IOPC Director General states 'our statutory guidance plays a vital role in ensuring that learning, improvement and accountability are at the heart of the police complaints system. We want to ensure that our new guidance supports the changes intended by the reforms, and that it helps practitioners achieve high standards when dealing with complaints and serious incidents involving the police.'

The consultation on the new IOPC statutory guidance closes on 23 January 2019.

Policing for the future

The Home Affairs Committee has published the report 'policing for the future.' The report looks at the changing demands on policing and takes into considerations the extent to which the service is able to meet the challenges that these create. Key findings include:

- neighbourhood policing has been reduced by over 20 per cent since 2010, and some forces have lost over two thirds of their neighbourhood officers;
- recorded crime has increased by 32 per cent in 3 years;
- policing is facing new challenges and rising demand from traditional crimes, however resources in recent years have been strained, and forces are under considerable stress to keep up with existing pressures; and
- without additional funding for policing, the Home Affairs Committee states that there will be 'dire consequences' for public safety, criminal justice, community cohesion and public confidence.

The Home Affairs Committee sets out a number of recommendations on three growing areas of demand: online fraud, child sexual abuse, and safeguarding vulnerable people including the private sector which must do much more to reduce demand on policing from online fraud and child sexual abuse. Forces should be required to provide a minimum two-day training course on mental health to all officers and police community support officers. The Home Affairs Committee also warns that the Home Office cannot continue to stand back while police forces struggle.

Financial sustainability of police forces in England and Wales 2018

The National Audit Office (NAO) has published a report on the 'financial sustainability of police forces in England and Wales 2018', a follow up to the report published in June 2015. The present report examines the Home Office's progress in 'managing a clear assurance and oversight system.'

Police and crime commissioners are responsible for securing and maintaining local police services that are efficient and effective.in order to attain financial sustainability. The Home Office is responsible for assessing how much funding police forces need, deciding how much the policing system receives and allocating grants to police and crime commissioners. Police and crime commissioner will then determine how much of the grant will go to forces and how much will go to funding initiatives to reduce crime. As the Home Office gets less oversight on how the funding provided is used, the NAO have stated that the Home Office should be in a position where it can get assurance that forces are not in risk of becoming 'financially unsustainable.'

The NAO examined the system used for ensuring a forces financial sustainability. The NAO highlights that the Home Office is not clear in its 'accountability system statement' on how it gets assurance that the policing system is working. There is also not enough clarity on what information is used to monitor the financial health of police forces and ways in which it will address forces' financial or service failure. The Home Office expect commissioners to be responsible for ensuring that the local communities policing needs are met effectively and efficiently. Forces are required to undergo independent inspection by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), however the Home Office understands that there are limitations to these inspections when identifying risks to financial sustainability of police forces. The NAO concludes that the Home Office's 'light touch' approach to the oversight of police forces means that it is unaware whether the police system is financially sustainable or not.

The NAO sets out a number of recommendations including that the Home Office agrees who is accountable for what across all levels of the policing system. The Home Office should make clear its relationship with HMICFRS in order to gain assurance that the police system is financially sustainable. The Home Office should also make this clear in their 'accounting officer system statement.' The NAO recommends that the Home Office develops a clearer understanding of whether police forces funding is enough to support them to deliver a service that is efficient and effective. They should also review the formula for police funding and take on an approach that will consider local circumstances more fairly.

New strategic direction for the Emergency Services Network (ESN)

Following the Home Office's in-depth review, a new strategic direction has been announced for the 'Emergency Services Network (ESN).' The new mobile-based communications network will save £200m in public money annually once the existing radio-based network 'Airwave' has been fully replaced. The change will allow police, fire and rescue services, ambulance services and other users to use data services over the network from early in 2019, followed by voice capabilities soon after.

The emergency services will be able to test and choose which ESN products they want as and when they become available instead of having to wait for the network to be implemented fully. The 4G network will reshape emergency services' mobile working, particularly in 'remote areas and at times of network congestion, with sim cards giving them priority over commercial users.' ESN also has the potential to allow emergency services to communicate on the London Underground.

The NAO report on the financial sustainability of police forces stated that delays in the ESN programme, which is now at least 15 months behind schedule (as at June 2018), has placed additional costs on forces. The Home Office plans to fund £1.3bn on work to replace the existing system, however, until the new ESN system is fully in place, the Home Office is having to spend £330m annually from the total police budget to run the old Airwave system. This is resulting in many forces having to make significant investments to extend the life of their Airwave equipment while they wait for

the ESN system to become available. Emergency services will be hoping that when details of the strategy are provided to Parliament it will bring further clarity on the new rollout.

Police complaints: Statistics for England and Wales 2017/18

The Independent Office for Police Conduct (IOPC) has published statistics on police complaints for England and Wales in 2017/18. Police forces deal with most of the cases recorded while the IOPC only deals with the most serious and sensitive cases.
Key statistics include:

- 31,671 complaint cases were recorded by forces, a 7 per cent decline from 2016/17;
- most forces recorded over 80 per cent of their complaints within the expected 10 working days. 24 forces maintained or improved the number of complaints they recorded on time;
- 61,238 allegations were recorded, a decline of 4 per cent from 2016/17;
- 'other neglect or failure of duty' was the most common allegation accounting for 39 per cent;
- forces finalised 60,944 of the 61,238 allegations. 44 per cent of allegations finalised were investigated' and 42 per cent of allegations finalised were locally resolved. 6 per cent of allegations were withdrawn;
- overall, 31,524 complaints were finalised, a 4 per cent decline from 2016/17;
- on a whole, complaint cases took longer to finalise. In 2017/18, the average number of days to finalise a case was 116 days with the average time ranging between 28 and 230 days across forces; and
- the total number of appeals declined by 8 per cent from 2016/17.

APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED

Reports previously seen by the Audit and Assurance Committee and included for information purposes only:

Assignments	Status	Opinion issued	Actions agreed		
			H	M	L
Additional Payments (1.18/19)	FINAL	Reasonable assurance	0	3	1
Governance (2.18/19)	FINAL	Reasonable assurance	0	4	6
Income Generation (3.18/19)	FINAL	Reasonable assurance	0	2	5
Follow-Up Part 1 (4.18/19)	FINAL	Little Progress	0	1	0
Health and Safety (5.18/19)	FINAL	Reasonable assurance	0	4	6

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Audit Progress Report and Sector Update

Avon and Somerset Police and Crime Commissioner and Chief Constable
Year ending 31 March 2019

