

## MERSEYSIDE POLICE AUTHORITY

To: The Chairperson and Members  
of the Resources and Strategy Committee

Meeting: 30<sup>th</sup> July 2009

### Report of the Chief Executive/Treasurer

#### Internal Audit Activity 2008/09

#### 1. Purpose of Report

To inform members of the Internal Audit activity undertaken in relation to the 2008/09 Annual Internal Audit Plan.

#### 2. Recommendation

That Members note this report.

#### 3. Background to the Report

3.1 As Members will be aware part of this Committee's Terms of Reference is to consider the Internal Audit annual report and opinion. In addition, the Authority's Financial Regulation 7.3.1 (c) (iv), states the Authority should oversee the process of Internal Audit and receive and consider activity reports.

3.2 Members will recall that they approved the 2008/09 Annual Audit Plan at their meeting on 10<sup>th</sup> April 2008 (**Appendix 1**). The progress of the plan is closely monitored by the Assistant Treasurer, including regular meetings with the Treasurer to discuss performance issues.

#### 4. Audit Activity 2008/09

4.1 The majority of planned audits for 2008/09 have been completed, with some awaiting finalisation and a number have been rephased into future years (**Appendix 1**).

4.2 Many of the planned reviews undertaken during the year, whilst identifying a number of weaknesses and making recommendations for possible improvement, have not identified areas of major concern. Some areas reviewed were found to be particularly well controlled, with only minor recommendations being required to further enhance the control environment.

- 4.3 On the basis of all the systems reviewed and reported on by Internal Audit during the year, it is the Treasurer's opinion that the overall adequacy and effectiveness of the Authority's and Force's control environment is operating satisfactorily.
- 4.4 The Chief Constable has accepted the audit recommendations made and has identified officers responsible for ensuring that the recommendations are implemented within the agreed timescales. **Appendix 2** provides examples of the main audit recommendations from a sample of the audits undertaken during the year. It is noted that the audit recommendations agreed during 2008/09 are either followed up within the year or are followed up as part of the 2009/10 Annual Internal Audit plan.
- 4.5 In addition, it is noted a significant amount of Internal Audit resources have been utilised following up issues from previous audit investigations, i.e. equalisation allowances, vehicle recovery contract and detained persons property, in order to address the control weaknesses within the internal control environment. These issues were brought to the attention of the Authority by the Treasurer immediately he became aware of them. As a result of the internal reviews undertaken to date, the Force have substantially improved the control environment in these areas.
- 4.6 Internal Audit also continued to assist the Professional Standards Unit in their investigation into an alleged corruption involving two senior officers within the Estate Management Department. Members will recall that this matter was reported to the Authority by the Treasurer and a further update will be provided once the matter has been concluded.
- 4.7 The recommendations made during 2007/08 were also reviewed as part of the 2008/09 audit plan to ensure that the agreed recommendations had been implemented in a timely manner. Members will recall that the findings were reported to Resources and Strategy Committee on the 9<sup>th</sup> April 2009. It is noted that all audits are revisited three months after finalisation to determine the status of the recommendations and a regular tracker report is produced for this Committee. A further tracker report is elsewhere on this agenda.
- 4.8 As a consequence of the above a number of audits planned for 2008/09 are currently being finalised, or have been rephased into 2009/10.
- 4.9 No major financial irregularities were identified during 2008/09. However, two special investigations were investigated, i.e. Birkenhead and Crosby Police Station Cash Losses, and reported to the Authority during the year. In each case recommendations have been made, and agreed with the Force, to strengthen the controls and procedures in operation, in order to reduce the risks of cash losses arising again. The agreed recommendations will however be followed up as part of the normal follow up procedures to ensure that they have been implemented.

- 4.10 Internal Audit also provided general advice and assistance to the Force with regard to compliance with the Authority's Standing Orders and Financial Regulations and support in respect of the Authority's banking arrangements, cash for police operations, the administration of controlled stationery, checking and approving of ex-gratia payments, tender opening procedures and imprest account end of year procedures.
- 4.11 The Treasurer would like to take the opportunity to thank the Chief Constable and his staff for the positive way in which they have co-operated with Internal Audit Officers during the year and for the speedy implementation of the audit recommendations.

