



**POLICE AND CRIME COMMISSIONER FOR NORTH  
YORKSHIRE AND CHIEF CONSTABLE OF NORTH  
YORKSHIRE**

**Follow Up of Previous Internal Audit and HMIC Recommendations**

**FINAL**

**Internal Audit Follow up report: 2.16/17**

**8 September 2016**

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Police and Crime Commissioner for North Yorkshire and Chief Constable of North Yorkshire /  
Follow Up of Previous Internal Audit Recommendations and HMIC Inspections 2.16/17 | 1

# 1 EXECUTIVE SUMMARY

## 1.1 Introduction

We have undertaken a follow up audit of all recommendations that were categorised as either fundamental or significant (from the previous internal audit provider) and had been closed by the relevant action manager on ARM since October 2015 to July 2016. In addition, we dip sampled a selection of HMIC inspection actions that had been closed during the same period. The audits considered as part of the follow up review were:

- Places of Safety
- Follow Up Audit (2014/15)
- Clothing Store
- Risk Management
- Payroll
- Crime Data Integrity (HMIC)
- Building the Picture (HMIC)
- Administration of the Office of the Police and Crime Commissioner

The 13 management actions considered in this review comprised of one 'fundamental', nine 'significant' and three HMIC actions. The focus of this review was, to provide assurance that all actions previously made have been adequately implemented. For actions categorised as 'merits attention' we have accepted management's assurance regarding their implementation. In addition, our testing of HMIC actions has been performed on a dip sample basis. A total of six HMIC actions had been closed from October 2015 to July 2016.

## 1.2 Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion **Police and Crime Commissioner for North Yorkshire and Chief Constable of North Yorkshire** has demonstrated **reasonable progress** in implementing agreed management actions.

Internal Audit has found that there are recommendations that have been closed on ARM that did not have sufficient evidence to mitigate the original risk and had insufficient responses to the recommendation. Where Internal Audit considers that a recommendation has not been fully implemented. We have reiterated the recommendation and the action will be required to be re-opened on ARM. A new management action has been raised if part but not all of the recommendation has been implemented.

The two recommendations followed up from the Payroll audit were found not to have been implemented, so we are reiterating these recommendations in full.

For recommendations that were partly but not fully implemented we have made new management actions where appropriate; these are detailed in Section 2 of this report.

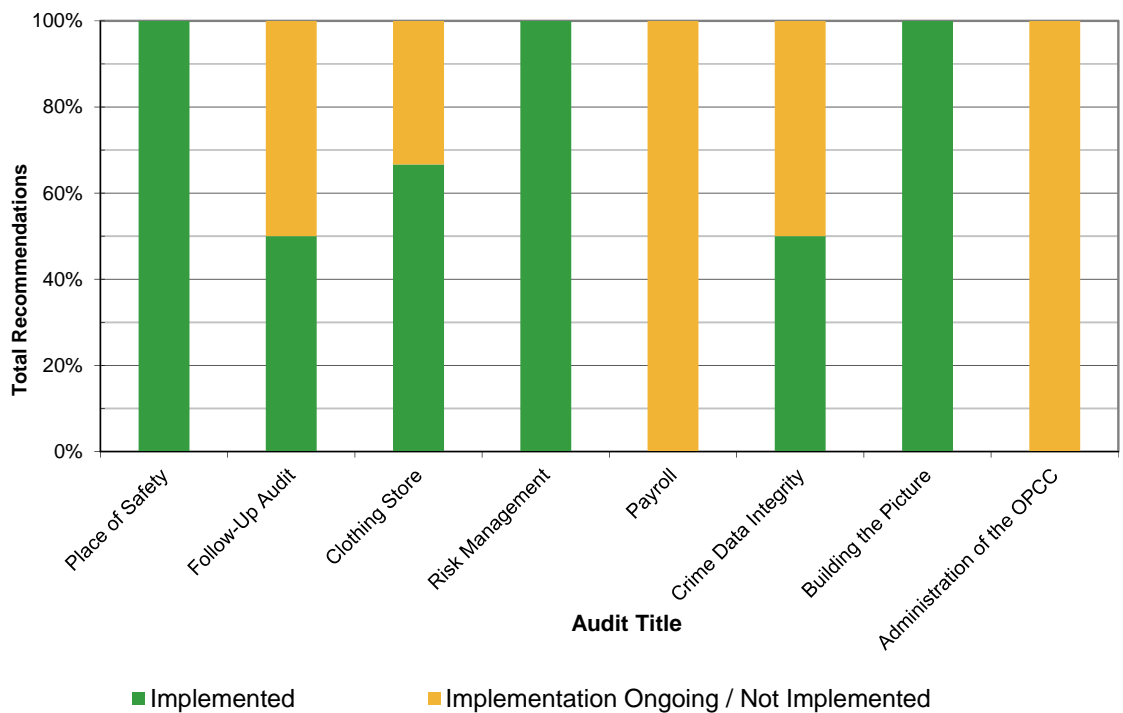
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### 1.3 Action Tracking

