



MANAGEMENT AUDIT UNIT

CUMBRIA POLICE INTERNAL AUDIT REPORT

POLICE NORTH AREA BCU

Draft Report Issued: December 2004
Final Report Issued: February 2005

1.0 INTRODUCTION

- 1.1 Internal Audit performed a review of North Cumbria BCU in December 2004 which covered the following areas:
- Financial management; Planning; Performance Management and Risk Management.
- 1.2 The following members of staff provided information during the audit review:
- A. Rogers, Finance Manager;
 - E. Ingledow, Admin & Finance Assistant;
 - B.Horn, Area Commander;
 - G. Rutherford, Support Inspector.
- 1.3 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:
- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed.
 Grade 2: Recommendation which should be addressed in order to establish a satisfactory level of internal control.
 Grade 3: Minor recommendation made to improve the system under review.
- 1.4 Recommendations to this report are included as Appendix 1 – Summary of Recommendations & Action Plan.

2.0 OVERALL EVALUATION & CONCLUSION

2.1 **The evaluation of controls is based on testing carried out at the time of the audit, usually based on sampling. Management Audit assesses the controls operating in each audited area as ‘good’, ‘satisfactory’, or ‘weak’. This assessment is based on the number and grading of recommendations made.**

2.2 **Controls have been evaluated as follows:**

AREA REVIEWED	EVALUATION
Financial management	Good
Planning	Satisfactory
Performance management	Satisfactory
Risk Management	Satisfactory
OVERALL EVALUATION	Satisfactory

2.3 **There is scope to develop controls around non-financial areas and the BCU Commander recognises this. Actions are being taken in collaboration with HQ departments. Management Audit do not review the accuracy of performance data as this is subject to separate audit by the Audit Commission on BVPI’s and compliance with national crime recording standards.**

3.0 FOLLOW UP TO PREVIOUS AUDIT RECOMMENDATIONS

3.1 A previous audit review on financial management was carried out in September 2002 and two recommendations were made:

Recommendation	Action Taken
Officers making financial commitments out-of-hours should ensure that the Finance Manager is promptly informed so that expenditure can be committed and the invoice subsequently checked.	Finance Manager confirmed that information is satisfactorily communicated.
The inventory for North Area should be updated and a check carried out as to location and existence of equipment. As the inventory changes regularly, it may be beneficial to put it on a spreadsheet rather than a current manual record.	Inventory now maintained on a spreadsheet record.

4.0 AUDIT SCOPE

- 4.1 To comply with the new statutory requirements for Police Authorities to provide an annual Statement of Internal Control (SIC), the audit scope for reviews of Police areas (BCU's, Operational Support and other support departments) has been expanded to incorporate non-financial aspects. Previous Area reviews have focussed solely on financial controls (budget setting & monitoring; ordering and paying for goods & services; receipting/coding of income; petty cash and inventory control). Controls over these systems will continue to be reviewed but additional review work will look at 3 new areas – planning; performance management and risk management.
- 4.2 The non-financial review areas are new and the scope of testing is based on the new CIPFA guidance on producing a SIC report, "The Rough Guide". The CIPFA guidance looks at non-financial controls from an organisational perspective (in this case, the Police Authority) but these have been adapted for use at Areas.
- 4.3 Within each of the 4 main areas for review, specific controls were identified and reviewed. These are set out in the following section of the report.

5.0 DETAILED FINDINGS & RECOMMENDATIONS

FINANCIAL MANAGEMENT			
CONTROL	COMMENT	EVALUATION	REC. REF.
Budget management & financial reporting.	<p>The Cumbria Constabulary budget book clearly sets out the delegated budgets for the North Area and the Chief Superintendent has formally accepted responsibility for these as Budget Holder.</p> <p>The monthly Budget Monitoring reports are presented during monthly Resource Management Team meetings.</p> <p>Minutes showed evidence of consideration of relevant matters including under spend schedules, unexpected vacancies and the approval of sundry bids for expenditure.</p> <p>Police HQ Finance is provided with a copy of the budgetary performance spreadsheet and narrative each month.</p> <p>Details in the spreadsheet were checked to Oracle to ensure that they had been correctly extracted. The trail from the original budget to the revised budget was also checked to approved virements.</p> <p>The full year forecast outturn and assumptions made were reviewed with the Area Finance Manager. A methodical approach is adopted.</p> <p>A review of the previous financial year's outturn projection showed the process to be accurate.</p> <p>The budgetary performance was reviewed (as at October 2004) and large variations were explained by the Finance Manager.</p>	Good	