## **5. Review of the System of Internal Audit**

In order to comply with the International Standards on Auditing (United Kingdom and Ireland) the District Auditor is required to consider and understand the activities of Internal Audit, in order to assist him in planning the external audit of the Authority and developing an effective audit approach. In practice this means that the District Auditor reviews the work of Internal Audit annually to assess the quality of their work and the strength of the control environment. The District Auditor also assesses Internal Audit's effectiveness in more detail every three years, to determine the extent to which it complies with the CIPFA Code of Practice for Internal Audit. During 2008/09 this Triennial review of Internal Audit was completed and subsequently reported to the Committee on 30<sup>th</sup> October 2008. Members will recall that the main conclusions from work undertaken were that Internal Audit is an important element of the control environment at Merseyside Police Authority. It provides an effective review of major elements of internal control and the quality of work is good and that Internal Audit meets the requirements of the CIPFA Code of Practice for Internal Audit. The audit did however identify a number of areas where Internal Audit's approach and arrangements can be developed further, particularly around the Terms of Reference for Internal Audit and the approval of the Internal Audit Strategy. As a consequence an action plan was agreed with the Treasurer, the District Auditor and the Authority to address these issues.

In addition to the above and in accordance with the Accounts and Audit (Amendment) Regulations 2006 (Amended) the Authority has conducted its annual review of the effectiveness of its System of Internal Audit. The Authority's Internal Audit Service undertook this assessment of compliance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006, using the self assessment checklist within the code to form the basis of the judgment. The Treasurer and the Assistant Treasurer have completed the self assessment and have concluded that the Internal Audit Service complies with Internal Audit Standards within the Code of Practice.

## **6. Performance Management**

- 6.1 Members will recall that in recent years the Internal Audit Service has developed a performance management framework, which includes a suite of performance indicators (**Appendix 3**) and client questionnaires which is reported to this Committee.
- 6.2 In terms of the Performance Indicators (PI), three require management action, i.e. PI 4, 5 & 6. In respect of PI 5, i.e. % of management responses received within 10 days of draft report issued is 66.7%, compared to a target of 90%. This indicator has improved from last year when the score was 36%. The Audit team are working with the Force to impress upon managers the need to respond to draft reports promptly.
- 6.3 In respect of PI 4, i.e. % of draft reports issued within 5 days of closedown meeting was 82% against a target of 90%, and PI 6, i.e. % of management responses received within 10 days of draft report issued was 75% compared to a target of 90%. The Treasurer will review the turn around of audit reports by Internal Audit, along with the Resource requirements to improve performance.
- 6.4 In respect of the client questionnaires, the results of the returned surveys are detailed in **Appendix 4** for Members information. The average score to date is a 6, which is above the target PI score of 4, i.e. PI 7.
- 6.5 Once all the audits have been completed and client surveys returned a further report detailing the final position of the performance indicators and survey results will be reported to this Committee.

## **7. Financial and Staffing Implications**

There are no direct financial or staffing implications associated with this report.

## **8. Risk Assessment**

- 8.1 Internal Audit is a key aspect of the Authority's risk management strategy and offers independent support and reassurance to the Authority, Force and outside inspection and audit bodies. Failure to report on the outcome of the audit activity would contravene the Authority's Financial Regulations 7.3.1 (c) (iv).
- 8.2 In addition, any failure by the Force to implement the agreed recommendations would lead to a weakening of the internal control environment.

**9. Equality & Diversity Impact Assessment**

There are no Equality and Diversity issues associated with this report.

**10. Environmental Impact Assessment**

There are no environmental issues associated with this report.

**11. Conclusion**

The audit work contained within the Annual Audit Plan for 2008/09 has been completed. It can be seen from **Appendix 1** that a number of audit reports are in the final stages of completion. On the basis of all the systems reviewed and reported on by Internal Audit during the year, it is the Treasurer's opinion that the overall adequacy and effectiveness of the Authority's and Force's control environment is operating satisfactorily. However, areas were identified where improvements could be made to strengthen the existing internal controls. In these instances the relevant recommendations have been made and appropriate corrective actions have been agreed.

**Paul Johnson**  
**Chief Executive/Treasurer to the Authority**

**Contact Officer:** John Riley, Assistant Treasurer, (0151) 236 4748

**Background Papers:** Internal Audit reports 2008/09.

## Appendix 1

### Progress against the Merseyside Police Authority Annual Internal Audit Plan 2008/09 as at 23<sup>rd</sup> July 2009

#### **Main Financial Systems**

|                                   | <b>Status of Audit</b>            |
|-----------------------------------|-----------------------------------|
| Payroll - ASCU                    | Draft Report Being Finalised      |
| Pensions                          | Completed                         |
| Overtime                          | Completed                         |
| Vehicle Fleet Management          | Awaiting Response to Draft Report |
| Creditor Payments - OSU           | Completed                         |
| Estate Management                 | Completed                         |
| Information Technology            | Draft Report Being Finalised      |
| Sundry Debtors System             | Completed                         |
| Corporate Governance Arrangements | Completed                         |
| Structures & Ratios               | Rephased into 2009/10             |
| Estate Strategy                   | Draft Report Being Finalised      |

