

To: Joint Audit Committee
Date: 16th December 2015
By: Daniel Harris, RSM UK
Title: Internal Audit Progress Report

Purpose of Report/Issue:

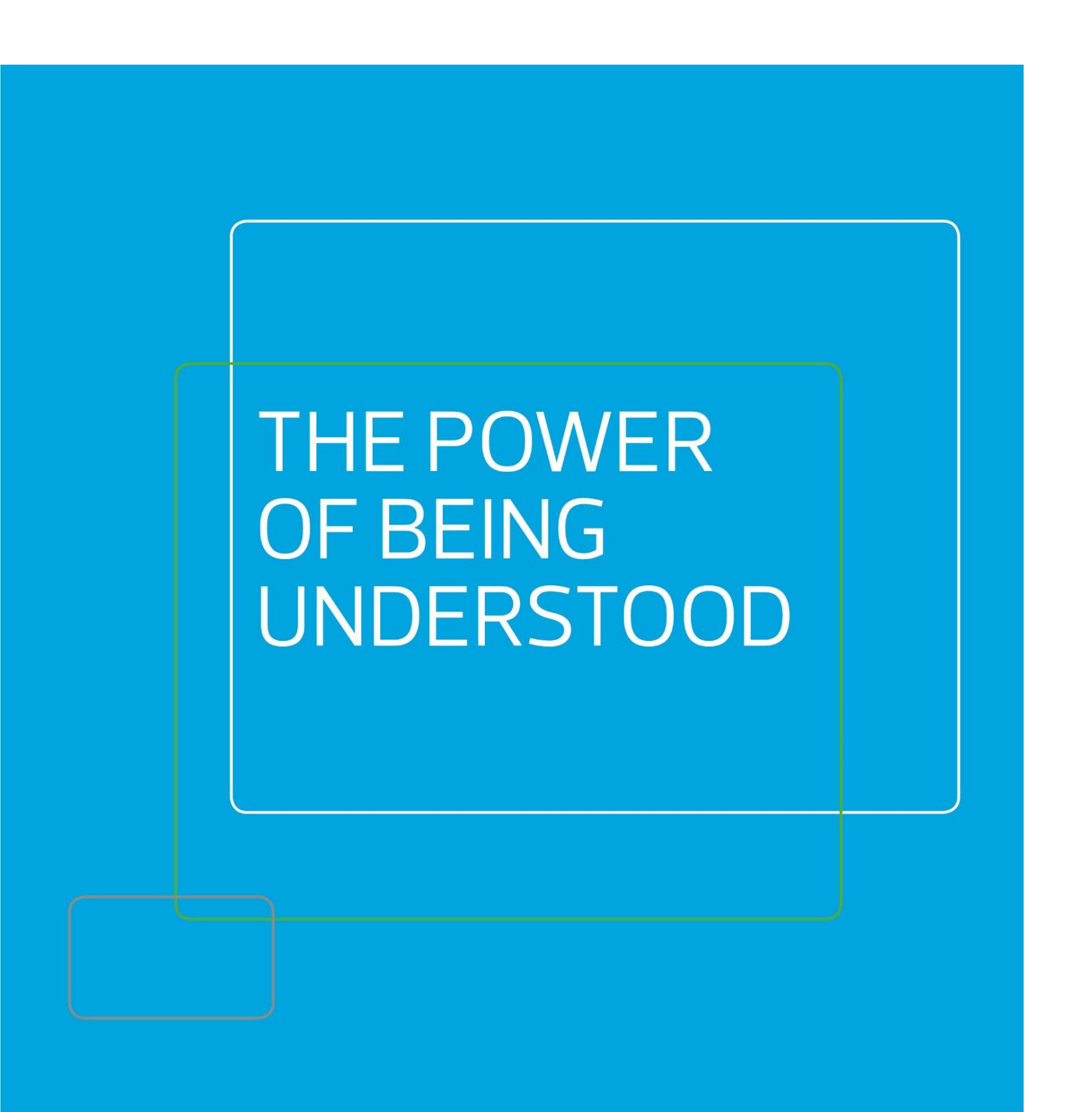
To update the Joint Audit Committee of Internal Audit's progress in achieving the 2015/16 Internal Audit Strategy since the last update was presented to the Committee.

Recommendation

The Committee is invited to comment on RSM's progress to date in achieving the Internal Audit Strategy.

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THE POWER OF BEING UNDERSTOOD

OFFICE OF THE POLICE AND CRIME
COMMISSIONER FOR SURREY AND
SURREY POLICE

Internal Audit Progress Report

Joint Audit Committee

16 December 2015



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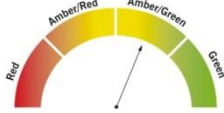
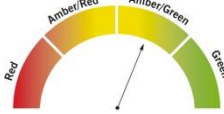
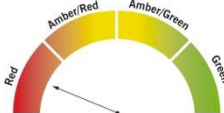
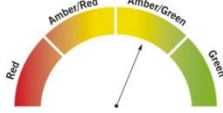
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1 INTRODUCTION

The Internal Audit Plan for 2015/16 was approved by the Joint Audit Committee in March 2015. This report provides a summary update on progress against that plan and summarises the results of our work to date.

2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

This table informs of the audit assignments that have been completed and the impacts of those findings since the last Audit Committee held. The internal audit plan for 2015/16 was approved by the Joint Audit Committee in March 2015. Below provides a summary update on progress against that plan and summarises the results of our work completed since the last Joint Audit Committee. The Executive Summary and Key Findings of the four assignments below are attached to this progress report

Assignments	Status	Opinion issued	Actions agreed		
			H	M	L
2014/15 Reports					
Proceeds of Crime Seizures (15.14/15)	FINAL REPORT		0	3	4
2015/16 Reports					
Follow Up (1.15/16)	FINAL REPORT	Little progress	4	12	0
New Desktop Review (2.15/16)	FINAL REPORT		0	2	0
BT Datacentre Project Initiation Review (3.15/16)	FINAL REPORT		4	4	0
Vehicle Recovery Unit (4.15/16)	FINAL REPORT	ADVISORY	0	2	1
Property seizures (5.15/16)	FINAL REPORT		0	3	3

2.1 Impact of findings to date



Our review of the BT Datacentre Project Initiation identified eight management actions and resulted in a no assurance (red) opinion. However it should be noted that this was a backward looking review and a number of the issues we identified had already been identified and addressed by Surrey Police and the OPCC. The findings of this review will impact the year end opinion but will not in isolation qualify the opinion.