Action tracking enhances an organisation’s risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the Joint Independent Audit Committee to monitor actions taken by management.

Action tracking is undertaken at the Police and Crime Commissioner for North Yorkshire and Chief Constable of North Yorkshire and reported to the Joint Corporate Risk Group (JCRG). We have identified six instances where the implementation status of actions were reported by management to the JCRG as implemented, but our findings have found the implementation is either on-going or not implemented.

The following graph highlights the number and categories of action issues and progress made to date:



Further details of progress made are provided in Section 2 of this report. It is important to note that until a management action is fully implemented, the organisation is still exposed to risk.

### 1.3 Progress on Actions

Implementation status by review	Number of actions agreed	Status of management actions				Confirmation as completed or no longer necessary (1)+(4)
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	
Places of Safety	1	1	-	-	-	1
Follow Up Audit	2	1	1	-	-	1
Clothing Store	3	2	1	-	-	2
Risk Management	1	1	-	-	-	1
Payroll	2	-	-	2	-	-
Crime Data Integrity	2	1	1	-	-	1
Building the Picture	1	1	-	-	-	1
Administration of the OPCC	1	-	1	-	-	-
	<b>13 (100%)</b>	<b>7 (54%)</b>	<b>4 (31%)</b>	<b>2 (15%)</b>	<b>- (0%)</b>	<b>7 (54%)</b>

Implementation status by management action priority	Number of actions agreed	Status of management actions				Confirmation as completed or no longer necessary (1)+(4)
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	
Fundamental	1	1	-	-	-	1
Significant	9	4	3	2	-	4
HMIC Report	3	2	1	-	-	2

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## 2 FINDINGS AND MANAGEMENT ACTIONS

This report has been prepared by exception. Therefore, we have included only those actions graded as 2 and 3. Each action followed up has been categorised in line with the following:

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.

Ref	Management action	Original date/ Priority	Status reported to Joint Corporate Risk Group	Audit findings	Current status	Updated management actions
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### Audit: Clothing Store

1	Officers should be reminded that it is their responsibility to appropriately check items in and out of stores, where an item is first returned to a temporary store, officers should be reminded to log this location if the OSO is not present. OSO's should ensure that they always require officers to verify that they have removed and subsequently returned an item to	Sept 2015 Significant	Completed	<p>Discussions with the Customer Relationship Manager identified that if an officer or member of staff requires an item they send a task to the Exhibits team so they can prepare the property for them. When an item is issued the member of staff checking out the item must sign an ok/sign form on Niche to confirm they have taken the item.</p> <p>Previously items could be listed as 'in transit' when moving between sites but this has changed so that the officer transferring the item must sign the ok/sign form, so there is now accountability for the item while it is in transit.</p> <p>The Customer Relationship Manager confirmed there were some instances where for example, an item may be needed on Sunday night, when the Exhibits team do not have any staff working, so the item will need to be taken directly from the Store.</p> <p>We tested property that had been checked out at four different locations, we found for Scarborough that all items had followed the ok/sign process</p>	2	<p>Reiterate management action to non-compliant locations:</p> <p>Officers <b>will</b> be reminded that it is their responsibility to appropriately check items in and out of stores, where an item is first returned to a temporary store, officers <b>will</b> be reminded to log this location if the EMSO is not present. Reminders will be issued via briefings and poster campaign. EMSOs will be reminded that they must ensure they always require officers to verify that they have removed and subsequently</p>
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the store, by requiring them to complete the ok/ sign process on Niche.

when being checked out. At Northallerton and Harrogate, there was a mixture of items of property that had followed the correct ok/sign process. At York, none of the items of property had been checked out using the ok/sign process. The Customer Relationship Manager was aware that there was an issue of non-compliance with the member of staff at this site who checked the items out.

returned an item to the store by requiring them to complete the ok/ sign process on Niche. Supportive action in place for EMSO at York with specific additional training needs. Monthly audits will continue to reviewed to monitor successful completion of this action.