#### **Other Financial Systems**

|                              |                                   |
|------------------------------|-----------------------------------|
| Insurance Arrangements       | Awaiting Response to Draft Report |
| Corporate Credit Card        | Completed                         |
| Police Property Act Fund     | Completed                         |
| PCSO                         | Completed                         |
| Operational Contingency Fund | Completed                         |
| Detained Persons Property    | Completed                         |
| Bank Reconciliation          | Completed                         |
| Partnerships Arrangements    | Rephased into 2009/10             |

#### **Non Financial Systems**

|   |                              |
|---|------------------------------|
| DNA and related forensic support          | Completed                    |
| Risk Management Arrangements              | Draft Report Being Finalised |
| Sickness Absence Recording and Monitoring | Rephased into 2009/10        |
| Central Property Office                   | Draft Report Being Finalised |

#### **Basic Command Units**

|                                   |           |
|-----------------------------------|-----------|
| North Liverpool B.C.U – Creditors | Completed |
| Sefton B.C.U – Found Property     | Completed |
| South Liverpool B.C.U – Payroll   | Completed |

### **Special Investigations**

|                           |           |
|---------------------------|-----------|
| Birkenhead Police Station | Completed |
| Crosby Cash Loss          | Completed |

### **Unplanned Work**

|                           |                 |
|---------------------------|-----------------|
| Equalisation Allowances   | Being Finalised |
| Vehicle Recovery Contract | Completed       |
| Estate Management         | Being Finalised |

### Examples of Main Audit Recommendations made in 2008/09 and Audit Rationale behind them

This is a cross-section of audit work undertaken and is not meant to be a comprehensive list. All internal audit reports are available from the Treasurer if required.

| Recommendation | Audit Rationale |
|----------------|-----------------|
|----------------|-----------------|

#### Police Officer Payroll Audit – Liverpool South BCU

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| <p>Authorised signatories should ensure that effective internal checking procedures have been undertaken and evidenced before authorising payroll input for payment. In authorising the batch input, the approved signatory is confirming that all input has been checked and authorised. This should strengthen the internal control process and enable any errors to be detected</p>    | <ul style="list-style-type: none"> <li>▪ To enable any errors to be detected.</li> <li>▪ To provide evidence and reassurance that payroll data has been checked and reviewed by an appropriate officer before being processed.</li> <li>▪ To strengthen the internal control process.</li> <li>▪ To provide a clear audit trail.</li> </ul> |
| <p>In line with the requirements of Health and Safety at Work legislation, procedures to ensure that officers are adequately insured for the business use of their own vehicles should be strengthened and subject to ongoing review. This will help mitigate the potential risk to employees (and others) whilst indemnifying the Authority against claims for third party liability</p> | <ul style="list-style-type: none"> <li>▪ To protect the Force and Police Authority from the risk of exposure to third party claims where officers are using their own vehicles for business use.</li> <li>▪ To comply with the requirements of current Health and Safety legislation.</li> <li>▪ To strengthen the audit trail.</li> </ul>  |
| <p>Line Managers should remind staff that all FIN claim forms should be 'ruled off' by claimants prior to passing the claim for authorisation. This is a simple control that helps reduce the risk of intentional manipulation</p>  | <ul style="list-style-type: none"> <li>▪ To reduce the risk of intentional manipulation or error.</li> </ul>  |

## Estate Management: Contract Audit

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| <p>Any variation in the amount of an accepted tender or contract must be authorised and reported as follows: -</p> <p>(a) up to 10% or £50,000 (whichever is the lower) – variations of this value must be certified by the relevant Project Officer (PO) or Consultant and then submitted to the Head of Estate Management (HEM) for approval.</p> <p>(b) over 10% or £50,000 (whichever is the lower) – variations of this value must be certified by the relevant PO or Project Consultant, signed by the HEM and then submitted to the Director of Resources for approval. In addition, variations of this value must also be reported to the Treasurer of the Police Authority in order to prepare a joint report to the Resources and Strategy Committee.</p> | <ul style="list-style-type: none"><li>▪ To ensure that variations to accepted tenders or contracts are appropriately authorised and monitored.</li></ul> |
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## Forensics and DNA Analysis