3 LOOKING AHEAD

Assignment area	Status	Target Audit Committee
Legal and Insurance Departments Review (6.15/16)	Draft report issued 4 November 2015	December 2015
Integrated Offender Management (7.15/16)	Draft report issued 2 December 2015	March 2016
Governance	Fieldwork completed, at quality assurance stage.	March 2016
Victims Code	Audit scoped but deferred to early 2016 at management request owing to staff changes	Was December 2015 now March 2016
Data quality	Fieldwork in progress	March 2016
Financial controls	Audit scoped and planned to commence December 2015	March 2016
Commissioning – 12 months on	Discussions regarding scoping in progress	June 2016
Risk Management	Discussions regarding scoping in progress	March 2016
Action tracking		Ongoing

4 OTHER MATTERS

4.1 Changes to the audit plan

We have agreed the following changes to the plan with management.

Auditable area	Reason for change
Vehicle recovery	Audit requested following discussions at the Gold Group with the objective to consider whether the vehicle recovery scheme has been effectively managed and has sufficiently robust business processes and whether there has been due financial probity.
Follow up on SIREN report	This has been removed from the 2015/16 internal audit plan owing to the external auditors having completed work in this area instead. The time from this review has been used for the vehicle recovery audit noted above.
Covert accounts	Management have requested us to complete an additional review of covert accounts and floats. This will build on the work we completed in this area last year.

4.2 Added value work

As reported previously, we have undertaken the following surveys amongst our Police clients and shared the results with Surrey Police:

Area	Information shared
National Police Procurement Hub	We asked our Police clients how much they were using the National Police Procurement Hub, and shared the responses we received.
Chief Officers Allowances	In response to a query from another client we asked all of our Police clients about their approach to Chief Officers Allowances and shared the results.
Internal Audit Benchmarking	We issued benchmarking data to provide a comparison against the numbers of recommendations made, and the assurance opinions provided, in similar audits performed across the sector in our client base

Additionally we previously shared the following:

Area	Information shared
CIPFA event for Police Audit Committee Members	We shared the slides from this event which we attended.

EMERGENCY SERVICES NEWS BRIEFING – DEC 2015

RSM's latest news briefing providing an update on recent key publications and issues affecting the emergency services sector

Police

Spending review and autumn statement

Despite the rumours of cuts, the Chancellor has confirmed in the budget statement and spending review that police force spending will be protected in real terms with a further boost being delivered through investment in 4g communication networks. This is forecast by the government to save the taxpayer up to £1m per day by freeing up police officer time and improving efficiency. The Chancellor has also confirmed that police forces are to continue to make efficiency savings, particularly through collaborations, shared services and sharing resources. In addition, greater flexibilities will be given to PCCs to increase their income from council tax. Those police forces with the lowest levels of council tax bills will be able to increase their income from council tax by £5, rather than two per cent as is currently the case. This may allow an additional income of £12m each year.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf

Report into firearms licensing

This inspection report by Her Majesty's Inspectorate of Constabulary (HMIC) looks into the process of firearms licensing detailing the effectiveness, efficiency and risk of the licensing procedure. Some of the key findings in the report are: HMIC is concerned that only four out of the 11 forces it studied had effective monitoring and auditing arrangements; that many forces have backlogs in renewals; and the lack of requirement for general practitioners to provide to the police, medical information about licence holders and applicants. HMIC praises forces for their policies of unannounced visits and also supported forces that had implemented systems to alert officers responding to calls related to people with a firearm licence.

<https://www.justiceinspectorates.gov.uk/hmic/wp-content/uploads/firearms-licensing-targeting-the-risk.pdf>

Police funding - special grant guidance

This guidance note by the Home Office details how commissioners can apply for special funding should they be forced to deal with an event that raises expenditure. In the guidance the Home Office confirms its right to refuse applications which in the first instance, will only be considered if sent by the police and crime commissioner. The Home Office also states that forces are required to demonstrate financial governance upon inspection.

<https://www.gov.uk/government/publications/police-funding-special-grant-guidance/special-grant-guidance>

Police efficiency report 2015

Her Majesty's Inspectorate of Constabulary (HMIC) has published the annual review of police efficiency. The report notes a decline in police forces attaining a 'good' rating with more now receiving a 'requires improvement' marker. HMIC finds that the better forces are now looking to longer term improvement and change processes in order to reduce their costs. The inspectorate has called on all forces to better understand demand, particularly future demand, whilst also expressing concern at various forces ICT infrastructure which is considered to be 'weak' and 'ageing'.

<https://www.justiceinspectorates.gov.uk/hmic/wp-content/uploads/peel-police-efficiency-2015.pdf>

Access to the police complaints service system

The Independent Police Complaints Commission (IPCC) has published the outcomes its investigation, repeating an audit of police force websites originally completed in 2010. The IPCC find that the service has improved but only 'marginally' with access quality varying across forces, with 11 forces in fact being classed less accessible. The IPCC also expressed concerns at how complaints were being dealt with differently between forces. Amongst the suggestions put forward by the IPCC include forces increasing their use of social media to explain how the complaints system works. The IPCC also includes a framework for forces to utilise and which is designed to improve access for all.

http://www.ipcc.gov.uk/sites/default/files/Documents/research_stats/Access_to_the_police_complaints_system.pdf

Delay to the policing funding formula

In July the government consulted on proposed changes to the policing funding formula. Since the completion of the consultation exercise in September, it has been confirmed that a statistical error was made meaning that funding formula changes proposed for 2016-17 will be delayed. Police Minister Mike Penning confirmed this outcome to parliament on the 9 November 2015, noting the issue 'caused great concern to police forces around this country'.

<http://www.publications.parliament.uk/pa/cm201516/cmhansrd/cm151109/debtext/151109-0001.htm>

Fire

Funding reductions on the fire and rescue services

The National Audit Office (NAO) has published two reports analysing how fire and rescue services have coped with funding cuts and how well providers are organised for future cuts expected in the governments autumn spending review. The twin reports by NAO find that fire and rescue services are coping well with funding impacts and that financial reserves have increased, but the NAO warns there are signs that with further funding reductions some forces capability of handling major incidents will be affected.

<https://www.nao.org.uk/report/financial-sustainability-of-fire-and-rescue-services/>

National coordination and advisory framework for England

The Department for Communities and Local Government (DCLG) has released an updated framework for Fire and Rescue services. The updated framework is designed to provide a 'robust and flexible' response for services dealing with major incidents. DCLG stresses that the frameworks effectiveness is reliant on each authority deploying when needed.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464024/150918_NCAF.pdf

FOR FURTHER INFORMATION CONTACT

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PROCEEDS OF CRIME SEIZURES - EXECUTIVE SUMMARY

1.1 Background

An audit of Proceeds of Crime Seizures was undertaken as part of the approved internal audit periodic plan for 2014/15.