There were three cases (one at Harrogate and two at York) where the officer had checked out the item themselves and they had not recorded its movement to temporary storage before it was checked out. They also did not complete the ok/sign process on Niche when checking out the item.

Priority: Medium

Implementation Date:  
November 2016

Responsible Owner: Customer Relationship Manager

Risk Exposure			Root causes		
Items of property that are checked out of permanent property stores may not be appropriately accounted for.			OSOs are not always ensuring that the ok/sign process is completed prior to an officer removing an item from the store.		
			Niche does not always hold an up to date log of an exhibits location.		
Probability	Financial	Reputational	Operational	Legal	Rating
Unlikely	Significant	Significant	Negligible	Significant	5:10

2 A standard procedure should be implemented across NYP to evidence the receipt of clothing items.

July 2015 Completed  
Significant

We interviewed the Customer Relationship Manager who informed us that parcel log books had been supplied to all locations within the Force. All staff should be using the parcel log book to sign for clothes and items of post.

At the Fulford Road police station in York we confirmed that there was a log book in place, we took seven entries from the book for items of clothing that had not been signed for (so the items should have been in the post room). In four cases the items of clothing were in the post room, in one case the member of staff no longer worked there so the item would have been returned (although this was not signed for and there

2 The York team will be reminded that a member of staff should accompany each officer into the post room to ensure that they sign the parcel log book when they retrieve an item. All Business Admin Manager will be asked to check that keys for parcel stores are held securely to prevent unauthorised access to

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was no note in the book) in the other two cases there was no item of clothing for the two individuals.

As a key is needed to access the post room, it was more likely that the individual had taken the item of clothing and not signed the log book to confirm they have done so.

A member of staff should accompany each officer into the post room to ensure that they sign the parcel log book when they retrieve an item.

the parcel stores. A further reminder will be sent out to all sites reiterating the same message. Business Admin Managers will be asked to dip-sample signatures as part of their monthly checks.

Priority: Low

Implementation Date: 30<sup>th</sup> November 2016

Responsible Owner: Customer Relationship Manager

Risk Exposure*			Root causes		
NYP clothing may be unaccounted for. Unnecessary expenditure may be incurred.			No set process to evidence that items of clothing have been received at stations.		
Probability	Financial	Reputation	Operational	Legal	Rating
Highly Improbable	Negligible	Nil	Negligible	Negligible	2:14

### Audit: Payroll

3	It is recommended that further consideration is given to the production of exception reports. Where relevant, existing management checks could be formalised.  Using a risk based approach, the transactions on the exception reports can then be independently checked to ensure they are fully	Nov 2014	Completed	Significant	Discussions with the Financial Support Services Manager confirmed the original recommendation arose due to the manual input and changes to payroll data by payroll clerks. Any changes made were subsequently checked by another payroll clerk to confirm the data input on iTrent was accurate. However, due to this representing an ineffective use of resource and the potential risk of collusion, a recommendation was raised to produce exception reports detailing changes to payroll data.  We confirmed through interview with the Financial Support Services Manager that the iTrent product has the potential to produce exception reports; however, as the background audit tables are not fully activated to record every keystroke by the payroll inputters, which would significantly reduce the performance of the system, there is limited capability to produce meaningful system based exception reports. As such, manual input checks are still performed by the payroll clerks; however, there have been significant changes in the team structure since the previous audit in 2014 which has minimised some of the	3	Once the business case and strategic direction of payroll has been approved the appropriate workflows will be developed and expansion of the reporting suite to include exception reports.  Priority: Medium  Implementation Date: 31 <sup>st</sup> March 2017  Responsible Owner: Financial Support Services Manager
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supported and accurate. This approach will provide added assurance that material erroneous or fraudulent transactions would be identified and will also make more effective and efficient use of payroll team resource.

original risk in terms of efficient resource usage.

RSM performed a Payroll audit in 2015/16 and confirmed the process was still in place but did not highlight issues with the data input or changes to standing data on iTrent.

Discussions with the Financial Support Services Manager confirmed a business case to allow for the payroll and human resources systems to be aligned was proposed. At the time of the audit the business case had not been developed or approved.

