Police and Crime Commissioner for Lincolnshire and Lincolnshire Police

Internal Audit Progress Report

Joint Independent Audit Committee meeting: 27 November 2014

Introduction

The internal audit plan for 2014/15 was approved by the Joint Independent Audit Committee in March 2104. This report provides an update on progress against that plan and summarises the results of our work to date.

Following feedback from the last Audit Committee meeting, we have revised the format of the report. We hope this meets your needs, but would be happy take on board any further feedback on the format or content.

Completion of Progress against the Internal Audit Plan 2013/14

Assignment ***Reports considered today are shown in italics***	**Fee (as per audit plan)**	**Fieldwork**	**Status**	**Opinion**	**Actions Agreed (by priority)** **High**	**Medium**	**Low**
Capital Accounting & Fixed Assets (11.13/14)	***£1,650***	***March 2014***	***FINAL***	***AMBER / GREEN***	***0***	***2***	***3***

This completes our audit plan for 2013/14.

Summary of Progress against the Internal Audit Plan 2014/15

Assignment ***Reports considered today are shown in bold italics***	**Fee (as per audit plan)**	**Responsible Officer**	**Fieldwork**	**Status**	**Opinion**	**Actions Agreed (by priority)** **High**	**Medium**	**Low**
T-Police Implementation (1.14/15)	Carry forward from 2013/14 £3,975	Julie Flint	May 2014	FINAL	AMBER / RED	0	4	1
Governance - Decision making process & integrity (2.14/15)	£2,900	Julie Flint / Ginny Mason / John King	May 2014	FINAL	GREEN	0	0	2
Fleet Management (3.14/15)	***£2,880***	***Gail Bradshaw***	***July 2014***	***FINAL***	***AMBER / RED***	***1***	***4***	***2***
Service Expectations – POCA (4.14/15)	£3,275	ACC Roach	July 2014	FINAL	RED	1	2	0
G4S Niche Service Provision (5.14/15)	***£5,933 (Additional Review)***	Commissioned by Julie Flint	***October 2014***	***FINAL***	***SUBSTANTIAL ASSURANCE***	***0***	***0***	***0***
Service Expectations – Firearms Asset Management (6.14/15)	*£2,150*	*ACC Roach*	*October 2014*	Draft Report issued 31 Oct 2014				
Financial Management including Budget Management	£3,600	Julie Flint / Tony Tomlinson / Gail Bradshaw	September 2014	In discussion with mgt				
Data Returns –	£2,880	Tony		In QA				

Assignment ***Reports considered today are shown in bold italics***	**Fee (as per audit plan)**	**Responsible Officer**	**Fieldwork**	**Status**	**Opinion**	**Actions Agreed (by priority)** **High**	**Medium**	**Low**
Finance & HR		Tomlinson						
Data Security	£4,240	Nancie Shackleton		Planned 17 Nov 2014				
Delivery of the Police and Crime Plan	£4,260	Julie Flint		Planned 1 Dec 2014				
Cash, Banking & Treasury Management	£1,250	Tony Tomlinson		Planned 15 Dec 2014				
Payroll (including Pensions and Expenses)	£2,200	Tony Tomlinson		Planned 15 Dec 2014				
Asset Management	£1,560	Tony Tomlinson		Planned 15 Dec 2014				
Follow Up	£1,400	Julie Flint / Tony Tomlinson		Planned 15 Dec 2014				
Collaboration - Efficiency Savings Plans (to be completed as part of a joint review with the East Midlands)	£2,200	Julie Flint / Tony Tomlinson		Planned Jan 2015				
Risk Management	£2,900	DCC Roach / Ginny Mason		Planned 16 Feb 2015				
General Ledger	£1,250	Tony Tomlinson		Planned 16 Feb 2015				
Payments & Creditors	£1,250	Tony Tomlinson		Planned 16 Feb 2015				
Income & Debtors	£1,250	Tony Tomlinson		Planned 16 Feb 2015				
ICT Change Management	£4,260	Nancie Shackleton / Tony Tomlinson / Julie Flint		Planned 3 Nov 2014 Cancelled due to sickness, revised date to be agreed				

Other Matters

Planning and Liaison:

We have held regular updates with the Chief Finance Officer (OPCC) and also regular Anti-Fraud meetings with PSD, HR, Finance and OPCC to discuss any emerging issues which could impact on the control environment.