January 2019
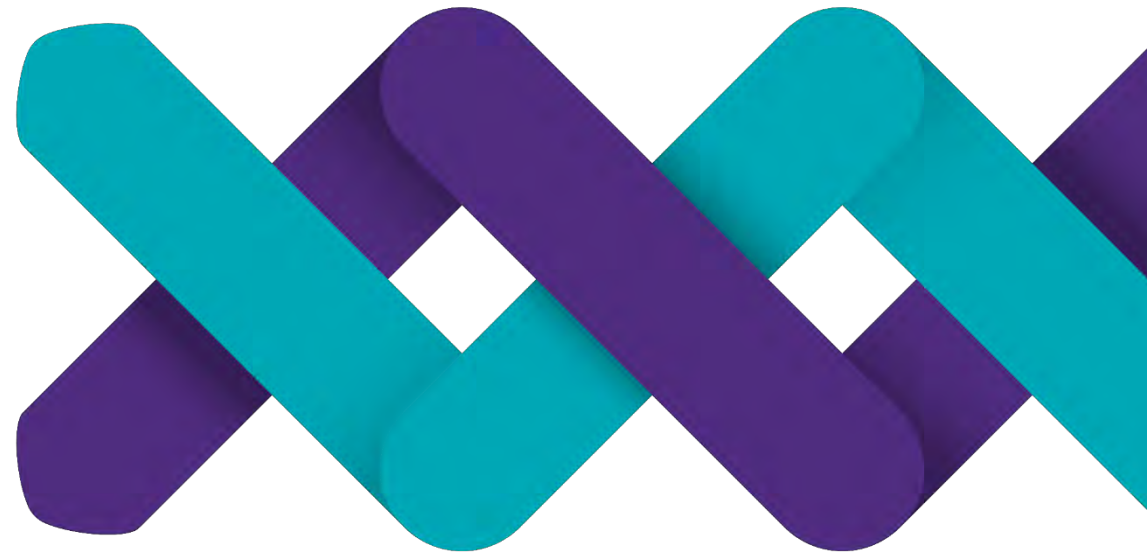
Contents and Introduction

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This paper provides the Joint Audit Committee with a report on progress in delivering our responsibilities as your external auditor.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and

- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Joint Audit Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the following link to be directed to the website https://www.grantthornton.co.uk/.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Contents

Progress at January 2019

Financial Statements Audit

We have started planning for the 2018/19 financial statements audits and are due to commence our on-site interim audit in February and March 2019. Our interim fieldwork visit is expected to include:

- Updated review of the control environment
- Updated understanding of financial systems
- Controls testing
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing.

We expect to issue our Joint Audit Plan summarising our approach to the key risks on the audit at the Joint Audit Committee meeting in March 2019, when we will also report any findings from the interim audit to you.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We have begun our initial risk assessment to determine our approach.

We will report the significant risks that we have identified in our Joint Audit Plan and the findings from our work in the Joint Audit Findings Report, giving our Value For Money Conclusions by the deadline of 31 July 2019.

Other areas

Meetings

We are scheduled to meet with Finance Officers in January 2019 as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

We also met with the PCC and Chief Constable in December 2018 in order to discuss their views on the opportunities and challenges that they face and to inform our planning.

Events

Our free-to-attend annual accounts workshop is taking place on Thursday, 7th February in our Bristol office, and a member of your finance team is attending this event.

Our South West Police Audit Committee member event also took place on 27 November in Bridgwater, and the independent committee members attended this. There was representation from all of the South West police audit committees at the event.

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Joint Audit Plan We are required to issue a detailed accounts joint audit plan to the Joint Audit Committee setting out our proposed approach in order to give an opinion on the Group, Police and Crime Commissioner and Chief Constable 2018-19 financial statements.	March 2019	Not due yet
Interim Audit Findings We will report to you the findings from our interim audit within our Progress Report.	March 2019	Not due yet
Joint Audit Findings Report The Joint Audit Findings Report will be reported to the July Joint Audit Committee.	July 2019	Not due yet
Auditors Reports These are the opinions on your financial statements, annual governance statements and value for money conclusions.	July 2019	Not due yet
Joint Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not due yet

Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**

- **Insights from sector specialists**

- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Police

HMICFRS news

Progress made ensuring disabled victims get access to justice

A report published by HMICFRS on the progress made on the 2013 joint report: Living in a Different World since the last update in 2015 highlights some significant improvements in handling cases involving disability hate crime. There are also signs that the number of cases being identified correctly as hate crimes are increasing, and there has been an increase in the number of successful applications for sentence uplifts due to cases containing elements of disability hate crime.

While praising the work already done, the report makes recommendations to further improve performance. These include recommendations regarding the identification and investigation of cases involving disability hate crime, and of the coordination of work between the police and CPS in these matters. It is also recommended that a number of changes are made to better highlight and explain cases to the court and defence where an increase in sentencing is required due to the offence being motivated wholly or in part by hostility towards a disability.

The report can be accessed by clicking on the image below.

HMICFRS Value for Money profiles 2018

HMICFRS has published the latest Value for Money profiles, which provide comparative data on a wide range of policing activities for each police force in England and Wales. Value for Money profiles help forces make better decisions by identifying areas where improvements can be made in cost and performance.

Using browser-based software, users can now view interactive dashboards and select the data points that interest them most and generate reports tailored to their own interests.

The dashboard can be accessed through the following link https://www.justiceinspectorates.gov.uk/hmicfrs/our-work/article/value-for-money-inspections/value-for-money-profiles/value-for-money-dashboards/

HMICFRS news

Police cannot fix a broken mental health system

Police officers are increasingly being used as the service of default in responding to people with mental health problems, a report by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services has confirmed.

The report makes it clear that whilst the police service is doing a good job in difficult circumstances, there are concerns over whether the police should be involved in responding to mental health problems at the current level. The report emphasises that there needs to be a radical rethink and a longer-term solution to what has become a national crisis.

HMICFRS commissioned a survey to understand better the public's view of the role of the police service in helping people with mental health problems. The findings included:

- just two percent of people surveyed felt it was the police's responsibility to respond to mental health calls.

- seventy percent of people felt it was the main responsibility of the health services to deal with people with mental health problems; and

- a further 10 percent felt that the local authority or council were responsible.

However, the report reflects that demand for police to respond to mental health-related calls is increasing. Forces tended to underestimate the number of officers sent to mental health incidents, the response to which took longer than forces realised. Some forces are more advanced at understanding and measuring demand in this area than others, but overall the police service needs to improve its understanding of the extent of mental health demand.

The scale of the problem is illustrated by findings that, in London, for example, the police receive a call about a mental health concern once every four minutes and send an officer to respond to a mental health call every twelve minutes. The top five individual repeat callers to the Metropolitan Police Service all have mental health problems and called the force a combined total of 8,655 times last year, costing the service £70,000 just to answer the calls. Welsh forces have estimated that each call takes, on average, three hours.

The report found strong leadership and governance on mental health across most forces. Also, there are strong and well-established partnerships across the country to support the most vulnerable in society, the most widespread of which is a mental health triage system to manage mental health demand and respond better to people in crisis. Additionally, police officers had a good understanding of how to respond to those with mental health problems and feedback from partner organisations recognised the empathy officers showed in supporting those with mental health problems.

The report identifies improvements that police forces can make in improving training and building a clearer view of demand, and the report concludes that the longer-term solution must involve all public services if it is to provide people with mental health problems with the expert support they deserve.

The report can be accessed by clicking the cover below.

HMICFRS

Her Majesty's Inspectorate of Constabulary
and Fire and Rescue Services

Policing and Mental Health

Picking Up the Pieces

November 2018
© HMICFRS 2018
ISBN   978-1-78655-741-4
www.justiceinspectorates.gov.uk/hmicfrs

Home Office news

Policing front line review

At the 2018 Police Federation annual conference held on 23 May, the Home Secretary announced that he would conduct a review of front-line policing. Sponsored by the Minister of State for Police and the Fire Service, the front-line review will provide police officers and staff throughout England and Wales with the opportunity to share their ideas for change and improvement in policing.