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| <p>A detailed review of all the costs and benefits associated with the Trace Evidence Recovery Facility should be undertaken in order to accurately quantify any efficiency savings. This cost/benefit analysis should include the costs of running the facility.</p> | <ul style="list-style-type: none"><li>▪ To ensure best value is being achieved.</li></ul>  |
| <p>All invoices should be signed within the officers' authorisation limits.</p>   | <ul style="list-style-type: none"><li>▪ To ensure that only appropriate payments are made.</li><li>▪ To reduce the risk of intentional manipulation and error.</li></ul> |

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| <p>The consortium contract management team should provide the Force with more extensive information on supplier performance. This should include details of the quality of service and unit costs for all Forces within the consortium. This information will assist in identifying those suppliers who are providing the most cost efficient and high quality service, and will support the Scientific Support Team's own allocation process.</p> | <ul style="list-style-type: none"> <li>▪ To ensure best value is being achieved.</li> </ul> |
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### **Procurement procedures – Operations Support Department**

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| <p>The level of unmatched ordering should be reviewed with a view to reducing this method of invoice payment and ensuring compliance with Force Financial Instruction 3.1. This method of processing invoices does not provide a clear audit trail nor does it facilitate the Unit's budgetary monitoring procedures. Orders which should be processed as matched include course fees and vehicle hire beyond that originally booked.</p> | <ul style="list-style-type: none"> <li>▪ To ensure compliance to Financial Instructions.</li> <li>▪ To strengthen budget monitoring arrangements.</li> <li>▪ To strengthen the audit trail.</li> </ul> |
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| <p>Written confirmation should be obtained that goods or services have been received and the amount of the invoice is correct before unmatched invoices are authorised for payment. Reliance upon verbal confirmation fails to provide evidence that the invoice is approved and a clear audit trail.</p> | <ul style="list-style-type: none"> <li>▪ To ensure that only goods and services received are paid for.</li> </ul> |
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### **Procurement procedures – Liverpool North BCU**

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| <p>Local purchasing systems should be such that staff must not 'goods receive' items that they have ordered. However, when exceptional circumstances arise, for instance when a central officer orders on behalf of other staff and is also required to complete the 'goods</p> | <ul style="list-style-type: none"> <li>▪ To reduce the risk of intentional manipulation and error and increase the element of checking.</li> </ul> |
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| <p>received' transaction, then sufficient documentation must exist in support of the transaction. It is essential that there is adequate evidence that the goods have been requested and that they have been received. As such this will ensure compliance with the current Force Financial Instruction.</p> |  |
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### **Overtime Review**

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| <p>The overtime claim form proformas currently in use at the Camera Enforcement Unit and the Central Ticket Office should be redesigned to incorporate the signature of Supervisors endorsing the fact that overtime claimed is authorised and appropriate, necessarily incurred and accurate. This will reinforce the audit trail in terms of internal checking and control and facilitate independent external review processes.</p> | <ul style="list-style-type: none"> <li>▪ To enhance the overall management controls exercised by the Force.</li> <li>▪ To provide evidence and reassurance that review and appropriate checks are being undertaken and that agreed standards are being met.</li> <li>▪ To strengthen the audit trail.</li> </ul> |
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| <p>A breakdown of the DSO Cleaning Contract budget should be constructed via Civica Financials, and this should be monitored on a monthly basis. This will ensure that the financial position of the contract is periodically reported on a more formal and transparent basis and will facilitate internal and external review.</p> | <ul style="list-style-type: none"> <li>▪ To strengthen the Budget Monitoring arrangements.</li> </ul> |
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### **Police Staff Pension Scheme**

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| <p>Checks should be undertaken by the payroll provider which will identify pension contributions outside given parameters. This can be included within the payroll provider's existing Payroll Schedule checklist. Any exceptions should be notified to the Client Monitoring Unit. Evidence of this check and any exceptions which are identified should be retained by the Client Monitoring Unit to facilitate management and audit scrutiny.</p> | <ul style="list-style-type: none"> <li>▪ This will mitigate the risk of incorrect pension deductions not being identified in a timely manner.</li> </ul> |
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## Police Community Support and Traffic Officers

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| <p>An exercise should be undertaken to confirm that equalisation allowances are being paid to all PCSOs across the Force at the correct rate. This should be done as part of the current Force-wide review of equalisation payments being undertaken by the Head of Personnel Policy.</p> | <ul style="list-style-type: none"><li>▪ To ensure that only appropriate payments are made.</li></ul> |
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| <p>Final salaries for officers leaving the Force should be calculated using the Monetary Annual Leave Calculation previously circulated by the Force Payroll Contract Manager. This greatly facilitates the accurate calculation of final salaries and facilitates management monitoring and checking.</p> | <ul style="list-style-type: none"><li>▪ To provide evidence and reassurance that review and appropriate checks are being undertaken and that agreed standards are being met.</li><li>▪ To strengthen the audit trail.</li></ul> |
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## Bank Reconciliation