In addition, we held a Joint East Midlands Chief Finance Officers (OPCC & Force) workshop to discuss collaborative assurances and how these can be effectively achieved and how Internal Audit can feed into this process.

The Joint Independent Audit Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular the Joint Independent Audit Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion.

Internal Audit Plan 2014/15 - Change Control:

- As reported previously, we were requested by management to delay the start of the Firearms Asset Management. We swapped the timing of this with the Proceeds of Crime Act review to ensure continued delivery of audits throughout the year.
- Since the last Committee meeting, following discussion at the East Midlands Joint Chief Finance Officers meeting it was agreed that we would undertake an additional review of G4S Niche Service Provision to be able to provide assurance to the region on the arrangements in place. The results of this audit are included in this progress report.

Information and Briefings: We have issued the following updates electronically since the last Joint Independent Audit Committee:

- Police Risk Register Analysis – August 2014
  In this paper we have provided an analysis of the contents of police risk registers across our police sector client base. This analysis provides valuable insight and intelligence of the current risk landscape facing the policing sector.

- Emergency Services News Briefing – October 2014
  - Code of Ethics: A Code of Practice for the Principles and Standards of Professional Behaviour for the Policing Profession of England and Wales.
  - Fire Incidents Response Times: England, 2013-14.
  - Revised PACE Code A.
  - Core business: An inspection into crime prevention, police attendance and the use of police time.
  - A master class in managing contracts and getting best value from third party providers.
  - New National Fraud Initiative Security Policy Compliance Declaration.

Key Findings from Internal Audit Work

Asset Management (11.13/14)	**Opinion:** **H – 0** **M – 2** **L – 3**	

Design of control framework

The following controls were deemed to have been designed adequately;

- The Force had a fixed asset register which was stored on a secure finance drive;
- IT assets were security tagged and recorded in the asset register;
- Purchases from the capital programme were added to the asset register. Large purchases were monitored for items which could be capitalised; and
- Vehicles and IT assets were depreciated on an annual basis at year end. Land and Buildings were re-valued every five years by a Chartered Surveyor.

We identified the following area of weakness which resulted in a medium priority recommendation:

- The Financial Regulations do not include any delegated limits for the disposal of assets from the PCC to the Chief Constable and below for vehicles not included on the replacement plan or those that do not reach their reserve price in auction. **(Medium)**

Testing undertaken during this review identified one minor weakness with the design of the control framework which has resulted in a low priority recommendation.

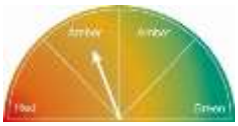
Application of and compliance with control framework

Testing during this review identified one issue with the application and compliance with the control framework which has resulted in a medium priority recommendation;

- Testing on disposals identified that for six out of the 25 cases, the vehicles had not been included on the asset replacement plan. There is a risk that inappropriate assets are being disposed of without receiving an appropriate level of scrutiny and authorisation which could result in a financial loss to the Force. Vehicles not included on the plan have not been accounted for in the approved fleet budget and therefore there is a risk that the fleet budget might not be achieved due to poor management. **(Medium)**

Testing also identified two minor issues with the application and compliance of the design framework which resulted in low priority recommendations which are fully detailed within the action plan in section two.

All recommendations have been accepted by management.