The Proceeds of Crime Act 2002 (POCA) empowers Police Officers to seize cash over £1k which they believe to be the proceeds of crime or held for use in a crime. An application for detention must be made to a Magistrate's Court within 48 hours to allow continued retention. Half of the value of retained POCA seizures are retained by the Home Office and half is retained Surrey Police.

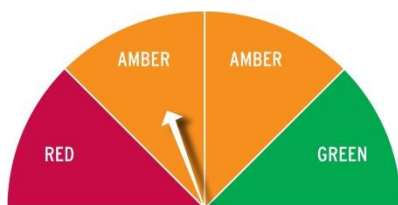
Cash is also taken into custody by the Police in the form of prisoner's property, found money, money of a deceased person or stolen money where the owner can be identified. Cash may also be seized under PACE (Police and Criminal Evidence Act, 1984) as evidence of a crime. Cash may be held under both POCA and PACE. This audit considers the processes in place for the handling of POCA cash.

In Surrey Police POCA cash is managed by Financial Investigators in the Economic Crime Unit. POCA cash is notified to them and held in designated POCA safes wherever possible. Other evidence is normally part of the Special Property system handled by Property Officers and two examples in our audit were placed originally in the Special Property Stores before either being released from PACE requirements or transferred to the POCA process. There are three safes designated for POCA at Reigate, Guildford and Staines. These are located in the Custody Suites. At Staines the Custody safe is used whilst at Reigate and Guildford there are safes used only for POCA.

POCA seizures are recorded on the national database JARD (Joint Assets Recovery Database). There were 36 POCA seizures between 1st April and 25th November 2014, not all of which would have been retained. The largest seizure in 2014 was returned to the owner because he was able to prove he held it legitimately.

A general principle of POCA seizures is that the cash is not counted in situ. This is to preserve any forensic evidence as well as to avoid the practical difficulties of counting cash in unsuitable locations. Cash is not counted until it is cleared for banking and in Surrey is tested for drug contamination when it is counted prior to banking. The exact amount of any seizure can only be estimated until it is counted at this stage.

1.2 Conclusion



Taking account of the issues identified, whilst the Police and Crime Commissioner for Surrey and Surrey Police can take some assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective, action needs to be taken to ensure risks in this area are managed.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

We have raised three 'medium' and three 'low' priority recommendations in relation to the design of the control framework:

- The design of the evidence bag in use is a national one. This is designed for evidence generally and is not tailored to POCA cash. This does not request the signature of another witnessing officer on the evidence bag, which would provide some protection against accusations of theft. (Medium 3.1.1a)
- There is no requirement for a witnessing officer to sign in the in procedural guidance provided. (Low, 3.1.1b)
- We were advised that any POCA cash that is returned to the owner is normally returned by Finance by bank transfer or cheque. In our sample part of a seizure, mostly in coins, was returned direct to the owner. A receipt was signed by the owner but did not include a record of proof of identity and signatures of two officers. (Medium, 3.1.3)
- Cash counts are carried out by two Financial Investigators. These are recorded in various ways using two cash count forms and also Pocket Note Book entries or in a witness statement. These do not have clear provision for the names and signatures of the two officers to be recorded. (Low, 3.1.4)
- There is no guidance for Financial Investigators on the use of increased security arrangements for the counting of very large cash seizures. The large item in our sample, €242k, was counted by three officers and this was filmed and the data card sealed in an evidence bag. The remaining seizures in our sample were under £10k. (Low, 3.1.5)
- The guidance from the Force's insurers requires cash to be banked within 48 hours. This is not possible for POCA seizures due to the requirement to obtain a retention order from the courts and consider forensic options and possible appeals. (Medium, 3.1.6)

Notwithstanding the above, we have noted the following examples of well-designed controls:

- Seizures of cash under POCA are double bagged in evidence bags by the seizing police officer. The person from whom it is seized is invited to sign the evidence bags but may refuse. Evidence bags have unique serial numbers and provision for details to be recorded.
- There is guidance for police officers available on the intranet on the seizure of POCA cash, which can be an unfamiliar process for most police officers. We found that this sets out clear guidance and explanations.
- Safe record sheets are used at each POCA safe to record each item placed in the safe and removed from the safe. This requires two signatures for placing and removing items, as well as details of the evidence bag to be recorded.

Application of and compliance with control framework

We have raised one 'low' priority recommendation in relation to the application of the control framework:

- We tested the safe record sheet entries for our sample. We found a small number without the signature of a second officer, although a name and FIN was recorded in all cases. (Low, 3.1.2)
- We tested the cash count records and found that a record clearly linked to at least one officer was always found and in most cases there both counting officers had signed the count record. As recommended at 3.1.4 consistent cash count form requiring two signatures would provide a clearer consistent record.

Notwithstanding the above, we have noted the following examples of well-designed controls:

- We tested a sample of ten POCA seizures, sampling all three POCA locations and one handled at Headquarters. We found there was no signature of a witnessing officer on the evidence bag in six cases, for which there were twelve evidence bags in total. As stated above this has not been made clear to officers in guidance or in the design of the evidence bags.
- For the sample that had been banked at the time of audit, we were provided with banking records.

1.3 Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

- The audit included sample testing only of transactions from the current financial year or 12 months prior to the audit.
- It did not cover reporting of seizures to the Financial Intelligence Unit or procedures relating to seeking magistrates orders.
- It only covered cash seizures under the Proceeds of Crime Act 2002.
- We did not consider other uses of the powers given in the Act.
- We did not fully review the security arrangements for the custody of cash.
- Our work does not provide an absolute assurance that material errors, loss or fraud do not exist.

The approach taken for this audit was a Systems-Based Audit.

1.4 Recommendations Summary

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	Medium	Low
Design of control framework	0	3	3
Application of control framework	0	0	1
Total	0	3	4

1.5 Additional Feedback

Good Practice Identified During the Audit
Financial Investigators are responsible for the safekeeping and management of Proceeds of Crime cash seizures once these are identified as such. This ensures responsibility is clearly assigned to officers with the relevant knowledge and skills and the JARD database is the sole record until the cash is banked and brought to account. The Force has three designated Proceeds of Crime safes. These cover different parts of the county. They are located in Custody Suites which are permanently staffed and have additional security arrangements. This provides clear streamlined arrangements for holding the cash seizures.

We have also made suggestions where we have identified innovation or good practice at other organisations that Surrey Police may wish to consider:

Suggestions Made During the Audit

We suggested that the Financial Investigation Manager consider the design of POCA cash evidence bag and new Standard Operating Procedures now in use in Kent and Essex Police. We have provided contact details in Kent Police Financial Investigations Unit to facilitate this.

We have included some comparative data to benchmark the number of recommendations made, as shown in the table below. In the past year, we have undertaken a number of audits of a similar nature in the sector.

