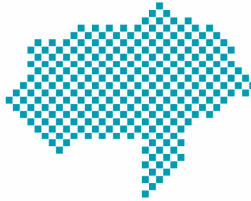


Police and Crime
Commissioner
North Yorkshire



Follow Up Exercise 1 2015/16 Final Report

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Date of Review	July – October 2015
Draft Report Issued	21 st October 2015
Final Report Issued	11 th November 2015

1 Executive Summary

Internal Audit (IA) 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
Payroll 2014/15		
1	1 (100%)	No
Stage 2 Project Review		
1	0 (0%)	No
Administration of the Office of the Police and Crime Commissioner (OPCC)		
1	0 (0%)	No
Financial Systems CC and PCC		
1	0 (0%)	No

Internal Audit has found that there are 3 recommendations that have been closed on ARM that had not been implemented at the time of the follow up review.

Subsequent reappraisal of these recommendations accepts the non-implementation on the basis that they are either no longer relevant or have been superseded by more recent IA recommendations. A summary of findings is provided below:

Payroll 2014/15

The Payroll 2014/15 audit raised that where bank detail changes are received via external email verification of this change should be sought from the individual to determine that it is genuine. Internal Audit has been advised that in the majority of cases the self service system for bank detail changes is used by staff. Only a small number of bank detail changes are received by email on a monthly basis and IA are satisfied that sufficient confirmation is sought from the appropriate individual via a phone call. This recommendation can therefore be closed.

Stage 2 Project Review

Through the audit of the Stage 2 Transfer it was raised that decision making process can be inefficient in terms of the timely approval of decisions to be made. The recommendation therefore highlighted the need to review this process in terms of how blockages to decision making are dealt with and how business continuity is ensured. This follow up exercise has highlighted that the decision making process has been streamlined to a satisfactory degree whereby a number of points are present where a blockage may be identified and dealt with.

The new process was implemented in May 2015 and as such sufficient documentation is not available to review its implementation. This is because decisions have yet to be made through this

new process where full documentation is present. However initial assessment of the process would highlight that some areas of good practice are in place, therefore whilst this recommendation has yet to be fully implemented it would be appropriate to close as this area is soon to be subject to internal audit review.

Administration of the OPCC

The original audit highlighted that when the Commissioner’s officer was provided with access to North Yorkshire Police (NYP) IT systems, there should be a risk assessment of the appropriateness of time frames for this implementation. At the time of this follow up exercise IA were advised that an assessment of time frames had not been undertaken. The need for such an exercise has now been superseded as the work providing IT access has been completed ahead of schedule. This makes a risk assessment and therefore, by default, the internal audit recommendation obsolete.

Financial Systems CC and PCC

The previous audit raised that the organisation should ensure that a system of exception reporting from the payroll system is put in place once the current payroll system has been replaced. The new payroll system is now in place and a number of exception reports are produced through the monthly payroll. IA were advised at the time of the review that further work is to be undertaken on exception reporting. Whilst the recommendation has not been fully implemented by Payroll within the appropriate time frame, a more recent Internal Audit recommendation has highlighted the same issue. Although the previous recommendation has yet to be fulfilled it would be appropriate to close.

Follow Up Procedure

In undertaking the field work for this review it was considered that the overall the process by which IA receive information on recommendations that require following may still be an issue. IA were being provided with information on a number of recommendations including 10 that were Merits Attention and 4 that had been followed up in previous audit reviews, or were historic recommendations.

IA have since been advised that Risk & Assurance Unit activity is aligned to better meet the needs of IA for undertaking a follow up audit review. The spreadsheet of audit recommendations for follow up review can be filtered to remove Merits Attention and ARM has the capacity to extract risks areas which need to be subject to IA review. Whilst a recommendation is not required, it will be important to consider these capabilities for future follow up reviews.

	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, there is still a risk to the organisation. NYP still requires assurance that these matters are being addressed.
Efficiency of Risk	The way in which information is now passed to Internal Audit has

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Management Approach	improved and progress has been made in aligning Internal Audit and Risk and Assurance Unit activity. There were minor issues with this process raised initially, however it is considered that these have been adequately addressed.
Assurance Level	2 Reasonable Assurance
Overall Risk	5:8

2 Report Distribution

Name/Role	Draft	Final	Final with Response
Helen Raisbeck, Financial Support Services Manager	✓	✓	✓
Lesley Whitehouse, Risk Manager/Service Review Manager	✓	✓	✓
Richard Flint, Head of Estates, Logistics, and Technology	✓	✓	✓
Jane Palmer, Chief Constable's Chief Financial Officer	x	✓	✓
Michael Porter, Police Crime Commissioner's Chief Finance Officer	x	✓	✓
Risk and Assurance Unit	x	✓	✓

3 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.

4 Appendix: Overall Assessment Criteria

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

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

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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
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.

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Final