The review, which will engage officers and staff of chief superintendent rank and below (or equivalent), will ask the front line for feedback on access, availability and their experience of support and development services, with a view to identifying opportunities to improve existing provisions. Whilst the review will not address pay, resourcing or demand, as work led by the National Police Chiefs' Council and its partners is already ongoing to explore these issues, it will look to ensure front-line, operational experience continues to inform operational decision-making and government policy development.

The Home Office started front-line engagement in summer 2018, using several digital channels to collect feedback and ideas from the front-line and this data is now undergoing analysis in collaboration with the Office for National Statistics (ONS). The next step in the review is to test headline themes and trends identified during the initial phase of engagement with police across the country, to ensure resulting policy recommendations respond to the needs identified.

From November 2018, the Home Office will be holding a series of 28 face-to-face workshops in regional locations across the country, facilitated and moderated by ONS practitioners. Details of where and when each workshop will be taking place will be shared with police forces in each region, to support with promoting opportunities to engage locally. Review findings will be summarised in a report, which will be published in spring 2019.

Crime outcomes in England and Wales: year ending March 2018

The 2017/18 report on the outcomes that police forces have assigned to offences recorded by the police has been published, which covers the 43 territorial police forces in England and Wales, plus the British Transport Police.

Some of the key findings include:

- Police forces closed almost half (48%) of offences with no suspect identified, a similar proportion to last year. This proportion varied by crime type. Three quarters (75%) of theft offences were closed with no suspect identified, compared with around 7 per cent of rape offences and 2 per cent of drugs offences.

- It took police forces an average of 6 days to assign the outcomes they recorded in the year ending March 2018, a decrease of 2 days compared to the year to March 2017.

- Higher proportions of domestic abuse-related offences received a charge/summons than those that were not domestic abuse-related (15% and 9% respectively).

- There were 638,882 fraud offences recorded in the year end March 2018 which were reviewed by the National Fraud Intelligence Bureau (NFIB) for possible investigation and enforcement action.

The full report can be accessed by clicking on the cover below.
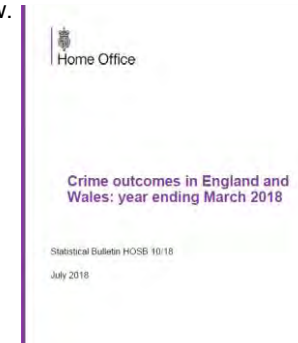
Home Office news

Early Intervention Youth Fund: successful bids

The Home Office has published the details of successful bids to the Early Intervention Youth Fund, with a total of 29 projects receiving £17.7 million over a period of two years. The Fund is designed to divert children and young people away from violent crime. The projects will include work with children and young people at risk of criminal involvement, organisations safeguarding those at risk of gang exploitation and county lines, or who have already offended to help divert them into positive life choices.

A list of successful bids can be found by clicking the following link https://www.gov.uk/government/publications/early-intervention-youth-fund-successful-bids/early-intervention-youth-fund-successful-bids

Avon and Somerset were successful in being awarded £463,857 for an early intervention and prevention service targeting vulnerable children and young people in areas of high need. An integrated three-layer service will tackle the root causes of serious violence by improving resilience and safety through:

1) Direct interventions for individual children and young people to prevent crime and support evidence led prosecutions of perpetrators targeting children;

2) Support designed to strengthen the family system as a protective resource; and

3) Education and involvement of communities, improving identification and prevention.

Enabling Police and Crime Commissioners (PCCs) to sit and vote on Combined Fire and Rescue Authorities (FRAs)

The Home Office has summarised the consultation responses and next steps in respect of the proposal to vary the combination schemes of Combined Fire and Rescue Authorities (FRAs).

The responses demonstrate strong support among those directly affected for implementing the provisions of the 'representation model', with 91% of affected Combined FRAs agreeing to the proposed amendments.

This consultation was about ensuring that Combined FRAs can appoint a PCC with voting rights, and that the same level of transparency applies to Combined FRAs as it does to County or Metropolitan FRAs. Having carefully considered the consultation responses, the Government has decided to vary the combination schemes of those Combined FRAs who have agreed to the proposed amendments. A negative statutory instrument (SI) will now be drafted to make these amendments and it is then expected to be laid before Parliament in the autumn.

This sets a clear expectation for opportunities for closer working and cooperation to be implemented and encourage collaboration in areas where a PCC does not take on responsibility for local fire and rescue services. It is expected that each affected FRA will now carefully consider a relevant PCC's membership request should it be made.

Home Office news

Provisional police funding settlement 2019-20

On 13 December 2018 the Home Office announced the provisional police funding settlement for 2019-20. PCC's will be given £7.8 billion in general government grants, which is £161 million more than the previous year. PCC's will also be given the option to raise more money to spend locally, with the council tax referendum threshold raised to £24 for a Band D property. If all PCCs ask households to contribute an extra £2 a month, this would generate around £510 million in additional funding nationally.

As announced by the Chancellor in the budget, funding for counter-terrorism policing will increase by £59 million in 2019 to 2020 to £816 million. The counter-terrorism funding total includes £24 million to boost the number of firearms officers, known as the firearms uplift, which is also part of the Police Transformation Fund.

The Home Office also provides additional funding for national programmes and priorities. In 2019/20, an extra £89 million will be provided, taking the total to £1 billion, excluding the firearms uplift. This funding will continue existing top-ups to support the National Crime Agency and Regional Organised Crime Units, provide £495 million for police technology, provide a £175 million Police Transformation Fund and provide Special Grant funding of £73 million, which police forces can bid for to help cover costs of unexpected events and major investigations. There is also £3.5 million for Police Now, a graduate recruitment and training programme. The national priorities funding also includes a £90 million investment to build capabilities to tackle serious and organised crime at national, regional and local levels which is separate from the funding for PCCs and for counter terrorism policing.

The settlement also announced £153 million specifically to help policing meet increased pensions costs next year which are estimated at around £330 million. Of this, £143 million will go directly to PCCs and £10 million to counter-terrorism police and the National Crime Agency.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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	RISK			MITIGATION OF RISK	ASSESSMENT			
Risk/ Objective	Description	Impact		Controls and Assurances	Unmitigated/ Current Risk			Commentary and Review Date
					Probability	Impact	Risk Score	
SR1 **Governance Failure**	Ineffective governance, scrutiny, oversight of services and outcomes delivered by the Constabulary including delivery of the Strategic Policing Requirement. Ineffective arrangements for complaints and serious cases. Failure to ensure adequate transparency of the OPCC and/or the Constabulary. Failure to ensure effective systems and controls are in place to manage risk and support the delivery of service. Failure to hold Chief Constable to account. Failure to address conduct or performance of Chief Constable. Failure to ensure Chief Constable sets appropriate culture, ethics and values. Failure to address complaints against the Chief Constable.	Reduced Public confidence Relationship with Constabulary not optimal Government criticism, penalties Panel criticism Sub standard performance results and poor inspection outcomes Force not efficient /effective Risks not managed Financial loss Reputational risk		Risk owner: PCC / OPCC CEO PCC Police and Crime Board PCC Chief Constable 1:1s Representation at Constabulary CMB Audit Committee, audit, annual governance statement Scrutiny of complaints - IRP Service Delivery assurance OPCC visits Police and Crime Panel meetings DCC attendance at OPCC SLT Force Management Statements	4	4	**16**	PCC and Chief Executive reviewed governance arrangements and a revised governance structure has been adopted with agreement from the Constabulary. These include a monthly PCC Board, formalising scrutiny, key decisions and performance tracking. Governance arrangements were reviewed by RSM. Positive assurance from RSM audit opinion.
					3	4	**12**	The internal audit report on governance concluded that the PCC and CC have an adequate and effective framework for risk management, governance and internal control. The Constabulary are revising governance arrangements, and structures are stabilising. Anticipate a stable and embedded governance by summer 2019. There are operational concerns in respect of capacity (see commentary on SR3 and Constabulary Risk Register).