Level of Assurance	Percentage of Reviews	Results of this Audit
Green	50%	
Amber Green		
Amber Red	50%	✓
Red		

Recommendations	Average number in similar audits	Number in this audit
Recommendations made	7	7

2 DETAILED FINDINGS

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.1a	A new design of evidence bag should be considered that has clearer indications of what should be recorded, including having provision for the signature of a witnessing officer to the seizure of the cash and the signature of the owner of the cash if this can be obtained. The design used by Kent and Essex Police should be considered.	Medium	N	National procedure is currently followed concerning the use of evidence bags for seized exhibits. It is suggested that the deviation from this National guidance for the purpose of seized cash be pursued with ACPO. <i>Audit comment:</i> We note that the Force accept the findings and are considering the best course of action to take.	N/A	N/A
1.1b	The procedural guidance should be revised to make it clear that a witnessing officer should sign the evidence bag and Pocket Note Book of the seizing officer to record having witnessed the seizure. The revised guidance should be promoted in the Force to raise awareness of it among Police Officers.	Low	Y	Current force guidance states as follows: <i>Wherever possible (Two officers should be present throughout). The officer's notes should include the precise time that the cash was found, any questions and answers made in relation to it, and the reason that the officer believes</i>	31/1/16	Financial Investigation Development Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
				<p><i>that the amount of cash is estimated as more than £1,000.</i></p> <p>A witnessing officer may not always be present at the time of seizure but the guidance will be amended to reflect this and highlighted when future training is given.</p>		
1.2	The design of the Safe Record Sheet should be reviewed with a view to making it clearer that two signatures are required.	Low	Y	Agreed	31/1/2016	Financial Investigation Development Manager
1.3	A standard receipt should be designed which requires proof of identity of the owner to be photocopied and attached to the Police copy of the receipt, and requires the signatures, names and FIN numbers of two officers who were present at the handover.	Medium	Y	The receipt in question is required when cash is handed back in its original form, prior to banking and in instances prior to the initial detention under POCA. This is rarely the case as in most cases, cash is returned to the nominated bank account of the respondent via BACS transfer by Financial Accounting, once it is subject to initial detention under POCA and has been banked to the POCA account.	31/1/2016	Financial Investigation Development Manager
1.4	A standard cash count form should be introduced. This should have provision for the signature, name and FIN number of two officers who counted the cash. A spreadsheet format for printing could be considered.	Low	Y	The existing cash count form in Excel has been amended to record the name and FIN of the witnessing officers. The signature field for both officers was there previously.	30/11/2015	Financial Investigation Development Manager
1.5	Guidance on Proceeds of Crime cash seizures should set out procedures for risk assessments of cash counts, giving financial	Low	Y	Cash count procedure with reference to risk assessment and thresholds to be produced	31/1/2016	Financial Investigation Development

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	thresholds as guides. These should make it clear what kind of additional security arrangements should be in place for cash counts with higher risk.					Manager
1.6	The insurer's requirement to count Proceeds of Crime Act seizures within 48 hours should be clarified with them and a practical arrangement agreed.	Medium	Y	It is rarely practical to count POCA seizures within 48 hours and the cash count is only conducted when the financial investigator and / or OIC agree to the process. Clarification to be sought from the Head of Insurance Services	31/1/2016	Financial Investigation Development Manager

INTERNAL AUDIT FOLLOW UP REPORT - EXECUTIVE SUMMARY

1.1 Introduction

As part of the approved internal audit periodic plan for 2015/16 we have undertaken a review to follow up progress made by Surrey Police to implement the previously agreed management actions. The audits considered as part of the follow up review were:

- Forensic Medical Examiners (1.14/15)
- Follow Up of Previous Internal Audit Recommendations (4.14/15)
 - Business Interests (3.13/14)
 - Follow up report (6.13/14)
- ICT
- Tendering and Contracting
- Hardware Asset Management
 - Financial Controls (8.13/14)
 - Risk Management (10.13/14)
 - IT Application Security – Finance and HR (11.13/14)
 - Commissioning – Victim Support Services (12.13/14)
- Procurement (11.14/15)
- Crime Recording (12.14.15)
- Project Management (14.14/15)

The 36 management actions considered in this review comprised of ten '**High**' and 26 '**Medium**'. The review was to provide assurance that all actions previously raised have been adequately implemented, with focus being on those recorded as implemented per Surrey Police's tracking document. Where recommendations were recorded as not yet fully implemented we have accepted management representation regarding their status.

Actions categorised as '**Low**' are not prioritised or followed up by Surrey Police Force, therefore it has been agreed that these will not be followed up within these reviews.

1.2 Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Surrey Police has demonstrated **little progress** in implementing agreed management actions.

The main driver for our opinion is the four high priority actions that have yet to be fully implemented. However there are no high or medium management actions that we consider to be receiving inadequate management attention.

Where appropriate we have made new management actions; these are detailed in Section 2 of this report.

1.3 Action Tracking

Action tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the Joint Audit Committee to monitor actions taken by management.

Action tracking is undertaken by Surrey Police's management on a regular basis, with an update provided to the Joint Audit Committee at each meeting. As part of our Follow Up review, we have verified this information and completed audit testing to confirm the level of implementation stated and compliance with controls.

We have verified that the status of implementation of management actions, as reported to the Joint Audit Committee via the internal action tracking process, is accurate for the following audits:

- Forensic Medical Examiners (1.14/15)
- Follow Up of Previous Internal Audit Recommendations (4.14/15)
 - o Business Interests (3.13/14)
 - o Follow up report (6.13/14)
- Tendering and Contracting
- Hardware Asset Management
 - o Risk Management (10.13/14)
- Procurement (11.14/15)
- Crime Recording (12.14.15)
- Project Management (14.14/15)

