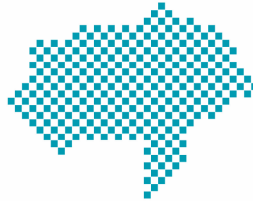


Police and Crime
Commissioner
North Yorkshire



Follow Up Audit 2014/15
Second Six Month Review
Final Report

Auditor	Faye Simmons
Contact Details	01924 294061
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Draft Report Issued	11 th September 2015
Final Report Issued	5 th October 2015

1 Executive Summary

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

What follows is a summary of the follow up audit:

No. of Recs assessed as implemented	IA assessment of the Implementation Rate	Further Rec. Raised
Niche Exhibit		
5	4 (80%)	Yes
Follow Up 2013/14 Exercise 1		
2	2 (100%)	No
Follow Up 2013/14 Exercise 2		
6	5 (83%)	No
Property Handling – Drugs		
4	2 (50%)	Yes

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 have had insufficient responses to the recommendation. Where Internal Audit considers that a recommendation has not been addressed, a further recommendation has been made and is highlighted in the relevant section.

Niche Exhibit

The initial Niche Exhibit audit raised a number of issues in relation to the crime system Niche being rolled out across North Yorkshire Police (NYP). It found that the movement of items between stores, the description of items being stored and Niche training for officers was insufficient.

The recommendations examined by this follow up exercise included:

- Items *In Transit*
- Adding property entries onto Niche
- POTF Submission Forms
- Niche training for officers
- Process of officers booking items in and out of stores

The original audit highlighted the need for the location of property items to be appropriately logged on Niche, particularly when they are logged as being *In Transit*. This follow up audit showed that items that are categorised as being *In Transit* are booked out to the officer and are classed as being in transit to a particular store. Organisational Support Officers (OSOs) review items in transit on a daily basis and are sent reminders through Niche to chase up items in transit that should have been returned to the store. Dip Sampling is also undertaken on a monthly basis by DAMs. This dip sample looks at whether all items logged as *In Transit* from the store have been chased by the OSO and how many automated chasers are awaiting a response. This review also prompts a DAM to chase officers where a task has not been completed and then escalate to their supervision where necessary. This recommendation has now been adequately addressed.

The follow up audit examined the addition of property entries onto Niche, and it was highlighted that the system does not allow for a property entry to be created if it is not linked to an occurrence. Where an occurrence reference has not been created, the officer must contact the Command Hub to create one. Internal Audit is satisfied that property entries are being added appropriately, and that officers are appropriately trained in submitting requests for property entries. This recommendation is now closed.

During this audit training in the use of Niche for officers was reviewed, specifically whether it covered the recording of cash exhibit seal numbers. A review of training documents does confirm that this is now at an appropriate standard and is received by all officers through the NCALT e-learning system. Additional information in relation to this is also available on the NYP intranet in the format of Quick Reference Guides. This recommendation can now be classified as complete.

The initial review of Niche recommended that all POTF submissions should be added onto Niche, even if the item cannot be physically located in the temporary stores. Whilst this recommendation has been fulfilled, additional issues in regards to POTF submissions have been raised through this follow up exercise. This review found that in 5/20 cases over 5 working days elapsed from the POTF submission to the creation of the property entry, as a result the Niche record may not adequately account for the property items location. It is imperative that property items are adequately monitored, so that their location can always be accounted for, ensuring continuity of evidence.

It is still the case that OSOs must add property entries onto Niche based on the POTF submission form. When NYP implemented Niche it was decided that officers would not be allowed to have this responsibility, OSOs undertake this in order to ensure data quality in terms of the detail provided to support a seized item. The original Niche audit recommended that consideration should be given to allowing officers to add their own property entries, this follow up exercise has highlighted that this is still appropriate. The benefit of allowing officers creating property entries, is that Niche entries can be created in a more timely fashion and a reduction in the duplicative efforts that OSOs undertake when creating property entries. IA have been advised that a working group is to be established in order to fully evaluate options for direct property entries for officers.

The original audit raised the issue that property items are not being appropriately checked out of permanent property stores. Where an officer wishes to remove an item, the OSO must complete the ok/sign process and an officer must electronically sign out the item using their Niche username and password. Testing of stores highlighted that of 20 property items checked out the ok/sign process had not been followed in 12 cases. The process should also be followed when checking an item back in, but of those reviewed 16 showed that the property item hadn't been appropriately signed back into stores. Process guides on the NYP intranet highlight the necessity to follow this step by OS's, and the process is adequately covered in OSO training.