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| <p>It should be endeavoured that bank reconciliations are undertaken on a weekly basis. On occasions where this is not feasible reconciliations can be deferred however, as a minimum this process must be undertaken no less frequently than on a fortnightly basis between reconciliations.</p> | <ul style="list-style-type: none"><li>▪ To provide evidence and reassurance that review and appropriate checks are being undertaken and that agreed standards are being met.</li><li>▪ To strengthen the audit trail.</li></ul> |
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| <p>That a second officer within the Central Accountancy Team be provided with appropriate training to undertake bank reconciliations. This will help ensure that there is adequate resilience on occasions whereby the Accounting Officer is not able to undertake the weekly bank reconciliation i.e. through annual leave or sickness.</p> | <ul style="list-style-type: none"><li>▪ To improve resilience in the process.</li></ul> |
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## Credit Card Audit

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| <p>It is important that all monthly statements for Corporate Credit Cards are reviewed by a separate officer before being submitted to Central Accountancy. This will ensure that consistent procedures are adopted for all Corporate Credit Cards. For Officers of ACC rank, the monthly credit card statement should be approved by the Deputy Chief Constable and in turn, the statement for the Deputy Chief Constable should be submitted to the Chief Constable for approval. The statement should be signed by the officer as evidence of this.</p>   | <ul style="list-style-type: none"><li>▪ To provide evidence and reassurance that review and appropriate checks are being undertaken and that agreed standards are being met.</li><li>▪ To strengthen the audit trail.</li></ul> |
| <p>That the credit limits should be increased for Corporate Credit Cards as follows: -</p> <ul style="list-style-type: none"><li>• CC - £15,000; and</li><li>• DCC &amp; ACCs - £10,000.</li></ul> <p>The increase of these credit limits will help mitigate the risks outlined in the Business Continuity Plan.</p> <p>The original credit card limits i.e. CC £5,000 and DCC and ACCs £3,000, should still be observed through the normal use of the credit card. These normal operational limits should only be exceeded in an 'emergency' situation. In instances, where expenditure exceeds these operational limits then a report must be provided to the Treasurer justifying the reasons for this.</p> | <ul style="list-style-type: none"><li>▪ To enhance business continuity arrangements.</li><li>▪ To strengthen the audit trail.</li></ul>   |

## Found Property – Sefton BCU

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| <p>That on receipt of found property such as cash and/ or potentially valuable items entering into the possession of the Authority; such property, after being counted/ verified by the finder, should be immediately transferred into secure, transparent bags before committal to local safes. In addition, the serial number of the secure bag should be noted on the found property receipt. The property description should be recorded in full; narratives such as 'cash' 'money' and 'quantity' should be avoided wherever possible and where such descriptions are necessary the reason should be noted.</p> | <ul style="list-style-type: none"> <li>▪ To safeguard the asset of the Authority.</li> <li>▪ To ensure a consistent and correct approach across the Force.</li> <li>▪ To protect the reputation of the Force and the Police Authority.</li> </ul>  |
| <p>That a safe contents books should be used Forcewide to record the contents of the main store safes. This facilitates the key control of not exceeding safe insurance limits, will highlight older/ valuable items that require forwarding to the CPO and will also reinforce the property Audit trail.</p>  | <ul style="list-style-type: none"> <li>▪ To ensure a consistent and correct approach across the Force.</li> <li>▪ To reduce the potential risks of theft.</li> <li>▪ To safeguard the Officers within the Force.</li> <li>▪ To strengthen the audit trail.</li> </ul>  |
| <p>That a 'transmission of property' proforma is implemented Forcewide and used to record the movement of property from one location to another. The Force should consider treating the proforma as controlled stationery.</p>   | <ul style="list-style-type: none"> <li>▪ To reduce the potential risks of loss or theft.</li> <li>▪ To ensure a consistent and correct approach across the Force.</li> <li>▪ To strengthen the audit trail.</li> </ul>   |
| <p>That on receipt of property, items are reconciled to the 'transmission of property proforma' by both Couriers and the Property Clerks receiving the property, and the proforma is endorsed to this effect. This will ensure consistency within the property transfer process, strengthen controls in terms of officer accountability and enable potential discrepancies to be identified and investigated at an earlier stage.</p>  | <ul style="list-style-type: none"> <li>▪ To strengthen the audit trail.</li> <li>▪ To improve the security arrangements.</li> <li>▪ To reduce the potential risks of theft.</li> <li>▪ To safeguard the Officers within the Force.</li> <li>▪ To ensure a consistent and correct approach across the Force.</li> </ul> |