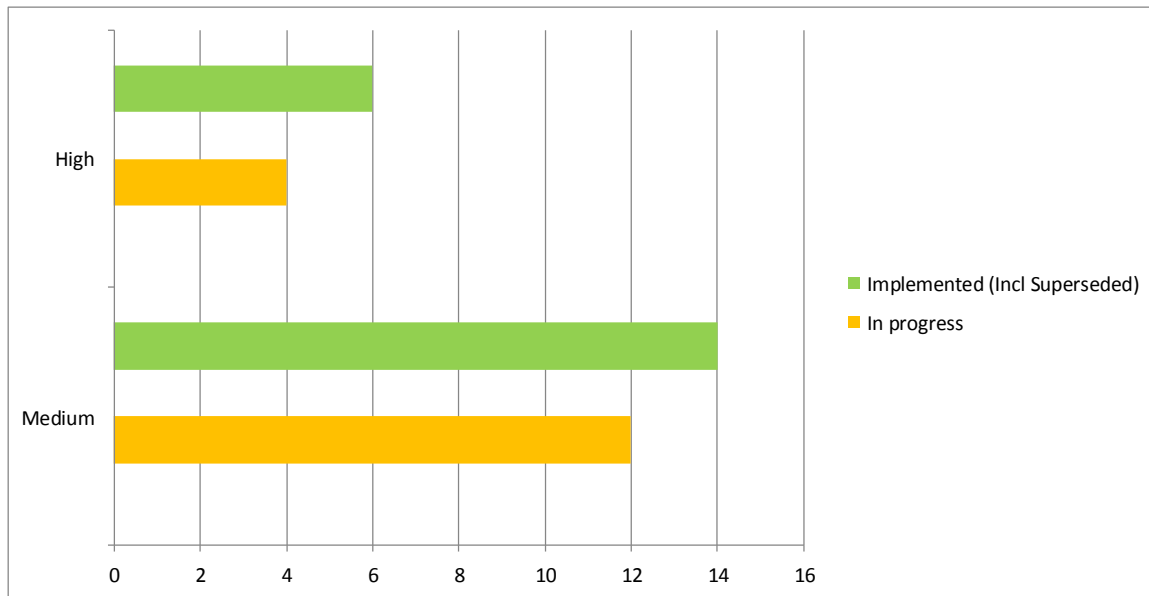
The following audits are where our testing conflicts with the status reported to the Audit Committee:

- Follow Up of Previous Internal Audit Recommendations (4.14/15)
 - o Follow up report (6.13/14)
- ICT
 - o Financial Controls (8.13/14)

In addition there are two actions from the following audits which do not appear on the most recent tracker although we have not been provided with any evidence as to why these are considered to be implemented, superseded or no longer applicable:

- Follow Up of Previous Internal Audit Recommendations (4.14/15)
 - o IT Application Security – Finance and HR (11.13/14)
 - o Commissioning – Victim Support Services (12.13/14)

The following graph highlights the number and categories of actions issued and progress made to date:



1.4 Progress on actions

Implementation Status by Review	Number of actions agreed	Status of Management Actions			
		Implemented (1)	Implementation On-going (2)	Not Implemented (3)	Superseded (4)
Forensic Medical Examiners (1.14/15)	1	1	-	-	-
Business Interests (3.13/14)	1	1	-	-	-
ICT (6.13/14)	3	-	3	-	-
Tendering and Contracting (6.13/14)	2	-	-	-	2
Hardware Asset Management (6.13/14)	1	-	1	-	-
Financial Controls (8.13/14)	5	-	2	-	3
Risk Management (10.13/14)	3	1	1	-	1

IT Application Security (11.13/14)	2	-	2	-	-
Commissioning– Victim Support Services (12.13/14)	12	10	2	-	-
Procurement (11.14/15)	4	1	3	-	-
Crime Recording (12.14/15)	1	-	1	-	-
Project Management (14.14/15)	1	-	1	-	-

Implementation Status by Management Action Priority	Number of actions agreed	Status of Management Actions			
		Implemented (1)	Implementation On-going (2)	Not Implemented (3)	Superseded (4)
High	10	6	4	0	0
Medium	26	8	12	0	6
Totals	36	14	16	0	6

2 FINDINGS AND MANAGEMENT ACTIONS

This report has been prepared by exception. Therefore, we have included only those actions graded as 2 and 3. Each action followed up has been categorised in line with the following:

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.

2.1 Follow Up [4.14/15] - Business Interests (3.13/14)

Management Action	<p>The list of Business Interests should be given to Human Resources who can identify which staff members have left and therefore can be removed from the Business Interest Spread sheet.</p> <p>After the HR review the remaining members of staff with business interests which are due for review should all be contacted requesting to confirm if the business interests are still live.</p> <p>If the business interest is still live then the staff member shall be requested to complete the review process of the business interest starting with completing the Business Interest Review form.</p> <p>To help identify which business interests are due for review, an additional column could be put on to the spread sheet titled: 'Due for review'. This would then allow the Personnel Security Manager (Vetting) to filter the business interests due for review each month.</p>
Original Implementation Date	December 2014
Original Priority issued	High
Owner Responsible	Wendy Clay, Force Vetting Manager
Status Reported to Audit Committee	The entire action has been fully implemented.

Findings

Status	<p>The entire action has been fully implemented and a new management action raised.</p> <p>An HR review of the Business Interests document occurred as a one off exercise in December. The review consisted of identifying which staff members were current and which have left. Those staff members identified as leavers were removed from the Business Interests document, where staff members were identified as current, emails were sent requesting them to confirm if the business interest was still live and if so to complete the review process of the business interest starting with completing the Business Interest Review Form.</p> <p>Since the HR review the Force Vetting Manager completes sample checks of staff members on the list to test whether they are still current staff at the Police Force, however this is not an efficient process.</p>
Updated Management Action	The Force Vetting Manager should be included on the list of staff who receive a monthly leavers report so that leavers can be removed as they occur.

Or, the review of the Business Interests document for leavers by HR should be completed as a formal periodic exercise (as frequently as deemed necessary by the Police Force).

Management response:

Agreed

The reason for the delay is due to the fact that the College of Policing have issued a National directive around business interests and the format for publishing on our website.

This means that the current register has to be changed which will take time and is the priority.

Priority issued

Medium

Revised Implementation Date

January 2016

Owner Responsible

Wendy Clay, Force Vetting Manager

2.2 Follow Up [4.14/15] – ICT (6.13/14)

Management Action

There should be formal periodic reviews of user access rights in sensitive areas or applications to ensure that they are appropriate and up to date.

The access rights of third parties or contractors should also be subject to regular formal review to ensure they remain appropriate and up to date. The user base as a whole should be reviewed annually to ensure best practice compliance.

Original Implementation Date

February 2015

Original Priority issued

Medium

Owner Responsible

Fred Kemperman, Head of Strategy and Value

Status Reported to Audit Committee

The entire action has been fully implemented.

Findings

Status

The action has been partly though not yet fully implemented. Management action amended.

A review of user access rights in sensitive areas has taken place due to the force-wide work of replacing the 2003 servers; the review also included third parties. Diary entries have been made to ensure the exercise is completed on a quarterly basis. A review of the user base as a whole has not been completed as the Police Force does not have the capacity to be able to complete this work. Therefore the review of accounts only includes the higher risk areas.

However Surrey Police have been unable to provide evidence of the reviews of user access rights taking place.

Updated Management Action

There should be formal periodic reviews of user access rights in sensitive areas or applications and third parties to ensure they are appropriate and up to date.

Evidence of the review taking place should be documented. This will also enable Surrey Police to track which accounts have already been reviewed.