The review of this process also highlighted that the practice of checking in property items does not sufficiently account for the property's location. For example in 2/20 cases reviewed the OSO is logged as returning the property item to the permanent store. This would suggest that the officer firstly returned the item to the temporary store, however the Niche record does not always

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evidence this. In addition to this in 3/20 cases there was not a log of the returning officer on the Niche record. There is a risk that the property record does not adequately reflect the property items location, as a result an item may be lost or misappropriated. Further to this if an item's location is not accounted for, the continuity of the evidence is at risk and it would be difficult to determine from the Niche record who last had the item. This recommendation should therefore remain open until it has been implemented.

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.		
Property items may be lost/ misappropriated.			Niche does not always hold an up to date log of an exhibits location.		
Likelihood	Value	Reputation	Operational	Legal	Rating
Probable	Minor	Significant	Significant	Minor	3:13

Recommendation 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 the store, by requiring them to complete the ok/ sign process on Niche.

Follow Up Audit 2013/14 Exercise 1

Local Ordering Procedure

Through the follow up exercise undertaken in the first six months of 2013/14 it was recommended that North Yorkshire Police review the transactional limit that for District Account Managers (DAMs). There are 8 individuals within the Invoice Hub who are able to authorise transactions under £500, DAM's now have a transaction limit set at £500, a decrease from a previous limit of £1000. DAM authorisations have been significantly reduced due to implementation of an authorisation limits for OSO's, and this has been recognised by DAM's. For example the DAM for Hambleton and Richmondshire authorised 435 requisitions totalling a value of £42,037 in October 2013, and in most recent months this figure has reduced to less than 100 requisitions, since the Invoice Hub has taken on the additional authorisations. Showing a significant decrease in line with the recommendation. The recommendation can therefore be closed.

Additional Allowances

The previous follow up exercise also highlighted that additional allowances being received by NYP employees may not be cost effective or necessary in some cases, particularly for the Essential Car User, retention, and market supplement payment. A review has now been undertaken of whether these payments to employees are still appropriate to be made and Internal Audit have also been

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advised that there has been a significant reduction in the number of staff members who are now in receipt of these payments and work is being undertaken to reduce this further where possible. This recommendation can therefore be closed.

Follow Up Audit 2013/14 Exercise 2

Internal Assurance Bodies

It was recommended that NYP should continue the work being undertaken through the Joint Corporate Risk Group to understand its capacity and capability of internal assurance bodies. This follow up exercise found sufficient evidence that the Risk and Assurance Unit produce a full calendar of compliance activity, and liaise with departments in relation to upcoming inspections and audit work.

Examples have been highlighted to Internal Audit where capacity and capability issues have been highlighted through this work. For example for the Police Effectiveness, Efficiency and Legitimacy (PEEL) and also Her Majesty's Inspectorate of the Constabulary (HMIC) Efficiency and Leadership Inspection, the JCRG highlighted a gap in resources and the need to undertake preparation and pre-inspection work for this. The Association of Chief Police Officers (ACPO) Lead was determined by the JCRG and resources assigned to prepare NYP for the inspection activity. As such, this recommendation has been adequately addressed.

Delivery Unit (Risk & Assurance Unit)

The original audit undertaken in 2012/13 raised that the Risk and Assurance Unit should implement dip sampling of closed recommendations on ARM. Dip sampling is now undertaken for closed Internal Audit and HMIC recommendations on a quarterly basis, based on recommendations that have been closed in the previous quarter. They are selected based on risk, particularly focussing on those which have the highest risk associated if not properly implemented. Information in regards to dip sampling is presented to the JCRG for HMIC recommendations and the Joint Independent Audit Committee (JIAC) for Internal Audit recommendations. This recommendation has been fulfilled.

Property Compliance

The Follow Up Audit 2013/14 Exercise 2 reviewed Property Compliance and highlighted that NYP should appropriately monitor the use of seal numbers and whether they have been recorded. The POTF form specifies the need for a seal number to be recorded, particularly for cash items. Items of property were reviewed to ensure that the POTF submission forms were sufficiently detailed and that the Niche record accurately reflected the items description, seal number, and location in stores. Sufficient detail was held on the Niche record, and as a result this recommendation is now complete.

