



MANAGEMENT AUDIT UNIT

CUMBRIA POLICE INTERNAL AUDIT REPORT

POLICE WEST AREA BCU

FINANCIAL MANAGEMENT

Draft Report Issued: October 2005
Final Report Issued: October 2005

1.0 INTRODUCTION

- 1.1 Internal Audit performed a review of financial management within West Cumbria BCU during September 2005.
- 1.2 Area Managers previously reported to Area Commanders, however as from 2005/06 Finance Managers now report, ultimately, to the Director of Finance and Resources. The Area Finance Manager informed Management Audit that there has been little change to existing reporting procedures, however he was now responsible for acting as Finance Manager for the Procurement Unit.
- 1.3 The following members of staff provided information during the audit review:
- Malcolm Woodman, Area Finance Manager
 - Margaret Feeney, Finance / Admin Assistant
 - Theresa Peel, Finance / Admin Clerk
- 1.4 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.

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', 'fair' 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
Budget Management and Financial Reporting	Good
Income	Good
Ordering	Good
Petty Cash	Good
Found Property	Good
Inventory	Good
OVERALL EVALUATION	Good

3.0 FOLLOW UP TO PREVIOUS AUDIT RECOMMENDATIONS

3.1 A previous audit review on financial management was carried out in September 2003, resulting in two recommendations:

Recommendation	Action Taken
Receipted income should be banked on a timely basis, and at least once a fortnight	Income found to be banked on a timely basis and within insurance levels.
Both the Financial Regulations and Financial Rules require an equipment inventory to be maintained. Following consultation with internal and external audit, and other Forces, it has been agreed that the following criteria for inclusion will apply. <ul style="list-style-type: none"> • All items with a cost of £250 or more; Any other items that are considered desirable & portable	Equipment inventory maintained for stations. Computer inventories maintained centrally by IT.

4.0 AUDIT SCOPE

4.1 The following areas were reviewed:

- Budget Management and Financial Reporting
- Income
- Ordering
- Petty Cash
- Found Property
- Inventory

5.0 DETAILED FINDINGS & RECOMMENDATIONS

CONTROL	COMMENT	EVALUATION	REC. REF.
<p>Budget management & financial reporting.</p>	<p>The Cumbria Constabulary budget book clearly sets out the delegated budgets for the West Area and the Chief Superintendent has formally accepted responsibility for these as Budget Holder.</p> <p>Budget Monitoring reports are presented and discussed during BCU Management Team meetings (approximately every six weeks).</p> <p>The update of financial matters is a standing agenda item and minutes clearly evidence discussion of financial matters.</p> <p>Revised budgets for the year were traced to original budgets via the Area Manager's record of virements. Approval of virements is reviewed as part of the central budget-monitoring audit.</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 August 2005) and large variations were explained by the Finance Manager.</p> <p>As at August 2005 an under spend of £6,265 for the financial year 2005/06 is forecast. The major variations projected on individual budget lines are as follows:</p> <ul style="list-style-type: none"> • Police pay (Under-spend of £130k) due to vacancies • Overtime (Over-spend of £158k) due to covering vacancies 	<p>Good</p>	

CONTROL	COMMENT	EVALUATION	REC. REF.
Budget management & financial reporting.	An official list of approved signatories is currently being updated centrally. This is to be completed by the next Finance Officers Meeting.		
Income collection & banking.	<p>The West Area has an income budget of £59,945 for the current Financial Year. The main source of income received (as at August 2005) is from fees and charges and the execution of warrants.</p> <p>Receipted income had been promptly paid into the bank. Cash holdings overnight were within insurance limits.</p> <p>Warrant income is subsequently paid to the Clerks to Justice as this represents unpaid fines recovered. Receipted income is transferred via cheque requisition vouchers.</p> <p>A sample of income was traced from receipts to paying-in books to pay to bank vouchers for input to the Main Accounting System.</p> <p>Income is reconciled to the bank account centrally.</p>	Good	
Ordering and payment of invoices.	<p>A review of ordering within the current financial year found that orders are complete, authorised and retained on file.</p> <p>The Cheque Requisition book was also 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	
Petty cash administration.	<p>The West Area holds a petty cash imprest of £7,000. This includes sub-floats held at other locations in the area.</p> <p>The petty cash imprest is high compared to general usage, however the Area Finance Manager informed Internal Audit that large cash amounts are routinely required for special operations.</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>	Good	

CONTROL	COMMENT	EVALUATION	REC. REF.
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	An up to date inventory record is maintained of equipment owned by the Constabulary throughout the West area. A separate inventory of computer and telephony equipment is maintained centrally by the Constabulary's IT department.	Good	