Management response: Given resource constraints IT are yet to introduce a formal

process for this. However, we have now hired a Joint Infrastructure and Network Manager and he has been tasked with implementing this recommendation.

Priority issued	Medium
Revised Implementation Date	31 March 2016
Owner Responsible	Steve Pettman, Infrastructure and Network Manager TBC

2.3 Follow Up [4.14/15] – ICT (6.13/14)

Management Action	The update and management of ICT disaster recovery procedures should be integrated with those dealing with Business Continuity for the Force as a whole to ensure a coordinated approach in the event of a significant level disaster.
Original Implementation Date	February 2015
Original Priority issued	High
Owner Responsible	John Ball, Business Continuity Co-ordinator and Neil Dewey, Deputy Emergency Planning Officer
Status Reported to Audit Committee	The action has been partly though not yet fully implemented.

Findings

Status	We have accepted management representation that the action has been partly though not yet fully implemented.
Updated Management Action	<p>The update and management of ICT disaster recovery procedures should be integrated with those dealing with Business Continuity for the Force as a whole to ensure a coordinated approach in the event of a significant level disaster.</p> <p><i>Management response:</i></p> <p><i>IT now have a documented BCP and DR plan but resource constraints have meant we have been unable to finalise all documentation. We now have an owner within IT and used the services of a technical author to bring much of our documentation up-to-date. We have now contracted another technical author to continue updating priority documentation that underpins the DR plan.</i></p>
Priority issued	High
Revised Implementation Date	31 March 2016
Owner Responsible	Malcolm Naftel / Amaraghosha Carter

2.4 Follow Up [4.14/15] – ICT (6.13/14)

Management Action	ICT disaster recovery procedures must be updated, documented and tested to provide a more effective disaster recovery framework for the Force.
Original Implementation Date	February 2015
Original Priority issued	High
Owner Responsible	John Ball, Business Continuity Co-ordinator
Status Reported to Audit Committee	The action has been partly though not yet fully implemented.

Findings

Status	We have accepted management representation that the action has been partly though not yet fully implemented.
Updated Management Action	<p>ICT disaster recovery procedures must be updated, documented and tested to provide a more effective disaster recovery framework for the Force.</p> <p><i>Management response:</i></p> <p><i>IT now have a documented BCP and DR plan but resource constraints have meant we have been unable to finalise all documentation. We now have an owner within IT and used the services of a technical author to bring much of our documentation up-to-date. We have now contracted another technical author to continue updating priority documentation that underpins the DR plan. Once core documentation is updated we plan to arrange a table-top exercise to assess and test the plan.</i></p>
Priority issued	High
Revised Implementation Date	31 March 2016
Owner Responsible	Malcolm Naftel / Amaraghosha Carter

2.5 Follow Up [4.14/15] – Hardware Asset Management (6.13/14)

Management Action	Ensure that the errors and omissions found in our testing of the desktop and server asset registers are investigated and corrected.
Original Implementation Date	October 2015
Original Priority issued	Medium
Owner Responsible	Fred Kemperman, Head of Strategy and Value
Status Reported to Audit Committee	The action has been partly though not yet fully implemented.

Findings

Status	We have accepted management representation that the action has been partly though not yet fully implemented.
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Updated Management Action	<p>Ensure that the errors and omissions found in our testing of the desktop and server asset registers are investigated and corrected.</p> <p><i>Management response:</i></p> <p><i>We have recruited two people to implement an asset management process in IT and develop a robust asset and CMDB solution. This work is ongoing at present alongside other Service Management work for which we have recruited 0.6 of a consultant.</i></p> <p><i>Additional audit comment:</i></p> <p><i>Following finalisation of our report, we were contacted by the OPCC to inform us that the two people referred to above are no longer employed by the Force and that information had recently come to light suggesting this project had been cancelled owing to the complexities of the task. We therefore wish to flag that this remains a risk to the Force and that appropriate action needs to be taken to address this action.</i></p>
Priority issued	Medium
Revised Implementation Date	31 March 2016
Owner Responsible	Malcolm Naftel

2.6 Follow Up [4.14/15] – Financial Controls (8.13/14)

Management Action	<p>All control account reconciliations should be prepared in a timely manner in line with the 'Management Accounting & Forecasting Calendar' to ensure that they have been completed prior to the preparation of the management accounts.</p> <p>Segregation of duties should be evidenced when completing and reviewing the Accounts Payable, Accounts Receivable, VAT and suspense account reconciliations.</p> <p>An overview sheet could be completed or minutes can be taken of the reconciliation meeting to evidence review.</p> <p>Management action carried forward and amended from previous audit.</p>
Original Implementation Date	July 2015
Original Priority issued	Medium
Owner Responsible	Financial Accounting Manager
Status Reported to Audit Committee	The entire action has been fully implemented.

Findings

Status	<p>The action has been partly though not yet fully implemented. Management action amended.</p> <p>We reviewed the last three months (March to May 2015) for the following reconciliations:</p> <ul style="list-style-type: none"> • General bank account; • Payroll account; • Payments account; • Fund account; • Fixed Asset;
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	<ul style="list-style-type: none"> • Accounts Payable; and • Accounts Receivable. <p>Across the 21 reconciliations we identified three instances where the preparation and / or review took place after the Management Accounting & Forecasting Calendar deadline. However, two of these related to time pressures at year end.</p> <p>In addition, no reconciliations had been completed for Fixed Assets. This was largely due to a change in staff.</p>
Updated Management Action	<p>If control account reconciliations do not meet the deadline of the 'Management Accounting & Forecasting Calendar', reasons for this should be documented and discussed at the Balance Sheet Review meeting.</p> <p>The preparation of the Fixed Asset reconciliations should be formally reassigned.</p> <p><i>Management response: The preparation of the Fixed Asset reconciliations has been assigned and the reconciliations are now up to date. The control account reconciliations are discussed at the monthly balance sheet review meetings and any reasons for failing to meet the Management Accounting & Forecasting Calendar are documented.</i></p>
Priority issued	Medium
Revised Implementation Date	Immediate
Owner Responsible	Corporate Finance Manager

2.7 Follow Up [4.14/15] – Financial Controls (8.13/14)

Management Action

A formal process for approving staff as authorisers for expenses should be implemented.

A review of who can currently authorise expenses should be completed to ensure only appropriate staff have the access rights.

Management action carried forward from previous audit.

Original Implementation Date June 2015

Original Priority issued Medium

Owner Responsible Finance Technical Lead

Status Reported to Audit Committee The entire action has been fully implemented.

Findings

Status

The action has been partly though not yet fully implemented. Management action amended.

A request to be an authoriser on Exclaim (where expenses are handled) will only be approved where the request form is authorised by the applicant's line manager. This process has been documented and is currently in draft, but not final, format.