Diversity Update

The previous audit reviewed ongoing work within the Equality, Diversity, and Human Rights Leadership Board, and whether recommendations from the 'Equality and Diversity – A Strategic Proposal' report were being appropriately implemented and reviewed. This follow up showed that these recommendations had been developed into an implementation plan, providing each recommendation with specific time frames and an action owner who will present their progress on the recommendation and this is updated regularly by the Legal Officer for Equality and Human Rights. This recommendation also required for senior management to be appropriately trained in the area of equality; senior management days are held quarterly to cover areas of equality and diversity. An additional requirement of the recommendation was for sharing resources with external partners. Internal Audit were advised that an Independent Advisory Group conference is held to develop links with local partners, and an action plan developed and created as a part of the Hate Crime Working Group was put in place to monitor actions undertaken with partners through this group. This audit recommendation is therefore being appropriately addressed.

Pension Scheme Transfer

The Follow Up Exercise 2013/14 reviewed the pension scheme transfer and raised that assurances should be delivered by the software provider Mouchel. Testing as a part of this review highlighted that the transfer of pension details to the new system was handled appropriately and that complete and accurate member records had transferred onto their system. It is now the case that a monthly report is received from Mouchel and is checked against Payroll records by staff to ensure that details are correct. Internal Audit now find it appropriate for this recommendation to be closed.

Financial Systems Testing

The review highlighted that a recommendation in relation to the pensions banding exercise has now been superseded by a recommendation made in the most recent Financial Systems Assurance Audit. This recommendation advised that monthly checks by two Payroll staff members of pension calculations were undertaken to ensure that the pensionable pay calculations and any corresponding rates for contributions are correct. However the recommendation was not implemented by Payroll within the appropriate time frame. As a result a more recent Internal Audit recommendation has been made which supersedes this one, and whilst the previous recommendation has yet to be fulfilled, it would be appropriate to close.

Property Handling – Drugs

The previous audit highlighted a number of areas in which risks were not adequately addressed in relation to how movements of drugs exhibits are accounted for, particularly when this move is to facilitate a disposal. There were also issues raised over the security of drugs exhibits and how keys to permanent and temporary stores were accounted for.

The recommendations examined by this follow up exercise included:

- Movement of exhibits
- Access to permanent drugs stores

- POTF books
- Emptying of temporary drugs stores

It has now been incorporated into Force Policy that items for disposal should not be moved from the station at which they are held; no fewer than two Drugs Liaison Officer's (DLO's) will attend to undertake the disposal there. In addition the drugs POTF book is stamped and signed to evidence that the disposal has been undertaken by them. This recommendation can now be classified as complete. It has been advised that this process will be changed when the drugs handling process is transferred over to Niche, the management of the drugs stores will move to the OSO's and the property management functionality of Niche will be utilised to manage the movement of drugs exhibits.

Property Other Than Found (POTF) books from Malton have all been recovered and the location of the drugs exhibits sufficiently verified by this. The books from Whitby have not all been accounted for, the impact of this is that NYP cannot adequately verify the movements of these drugs and there is a risk that items have been lost or misappropriated without NYP's knowledge. This recommendation has not been addressed appropriately, however given that this is an historical issue and staff members involved in this process have subsequently changed roles, Internal Audit considers that the recommendation can be closed. Internal Audit have also been advised that the drugs handling process is to be transferred over to Niche, further review may be necessary when this has been implemented to ensure that the system is effectively accounting for the location of drugs exhibits.

It was also recommended that access to permanent drug stores be restricted. Since the initial review keys have been appropriately accounted for and allocated only to DLOs. For main stores CCTV has been set up to monitor those accessing the stores. Internal Audit are now satisfied that access to permanent drugs stores is adequately restricted and monitored, this recommendation can therefore be closed.

The initial audit also raised issues in relation to the frequency at which temporary drugs safes are emptied and also who this is undertaken by. Temporary stores are now emptied by the appropriate members of staff, it is DLO's or orderlies who undertake this and record this through POTF books and drugs movement sheets. This recommendation also suggested that drop box style safes for quicker disposal of drugs items, following the transfer of responsibility for drugs storage to Business Administration Services (BAS) a decision has now been taken to install drugs drop boxes in temporary stores to ensure the security of drugs prior to submissions into main stores.

The also recommendation required for NYP to determine how frequently temporary stores should be emptied. Force Policy states that the temporary stores should be emptied every 72 hours, however Internal Audit was advised that the main temporary drugs safes are often emptied daily, whereas for outlying stations this should occur on a weekly basis. The review highlighted that this may not always be the case, a number of temporary stores were reviewed and it was found that for outlying stores these were emptied on average every 26 days and the temporary store at Harrogate is emptied on a weekly basis (although this may be less frequent depending on the availability of the DLO). A recommendation has been raised in relation to this.