CONTROL	COMMENT	EVALUATION	REC. REF.
Budget management & financial reporting (Continued).	<p>As at October 2004 an under spend of £156,760 for the financial year 2004/05 is forecast. The majority of the under spend relates to vacancies not being filled.</p> <p>The only matter for attention is that no formal scheme of financial delegation has been documented detailing officers responsible for approving invoices and orders. This was raised in a recent audit report on Creditors (Constabulary level review) and this issue is being addressed as part of the BCU Empowerment review.</p>		R1
RECOMMENDATIONS			
R1	Consideration should be given to the production of a formal written scheme of financial delegation, detailing officers responsible for the approval of invoices and orders. (2)		

CONTROL	COMMENT	EVALUATION	REC. REF.
Petty cash administration.	<p>The North Area holds a petty cash imprest of £7,000. This includes sub-floats held at other locations in the North Cumbria Area.</p> <p>The account is regularly reconciled and records were found to be complete. The account was reconciled at the time of the audit.</p> <p>Records are well maintained and VAT is analysed where possible to enable it to be recovered.</p> <p>Sub-floats retained at North Area Headquarters (Carlisle Station) and Penrith Station were verified to information used within the reconciliation of the main imprest.</p> <p>The sub-float for Custody contained £53.75 compared to a sub-float of £75.00 used to perform the main reconciliation. The Finance Manager agreed during the review to adjust the float and to ensure it is properly maintained in the future.</p>	Satisfactory	
Income collection & banking.	<p>The North Area has an income budget of £129,803 for the current Financial Year. The main source of income received (as at October 2004) is from fees and charges and the execution of warrants.</p> <p>Generally, receipted income had been promptly paid into the bank. Cash holdings overnight were, with one exception, within insurance limits. A sample of income was traced from receipts to paying-in books to Bank Statements (held at HQ) to Oracle.</p> <p>A sample of income was also checked to the main accounting system for coding, which was found to be reasonable.</p>	Good	

CONTROL	COMMENT	EVALUATION	REC. REF.
Ordering and payment of invoices.	<p>A sample of invoices were obtained and traced to copy orders / supporting documentation. All invoices agreed to authorised documentation, were relevant and correctly coded.</p> <p>The North Area uses cheque requisitions. The Cheque Requisition book was reviewed for appropriateness and authorisation.</p> <p>The majority of usage was for the payment to Magistrates of fines collected when warrants were executed.</p>	Good	
Found property.	<p>The found property records were reviewed, and a sample of items held in the store traced to the records, and a sample of items per the records traced to the store.</p> <p>Records were found to be accurate and well maintained.</p>	Good	
Equipment Inventory	Admin & Finance Assistant maintains an up to date inventory record on a spreadsheet. Equipment is verified by a member of the admin office on a bi-annual basis.	Good	

PLANNING			
CONTROL	COMMENT	EVALUATION	REC. REF.
Consultation is carried out with relevant stakeholders on priorities and objectives	Consultation processes are well developed and include Force-wide and local consultation activity. Staff are also consulted via staff satisfaction surveys and appraisals (Professional Development Reviews).	Good	
Objectives are reflected in an Area plan which is matched to associated budgets	<p>A BCU level plan has been produced based on the template provided by HQ Corporate Development Department. The aim is to ensure consistency with the Constabulary Policing Plan. The plan has been approved by the Assistant Chief Constable and the Operations Board. The plan is converted into a Delivery Plan which sets out in more detail key steps to be taken, with accountable managers and timescales. Team plans are also prepared.</p> <p>Future plans will mirror the requirements of PPAF (Police Performance Assessment Framework).</p> <p>The main budget devolved to the BCU is staffing and this is based on historical establishment numbers. Additional officers are allotted to BCU's financed by Home Office targeted funding (eg Crime Fighting Fund/Rural Fund) and the Constabulary funded Local Policing Teams initiative: Areas manage objectives within the resources allocated, but have an annual opportunity to bid for additional funding to meet specific priorities.</p>	Satisfactory	