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| <p>That at the change of each shift within each Enquiry Office, the contents of the safe should be reconciled, agreed and the safe contents book signed by the officers concerned.</p> | <ul style="list-style-type: none"> <li>▪ To ensure a division of duties within the process.</li> <li>▪ To reduce the risk of intentional manipulation and error.</li> <li>▪ To ensure a consistent and correct approach across the Force.</li> <li>▪ To strengthen the audit trail.</li> </ul> |
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| <p>That under no circumstances should property be forwarded to other sites via the internal mail system.</p> | <ul style="list-style-type: none"> <li>▪ To reduce the potential risks of loss or theft.</li> </ul> |
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### **Special Investigation - Cash Loss Birkenhead Police Station**

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| <p>Keys to the General Enquiry Office safe should be attached to a TRAKA system at the Station. This will improve access controls and accountability whilst mitigating the potential risk of officers having to account for property that has been committed to the safe and subsequently cannot be traced. Access to keys should be limited to G.E.O. staff or supervisors.</p> | <ul style="list-style-type: none"> <li>▪ To improve the security arrangements.</li> <li>▪ To ensure a consistent and correct approach across the Force.</li> <li>▪ To strengthen the audit trail.</li> </ul> |
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| <p>Non Police Authority monies should not be kept in Police Authority Safes, in accordance with Force Financial Instruction 4.27</p> | <ul style="list-style-type: none"> <li>▪ To ensure compliance with Financial Instructions.</li> </ul> |
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| <p>The contents of the safe should be reconciled, agreed and the book signed to that effect at each General Enquiry Officers shift change</p> | <ul style="list-style-type: none"> <li>▪ To ensure a consistent and correct approach across the Force.</li> <li>▪ To reduce the potential risks of theft.</li> <li>▪ To strengthen the audit trail.</li> </ul> |
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## Merseyside Police Authority

## Internal Audit Performance Indicators 2008/09

Objective : to agree and deliver an internal audit plan to the Chief Constable thereby providing assurance as to the soundness and adequacy of systems of control.

| PI ref | Indicator | 2008/09 Target | 2008/09 Actual Performance (to date) | 2009/10 Target |
|--------|-----------|----------------|--------------------------------------|----------------|
|--------|-----------|----------------|--------------------------------------|----------------|

**Quality**

|   |   |      |       |      |
|---|---|------|-------|------|
| 1 | % of Audit Plan completed.  | 100% | 96%   | 100% |
| 2 | % of recommendations accepted.  | 95%  | 100%  | 95%  |
| 3 | % of recommendations implemented at follow up.                            | 95%  | 93.9% | 95%  |
| 4 | % of draft reports issued within 5 days of closedown meeting.             | 90%  | 81.8% | 90%  |
| 5 | % of management responses received within 10 days of draft report issued. | 90%  | 66.7% | 90%  |
| 6 | % of final reports issued within 5 days of response received.             | 90%  | 75.0% | 90%  |
| 7 | Average score of Client Survey  | 4    | 6     | 6    |

**Staff Performance**

|   |   |      |      |      |
|---|---|------|------|------|
| 8 | Sickness Absence levels                               | 3.5% | 2.2% | 3.5% |
| 9 | Productive Audit Time to be maintained at x% of Total | 69%  | 69%  | 69%  |

\* All audit work completed, however 7 reports are awaiting final agreement.

# INTERNAL AUDIT CLIENT QUESTIONNAIRE SUMMARY OF RESULTS

Please assess the following points on a scale of 1-7 (See foot of page). If a point is not applicable, please place an X in the box.

Please provide your assessment of the audit in each of these areas:

| Audits:-                       |   | 1              | 2        | 3        | 4                        | 5                       | 6                 | 7                      | 8                     | 9               | 10                     | 11                    | 12       | 13                           | 14                               | 15                           | 16                      | 17                                | 18                            | 19                  | 20                              |                       |
|--------------------------------|---|----------------|----------|----------|--------------------------|-------------------------|-------------------|------------------------|-----------------------|-----------------|------------------------|-----------------------|----------|------------------------------|----------------------------------|------------------------------|-------------------------|-----------------------------------|-------------------------------|---------------------|---------------------------------|-----------------------|
|                                |   | Payroll - ASCU | Pensions | Overtime | Vehicle Fleet Management | Creditor Payments - OSU | Estate Management | Information Technology | Sundry Debtors System | Estate Strategy | Insurance Arrangements | Corporate Credit Card | PCSO     | Operational Contingency Fund | DNA and related forensic support | Risk Management Arrangements | Central Property Office | North Liverpool B.C.U – Creditors | Sefton B.C.U – Found Property | Bank Reconciliation | South Liverpool B.C.U – Payroll | Average Score 2008/09 |
| 1                              | Timetabling of the audit work in relation to your operational requirements.                                       | *              | 7        | 7        | *                        | ?                       | 4                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 6                                | *                            | *                       | 5                                 | 6                             | 7                   | 7                               | 6                     |
| 2                              | Usefulness of audit.  | *              | 7        | 6        | *                        | ?                       | 5                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 5                                | *                            | *                       | 5                                 | 6                             | 7                   | 7                               | 6                     |
| 3                              | Consultation on audit coverage.   | *              | 7        | 7        | *                        | ?                       | 6                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 6                                | *                            | *                       | 5                                 | 6                             | -                   | 7                               | 6                     |
| 4                              | Fulfilment of scope and objectives.   | *              | 7        | 7        | *                        | ?                       | 4                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 6                                | *                            | *                       | 5                                 | 6                             | 7                   | 7                               | 6                     |
| 5                              | Clarity and effectiveness of report.  | *              | 7        | 7        | *                        | ?                       | 5                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 6                                | *                            | *                       | 5                                 | 6                             | 7                   | 7                               | 6                     |
| 6                              | Accuracy of findings.   | *              | 7        | 6        | *                        | ?                       | 6                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 6                                | *                            | *                       | 5                                 | 6                             | 7                   | 7                               | 6                     |
| 7                              | Value of audit recommendations.   | *              | 7        | 7        | *                        | ?                       | 6                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 5                                | *                            | *                       | 5                                 | 5                             | 7                   | 7                               | 6                     |
| 8                              | Timeliness of draft report.   | *              | 7        | 5        | *                        | ?                       | 6                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 5                                | *                            | *                       | 6                                 | 6                             | 7                   | 7                               | 6                     |
| 9                              | Feedback of findings during the audit.  | *              | 7        | 6        | *                        | ?                       | 6                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 6                                | *                            | *                       | 6                                 | 6                             | -                   | 7                               | 6                     |
| 10                             | Helpfulness of the auditor.   | *              | 7        | 7        | *                        | ?                       | 6                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 7                                | *                            | *                       | 7                                 | 6                             | -                   | 7                               | 7                     |
| 11                             | The degree to which this audit has assisted you to contribute to the achievement of your Department's objectives. | *              | 7        | 6        | *                        | ?                       | 6                 | *                      | *                     | *               | *                      | ?                     | ?        | ?                            | 5                                | *                            | *                       | 5                                 | 6                             | 7                   | 7                               | 6                     |
| <b>Average Score per Audit</b> |   | <b>0</b>       | <b>7</b> | <b>6</b> | <b>0</b>                 | <b>0</b>                | <b>5</b>          | <b>0</b>               | <b>0</b>              | <b>0</b>        | <b>0</b>               | <b>0</b>              | <b>0</b> | <b>0</b>                     | <b>6</b>                         | <b>0</b>                     | <b>0</b>                | <b>5</b>                          | <b>6</b>                      | <b>7</b>            | <b>7</b>                        | <b>6</b>              |

|                        |   |              |   |   |           |   |
|------------------------|---|--------------|---|---|-----------|---|
| <b>Overall rating:</b> |   |              |   |   |           |   |
| 1                      | 2 | 3            | 4 | 5 | 6         | 7 |
| Poor                   |   | Satisfactory |   |   | Excellent |   |