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Risk Exposure			Root causes		
The location of drugs exhibits may not be appropriately accounted for. Property items may be lost/ misappropriated.			Temporary stores are not emptied regularly enough to be in line with Force Policy.		
Likelihood	Value	Reputation	Operational	Legal	Rating
Probable	Negligible	Significant	Significant	Minor	3:13

Recommendation 2

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.

	Commentary
Effectiveness of Risk Management Approach	A number of recommendations were closed on ARM which have been assessed by Internal Audit as not being adequately completed. Although progress had been made in some cases, they still pose a risk to the organisation. NYP still requires assurance that these matters are being addressed. Further recommendations have therefore been made.
Efficiency of Risk Management Approach	The way in which information is now passed to Internal Audit has improved and progress has been made in aligning Internal Audit and Risk and Assurance Unit activity.
Assurance Level	2 Reasonable Assurance
Overall Risk	3:13

2 Report Distribution

Name/Role	Draft	Final	Final with Response
Relevant Manager as appropriate	✓	✓	✓
Jane Palmer, Chief Constable's Chief Finance Officer	x	✓	✓
Michael Porter, Commissioner's Chief Finance officer	x	✓	✓
Risk and Assurance Unit	x	✓	✓

3 Recommendations

#	Recommendation	Category of Rec.	Management Action	Action Manager & Completion Date	Satisfactory Response (IA View)
1	<p>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 the store, by requiring them to complete the ok/ sign process on Niche.</p>	<p>Significant</p>	<p>AK Response – Officers will be reminded via email and a MOTD of their responsibilities and the importance of complying with the procedure to ensure the integrity of the exhibit.</p> <p>KW Response – OSOs will be reminded to support officers in completing the OK/Sign process when items are checked out directly from the store. Where items are placed in the temp store for collection by the OIC the OSO would not interact with the checking out process and so would be unable to remind the OIC of their responsibilities.</p> <p>The monthly audits of exhibits include a dip-sample of 'checked out' items and so any process errors would be identified and appropriate action taken. Regular comms will continue to be sent out by the Exhibits Manager to highlight recurring issues and educate officers and staff as to their role in the process.</p>	<p>T/DCI Andrea Kell 30/11/15</p> <p>Kate Williams 31/12/2015</p>	

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2	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.	Significant	KW Response – The responsibility for the management of the stores transferred to Business Admin on the 5 th October. From that point the temporary drugs stores have been managed under the same procedures as other temporary stores and are all emptied within 72hrs (usually daily).	Kate Williams 30/10/15	
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Classification of Recommendations	
Fundamental	Action is needed to address risks that could impact on the organisation’s ability to achieve its objectives. Action will typically be organisation-wide and be necessary at the highest level. Other fundamental recommendations will be made in regard to potentially serious breaches of statutory obligations.
Significant	Action is needed to address risks that impact primarily on one major business area or to address lower risks on an organisation-wide basis.
Merits Attention	Action is advised to enhance control, remedy minor breaches of current controls or to improve efficiency.

4 Appendix: Assurance Level

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

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

5 Appendix: Overall Assessment Criteria

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

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

Probability	Nil	< 20% Highly Improbably (HI)	20% - 40% Unlikely (UL)	40% - 60% Probable (P)	> 60% Highly Probable (HP)
Impact Categories	Nil	Negligible	Minor	Significant	Severe
Financial (£) - Default - Mandatory	Nil	0 => 100k Increased financial impact less than £100000	100k => 250k Increased financial impact between £100k and £250k	250k => 2.5m Increased financial impact between £250k and £2.5m	2.5m => 3.75m Increased financial impact greater than £2.5m
Reputation	Nil	Negligible adverse publicity. Minimal impact upon public perception	Localised adverse publicity. Minor/transient impact upon public perception of Force or PCC	Criticism at local level. Lasting impact upon public perception of Force or PCC	Intense national media. Criticism at national level

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Operational	Nil	Negligible impact upon ability to deliver service and meet Force targets	Minor impact upon ability to deliver service and meet Force targets	Significant impact upon ability to deliver service and meet Force targets	Catastrophic impact upon ability to deliver service and meet Force targets
Legal/Compliance	Nil	Negligible prospect of legal challenge	Minor/Transient prospect of legal challenge	Serious non compliance. Litigation/challenge.	National legal issue.