CONTROL	COMMENT	EVALUATION	REC. REF.
Objectives are reflected in an Area plan which is matched to associated budgets	It was noted that the BCU plan did not always accurately reflect the performance measures in the Constabulary Policing Plan and that BCU targets were not documented in the plan. Targets were however included on posters around the Area Headquarters Station. No efficiency plan details were included in the local plan.	Satisfactory	R2 R3 R4
Objectives are clearly communicated to staff and other relevant stakeholders	Objectives are communicated to stakeholders via post and are available on Police internet site. This is done at a Constabulary level by Police HQ. Given the high profile of Local Policing Teams, it may be beneficial for Area plans to be distributed showing local initiatives (or at least including a local section in the Constabulary information). Staff are kept informed via a range of meetings and briefings. Detailed planning/allocation of resources is informed by a series of assessments at Constabulary and local level. These produce a Control Strategy which is applied via monthly Tactical and Co-ordinating Group (T&CG) meetings. A “tactical menu” is produced which is reviewed fortnightly. Daily tasking determines what activity occurs each day.	Good	R5

RECOMMENDATIONS

R2	Performance measures included in the BCU plan should mirror those included in the Constabulary Policing Plan (2)
R3	Local BCU targets for key performance measures should be included in the BCU plan (2)
R4	Planned efficiency gains should be included in the BCU plan (2)
R5	Consideration should be given to producing customised local information on Policing priorities and initiatives in the BCU area (3)

PERFORMANCE MANAGEMENT

CONTROL	COMMENT	EVALUATION	REC. REF.
Comprehensive and effective performance management systems operate routinely	A range of management meetings consider various reports on Policing performance. Some of these are outside the BCU and are not covered in this review (for example – Police Authority Audit & Performance Committee; Force Strategy Group & Force Operations Board). The key performance management task at the BCU is to account to the Assistant Chief Constable on a quarterly basis and a comprehensive presentation was given in December 2004 during the audit visit. Each review is preceded by a management meeting to discuss performance issues. As well as this, information from the monthly Crime Bulletin (produced by HQ Information Management Unit) is circulated and discussed by BCU management. There are also weekly operations reports which have targets for level of crime (by type) and a summary of activity under the 4 main headings (“quadrants”) in the plan.	Satisfactory	

CONTROL	COMMENT	EVALUATION	REC. REF.
Comprehensive and effective performance management systems operate routinely	It is apparent that much performance management activity is taking place but the system might benefit from being formally documented. This would clarify what information is required, by whom and how often. A closer link to performance objectives and measures in the plan might also be achieved. Guidance in establishing a performance management framework document is in the Home Office/ACPO guide (Managing Police Performance) – Sept 2004.	Satisfactory	R6
Key performance indicators are established and monitored	<p>Annual performance targets are set for the BCU for reducing volume of crime by category. Annual targets are converted into a weekly equivalent (in Weekly Operations reports). Currently this is done simply by dividing annual figure by 52 but IMU are developing a more sophisticated method to take into account year-to-date activity and seasonal variations. It was noted that violent crime and criminal damage were not included in the example report provided, even though these are in the local Control Strategy.</p> <p>The monthly Crime Bulletin includes statistics on crime volumes and detection rates and these are formally reviewed at monthly T&CG meetings. The Bulletins also include trend data which is useful in determining longer-term strategies for policing.</p> <p>The October Bulletin was reviewed and this showed volume of crime varied significantly when compared to 2003/04 equivalent year-to-date figures. Overall volume was up by 10.7% but behind this were much larger variances by type – vehicle crime up by > 30%, but household burglaries down by over 30%.</p> <p>Detection rates were shown as consistently down on 2003/04 but this is due to timing differences ie detections are continually updated.</p> <p>The Support Inspector is developing indicators on individual Police Officer activity to link to PDR's.</p>	Satisfactory	R7
Knowledge of absolute and relative performance achieved is used to support decisions that drive improvements in outcomes	<p>There is good evidence that performance information does affect decisions on where to focus resources. The September 04 Strategic assessment clearly highlighted areas of concern and recommended that these remain as priorities in the local Control strategy.</p> <p>Specific geographical areas are also pinpointed so that a targeted approach can be adopted in future to address problem areas.</p>	Good	