Risk Exposure*			Root causes		
Failure to demonstrate effective use of resources. Failure to prevent or identify erroneous or fraudulent transactions.			Labour intensive checking of payroll team input or amends to iTrent.  No overarching production and review of exception reports.		
Probability	Financial	Reputational	Operational	Legal	Rating
Highly Probable	Negligible	Nil	Nil	Nil	5:7

4	Reconciliations should be completed by the Management Accounts Team on a timely basis.  To ensure that independent checking can be undertaken promptly, consideration should be given to delegating this checking role.	Nov 2014  Completed  Significant	Individual payroll reconciliations were not prepared in the months of April to June 2016 as this was year-end and the management accounts team prepare both month-end and year-end accounts so they had not had time to prepare the reconciliation each month. Instead there was a combined reconciliation for the three months. For our testing we reviewed this payroll reconciliation and the reconciliations for the nine months from July 2015 to March 2016.  There was a delay in the preparation of the reconciliation in September to November 2015 as the payroll was split between the Police and Crime Commissioner and the Chief Constable, so they had to do two separate reconciliations. The reconciliation for March was prepared on 10 <sup>th</sup> May	3	Re-iterate management action:  Reconciliations will be completed by the Management Accounts Team on a timely basis. Independent checking will then be undertaken promptly by the Senior Accountant.  Priority: Medium  Implementation Date:
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2016, this delay was likely due to the year-end preparations.

November 2016

For the other five months, the reconciliation had been prepared by the Senior Accounting Technician in a timely manner within two to three weeks after the month-end.

Responsible Owner: Senior Accountant

We found for the months of July to December 2015 that the reconciliations had been independently signed as checked by the Senior Accountant on 17<sup>th</sup> February 2016, the reconciliations for January to March 2016 had been signed by the Senior Accountant on 9<sup>th</sup> September 2016.

The Senior Accountant informed us this was due to staffing issues, they had not had time to review the reconciliations each month. At the time of the audit the Finance team were currently recruiting for a new Finance Manager who would work below the Senior Accountant and take some of their workload, so going forward the Senior Accountant will have more time to perform timely checks of the reconciliations.

Risk Exposure*			Root causes		
Increased risk that errors or omissions are not identified on a timely basis.			Monthly reconciliations not evidenced as being completed on a timely basis and not independently checked.		
Probability	Financial	Reputational	Operational	Legal	Rating
Probable	Nil	Minor	Nil	Nil	5:4

**Area: Crime Data Integrity**

5	The force should establish and begin operation of an adequate system of training in crime-recording for all police officers and police staff, and ensure	August 2014	Completed	We spoke to the Force Crime and Incident Registrar who informed us that the National College of Policing had an NCALT package called NSIR/NCRS, this was assessed as fit for purpose for all officers and staff to complete. All operational police officers and police staff who come into contact with members of the public are required to complete the course. The package was also delivered to new starters from September 2014 (if their role required the training). An NCRS awareness campaign was launched across the Force, we observed posters around the Head	2	The Force will review the decision of the College of Policing and the forthcoming HMIC inspection to assess the training requirements of staff.	Priority: Medium
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those who require such training receive it as soon as reasonably practicable.

Quarters building and flyers of flowcharts of the process to follow.

However upon testing the completion of this recommendation, we selected a sample of eight officers who had recorded an incident or crime from April to July 2016 and found that only two of these officers had received the NCALT training, the other six had not.

Implementation Date:  
December 2016

Responsible Owner: Training Manager

Risk Exposure*			Root causes		
Non-compliance with National Crime Recording (NCRS)/Home Office (HOCR)/Public Service/Victim Service/Victim Confidence/Reputation to Force.			Staff that record and review incidents and crimes are not trained to a consistent standard.  Guidance and training is not provided to a consistent standard		
Probability	Financial	Reputational	Operational	Legal	Rating
Unlikely	Negligible	Negligible	Negligible	Negligible	6:2

