

**HUMBERSIDE POLICE AUTHORITY AND HUMBERSIDE POLICE
– INTERNAL AUDIT REPORTS**

INTRODUCTION

1. The purpose of this report is to appraise Members of the recommendations made recently by the Internal Auditors on the current systems and procedures adopted in the Humberside Police Authority and Police Force. This report highlights the recommendations agreed to improve the overall control environment and progress made against actions agreed at previous audits.

BACKGROUND

2. In accordance with the Audit Plan for 2005/06, reviews on the following procedures were carried out within the Force:
 - Creditors
 - Debtors
 - Treasury Management and Bank Account
 - Insurance
 - Performance Indicators
3. Where necessary, improvements were agreed with the system managers at the end of the audits and these were incorporated into the reports.
4. Appendices A – D show improvements agreed for the audits mentioned above. Appendices E to M show progress made on outstanding agreed actions as reported to the Audit and Strategy Committee in November 2005. It should be noted that some improvements are longer term and are not yet due for completion; agreed dates are shown in the action plans.

FINDINGS AND RECOMMENDATIONS

5. The main findings are summarised as follows:

Creditors

6. Based on the walkthrough tests the Creditors system was found to be sound. All major system controls were found to operating effectively. All nine of the previous agreed actions covered in the last audit have been implemented. Further improvements can be made by:-
- Removing passwords from written procedures.
 - Carrying out sample checks to ensure that invoices are paid within 30 days of entering the Force.
 - Destroying cheques that are now obsolete.

Debtors

7. Based on walkthrough tests the Sundry Debtors system was found to be sound. All 10 of the agreed actions from the Healthcheck in March 2005 have been implemented. There is however inadequate separation of duties between receiving and banking monies and input onto the Sundry Debtor system.

Treasury Management

8. Based on walkthrough tests the Bank Account and Treasury Management systems were found to be sound. All eight of the previous agreed actions covered in the last full audit have been implemented. One weakness was identified however. The system for processing a CHAPS payment through the bank should not allow the same smartcard to issue and authorize a transaction irrespective of the authorisation rights allocated to the card.

Insurance

9. Based on audit testing assurance was given that the Police Insurance system is sound. The following weaknesses were however identified:
- There are no documented procedures for the administration of insurance policies and the handling of claims.
 - The current year's budgets for General Insurance, General 'Self' Insurance, and Renewal/Claim handling fees were not based on previous years spending.
 - The tendering process for the appointment of brokers has not been carried out for some time.
 - The Head of information Services is included as a designated officer in the Fidelity Guarantee. Consideration should be given to include other IT officers with access to the system.

Performance Indicators

10. The Audit Commission requested that Internal Audit check the medium and high risk BVPIs. It was found that explanations for variances were not robust and often written on the standard form in pencil. Many of the explanations were anecdotal.

RECOMMENDATIONS

11. It is recommended that the report be noted.

JOHN BATES

Director of Performance and Resources

Contact Officer: - Caroline Wilson Tel (01724) 296050

Background Papers: - Reports of North Lincolnshire Council Internal Audit 2005/06

CREDITORS - ACTION PLAN
17 JANUARY 2006

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.1	The written instructions have been completed for input and reconciliation procedures, however on two occasions passwords are shown for part of the operations. All procedures should be included.	The written instructions will be amended and all procedures will be included.	Not yet due	Debbie Ketley	28 February 2006
3.2	The Finance Section's invoice sample checks need extending to cover the total time it takes from receipt of the invoice into the Force to eventual payment. The payment standard is to pay all invoices within 30 days of the said invoice (Finance Manual of Guidance 7.2). Not all invoices are date stamped when entering the Force.	The Finance Section's invoice sample checks will be extended to cover the total time it takes from receipt of the invoice into the Force to eventual payment.	Not yet due	Debbie Ketley	28 February 2006
3.3	The sequence of cheques 78528 to 78999 that became obsolete in August 2005 requires shredding. This should be witnessed by two officers and recorded.	The obsolete cheques will be shredded and be witnessed by two officers and recorded.	Not yet due	Debbie Ketley	31 March 2006