CONTROL	COMMENT	EVALUATION	REC. REF.
The Area continually improves its performance management	<p>It was acknowledged that performance management arrangements were rather disjointed and no formal overall framework had been documented to clarify this.</p> <p>The Support Inspector had intended to use the plan to keep one single source detailing progress against all key performance measures but this had not been done. To maintain progress against the Area plan and the supporting delivery plan would be time-consuming but would be very useful in ensuring consistent monitoring of all performance areas.</p> <p>Use of comparative data from <i>iquanta</i> was not evidenced in the plan or in performance reports. The Support Inspector mentioned that a visit had been made to Dyfed Powys Police to assess how it had achieved such a high detection rate for crimes.</p> <p>Future progress on developing performance management in the BCU was likely to be affected by re-organisation in January when the Support Inspector role disappears.</p>	Satisfactory	R8 R9 R10 R11

RECOMMENDATIONS

R6	The BCU should consider documenting its performance management framework (2)
R7	Weekly Operations Reports should include targets for all areas in the BCU Control strategy (if these are the identified priority areas) (3)
R8	The BCU should maintain an up-to-date record of all performance indicators in an updated copy of the approved plan so that this is available on a quarterly basis (2)
R9	The BCU should maintain an up-to-date record of progress on key steps in an updated copy of the delivery plan so that this is available on a quarterly basis (2)
R10	The BCU should consider including best practice performance data in its plan, drawn from the BCU family grouping in the <i>iquanta</i> database, to set local targets in context (3)
R11	The BCU should determine how performance management will be maintained and developed following loss of dedicated Support Inspector role (2)

RISK MANAGEMENT

CONTROL	COMMENT	EVALUATION	REC. REF.
Written strategy and policy in place for managing risk	A strategy and policy is being developed by the Force Risk Management Group. This area will be reviewed by Internal Audit as a separate HQ audit.	Good	
A corporate approach has been developed to the identification & evaluation of risk which is understood by all staff	<p>Risk assessments are standard for all operations. Evidence seen for RIPA work and reference to generic risk assessments for patrol/stopping of vehicles re Christmas Operation Helmwind.</p> <p>A risk management section was included in the BCU 2004/05 plan – 5 risks were taken from corporate register. No detailed Action Plan was in place to address these risks. 1 local risk related to effectively actioning HMIC inspections. An Action Plan has been developed to address HMIC recommendations.</p>	Satisfactory	

CONTROL	COMMENT	EVALUATION	REC. REF.
There are procedures for recording & reporting risk	There is a procedure for reporting accidents and “near misses” but no system for recording/reporting BCU business risks. A risk workshop has been held for senior managers and a register of risks collated from this. The Area Commander has been requested to prepare a risk plan for 2005/06.	Satisfactory	R12 R13
A programme of risk management training has been developed for relevant staff	Training on health & safety and operational risks is carried out for relevant staff. Training on business risk assessment for some staff has been provided by the Audit Commission.	Satisfactory	R14
Managers are accountable for managing their risks	The allocation of nominated officers to specific risks is included in the corporate risk register. This will need to be cascaded down to managers in BCU's for 2005/06 as part of BCU risk plan.	Satisfactory	
Risks in partnership working are fully considered	Risk assessments were carried out for use of shared premises used as bases for Local Policing Teams. Most partnerships are not voluntary arrangements (eg Crime & Disorder Reduction: Local Criminal Justice Board; Magistrates; Youth Offending Team).	Satisfactory	
Where employed, risk management information systems meet users needs	The NSPIS HR system has a module whereby all accidents are recorded electronically. There is no risk management information system for other risks but a corporate register has been developed by RMG.	Satisfactory	
RECOMMENDATIONS			
R12	A BCU level risk assessment should be produced to include relevant corporate risks and specific local issues. An Action Plan should then be completed to clearly show what mitigating action is being taken to minimise the impact/likelihood of the risk materialising – to include a nominated risk manager and date for action (2).		
R13	Relevant BCU staff should be identified for training in risk management to enable BCU risk assessment and action plan to be completed (2)		