RISK			MITIGATION OF RISK	ASSESSMENT			
Risk/ Objective	Description	Impact	Controls and Assurances	Unmitigated/ Current Risk			Commentary and Review Date
				Probability	Impact	Risk Score	
SR2 **Police and Crime Plan:** Setting the plan, delivery of the plan	Failure to sufficiently assess needs. Failure to agree an appropriate Police and Crime Plan with the Chief Constable. Failure to deliver the Police & Crime Plan.	Lack of understanding of policing-related needs of the population PCC priorities not agreed, set or delivered Public confidence eroded Panel criticism Increased demand Increased levels of crime Increased perception of being unsafe	Risk owner: PCC / OPCC CEO PCC/Chief Constable meetings Police and Crime Board Representation at Constabulary CMB Qlik Sense App Staff survey Audit Committee Panel Meetings SDAs Contacts analysis Forum analysis General Public Confidence Scrutiny of complaints and conduct Audits and Inspections (HMICFRS; RSM)	5 4	4 4	20 16 ◄►	The Police and Crime Plan has been developed collaboratively. Delivery plans underpin the strategy. Internal assurance mechanisms are in place to evaluate delivery of the Plan's objectives. Organisational change is embedding (Neighbourhood Policing Model, Lighthouse Safeguarding Unit and redesign of Enabling Services) but remains both a threat and an opportunity in terms of Plan delivery. The Strategic Threat Assessment and Strategic Intelligence Requirements documents raise concerns around the Constabulary's ability to deliver against the Plan, but HMICFRS inspections indicate good progress. The Annual Report 2017-18 indicated performance improvements in PEEL inspections, Public Confidence and control over Communication Centre abandonment rates, and decline in performance related to criminal justice outcomes and victim satisfaction.

RISK			MITIGATION OF RISK	ASSESSMENT			
				Unmitigated/ Current Risk			Commentary and Review Date
Risk/ Objective	Description	Impact	Controls and Assurances	Probability	Impact	Risk Score	
SR3 **Financial Incapability & VFM**	Failure to agree a balanced Constabulary budget with the Chief Constable. Failure to fund the budget. Running an unsustainable budget deficit running out of funds. Unable to borrow as required Failure to set precept as required. Failure to deliver the budget. Unable to meet financial obligations as they fall due, reserves insufficient to cover deficits. Unable to manage or control budgets. Savings not delivered in sufficient time, sequence or scope. Failure to ensure value for money in OPCC and across the delegated budgets to the Chief Constable.	Run out of money - require intervention Govt. intervention Reputation / public confidence lost Unable to fund adequate or minimum service Unable to fund delivery of PCC priorities Unable to afford change. Inefficiency in use of police funds wastes money and harms reputation	Risk owner: PCC / CFO Medium and long term financial planning Regular oversight of revenue & capital budget Maintain adequate risk-assessed reserves Audit Committee / Internal Audit Treasury Management strategy in place outcomes reviewed by CFOs and Finance meeting HMIC efficiency inspection regime	4 3	5 4	20 12	Outturn for 18/19 is £5-6m core underspend used to fund provisions and capital. New savings agreed with Chief mostly from Enabling services are in process of being delivered. However, a shortfall of £2m is now apparent in these savings due to scope changes and MFSS savings no longer forecast. MTFP - Cost pressure from pay and pension funding means £5m annual savings needed by March 2024 to balance the MTFP and additional savings are required to generate investment funds if funding after 2019/20 does not improve in the CSR. Capital plan being reviewed - funding gap identified as capital receipts being delivered more slowly than planned. Reserves being consumed - forecast useable non ring fenced reserves to be £12 million by 2022(4% of net PCC annual budget). Police Funding formula review for 2020. Precept rise - PCC will seek increased level of £24 rise per annum for band D in 2019-20, then revert to 1.99% capped increase. Thereafter. Pay awards assumed at 2% for staff and officers.

RISK			MITIGATION OF RISK	ASSESSMENT			
Risk/ Objective	Description	Impact	Controls and Assurances	Unmitigated/ Current Risk			Commentary and Review Date
				Probability	Impact	Risk Score	
SR4 Failure to **Engage with the public**	Failure to effectively engage with local people, communities and stakeholders. Failure to understand people's priorities and issues re policing and crime. Not taking account of local people's views, only "loud voices" and single issue voices heard.	Reputational damage Reduction/loss of satisfaction and confidence in OPCC and in Police by local people Partnership relationships damaged Threat to Police legitimacy - withdrawn support Animosity towards police/OPCC Police and Crime plan and actual delivery not aligned to public concerns and priorities	Risk owner: PCC / OPCC CEO/Head of Comms Meetings with LA chairs/ CEOs; CSP Chairs; local community group leaders PCC Forums, community days, attendance at events, meeting community groups Web site, twitter & social media Representation on CSPs, Children's Trusts, LCJB, Health and Wellbeing Boards OCC/OPCC Comms meetings Gold Groups as required	4 4	3 3	12 12 ▽	Opportunities exist to increase community engagement at forums, events etc. Opportunity to increase engagement with people from diverse communities presented by the establishment of the SOP panel. PCC and COG have developed a joint comms plan (proactive and reactive) to ensure closer working and resource allocation. This is working well. Additional drop-ins and more informal approach seems to be being well-received (Easton Community Centre and Malcolm X Centre). Engagement activity re precept proposal has seen a good level of engagement. There are concerns over community tensions in Bristol.