DEBTORS - ACTION PLAN
17 JANUARY 2006

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.1	There is inadequate separation of duties. Officers involved in receiving and banking of monies should be separate from any input on to the Sundry Debtors system.	The separation of duties will be kept under constant review.	On-going	Debbie Ketley	On going
3.2	The average debt collection period is a measure of effective debt collection. It is based on the value of invoices issued over a period and the amount of debt outstanding. Consideration should be given to calculate and monitor this measure.	Consideration should be given to calculate and monitor the average debt collection period.	Not yet due	Debbie Ketley	31 March 2006
3.3	Receipts not issued to the customers were not retained in the receipt book.	Receipts not issued to customers will be retained in the receipt book.	Completed	Debbie Ketley	Immediate
3.4	There is a debtors policy issued to staff. However the policy does not identify that the green copy of the request form is returned to the issuing section for matching purposes.	The debtors policy issued to staff will identify that the green copy is returned to the issuing section for matching purposes.	Not yet due	Debbie Ketley	31 March 2006

TREASURY MANAGEMENT - ACTION PLAN
17 JANUARY 2006

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.1	The annual report on the Treasury Management function during 2004/5 was not made by 30th September 2005.	The annual report on Treasury Management will be made to the Police Authority by 30 September.	Not yet due	Eileen Archibald	30 September 2006
3.2	The system for processing a CHAPS payment through the bank should not allow the same Smartcard to issue and authorise a transaction irrespective of the authorisation rights allocated to the card.	The system for paying by CHAPS will be reviewed to determine if the control of not allowing the same smartcard to complete input and authorisation can be implemented.	Not yet due	Mike Higinbotham Ian Porter / Eileen Archibald	30 April 2006

**INSURANCE - ACTION PLAN
4 NOVEMBER 2005**

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.1	There are no documented procedures for the administration of insurance policies and the handling of claims.	The procedures will be documented.	Not yet due	Alan Hocking / Dave Crampton	30 April 2006
3.1	The Legal Section does not have a manual for the Centurion system.	The Legal Section will obtain a manual for the Centurion system.	Not yet due	Dave Crampton	31 March 2006
3.1	The Finance Manual of Guidance does not have a specific section on insurance.	Consideration will be given for the Finance Manual of Guidance to have a specific section on insurance.	Not yet due	Mike Higinbotham / Alan Hocking	31 March 2006
3.2	The current year's budgets for General Insurance, General 'Self' Insurance, and Renewal / Claim handling fees were not based on previous years spending.	The base budgets will be rectified.	Not yet due	Mike Higinbotham	30 April 2006
3.3	The tendering process for the appointment of brokers has not been carried out for some time.	The tendering process for the appointment of brokers will be carried out.	Not yet due	Alan Hocking	30 April 2006
3.4	The insurance brokers advise the Authority and carry out the tendering processes on behalf of the Authority. Compliance by the brokers with the Authority's contract procedures has not been verified.	The procedures will be reviewed ensuring that all stages of the process are transparent and have a clear audit trail.	Not yet due	Mike Higinbotham / Alan Hocking	30 April 2006

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.5	The value of buildings does not directly reconcile to the valuation list of buildings. For the current year an uplift of 15% has been added to the previous years totals. The Buildings Unit have not supplied an upto date list of the valuation of properties.	Consideration will be given for all buildings to be revalued more frequently by the Buildings Unit.	Completed	Mike Higinbotham	31 January 2006
3.6	The Head of Information Services is included as a designated officer in the Fidelity Guarantee.	Consideration should be given to include, as designated officers, other IT officers with access to the systems.	Not yet due	Mike Higinbotham	31 March 2006
3.7	The passwords on the Centurion system, which records the details of claims against the Authority, have not been changed.	The passwords on the Centurion system will be changed periodically.	Not yet due	Dave Crampton	31 March 2006

CORPORATE GOVERNANCE - ACTION PLAN
8 JUNE 2005

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.1.3 * *	There is no Scheme of Delegation in existence or a formal document outlining the decision making process within the Authority.	A Scheme of Delegation for officers and a formal document outlining the decision making process should be finalised.	Following the appointment of the Director of Performance and Resources and Assistant Chief Executive work has commenced on the review of Standing Orders and Financial Regulations including the development of schemes of delegation where appropriate	Shahin Ismail, Chief Executive John Bates Director of Performance and Resources Neil Kingston Assistant Chief Executive	Revised deadline 31 March 2006 (originally 31 October 2005 – new members of staff not appointed until November/December 2005)
3.1.5 * *	The role of the Monitoring Officer is not publicised across the Force.	The role of the Monitoring officer will be publicised across the Force.	Complete	Shahin Ismail, Chief Executive	