At the time of the audit the Payroll Team evidenced that a dip check had been carried out comparing who should be authorising expenses to who actually authorised the claim, as the system allows any authoriser on Exclaim to approve a claim. However, this has not yet been completed for all authorisers and so there is a risk of

inappropriate staff having the rights to do this.

Updated Management Action Any authorisers that were set up prior to the implementation of the formal approval process should be reviewed to ensure only appropriate staff are able to authorise expenses.

Management response:

Monthly review implemented and being evidenced.

Review of all authorisers in the system still to do. Due to current workloads on the payroll team the entire review has not yet taken place. However this is due to take place by end of January 2016. This will be fully evidenced and documented.

Priority issued Medium

Revised Implementation Date January 2016

Owner Responsible Joanna Guy - Finance Technical Lead

2.8 Follow Up [4.14/15] – Risk Management (10.13/14)

Management Action Management should reconsider their approach to scoring risk and assess both gross and net risk within this framework.

This would be beneficial in determining the effectiveness of controls that are currently in place and would also be in line with best practice.

Original Implementation Date November 2014

Original Priority issued Medium

Owner Responsible Helen Bayliss

Status Reported to Audit Committee The action has been partly though not yet fully implemented.

Findings

Status We have accepted management representation that the action has been partly though not yet fully implemented.

Updated Management Action Management should reconsider their approach to scoring risk and assess both gross and net risk within this framework.

This would be beneficial in determining the effectiveness of controls that are currently in place and would also be in line with best practice.

Management response: this recommendation has been noted as best practice, however to embed this in practice requires changes to our IT risk management database. User requirements for the same have been submitted as a joint Surrey and Sussex request and are currently awaiting prioritisation for the work to be completed.

Priority issued Medium

Revised Implementation Date TBC

Owner Responsible Helen Bayliss – Departmental Head

2.9 Follow Up [4.14/15] – IT Application Security - Finance and HR (11.13/14)

Management Action	Management should design and document data quality procedures in respect of the ORACLE e-business system. These should include a defined list of error reports and a programme of data quality checks, including the prioritisation of reports to be addressed.
Original Implementation Date	Completed
Original Priority issued	Medium
Owner Responsible	Fred Kemperman, Head of Strategy and Value
Status Reported to Audit Committee	Not presented on the tracker

Findings

Status	We have not been able to confirm the status of this management action as it was not included on the tracker and we are unable to find evidence to support that its removal was agreed by the auditors.
Updated Management Action	<p>Management should design and document data quality procedures in respect of the ORACLE e-business system. These should include a defined list of error reports and a programme of data quality checks, including the prioritisation of reports to be addressed.</p> <p><i>Management response:</i></p> <p>No specific work has taken place due to resource constraints. With the system due to be replaced by April 2017 it is questionable whether this will be time / money well spent. However, this will be reviewed by the Applications Manager to determine if anything can be done in the interim.</p>
Priority issued	Medium
Revised Implementation Date	31 March 2016
Owner Responsible	Andrew Grinsted

2.10 Follow Up [4.14/15] – IT Application Security – Finance and HR (11.13/14)

Management Action	<p>Management should undertake the following:</p> <ul style="list-style-type: none">• Define document and obtain management approval for a contingency strategy for the ORACLE e-business system, which includes recovery time objectives.• Ensure that the system and data backup arrangements support the agreed contingency plan.• Develop a programme for regular testing the failover/restore of the ORACLE e-business system to a single live server of the pair currently in use, if one of the two servers fails.• Develop a programme for regularly testing the restoration of the ORACLE system to the disaster recover server at Godstone.
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	<ul style="list-style-type: none"> Regularly test restores from backup tapes.
Original Implementation Date	March 2015
Original Priority issued	Medium
Owner Responsible	Fred Kemperman, Head of Strategy and Value
Status Reported to Audit Committee	The action has been partly though not yet fully implemented.

Findings

Status	We have accepted management representation that the action has been partly though not yet fully implemented.
Updated Management Action	<p>Management should undertake the following:</p> <ul style="list-style-type: none"> Define document and obtain management approval for a contingency strategy for the ORACLE e-business system, which includes recovery time objectives. Ensure that the system and data backup arrangements support the agreed contingency plan. Develop a programme for regular testing the failover/restore of the ORACLE e-business system to a single live server of the pair currently in use, if one of the two servers fails. Develop a programme for regularly testing the restoration of the ORACLE system to the disaster recover server at Godstone. Regularly test restores from backup tapes. <p><i>Management response:</i></p> <p><i>With the system due to be replaced by April 2017 it is questionable whether this will be time / money well spent. IT have already confirmed the data backup routines for this system and the dependency on CAPITA as the sole company able to support the heavily customised application environment. IT have also confirmed that due to the bespoke nature of the solution it is not cost-effective to operate a mirror system to fail over onto, especially in light of the scheduled replacement in April 2017. IT consider that they have 'good enough' controls in place for the existing system given the likely timescale of the new system.</i></p> <p>Internal Audit Comment – we acknowledge that management are accepting the risk in this area based on a cost-benefit risk assessment.</p>
Priority issued	Medium
Revised Implementation Date	N/A
Owner Responsible	Steve Pettman / Andrew Grinsted

2.11 Follow Up [4.14/15] – Commissioning – Victim Support Services (12.13/14)

Management Action	A governance document should be drawn up for agreement by the PCC's which sets out clearly defined arrangements for the Policy Officer's group and for the PCC meetings, including how decisions will be made.
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Original Implementation Date	March 2015
Original Priority issued	Medium
Owner Responsible	Katie Kempen, Senior Policy Officer
Status Reported to Audit Committee	The action has been partly though not yet fully implemented.
Findings	
Status	We have accepted management representation that the action has been partly though not yet fully implemented.
Updated Management Action	<p>A governance document should be drawn up for agreement by the PCC's which sets out clearly defined arrangements for the Policy Officer's group and for the PCC meetings, including how decisions will be made.</p> <p><i>Management response:</i></p> <p><i>A robust governance structure has been put in place by the Contract Manager employed by Surrey, Sussex and Thames Valley OPCCs. The key meetings are as follows:</i></p> <p><i>Victim Support Stakeholder Consultation meeting – to ensure on-going consultation with stakeholders and users of contractual arrangements put in place by the SSTV OPCCs with Victim Support. This will provide a vehicle for feedback on contract performance, collaborative problem-solving and on-going service improvement.</i></p> <p><i>Founding Members and Service Provider meeting – to monitor service delivery against the contractual arrangements in place by SSTV OPCCs with Victim Support.</i></p> <p><i>This meeting will review quarterly performance reporting by Victim Support to the OPCCs. Decision-making relating to the SSTV contract will be made within the Founding Members and Service Provider meeting at Policy Officer level and escalated where needed through the quarterly SSTV PCC and Chief Executive meeting.</i></p> <p><i>National Oversight Group – To provide a forum for OPCCs commissioning Victim Support to provide services in their area – either independently or calling off on services under the SSTV framework – to agree common oversight measures and to compare result and share learning, within the constraints of commercial confidentiality.</i></p> <p><i>A governance document detailing the above arrangements will be prepared for the SSTV PCC and Chief Executive meeting in January 2016</i></p>
Priority issued	Medium
Revised Implementation Date	January 2016
Owner Responsible	Lisa Herrington, Senior Policy Officer