	RISK			MITIGATION OF RISK	ASSESSMENT			
					Unmitigated/ Current Risk			Commentary and Review Date
Risk/ Objective	Description	Impact		Controls and Assurances	Probability	Impact	Risk Score	
SR5 Commissioning & Services	Failure to: Deliver community safety, victims services and other partnership outcomes effectively.	Delivery failure Reputation / public confidence Relationship with Constabulary and partners Government penalties Poor assessment results		Risk owner: Head of C&P OPCC Business and Delivery Plan OPCC commissioning team Governance Boards, scheme of governance Victims service established by OPCC/OCC, with regular review meetings OPCC Risk Register OPCC Issue Register	4 4	4 4	16 16 ◄►	SARC and ASCC service re-commissioning processes are complete and services live. Still some risk to service provision. Victim services re-commissioning in procurement period. Some risk to service provision through award and mobilisation Commissioning of therapeutic services led by CCG with OPCC funding contribution underway Some information emerging that potential public sector TUPE liability costs can deter the voluntary sector from bidding Ascend out of court disposals programme now live - new area of business, new pathways being established and new providers being worked with. Pathway and approach for domestic abuse and hate crime respectively still to be implemented / agreed Successful bids into national funding streams (Early Intervention Youth Programme, Modern Slavery etc) - implementation and mobilisation in progress

	RISK			MITIGATION OF RISK	ASSESSMENT			
					Unmitigated/ Current Risk			**Commentary and Review Date**
Risk/ Objective	Description	Impact		Controls and Assurances	Probability	Impact	Risk Score	
SR6 Failure to meet **OPCC Statutory Requirements**	Failure to: Set Policing Plan / Priorities (as above). Set Policing Precept budget (as above). Deliver community safety, victims services and other partnership outcomes effectively. Operate an effective Custody Visiting Scheme. Provide effective oversight of complaints against Chief Constable. Failure to follow legal and other guidance to ensure transparency of OPCC work.	Delivery failure Reputation / public confidence Relationship with Constabulary and partners Government penalties Poor assessment results		Risk owner: PCC / OPCC CEO, CFO, Office/HR Manager and Head of C&P OPCC Business Plan Police and Crime Plan / Annual Report OPCC commissioning team Governance Boards, scheme of governance Annual Assurance Statement Audit Committee / Internal Audit Victims service established by OPCC/OCC Transparency Checklist	4	3	12	OPCC Business and Delivery Plan is developed with workstreams that detail activity covering all statutory requirements. OPCC team appointed owners to statutory duties. OPCC SLT review delivery of OPCC functions at SLT meetings. The GDPR will come into force in May 2018 and as yet we are uncertain of the gap between how data is currently handled and how it will need to be handled under the new Act. Organisations breaching the Act may be financially penalised. Until it is clear what will be required to maintain compliance, the probability of this risk is raised. Guidance may be produced in insufficient time to prepare ahead of the Act's implementation. CoPaCC transparency award received.
					2	3	6 ◀▶	
SR7 **Capacity/ Capability** Failure to have adequate capacity and capability within OPCC to effectively fulfil functions	Risk that: i) People in post do not have sufficient knowledge or skills to perform roles to standards of quality and/or to meet deadlines; ii) there is insufficient transfer of knowledge that would provide cover/resilience; iii) there is insufficient capacity in workloads to perform role to standards of quality and/or to meet deadlines.	Increased likelihood of materialisation of risks through delivery failure (governance, scrutiny, commissioning of services, contribution to collaboration development, engagement with public, delivery of statutory duties); Damaged relationship with public, constabulary and/or partners.		Risk owner: CEO / OPCC HR Manager OPCC Business Plan and Budget PDR process and regular supervisory sessions SLT, Delivery plan meetings and Team meetings (to share knowledge, resolve issues) OPCC HR policies Resource planning	4	4	16	OPCC is in the bottom quartile in respect of OPCC funding across the country. There has been a period of staff turnover. Vacancies are almost all filled and new roles are being allocated.
					3	4	12 ▽	

RISK			MITIGATION OF RISK	ASSESSMENT			
				Unmitigated/ Current Risk			Commentary and Review Date
Risk/ Objective	Description	Impact	Controls and Assurances	Probability	Impact	Risk Score	
SR8 **Collaboration - other forces** Failure to deliver effective and efficient regional and other collaborative outcomes	Failure to: Develop and implement effective regional strategy to make the region more efficient and effective Develop and deliver collaboration plans with Wiltshire and Gloucestershire Constabularies to increase efficiency and effectiveness Failure to put in place effective governance and ownership of regional projects and programmes	Inefficient compared to other regions/areas Government scrutiny/intervention Forced to accept others terms from future alliances or mergers Poor VFM assessment results	Risk owner: PCC / OPCC CEO/ OPCC CFO OPCC Business Plan Regional commissioning and programme boards Strategic Collaboration Governance	4	4	16	ERP decision to not join MFSS which is a police collaboration, due to rising costs, lack of stable solution and project delays ERP will continue on ASC own SAP system. Regional progress being made on Major Crime, ROCU, Forensics, CT, ESMCP, Special Branch. Tri Force Firearms work to move to ASC Host Force model has stopped and this collaboration will cease in 2019.
				4	4	16 (red) △	
SR9 **Collaboration - other partners** Failure to deliver effective and efficient regional and other collaborative outcomes	Failure to: Develop and implement effective regional strategy to make the region more efficient and effective ness Failure to put in place effective governance and ownership of regional projects and programmes Collaborate with Fire Authorities.	Inefficient compared to other regions/areas Government scrutiny/intervention Forced to accept others terms from future alliances or mergers Poor VFM assessment results	Risk owner: PCC / OPCC CEO/ OPCC CFO OPCC Business Plan Regional commissioning and programme boards Strategic Collaboration Governance	4	4	16	CJ transformational work with CJ partners has commenced. PTF multi agency analytics hub grant awarded and work has commenced. Fire governance PTF work has completed. Dialogue with local partners regarding commissioned services working together, e.g. drug & alcohol, victims etc. is ongoing. Dialogue with Fire and Local authority partners underway focused on co-location and call centres. Partner funding remains under pressure with financial settlements not keeping pace with inflation and demand. This increases the risk of demand and funding requests moving to the ASC and OPCC.
				3	3	9 (orange) △	

MEETINGS: Joint Audit Committee	DATE: 16th January 2019	AGENDA NO: **10**
DEPARTMENT: Improvement	AUTHOR: Ben Valentine	COG SPONSOR: DCC Sarah Crew
NAME OF PAPER: Summary of Strategic Risk Management	PURPOSE OF THE PAPER: Information	OPEN SESSION

1.   PURPOSE OF REPORT AND BACKGROUND

This report provides members of the Joint Audit Committee (JAC) with an overview of any significant changes to the Strategic Risk Register and any other issues related to the Management of Risk in the period of time since the last JAC meeting held on 26th September 2018.

2.   OUTCOME / FINDINGS

Constabulary Strategy Board (CSB)

The Constabulary Strategy Board met on 5th and 6th December 2018 and during this meeting the quarterly review of the Strategic Risk Register (SRR) was undertaken. An updated version incorporating the changes is included within the meeting papers, the key points are summarised below under the sub heading pertaining to each strategic risk:

The one risk assessment that has changed is SRR4 *Failure to deliver effective regional or other collaboration outcomes*: the unmitigated score has increased from 9 to 12. This was because of the, now, entire withdrawal from Tri Force which may have a destabilising affect on MCIT and Blackrock and there could be a lack of confidence from others to collaborate with ASC given this coming shortly after the withdrawal from MFSS. It is worth noting against this risk there have been more positive changes in terms of the Forensics Collaboration moving forward and the continued move towards the three Niche forces joining up records management systems.