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.1.6 * *	A review of Contract Standing Orders is needed.	Contract Standing Orders will be reviewed.	This will be covered in the review referred to at 3.1.3 and information forwarded to the Force when complete	John Bates Director of Performance and Resources	31 March 2006
3.1.7	The Financial Regulations have not been updated since November 2002.	Financial Regulations will be updated.	This will be covered in the review referred to at 3.1.3 and information forwarded to the Force when complete	John Bates Director of Performance and Resources	31 March 2006

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.1.8 * *	A formal system for identifying member training needs is not in place.	Individual training plans for members will be introduced.	Information days are being held and induction for new members is planned. The PA will carry out self assessment that will identify areas for development.	Shahin Ismail, Chief Executive John Bates Director of Performance and Resources Neil Kingston Assistant Chief Executive	30 June 2006 (previously 31 December 2005)
3.1.9 *	Formal systems for conducting Performance and Development interviews are not in place within the Secretariat.	Performance and Development interviews will be conducted within the Secretariat.	Revised management arrangements in place following appointment of new staff. Management and Team meetings with 1:1s for staff planned. Work plans are being developed and consideration given to using the Force PDR approach.	Shahin Ismail, Chief Executive John Bates Director of Performance and Resources Neil Kingston Assistant Chief Executive	30 June 2006

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.3.1 **	A Risk Management Strategy does not exist for the Authority.	A Risk Management Strategy will be drawn up for the Authority in conjunction with the Audit Commission.	Work progressing jointly with the Force and the work of the Force Audit Board to embed risk management. Terms of reference of Audit and Strategy Committee to be amended to include risk management.	Shahin Ismail, Chief Executive John Bates Director of Performance and Resources Neil Kingston Assistant Chief Executive	30 June 2006
3.3.4 **	There is no agreed protocol for Internal and External Audit joint working. A draft protocol has been drawn up.	A protocol for joint working will be finalised.	Revised working arrangements are the subject of ongoing meetings with the Audit Commission.	Director of Performance and Resources, Internal Audit and Audit Commission	31 March 2006

**IT ORGANISATION & SECURITY - ACTION PLAN
2 JUNE 2005**

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.1	There are security implications for information exchange and access to the network by external partners.	The current impetus of concern, evident in the establishment of a Project Board to debate the issues needs to be ongoing.	There is a proposal for a data hub to be introduced so that partners can access relevant information without having to access the Force network. This work is ongoing.	C/Supt Sheared	31.12.05
3.2	The HMIC review reported that the Force Business side should follow the ISB initiative and revise their own plans.	The Business Side of the Force will review their continuity plans.	Not yet due	Phil Goatley	31.03.06
3.6	All the system logs were being consolidated into the Envision Control server which includes an audit trail, full reporting software and real time alerting. Time has still to be put aside to specify the parameters, the run scheduling and decision on responsibility for proactive monitoring.	The specification of the parameters and the run scheduling needs to be timetabled, and a decision on responsibility for proactive monitoring needs to be made.	Not yet due	Mike Foster	31.03.06

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.7	The Internet and Email blocking and monitoring software was seen to be working but the results were reviewed when a problem was known or reported rather than a proactive monitoring of results.	Proactive monitoring of blocks and usage of the Internet and Email should be planned, undertaken and documented.	A product has been identified and an order will be placed during February. Installation will be dependant on workloads as dictated by Force projects.	Ian Maughan Roy Macdona/ Graham Fuller	31.12.05 e-mail monitoring - completed
3.8	In order to achieve the Gold Status accreditation with FAST, it is considered that some Asset management software should be utilised to complete the control.	Asset management software should be assessed as the next step in the FAST accreditation process.		Graham Fuller/ Roy Macdona	31.12.05
3.10	The plans for rolling out the computer training package to the Force are dependent on individual Police Inspectors.	Some form of corporate monitoring should be considered to be able to identify the take up of the offered individual learning package.		Mick Adair	31.12.05

SALE OF BUILDINGS - ACTION PLAN
25 AUGUST 2005

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.2	The 2004/05 re-valuation data was submitted to the Assistant Finance Manager too late to be included in the annual accounts.	The surveyors will be informed to complete the re-valuation exercise earlier in order to meet the annual accounts deadline.	Completed	Lance Beasley, Buildings Manager	Survey completed by 31 December 2005 Valuation report issued by 31 March 2006

MAIN FINANCIAL SYSTEMS - HEALTHCHECKS 2004/05 - ACTION PLAN
6 APRIL 2005

Finding Ref.	Issue - Sundry Debtors	Action	Progress	Officer responsible	To be actioned by
3.1.13	The same officer receipts income and prepares the paying in slips, providing an inadequate separation of duties.	Where possible the same officer will not receipt remittances and complete the paying in slip.	Will be actioned if staffing numbers allow	D Ketley	Immediate

