

**Governance Committee
14 September 2010
Agenda Item No 7 (Updated)**




MONITORING KEY AUDIT RECOMMENDATIONS IN REPORTS CONSIDERED BY GOVERNANCE COMMITTEE

INTERNAL AUDIT REPORTS:




| AREA | RECOMMENDATION | GRADE | PERSON RESPONSIBLE | AGREED / INTENDED ACTION | TARGET DATE | |
|--|--|-------|--|--|-------------------------------|--|
| 13 May 2008 Main Financial Systems | | | | | | |
| Main Accounting System | Manual adjustment journals should be initiated and input to Oracle by different staff . | 2 | Budget & Accounting Manager | We will review this issue as part of the Financial Rules redrafting in the near future and agree a practical way forward with internal audit. This is not perceived as a high risk and any anomalies should be brought to light as part of the budget monitoring process. | Revised to June 2011 by Cttee | |
| 08 May2009 South BCU Financial Management | | | | | | |
| Payroll | Information on Police Officer transfers should be communicated promptly to finance staff so that payroll costs can be charged correctly with minimal need for material adjusting journals. | 2 | Personnel and Finance Staff of all HQ departments and BCU s | <p>The processes for recording and communicating employee changes between the Personnel and Finance functions are scheduled to change to a more efficient electronic system in 2009-10 following the introduction of the new 'Origin' personnel system. The effectiveness of the new process will be reviewed following its introduction In the meantime the issue of processes and protocols for notifying changes will be raised at the next Finance & Personnel meeting, with a view to ensuring more speedy notification of changes.</p> <p>Further work, which would have added to the improvement had been actioned via the ORIGIN user group, relating to the 'Change of circumstances' facility within ORIGIN. This issue is with the system suppliers, who have advised that it would be preferable to wait until the payroll interface work is undertaken later in 2010, to avoid duplication of effort. A new target completion date of March 2011 is now contemplated.</p> | Dec 2009 | |
| Budget Management and Reporting | Information on Police Officer transfers should be communicated promptly to finance staff so that payroll costs can be charged correctly with minimal need for material adjusting journals. | 2 | Personnel and Finance Staff of all HQ departments and BCU s. | The process for recording and communicating employee changes have not been amended as yet, but improvements remain part of the origin project and will be integral to a shared approach to the delivery of HR & Finance. In the meantime, HR and Finance staff are actively liaising with regular meetings to ensure that staffing changes are communicated effectively between the two teams. | Dec 2009 | |




Key to actions : Completed Ongoing timescale exceeded not yet due¹









INTERNAL AUDIT REPORTS:



| AREA | RECOMMENDATION | GRADE | PERSON RESPONSIBLE | AGREED / INTENDED ACTION | TARGET DATE |  |
|--|---|-------|--|---|----------------|---|
| 21 September 2009 T.O.I.L. | | | | | | |
| Business Processes | Review to ensure timely changes in permissions on a change of rank/assignment within origin. | 2 | Joanna Bancroft Director of Personnel & Development | This is ongoing, however, the relevant processes have been reviewed and are subject to monitoring. A report was presented to the last meeting of the Personnel Committee showing progress made. | 1 October 2009 |  |
| Controls over TOIL and Overtime | Controls should be strengthened to further mitigate the risk that hours worked could be taken as both paid overtime and TOIL. | 2 | Roger Marshall Head of Financial Services | Police Overtime forms have been amended so that officers sign to confirm that TOIL has not been claimed where payment has been requested. | 1 October 2009 |  |

INTERNAL AUDIT REPORT:








| AREA | RECOMMENDATION | GRADE | PERSON RESPONSIBLE | AGREED / INTENDED ACTION | TARGET DATE |  |
|---|---|-------|---------------------|---|-------------------------------|---|
| 24 February 2010 IT Security Block 2 | | | | | | |
| Network Security | A clear timetable should be established for completion of the dual SANs, with mirroring, Deviations with associated risks/impact should be regularly reported to senior management. | 2 | Integration Manager | <p>Dual SAN's are already in place with one located at HQ and one located at Workington. A replication business case was presented to COG in early 2009 which was put on hold preventing any further development of mirroring data.</p> <p>We have however implemented an enterprise backup solution which allows us to replicate deduplicated data between HQ and Workington. This ensure that in the event of a disaster we are able to recover all the constabulary data from both sites any time. We have also implemented replication and mirroring at an application level for critical systems which has increased downtime in the event of a failure but has been more cost effective. Storm is an example.</p> | <p>Q2 2010</p> <p>Q3 2010</p> | <p></p> <p></p> |