It is worth noting that the position regarding SRR5 Lack of financial resources has changed since the review in December, largely due to the

Management of Risk Procedure

Attached as Annex A is this draft procedure. This has not been attached to discuss in detail at Constabulary Management Board but is there for members to review and provide feedback or ask questions outside of the meeting. This supports the other work being done through the Strategic Framework which will include the development of an infographic to explain this plan on a page and that work will also include more explicit detail of how Management of Risk will align with the strategic objectives and underpin the Assurance Framework.

3.   RECOMMENDATIONS

This report provides members of the Joint Audit Committee (JAC) with an overview of any significant changes to the Strategic Risk Register and any other issues related to the Management of Risk in the period of time since the last JAC meeting held on 26th September 2018.

•   FINANCE FOR OPTIONS
There are no financial options for consideration associated with this paper.

•   EQUALITY ANALYSIS
There are no identified issues relating to equality associated with this paper.

- **SUSTAINABILITY**

Good Management of Risk processes help achieve objectives and achieving objectives is concomitant with being a sustainable organisation.

Annex A – Draft Management of Risk Procedure

Background introduction

This procedure is written for the Constabulary by applying best practice principles in line with Management of Risk international standard ISO31000. In this respect this Constabulary procedure deals with the content of both documents described therein as the risk policy and risk process guide.

It must be noted that this procedure is primarily written to address management of risk more broadly across the organisation but, when considering financial Management of Risk, this is to be considered supplementary to any practice defined in statute, any financial regulations or codes of practice (e.g. CIPFA).

Definitions

Below are definitions of risk and Management of Risk to which this procedure applies:

Risk – an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives i.e. a barrier to delivery.
Management of Risk – the process of actively and effectively managing uncertainty, thus maximising the achievement of objectives.

Please note that for simplicity, the Constabulary does not have a separate process for the management and recording of issues. The rationale for this is that many issues, even if resolved could re-occur and therefore still represent a risk; this also aligns with the Constabulary's approach to record and manage risks under broader categories rather than documenting every separate technical risk or issue. Therefore identification of issues should also form part of the Management of Risk process and these issues can be documented as causes to a risk.

Risk capacity and risk appetite

Risk capacity – is the maximum amount of risk the Constabulary can bear whilst still being able to deliver its core service.
Risk appetite – is lower than the above figure, and is the maximum amount of risk the organisation is willing to accept.

Risk capacity and risk appetite will be articulated and recorded by the central risk function in collaboration with the Senior Responsible Group. These will be defined differently dependant on the nature of the risk and will change over time as the objectives of the constabulary and the context in which it operates changes. Risk appetite and risk capacity will be recorded as an addendum to the relevant risk register and will be reviewed annually by the Senior Responsible Group.

Risk tolerance thresholds

All documented risks will have a RAG status applied to both the unmitigated and mitigated risk scores which applies as follows:

- Green: 1-5
- Amber: 6-12
- Red: 15-25

NB The scoring of risk is explained further in the Management of Risk Procedure; due to how the risk score will be calculated it cannot be 13 or 14.

Procedure for escalation and delegation

In the broadest sense any risk (below the Strategic perspective) which has a mitigated score in the Red category will be cited at a Strategic level. This means the central risk function will report the risk at the next Constabulary Management Board where it will be discussed and the outcomes will be fed back to the Senior Responsible Group and risk owner. Where the Board agrees it is appropriate the risk will be elevated to and documented on the Strategic Risk Register. A guiding principle of whether a risk should be fully escalated to a strategic level is if the management of the risk requires intervention/decision by the Constabulary Board rather than being managed at the lower level.

In some circumstances there may be new 'red' risks identified – or additional causes which materially affect an existing Strategic Risk – which require the urgent attention of the Chief Officer Group. In these circumstances the individual identifying the risk or cause should provide a summary outlining the circumstances to their COG Portfolio lead, the Deputy Chief Constable (as SRO for MoR) and the central risk function. The central risk function can provide advice to the initiator and COG on how this fits with MoR. This will be discussed at COG WRM and the outcomes of this will be fed back to the originator, the risk owner, Senior Responsible Group and the central risk function.

Key Risk Indicators (KRI) and Early Warning Indicators (EWI)

A KRI is akin to a Key Performance Indicator and facilitates the assessment (scoring) of a risk and can be used to help understand the Constabulary's position in relation to the Risk Appetite and Capacity at that point in time. Whereas a KRI is about understanding the 'as is' an EWI is used to try and predict something happening before it does; it is a trigger which will tend to suggest that the Constabulary is likely to exceed its risk appetite at a point in the future. An EWI is an important tool in helping to manage risks and stop them materialising or reducing the impact if they do.

KRIs and EWIs will be articulated and recorded by the central risk function in collaboration with the Senior Responsible Group. These will be defined differently dependant on the nature of the risk and will change over time as the objectives of the constabulary and the context in which it operates changes. KRIs and EWIs will be recorded as an addendum to the relevant risk register and will be reviewed annually by the Senior Responsible Group.

When Management of Risk should be implemented

The Management of Risk process should be implemented where an identified risk has an unmitigated score that is amber or red i.e. a score over 5. Where a risk has an unmitigated risk score which is green then the only action which needs to be taken is to record the risk, the risk score and risk owner on the relevant risk register but none of the other Management of Risk processes need to be followed. The reason for documenting 'green' risks at all is so there is an auditable record of what risks have been considered and to keep them in view as a check they do not escalate/materialise.

Reporting

The central risk function will administrate, and make available, Risk Registers at the Strategic and Operational Perspective. Risks at the programme and project perspective will be documented by the Transformation Team for each programme/project and a combined register of these will be administrated through the Portfolio Office.

Aside from the risk registers a MoR report will be produced, by the central risk function, for each CMB which will:
- highlight any early earning indicators that have been 'triggered'
- highlight any new 'red' risks and a recommendation on whether these are new risks or form part of existing risks and whether they should be fully escalated to the strategic level
- highlight any risks which were escalated as they were 'red' but are no longer
- cite the Board any points of environmental scanning that have been raised with the central risk function
- provide any necessary recommendations regarding the Management of Risk processes themselves and once a year this will include an assessment of the Constabulary's maturity in MoR

The mitigated risk score for each programme and project will be reported to the Constabulary Management Board through the Transformation Portfolio Highlight Report.

There is no expectation that SLTs will produce formal risk reports outside of keeping their risk registers fully updated.