**Area: Administration of the OPCC**

6	A review of the current fraud protection that is offered by the bank on the use of purchasing cards should take place to ensure that the existing protocols contained within the DRM, which allows non-signatories to use the card, does not invalidate it.	January 2015	Completed	<p>The Chief Finance Officer – PCC confirmed contact had been made with the card provider and allowing the use of the cards by non-signatories would have little or no recourse should the card be used fraudulently.</p> <p>Given this the Chief Finance Officer has insisted the card is no longer used in the current way but that separate cards are requested and used by those individuals who need them and the DRM is being re-written to reflect this change and remove the ability for non-signatories to use a card.</p> <p>Due to the volume of transactions that take place within the OPCC the risk is very limited for the organisation, however the process is underway to make the changes.</p>	2	<p>Separate purchasing cards will be requested and used by individuals who need them.</p> <p>Non-signatories will not be able to use these cards.</p> <p>The DRM will be updated to reflect these changes.</p> <p>Priority: Medium</p> <p>Implementation Date: December 2016</p> <p>Responsible Owner: PCC CFO</p>
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Risk Exposure*			Root causes		
Purchasing cards are used inappropriately. Fraud protection provided by the bank may be invalidated.			Purchasing cards are used by those who are not signatories of the card for online purchases.		
Probability	Financial	Reputation	Operational	Legal	Rating
Unlikely	Negligible	Minor	Negligible	Minor	6:5

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## APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and not does not reflect an opinion on the entire control environment

Progress in implementing actions	Overall number of actions fully implemented	Consideration of high actions	Consideration of medium actions	Consideration of low actions
Good	75%	None outstanding	None outstanding	All low actions outstanding are in the process of being implemented
Reasonable	51 – 75%	None outstanding	75% of medium actions made are in the process of being implemented	75% of low actions made are in the process of being implemented
Little	30 – 50	All high actions outstanding are in the process of being implemented	50% of medium actions made are in the process of being implemented	50% of low actions made are in the process of being implemented
Poor	< 30%	Unsatisfactory progress has been made to implement high actions	Unsatisfactory progress has been made to implement medium actions	Unsatisfactory progress has been made to implement low actions

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# APPENDIX B: SCOPE

## Scope of the review

- Internal Audit undertook a review of all internal audit recommendations classified as 'fundamental' or 'significant' which had been closed on ARM.
- Internal Audit also dip sampled recommendations associated with HMIC inspections closed on ARM classified as 'red' or 'amber'.

We reviewed closed actions on ARM two weeks prior to our audit visit in August 2016.

## Limitations to the scope of the audit assignment

- The review only covered audit recommendations previously made, and we did not review the whole control framework of the areas listed above. Therefore, we cannot provide assurance on the entire risk and control framework.
- We only considered closed amber/red risks and did not consider green rated risks.
- Testing on HMIC recommendations was limited to non-technical areas.
- We did not consider merits attention recommendations.
- We ascertained the status of recommendations through discussion with management and review of the recommendation tracking.
- Where the indication is that recommendations have been implemented, we undertook limited testing to confirm this.
- Where testing has been undertaken, our samples were selected over the period since actions were implemented or controls enhanced.
- Our work does not provide any guarantee or absolute assurance against material and/or other errors, loss or fraud.

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## APPENDIX C: ACTIONS COMPLETED

From the testing conducted during this review we have found the following actions to have been fully implemented and are now closed:

Assignment title	Management action
Appropriate Use of Places of Safety	In accordance with the requirements of the locally agreed Mental Health Crisis Care Concordat, individual cases involving detention of s.136 MHA patients in police custody should be reviewed by the local partners to ensure they were appropriate and where this was not the case, what lessons can be learned to prevent future inappropriate detentions in police custody.
Follow Up Audit 2014/15	NYP should determine the frequency with which temporary drugs safes should be emptied, with consideration made to implementing a more formal procedure for emptying temporary stores.
Clothing Store	Clothing store staff should review leaver notification forms, to ensure that any valuable or sensitive items have been returned, thus allowing staff to identify and retrieve any absent items at the earliest opportunity.
Clothing Store	Management should periodically review the Miscellaneous Issue Report to ensure that write offs have been correctly recorded and appropriate approval sought.
Risk Management	The organisation should seek to gain assurance that there is sufficient risk management awareness across all levels of the organisation. Where gaps in knowledge or awareness are identified, the Risk & Assurance Unit should seek to support the business or operational area in providing relevant guidance, information or training as applicable.
Crime Data Integrity	Immediately, the force should carry out a comprehensive assessment of crime recording standards to identify risk areas e.g. non-crime occurrences and to provide evidence based focus for the audit programme.
Building the Picture	By June 2016, chief constables should ensure that information management processes are in place to record and flag HBV, FM and FGM information in an efficient, effective and systematic way so that the risk to individual victims is identified at an early stage and properly assessed and managed throughout the progression of victim's case.

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