Key to actions :  Completed  Ongoing  timescale exceeded  not yet due2

| AREA | RECOMMENDATION | GRADE | PERSON RESPONSIBLE | AGREED / INTENDED ACTION | TARGET DATE |  |
|---|---|-------|--------------------|--|---------------------------------------|---|
| 24 February 2010 IT Security Block 2 | | | | | | |
| Network Security (continued) | Key risks should be considered and selective Oracle audit monitoring established. | 2 | Operations Manager | We have implemented Oracle Grid which allows us to proactively monitor all Oracle databases across our estate. This has alerts set at levels of tolerance acceptable and will allow for sufficient time for the technical team to proactively resolve the problem. This covers hardware faults, capacity, performance etc. | Q3 2010 |  |
| | Evidence of network faults and action taken should be maintained up to date. | 2 | Operations Manager | .A check list is being completed by the Communications team. This needs to be improved and as part of the transition to the new structure within IT I will improve the process by implementing accountability for the checks and a process to publish the results. This will be moved to the new intranet in May where we can define KPI's against the Network infrastructure. This will ensure continuous improvement can demonstrated and will give a means to document any failures ensuring these are continuously improved. Review checklist and confirm frequency / all checks still relevant and automate where possible. Please can this be moved to Q3 so the system can be implemented and reviewed several times. This will be a continuous process. | Q1 2010 Q2 2010 Q3 2010 |    |
| | The Disaster Recovery Plan should be finalised and published as a practical document that can be tested. Testing against this should be carried out annually. | 2 | Operations Manager | A first draft of the IT Business Continuity Plan has now been completed and was used during the floods in November 2009. The short comings of this plan have been reviewed and the IT Business Continuity Working Group are now addressing the system shortages identified. Key processes and the associated systems are been looked at individually and plans completed for each area. Establish and maintain an IT Business Continuity Working Group for ongoing review / improvement. | Q1 2010 Ongoing Ongoing |    |




Key to actions :  Completed  Ongoing  timescale exceeded  not yet due⁴




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| 24 February 2010 / 18 May 2010- Partnerships Monitoring | | | | | | |
| Partnership Monitoring | The Constabulary should formalise a partnership working policy, which is reviewed annually. The joint working arrangements guidelines already included in the draft financial rules provide a useful starting point. | 1 | Strategic Development | <p>The new joint working arrangements guidelines in the revised Financial Rules manual will be used to formalise a partnership working policy when they have been subjected to consultation and approval by the Constabulary Chief Officer Group (see Main Financial Systems entry below)..</p> <p>Once the policy has been subject to consultation and approval it will be communicated to all senior managers and placed in the policy library. SMT briefings will ensure that all commanders and directors are aware of the requirements for partnership working arrangements. This process will be clear in the policy document.</p> <p>Strategic development will coordinate and quality assure the information provided by partners to ensure compliance with the partnership working policy.</p> <p>Strategic development will coordinate and quality assure the information provided by partners to ensure compliance with the risk management policy. NB Please note that this work cannot be completed until the revised Financial Rules below have been approved. However significant progress has been made in respect of identifying and registering partnership risk s sine the new risk management policy was implemented in March 2010.</p> | 30 June 2010 |  |
| | Senior management should ensure that the agreed partnership working policy, including registration and monitoring of individual partnerships, is applied consistently across the Constabulary. | 1 | Strategic Development | | 30 Sept 2010 |  |
| | Whoever is made responsible for monitoring partnerships should ensure they are registered / updated annually, ensuring that relevant partnerships are included. | 2 | Strategic Development | | Annually, from 2010 |  |
| | Partnership information provided on the registration forms should be subject to review, to identify any gaps in each partnership's governance protocols. Relevant information should be provided to support functions (such as risk management and finance) as necessary. | 2 | Strategic Development | | First review by 30 April 2010 |  |
| | Once it has been determined which partnerships require formal registration, assurances should be sought that they have suitable risk management arrangements in place, in line with the Constabulary's Risk Management Policy. | 2 | Strategic Development | | 31 May 2010 |  |
| Main Financial Systems | The Financial Rules Manual needs to be completed then communicated to relevant staff along with training as to their use. | 2 | Director of Finance & Resources and Head of Financial Services | The revised Financial Rules have been completed. Subject to formal approval by the Constabulary Chief Officer Group, they will be rolled out to relevant staff. Guidance will also be given to appropriate staff. | April 2010 |  |