MAIN ACCOUNTING SYSTEM & BUDGETARY CONTROL - ACTION PLAN
4 APRIL 2005

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.2	Budget monitoring procedures have changed during the year.	The revised budgetary monitoring procedures will be documented and incorporated into the Finance Manual of Guidance.	Monitoring process revised. FMG ongoing.	Mike Higinbotham	September 2005
3.8	The approval of virements above £100,000 does not follow written procedures.	Financial Regulations and the Finance Manual of Guidance will be re-written to reflect the current approval lines for virements. This will include virements within the same subjective lines and externally funded monies.	This will be covered in the review referred to at 3.1.3 Appendix E.	Director of Performance and Resources and Mike Higinbotham.	June 2006.

**STORES - ACTION PLAN
7 DECEMBER 2004**

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.1	The number of personnel fully responsible for stock is limited.	The long-term objective is to restrict the number of personnel fully responsible for individual stores sections.	Not yet due	Alan Hocking	31 October 2006

**BEVERLEY POLICE STATION - ACTION PLAN
29 OCTOBER 2004**

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.17	The inventory is still in process of completion.	The inventory will be completed and kept up to date.	Not completed until works have finished	C Wise	31 December 2004
3.18	Inventory items are not security marked.	Inventory items will be security marked.	Not completed until works have finished	C Wise	31 December 2004
3.20	Income is banked on average every two weeks.	Income will be banked on a weekly basis.	Unable to complete as the job share post is helping with the Building Refurbishment Programme	L Bentley	Immediately

**UNOFFICIAL FUNDS - ACTION PLAN
1 OCTOBER 2004**

Finding Ref.	Issue	Action	Progress	Officer responsible	To be actioned by
3.1 & 3.2	The Practice Directions for Other Than Found Property were prepared and published in April 1999 and, at the time of audit testing, no evidence was seen to suggest that they had been reviewed or updated since. The information is vague and confusing and doesn't fully explain the eligible income. There is also some confusion as to the responsibility of defining income and making the distinction between Revenue Other Than Found income and Property Act Fund Income.	The updated Practice Directions will be agreed and implemented as soon as possible. Any training and development requirements will be addressed accordingly.		Chief Constable's representative to report to the Clerk.	As soon as possible.
3.3	Some accounting queries were noted, including a number of debit entries to this fund, showing incorrect and misleading income figures.	Care will be taken to ensure correct payment codes and appropriate suspense accounts are used. Payments will not be made from income codes. Staff will be reminded where appropriate.		Chief Constable's representative to report to the Clerk.	As soon as possible.
3.4	Police Officers have to be constantly reminded to monitor Other Than Found Property, which is very often left and not followed up.	Police Officers will be reminded of the procedures for disposing of Other Than Found Property. Consideration will also be given to including a reminder or checklist within case documentation.		Chief Constable's representative to report to the Clerk.	As soon as possible.

APPENDIX M

IMPROVEMENT ACTION PROCESS

<p>CONTRACT MANAGEMENT 10 NOVEMBER 2003</p>
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NO.	RECOMMENDATION/ IMPROVEMENT ACTION	RESPONSIBLE PERSON	PROGRESS OF IMPLEMENTATION ACTION <i>COMPLETED/ONGOING/COMPLETED BY</i>	TIME SCALE
1 (Finding Ref 3.1.1)	Contract Standing Orders will be agreed as a matter of urgency.	John Bates Director of Performance and Resources	ongoing	As soon as possible
2 (3.2.1)	An additional method of advertising for expressions of interests, for specific contracts, will be considered in order to ensure local contractors and SMEs are given the opportunity to tender.	Will Lambert, Purchasing & Contracts Officer	ongoing	On-going project
4 (3.2.3)	The fact that the contract will be awarded to the Most Economically Advantageous Tender will be included in the tender document.	Will Lambert	Awaiting Standing Order amendment	Immediate
10 (3.3.2)	An additional method of advertising for expressions of interests for specific contracts will be considered in order to ensure local contractors and SMEs are given the opportunity to tender.	Lance Beasley	ongoing	In accordance with 999 Task & Finish Group timescales
13 (3.3.5)	Contracts will be evaluated using the criteria of 'Most Economically Advantageous Tender' and not 'lowest compliant tender'. The award criteria will be clearly stated in the tender document.	Lance Beasley	ongoing	On issue of the revised Contract Standing Orders