Key  
 ? awaiting response from client  
 \* client survey not issued yet

## INTERNAL AUDIT CLIENT QUESTIONNAIRE COMMENTS

|   |  |
|---|--|
| <b>Question</b>   | <b>1. How would you anticipate that the implementation of the audit recommendations will lead to improved control and operational efficiency?</b>  |
| <b>Audit :-</b>   |  |
| <b>Bank Reconciliation</b>  | Recommendations agreed and will lead to process improvement.   |
| <b>DNA and related forensic support</b>                               | TERF facility financial management whilst good can be improved. A new system of assessing effectiveness is already in operation providing more accurate figure of efficiency and costs.  |
| <b>Pensions</b>   | Results of audit gives confidence that we can focus on other areas to test their fitness for purpose.  |
| <b>Procurement procedures – Liverpool North BCU</b>                   | Although the report stated the BCU control methods were satisfactory, this type of audit is always useful to ensure processes are not slipping particularly at a time when staff are changing roles and duties. The recommendations in terms of obtaining written confirmation of receipt of goods rather than just verbal confirmation will contribute to improved control. |
| <b>Procurement Police Officer Payroll Audit – Liverpool South BCU</b> | The audit recommendations will strengthen the internal control processes, which will lead to improved control and operational efficiency.  |
| <b>Found Property (Sefton BCU) Audit</b>                              | I believe that the recommendations will reinforce issues of compliance and reduce any reputational risk to the Force brought about by property being misplaced.  |
| <b>Overtime Review</b>  | A more comprehensive approach to the signing off of overtime will strengthen budgetary control over its use and also endorse the integrity of staff involved in such transactions. Reduced expenditure on overtime will allow us to focus and plan expenditure on operational issues and use our budget more efficiently.  |
|   | Albeit FAU 150 is a relatively small budget, the benefits of ensuring that similar documentation or CARMS is being used (in preference) will be checked as a result of this Audit.   |
|   | There were no issues or concerns highlighted and I am pleased to receive the results of this Audit.  |

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| <b>Estate Management</b> | In light of the 'issues' in EMD, the audit report serves as a useful tool to aid and support some key reviews to be carried out and processes to be established. |
|--------------------------|--|

| <b>Question</b>   | <b>2. Comments on areas ranked as poor in the survey.</b>  |
|---|--|
| <b>Audit :-</b>   |  |
| <b>Bank Reconciliation</b>  | Recommendations agreed and will lead to process improvement.   |
| <b>DNA and related forensic support</b>                               | n/a  |
| <b>Pensions</b>   | n/a  |
| <b>Procurement procedures – Liverpool North BCU</b>                   | N/A report stated satisfactory. Those areas raised where control could be enhanced have been addressed and recommendations implemented.  |
| <b>Procurement Police Officer Payroll Audit – Liverpool South BCU</b> | No areas ranked poor in the survey.  |
| <b>Found Property (Sefton BCU) Audit</b>                              | No areas were poor.  |
| <b>Overtime Review</b>  | There are no areas in which the Audit performed poorly and the satisfactory score attracted by the timeliness of the draft report was due to high workloads within the Audit Department at that time. This was explained and accepted. |
| <b>Estate Management</b>  | N/A  |

| <b>Question</b>   | <b>3. Do you find the layout of the audit report to be effective?</b>                     |
|---|---|
| <b>Audit :-</b>   |   |
| <b>Bank Reconciliation</b>  | yes, very clear   |
| <b>DNA and related forensic support</b>                               | Yes, the audit report was easy to read and understand focusing on issues for improvement. |
| <b>Pensions</b>   | Clear and concise - appreciated   |
| <b>Procurement procedures – Liverpool North BCU</b>                   | Yes   |
| <b>Procurement Police Officer Payroll Audit – Liverpool South BCU</b> | I found the report to be effective and easy to read.                                      |

|  |   |
|--|---|
| <b>Found Property (Sefton BCU) Audit</b> | Yes. The report was jointly completed with Corporate Criminal Justice and therefore we had total 'buy in' on the finished report.   |
| <b>Overtime Review</b>                   | The layout of the Audit Report was effective and easy to understand. The time banded action plan as an appendix was particularly useful, making it clear what issues had been identified and the action to remedy them. |
| <b>Estate Management</b>                 | Yes, it is easy to follow and understand  |

|   |  |
|---|--|
| <b>Question</b>   | <b>4. Other comments. If you would like to comment further on any aspect of the audit, please do so below.</b>   |
| <b>Audit :-</b>   |  |
| <b>Bank Reconciliation</b>  | –  |
| <b>DNA and related forensic support</b>                               | This was a difficult audit to undertake by any auditor who had no previous knowledge of the subject. However, this was quickly picked up by the auditor and progressed. The report is an accurate assessment of improvements and the need to continue the work already undertaken. |
| <b>Pensions</b>   | Grateful for the manner in which audit carried out.  |
| <b>Procurement procedures – Liverpool North BCU</b>                   | na   |
| <b>Procurement Police Officer Payroll Audit – Liverpool South BCU</b> | I have no further comments to add.   |
| <b>Found Property (Sefton BCU) Audit</b>                              | The only slightly adverse comment surrounds the practicality of storing detained persons 'cash' property in a separate location to their other personal property. A compromise was eventually reached, subject to review.  |
| <b>Overtime Review</b>  | I was very pleased with the results of the Audit and continue to appreciate the help and assistance that the Merseyside Police Authority Audit Team continues to provide to my staff and Department.   |
| <b>Estate Management</b>  | Nothing to add   |