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AUDIT COMMISSION - APPOINTED AUDITOR REPORTS:

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|---|---|-------|--|--|-------------|---|
| Action Plan Approved by Governance Committee in relation to recommendations made in Annual Governance Report; Annual Audit Letter and Police Use of Resources Reports relating to 2007-08. | | | | | | |
| Financial Standing | The Constabulary and Authority should monitor key financial health indicators and use them to set challenging targets, including for example, on variations from budget, prudential indicators and capital programme management | | Constabulary Director of Finance and Police Authority Treasurer | Many aspects of financial reporting already include a range of indicators. Those indicators will form the base position for an evaluation by the Treasurer and Director of Finance and Resources which will refresh the monitoring criteria in relation to budget monitoring, Treasury Management activities and performance of the capital programme. A report will be presented to the next meeting of the Committee. | 14 Sept |  |
| Value for Money | <p>The Authority and Constabulary need to demonstrate that high performance is achieved across a range key services while costs, including unit costs, demonstrate Value for Money, compared with other forces</p> <p>Overall spending consistently demonstrates best use of resources</p> <p>There is a track record of effectively addressing areas of unintended high spending</p> | | Police Authority Treasurer / Director of Finance and Resources / Head of Financial Services / Efficiency Manager / Director of Strategic Development | <p>It will be a significant undertaking, involving a range of skills to materially add to the existing processes in place within the Authority and Constabulary. But the Chief Constable and Treasurer recognise the changing requirements to be able to demonstrate VFM in a sustainable way and proposals will be brought forward to a future meeting of the Committee which will set out how this undertaking can be managed, taking account of the available resources.</p> <p>Since the May meeting of the Committee, the finance team have utilised the new Objective Costing information to produce a benchmarking study comparing how Cumbria allocates resources as compared with its MSF group (and a further 'small force' group), linked to the overall performance of the Constabulary. That report was considered by the Policing Plan and Performance Committee in May. Subsequent to that meeting, the Authority's Change Management and Finance Working Group have used this information as a basis for requesting more detailed comparative information around ICT.</p> <p>Both the Police Objective Analysis and the HMIC Value For Money (DRAFT) profiles have been analysed to identify high cost areas compared to other forces. This information is being submitted to Chief Officer Group on 6 September to inform scenario planning and target savings for the Constabulary and will form the basis of reporting to Finance and Change Management Working Group on 23 September.</p> | |  |

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| 04 December 2009 : Action Plan Approved by Governance Committee in relation to recommendations made in Police Use of Resources Reports relating to 2008-09. | | | | | | |
| Value for Money and Governance | R2 Improve the governance arrangements around key projects to ensure that significant expenditure provides value for money. | H | Chief Executive, Director of Finance and Resources, Director of PMU | Some improvements already completed, including updating of Contract SO's | 31 March 2010 |  |
| Communication and Standards | R3 Strengthen practical support and feedback for frontline staff to improve levels of compliance with national standards for crime and incident recording | H | Acting Director of Strategic Development | Audit Commission representatives were invited to attend a recent workshop to give guidance to Authority and Constabulary staff about the 2009-10 assessment. The Commission's staff gave a number of tips around how individual KLOE assessments might be improved. | 31 March 2010 |  |
| Data Security | R4 Accelerate progress around data security and business continuity planning to ensure that national standards are met. | H | Acting Director of Strategic Development | | 31 March 2010 |  |
| Risk Management and Partnerships | R5 Improve risk management arrangements for partnerships to ensure that the partnerships achieve their aims of improving services for local people. | H | Deputy Chief Constable Chief Executive | This is a cross cutting recommendation, made to all principal partnership bodies subjected to Use of Resource assessments. | 31 March 2010 |  |
| Workforce Planning | R6 Adopt a more comprehensive workforce strategy to provide a longer term framework for workforce planning and development. The Strategy should set out key objectives, challenges and principles, directly linked to strategic priorities, and how these will be met. | H | Deputy Chief Constable / Director of Personnel and Development | This work is ongoing and is dependent on the outcome of the work of the structures review . | 31 March 2010 |  |

Douglas Thomas Treasurer 13 September 2010

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