Roles and Responsibilities

It should first be noted that Management of Risk is considered the responsibility of every colleague; in that everybody should be alert to and seeking to consider anything that may have an effect on the achievement of objectives. Where a colleague, that does not have designated responsibility for risk, becomes aware of a risk they should consult the relevant risk specialist. Below sets out who the risk specialists are for each of the perspectives:

- Strategic – Governance Team (central risk function)
- Programme – Programme Manager (overseen by the Portfolio Manager)
- Project – Project Manager (overseen by the Portfolio Manager)
- Operational – Improvement Consultants

Below are other roles and responsibilities related to the Management of Risk:

- The Senior Responsible Officer (SRO) – for Management of Risk is the Deputy Chief Constable and is the owner of this Management of Risk Procedure and is responsible for ensuring risk is managed in line with these documents.
- The Senior Responsible Group (SRG) – for Management of Risk will be responsible for the 'portfolio of risks' within their perspective and will define the KPIs/KRIs and EWIs that are relevant to those risks. They will review the relevant risk register each time they meet (at least quarterly); this review should include assurance as to the mitigating actions as well as consideration of the risk scores informed by the relevant metrics aligned to the risks. The review of the register is the minimum expectation and this should be used as the trigger for a discussion of risk more broadly and an opportunity for environmental (horizon) scanning. The SRG for each of the perspectives is as follows:
  - o Strategic – Constabulary Management Board (CMB)
  - o Programme / Project – Programme Board
  - o Operational – Senior Leadership Team (SLT) of the Directorate/Department
- Constabulary Management Board (CMB) – in addition to the above responsibilities as the Strategic SRG the Board is also responsible for:
  - o defining the risk capacity and appetite of the Constabulary
  - o determining the 'risk attitude' of the organisation and setting the culture and tone of Management of Risk in the Constabulary
  - o communicating Management of Risk decisions to the workforce
  - o assuring itself that risks at all perspectives are being actively managed, with effective and appropriate controls in place
  - o bi-annually commission a review of this procedure to ensure it remains fit for purpose
- Central Risk Function – the Governance Team – provides insight, guidance and advice to risk owners and senior leaders in respect of Management of Risk and is the author of this procedure. Is responsible for administrating and co-ordinating Strategic and Directorate/Department Risk Registers as well as reporting to CMB. They will provide briefings to senior officers and support Improvement Consultants on MoR.
- Directorate/Department Heads – lead the Management or Risk within their respective SLTs and are accountable to the CMB; they are responsible for ensuring the connection between the operational perspective and the strategic perspective.
- Improvement Consultants – provides support to all perspectives (particularly the Directorates to which they are aligned) to identify risks and – together with the SRG, risk owners or business leads – devise the appropriate risk response and mitigating actions.
- Risk Owner – is the SRO of a particular risk at any perspective and is responsible for ensuring that the risk they own is managed effectively and in keeping with this Procedure. A Risk Owner should be at least a Chief Inspector or staff equivalent and must be a member of the relevant Senior Responsible Group.

- Risk Lead – only applicable to Strategic Risks – is the individual to who the Risk Owner delegates their oversight and is the point of contact for the central risk function.
- Action Owner – is responsible for progressing and reporting on any mitigating actions assigned to them.

Steps in the process

The Management of Risk process (in accordance with ISO31000) naturally aligns to the Police National Decision Model (NDM) and the below table shows how the cycles are comparable; and underpinning the whole MoR cycle are the MoR principles; much like the Code of Ethics underpins the whole National Decision Model cycle.

National Decision Model Cycle	MoR Cycle
Gather information and intelligence	Identify
Assess threat and risk and develop a working strategy	Assess
Consider powers and policy	Plan
Identify options and contingencies	
Take action and review what happened	Implement
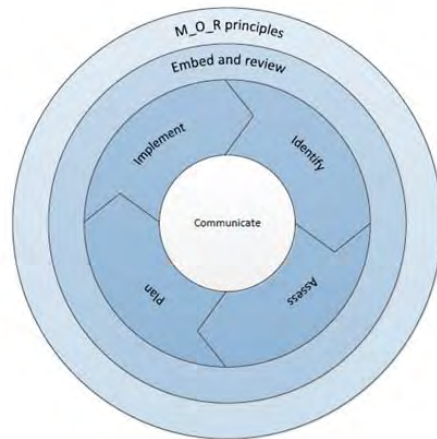
Identify

In order to identify risks there are a number methods that can be used to achieve this; this is further expanded upon in the tools and techniques section. However a starting point will always be to review the delivery plans and assess any gaps or problems that exist in relation to delivering the Strategic Objectives. It is fundamental in this step to 'horizon scan' in order to identify those problems that not only exist now or are apparent in the immediate future but also those barriers which may be in the medium or long term. It is better to identify and monitor long term risks even if it is not appropriate to respond immediately.

When a risk is identified it should first be considered if this is a new risk or whether it forms part of or an additional cause of an already documented risk. The person identifying the new risk/cause (the originator) should discuss it with the relevant risk specialist and likely Risk Owner. If it is a new risk the originator, risk specialist and risk owner will complete the risk register template (as fully as possible) and submit this to the next meeting of the Senior Responsible Group for ratification, completion and addition to the risk register they own. If it is deemed to be an existing cause of an already existing risk then the originator and risk specialist must discuss this with the Risk Owner, together they will amend that particular risk template: any changes to an existing risk will be highlighted to the Senior Responsible Group at their next meeting.

Assess

Assessing the risk is about understanding it, which is essential to then be able to manage it alone and together as a portfolio of risks. There are two key elements to understanding a risk – which could be

thought of as the before and after – cause/likelihood and impact. These need to be understood in a qualitative way first which will then enable a score to be attributed to these criteria.

Cause and Impact

Cause – what will or could lead to the risk materialising (and any other context) should be described. Impact – the consequences, if the risk materialised should also be described (it is particularly important to note the effect this risk would have on other risks).

Scoring

Likelihood score represents the chance of the risk materialising and impact score represents the consequences if a risk materialises. The likelihood score (L) multiplied by the impact score (I) will give the risk score (R).

The scoring must be done twice for each risk. Firstly the unmitigated (inherent) scores are those based on no action being taken. Secondly the mitigated (residual) scores are those based on successful completion of the proposed mitigating actions.

It should be noted that where the risk is not treated but instead tolerated then the unmitigated and mitigated scores should be the same. It is also acceptable that, even if a risk is treated, the unmitigated and mitigated scores are the same if the mitigating activity is only expected to make marginal gains and is not significant enough in itself to reduce the scores. The scores may also be the same where, upon review, it is found the mitigating activity did not have the expected effect.

The below scoring matrix shows all possible scores and the RAG rating (risk thresholds) as applied to these:

Impact			Likelihood		
5 Extreme	5	10	15	20	25
4 High	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Low	2	4	6	8	10
1 Negligible	1	2	3	4	5
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain

In order to ensure a consistent approach to risk scoring across the Constabulary the below guidelines should be used to help determine the scores:

Likelihood	
Almost Certain (5)	Likely to occur within a twelve-month time period, or about a 75% probability of occurrence
Likely (4)	Likely to occur within a two-year time period, or about a 50% probability of occurrence
Possible (3)	Likely to occur within a three-year time period, or about a 25% probability of occurrence
Unlikely (2)	Likely to occur within a five-year time period, or about a 15% probability of occurrence
Rare (1)	Likely to occur within a ten-year time period, or about a 5% probability of occurrence