Fleet Management (3.14/15)	**Opinion:** **H – 1** **M – 4** **L – 2**	

Design of control framework

We found the following controls to be in place adequately designed:

- The Fleet Management Service is provided by the Strategic Partner G4S with a service level agreement and KPI's in place;
- The Fleet Strategy and Service Deliver Plan includes strategic objectives and key information;
- Service schedule requirements have been set and documented. Each month a report is produced identifying those vehicles which have exceeded the allowed mileage;
- Weekly inspection sheets are completed for each vehicle;
- Fuel is purchased and stored at strategic locations around the County to reduce fuel costs;
- A record of fuel delivery is taken at each bunker site. A monthly fuel usage report is produced via Timeplan, (the fuel management system) and a manual dip of the bunker is also taken. Reconciliation between the bunker volume (monthly residual and delivery in month), fuel usage (Timeplan) and dip reading takes place monthly. Timeplan data for this purpose is sourced from the individual vehicle fuel data and bunker location or fuel card.
- At the end of each month a further reconciliation is undertaken comprising; miles travelled during the month by each vehicle and the fuel used by each vehicle. This illustrates the MPG of each vehicle and highlights any anomalies in respect of high or low consumption. This is then reconciled back to each bunker and/or fuel card.
- Vehicles are allocated a 'fob' to allow them to draw fuel from the internal bunkers, other fuel is purchased through fuel cards;
- Responsibility for managing budgets has been allocated to either the Force or G4S; and
- The Head of Asset & Facilities Management or the Fleet Administrator attends quarterly Regional Transport Group Meetings. The recently appointed Fleet Manager will attend these meetings in the future.

We found the following controls not to be adequately designed:

- All bunker sites reconcile fuel usage against delivery volumes and dip readings. Meter readings at sites other than Headquarters are not reconciled with Timeplan records. **(Medium)**
- Daily record forms that are completed for each vehicle do not have confirmation that the vehicle is roadworthy included on the form. **(Medium)**

We found the following controls had not been adequately complied with:

- Vehicle Utilisation is not effectively monitored with action being taken on those vehicles with low utilisation; **(Medium)**
- Our testing identified that on occasions vehicles are not always serviced in line with the required schedules and odometer readings are not consistently provided from EMSOU to ensure that services are performed; **(High)** and
- Weekly inspection sheets for each vehicle are not always completed by the vehicle users. All those submitted are retained and filed. In addition various versions of the form are in circulation. **(Medium)**

All recommendations have been accepted by management.

G4S Niche Service Provision (5.14/15)	**Opinion:** **H – 0** **M – 0** **L – 0**	**Substantial Assurance**

Introduction

Niche RMS (hereafter referred to as Niche) is a single, unified, operational policing system that manages information in relation to the core policing entities – people, locations, vehicles, organisations, incidents and property.

Niche was implemented by Lincolnshire Police Force (hereafter referred to as Lincolnshire) in January 2010 and the system was identified as having the potential of becoming the spinal infrastructure for policing information going forward.

G4S Care and Justice Services (UK) Limited were contracted to deliver various services incorporating ICT (including Niche), in April 2012 and following extensive work, the Chief Constables and Police & Crime Commissioners for Lincolnshire, Leicestershire, Northamptonshire and Nottinghamshire forces agreed to move to a single instance of Niche for crime, intelligence, case, custody and associated information databases.

The preferred method for achieving this is for Leicestershire, Northamptonshire and Nottinghamshire to enter into a formal collaboration agreement with Lincolnshire, and for Lincolnshire to provide the Niche hosting service.

Leicestershire, Nottinghamshire and Northamptonshire will therefore be reliant upon Lincolnshire and its G4S contractors for the provision of essential operational IT services for a period of at least three years. Accordingly, the relevant Chief Constables and Police & Crimes Commissioners wished to secure assurance of G4S's performance delivery regarding services provided to Lincolnshire in respect of Niche.

Conclusion

Based on the work undertaken as part of this review, Lincolnshire can take substantial assurance that the control framework and infrastructure that are currently in place allow for the effective facilitation, management and governance of the G4S Niche service provision. The control framework is supported by effective communication and a strong working relationship that will help to ensure processes remain robust and reflective of developing arrangements as Niche is driven forward and rolled out across the other forces in the East Midlands region.

The scope of the review and indeed our conclusion has focused upon the governance framework and management of the existing G4S contractual arrangements. There are other areas that will need deliberation once the project is in its implementation stage that the individual Forces will need to consider and manage and these areas are around the cleansing of data within the individual force systems and the accuracy of this, prior to it being transferred to any new system and indeed the ownership of such data once it is transferred.

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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