SUMMARY OF RECOMMENDATIONS & ACTION PLAN
(TO BE COMPLETED BY POLICE NORTH AREA HQ)

REPORT REFERENCE	GRADE	RECOMMENDATION	PERSON RESPONSIBLE (to be completed by client)	AGREED / INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
R1	2	Consideration should be given to the production of a formal written scheme of financial delegation, detailing officers responsible for the approval of invoices and orders.	DOF, Area Commander, Finance Manager	With centralisation of finance functions this objective needs to be progressed through close liaison with DOF to ensure corporacy across the force	31 st March 2005
R2	2	Performance measures included in the BCU plan should mirror those included in the Constabulary Policing Plan.	Insp Rutherford/ Insp Pannone	Measures to be incorporated into standard Policing Plan format circulated by HQ.	31 st March 2005
R3	2	Local BCU targets for key performance measures should be included in the BCU plan.	Insp Rutherford/ Insp Pannone/Mark Clement	Measures to be incorporated into standard Policing Plan format circulated by HQ.	31 st March 2005
R4	2	Planned efficiency gains should be included in the BCU plan.	Area Commander	Efficiencies to be a standing item on the quarterly Management Team agenda then fed into updated Efficiency Plan/Force Efficiency Plan.	30 th June 2005
R5	3	Consideration should be given to producing customised local information on Policing priorities and initiatives in the BCU area.	Insp Rutherford	Area Commanders précis or forward was a standard item in the 2003/2004 plan and was produced in leaflet form. This will be reintroduced in 2005/2006	31 st March 2005
R6	2	The BCU should consider documenting its performance management framework.	Area Commander	The introduction of BCU Performance Managers is being debated at Force level currently. Not known at this stage if the bid for Performance Managers will be approved. This recommendation would be a key aspect of the new role. No additional work can be taken in this area until this decision is made.	31 st March 2005

REPORT REFERENCE	GRADE	RECOMMENDATION	PERSON RESPONSIBLE (to be completed by client)	AGREED / INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
R7	3	Weekly Operations Reports should include targets for all areas in the BCU Control strategy (if these are the identified priority areas).	CI (ops)	Area Intelligence Unit to arrange.	31 st March 2005
R8	2	The BCU should maintain an up-to-date record of all performance indicators in an updated copy of the approved plan so that this is available on a quarterly basis.	Insp Rutherford/IMU	Insp Rutherford will liaise with Information Management Unit to arrange.	30 th June 2005
R9	2	The BCU should maintain an up-to-date record of progress on key steps in an updated copy of the delivery plan so that this is available on a quarterly basis.	Insp Rutherford	Delivery Plan is updated quarterly	30 th June 2005
R10	3	The BCU should consider including best practice performance data in its plan, drawn from the BCU family grouping in the iquanta database, to set local targets in context.	Performance Manager/IMU	To be considered as part of 2005/06 planning process.	31 st March 2005
R11	2	The BCU should determine how performance management will be maintained and developed following loss of dedicated Support Inspector role.	Area Commander	Response as recommendation 6	31 st March 2005
R12	2	A BCU level risk assessment should be produced to include relevant corporate risks and specific local issues. An Action Plan should then be completed to clearly show what mitigating action is being taken to minimise the impact/likelihood of the risk materialising – to include a nominated risk manager and date for action	Area Commander	Business continuity plans are in the process of being developed.	1 st May 2005
R13	2	Relevant BCU staff should be identified for training in risk management to enable BCU risk assessment and action plan to be completed.	Area Commander/ Insp Hall	Arrangements will be made for relevant BCU staff to attend risk management training	1 st May 2005

ACTION PLAN AGREED BY: B.Horn, Area Commander	DATE: January 2005
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