Impact				
Negligible - 1	*Low - 2*	*Moderate - 3*	*High - 4*	*Extreme - 5*
Minor financial loss	Low financial loss	Moderate financial loss	Substantial financial loss	Loss of
Minor service disruption	Low service disruption i.e. <1 day – inability to conduct major services	Moderate service disruption	Major service disruption	Critical service disruption
Minor personal impact (post holder subject to increased supervision or individual staff disruption)	Low personal impact – senior post holder subject to low level scrutiny	Moderate personal impact (senior post holder subject to scrutiny or unit-wide staff disruption)	High personal impact (senior post holder subject to litigation or district/department staff disruption	Significant personal impact (senior post holder subject to potential removal or force-wide staff disruption)
Minor level of negative press/media coverage	Moderate negative local media coverage – i.e. local coverage e.g. <1 day	Moderate level of negative press/media coverage	High level of negative press/media coverage	Critical level of negative press/media coverage e.g. National Press
Negligible loss of public confidence resulting in medium-term loss of trust	Some loss of public confidence resulting in some breakdown of trust and confidence in the service	Moderate loss of public confidence resulting in medium-term loss of trust	Substantial loss of public confidence resulting in medium-term loss of trust	Critical loss of public confidence resulting in long-term loss of trust
Informal threat of intervention of PCC/IPCC/HMIC/HO	Intervention from PCC/IPCC/HMIC/HO, causing loss of public confidence	Moderate intervention in a specific service area from PCC/IPCC/HMIC/HO	Substantial district/department-wide intervention from PCC/IPCC/HMIC/HO	Critical force-wide intervention from PCC/IPCC/HMIC/HO
Slight injury of any individual	Minor injury of any individual	Serious non-life-threatening injury of any individual	Serious life-threatening injury of any individual	Fatality of any individual
One priority	Two priority	Three priority	All priority's and	All priority's

objective and target is missed (Constabulary, partnership)	objective targets missed (Constabulary, partnership)	objectives and targets are missed (Constabulary, partnership)	targets are missed (Constabulary, partnership)	objectives and targets are missed (Constabulary, partnership)
Partners will reduce commitment to collaboration with negligible loss of financial and human resources	Partners will reduce commitment to collaboration with minor loss of financial and human resources	Partners will reduce commitment to collaboration with moderate loss of financial and human resources	Partners will reduce commitment to collaboration with significant loss of financial and human resources	Partners will withdraw from collaboration with complete loss of financial and human resources

In order to help determine how likely a risk is to occur an individual should consider any relevant data available as well as other related issues and incidents. This information may come from a number of sources:
- Within this force
- From other forces
- From other related organisations such as the Constabulary's partners and other emergency services
- National data and reports
- Specialist advice (from internal or external experts).

By the very definition risk must relate to objectives therefore it must be decided and recorded which of the Strategic Objectives (found in the four Corporate Strategies) it will/would impact upon. If the proposed risk seems not to impact on any of the defined objectives it may be the work to which it relates does not deliver against these objectives and should therefore be terminated.

Plan

There are number of types of response to an identified risk which are as follows:

- **Reduce the risk** – **treat** the risk to reduce the likelihood and/or impact of it occurring through mitigating activity (this is the most common form of risk response).
- **Avoid the risk** – this is where an uncertain situation is made certain by removing the cause of a risk. This may be possible by changing the way work is being done to achieve an objective. However where the risk is inextricably linked to the achievement of the objective it should be considered whether the activity should be **terminate**d; this should only be done where the risks outweigh the benefit of the activity or the cost of mitigating the risk to an acceptable level outweighs the benefit of the activity.
- **Accept the risk** – do nothing, **tolerate** (this is the case for all risks with an unmitigated 'green' score); the situation should continue to be monitored.
- **Prepare contingent plans** – this is where mitigating activity is planned for but not put into action at that time. The plans may only take effect when the situation changes (usually triggered by a particular event) or where the original mitigating activity failed to deliver the desired effect. Contingency plans are often in place where the option 'accept the risk' has been chosen.
- **Transfer the risk** – this is where part of a risk is moved to another party; the most common example being insurance to bear the financial risk.
- **Share the risk** – this is where multiple parties together bear a risk e.g. through a joint venture or partnership working.

Once the type of response has been decided upon there then needs to be a more detailed consideration of the steps needed (actions) to respond to the risk. The design of the particular mitigating activity should be led by the individual to whose area of business this relates (with support provided by Improvement Consultants); the central risk function will not be expected to have the detailed level of knowledge in order to be able to do this. There are a number of important factors to

consider when planning mitigating activity (in addition to the NDM and College of Policing Code of Ethics which underpin all decisions):

- Public first – the Constabulary is a public service first and foremost and therefore cannot make decisions which, although may support internal objectives, detract from this fundamental purpose. Therefore when considering mitigating activity and whether to do or stop doing something the question should be asked "will this action ultimately result in a better service for the public". If the answer to this is no then this is may not be a suitable activity. There is no absolute to this point as, in the constant need to manage demand, sometimes decisions will be taken whereby a mitigating action may not benefit all of the public (e.g. victims with low THR) but instead allows a greater service to be delivered to another section of the public (e.g. victims with a higher THR).
- Force Values – any mitigating activity must not derogate from the values of Courageous, Caring, Inclusive and Learning
- Proportionate – MoR best practice and limited resource necessarily dictate that all mitigating action should be proportionate to the risk i.e. the cost of the mitigating activity (in money or time or otherwise) should not outweigh the benefit of the activity to the extent to which it mitigates the risk.
- Secondary risks – in implementing an action to mitigate one risk, it may give rise to an additional or further risk. This must be considered in the same way as any other risk and is important when deciding if a response is proportionate.

Once the mitigating activity has been agreed this should be recorded on the relevant risk register along with an action owner and a future date by which a meaningful update on this action may be expected. It is the responsibility of the Risk Owner to communicate with the Action Owners and the first stage what is expected and by when.

Implement

Once actions have been given to owners ongoing progress will be monitored and brief progress reports will be documented on the relevant risk register; these updates will be captured by the central risk function (Strategic and Operational) or the Manager (Programme and Project). Although the central risk function facilitates this it is the Risk Owner (and ultimately the SRG) who are to ensure delivery and hold Action Owners to account. The Action Owner is responsible for proactively updating the risk administrator as to any significant changes or expected changes to the delivery of the actions they own.

Once an action is complete it should be considered if this was a one-off activity or part of a new process which has now been made 'business as usual'. At the point it is completed the Action Owner's final progress update should aim to address whether this action has had the desired affect or when it is likely to have such an affect; in this respect the Strategic Assurance Framework will be the primary tool to do this. These completed actions will then be reviewed by the SRG. It is for the SRG, to the extent to which it is appropriate, to seek assurance that the completed action has had the desired outcome. The SRG can then decide if this outcome should change the assessment of the risk (mitigated risk score) and what, if any, further mitigating action needs to be taken; therefore completing the cycle of Management of Risk.

Once completed a one-off action will be removed from the record of that particular risk and instead be kept on a list of completed actions whereas a BAU action should remain noted against the risk in order that the SRG can, from time to time, ensure it still is BAU and that practices have not been derogated from.

Tools and Techniques

Risk identification can be undertaken by a variety of means

- Issues
- Process flowcharts
- Surveys and questionnaires
- Workshops to "brainstorm" such as action learning sets

- Comparison (benchmarking) with similar organisations
- Formal audit reports such as HMICFRS inspections and RSM
- Organisational learning and its feeds such as Learning the Lessons
- Existing records – such as health and safety incident reports, insurance claims, etc.
- Structured analyses – SWOT, (Strengths, Weaknesses, Opportunities and Threats), etc.