2.12 Follow Up [4.14/15] – Commissioning – Victim Support Services (12.13/14)

Management Action	The governance document recommended above should include clear commitment from the partner PCCs to the commissioning process and should include processes for decision-making by the PCCs.
Original Implementation Date	March 2015

Original Priority issued	Medium
Owner Responsible	Katie Kempen, Senior Policy Officer
Status Reported to Audit Committee	Not presented on the tracker

Findings

Status We have not been able to confirm the status of this management action as it was not included on the tracker and we are unable to find evidence to support that its removal was agreed by the auditors.

Updated Management Action The governance document recommended above should include clear commitment from the partner PCCs to the commissioning process and should include processes for decision-making by the PCCs.

Management response:

The partner PCCs are committed to the commissioning process and decision-making relating to the process by the PCCs will be made in the quarterly SSTV PCCs and Chief Executives meeting. This will be documented in the summary governance document as detailed above, which will be presented at the next SSTV PCCs and Chief Executives meeting in January 2016.

Priority issued Medium

Revised Implementation Date January 2016

Owner Responsible Lisa Herrington, Senior Policy Officer

2.13 Procurement (11.14/15)

Management Action A formal strategy is required to provide definition and commitment over the medium term to ensure stability and collaborative operational planning can be progressed.

The strategy should in particular set out the way forward on:

- Increasing further police procurement capacity and capability
- Securing further supplier competition and price leverage
- Shaping requirements and specifications: influencing of end-user requirements and design specifications
- Developing techniques and practices to reduce costs and risks
- Reducing procurement overheads and the costs of acquisition
- Promoting sustainability and supporting diversity in procurement

Original Implementation Date January 2016

Original Priority issued High

Owner Responsible Head of Joint Procurement

Status Reported to Audit Committee The action has been partly though not yet fully implemented.

Findings

Status We have accepted management representation that the action has been partly though not yet fully implemented.

Updated Management Action	<p>A formal strategy is required to provide definition and commitment over the medium term to ensure stability and collaborative operational planning can be progressed.</p> <p>The strategy should in particular set out the way forward on:</p> <ul style="list-style-type: none"> • Increasing further police procurement capacity and capability • Securing further supplier competition and price leverage • Shaping requirements and specifications: influencing of end-user requirements and design specifications • Developing techniques and practices to reduce costs and risks • Reducing procurement overheads and the costs of acquisition • Promoting sustainability and supporting diversity in procurement <p><i>Management response: Agreed</i></p>
Priority issued	High
Revised Implementation Date	January 2016
Owner Responsible	Head of Joint Procurement

2.14 Procurement (11.14/15)

Management Action	<p>Surrey police should develop a wider breadth of performance monitoring for the function. The use of all or a combination of the following may provide more insight as to the efficiency and effectiveness of the Procurement function:</p> <ul style="list-style-type: none"> • Actual spend committed against pre-established contract arrangements • Achieve (over 5 years) collaborative expenditure of 80% • The number of satisfactory / unsatisfactory feedback forms completed • Total cost of the procurement function as a percentage of organisational running costs • Total cost of the procurement function as a percentage of non-pay expenditure • Professionally qualified procurement employees as a percentage of total procurement employees • Percentage of staff undergoing professional training • Monitor contract waiver numbers and set target • Reduction of unplanned work from x% to less than y% (2 yr target)
Original Implementation Date	January 2016
Original Priority issued	Medium
Owner Responsible	Head of Joint Procurement
Status Reported to Audit Committee	The action has been partly though not yet fully implemented.

Findings

Status	We have accepted management representation that the action has been partly though not yet fully implemented.
Updated Management Action	<p>Surrey police should develop a wider breadth of performance monitoring for the function. The use of all or a combination of the following may provide more insight as to the efficiency and effectiveness of the Procurement function:</p> <ul style="list-style-type: none"> • Actual spend committed against pre-established contract arrangements • Achieve (over 5 years) collaborative expenditure of 80% • The number of satisfactory / unsatisfactory feedback forms completed • Total cost of the procurement function as a percentage of organisational running

	<p>costs</p> <ul style="list-style-type: none"> • Total cost of the procurement function as a percentage of non-pay expenditure • Professionally qualified procurement employees as a percentage of total procurement employees • Percentage of staff undergoing professional training • Monitor contract waiver numbers and set target • Reduction of unplanned work from x% to less than y% (2 yr target) <p><i>Management response: Agreed</i></p>
Priority issued	Medium
Revised Implementation Date	January 2016
Owner Responsible	Head of Joint Procurement

2.15 Procurement (11.14/15)

Management Action	In order to improve procurement governance and demonstrate that the Joint Procurement Board is aware of the full risk profile of the service, a risk register (maintained by the Head of procurement) should be presented to the routine meeting of the Board as a standing item.
Original Implementation Date	N/a
Original Priority issued	Medium
Owner Responsible	N/a
Status Reported to Audit Committee	The action has been partly though not yet fully implemented.

Findings

Status	<p>The action has been partly though not yet fully implemented.</p> <p>Per the original report Surrey Police have not accepted this recommendation; however it has been transferred over to their tracking document and in the process of being implemented.</p>
Updated Management Action	<p>In order to improve procurement governance and demonstrate that the Joint Procurement Board is aware of the full risk profile of the service, a risk register (maintained by the Head of procurement) should be presented to the routine meeting of the Board as a standing item.</p> <p><i>Management response: Agreed</i></p>
Priority issued	Medium
Revised Implementation Date	January 2016
Owner Responsible	Head of Joint Procurement

2.16 Crime Recording (12.14/15)

Management Action	A review of the data extracted through the Data Warehouse should be completed on a periodic basis to ensure that the data reported to the Home Office on a monthly basis is accurate and complete.
Original Implementation Date	July 2015
Original Priority issued	High
Owner Responsible	Jenny Stone
Status Reported to Audit Committee	The action has been partly though not yet fully implemented.

Findings

Status	We have accepted management representation that the action has been partly though not yet fully implemented.
Updated Management Action	<p>A review of the data extracted through the Data Warehouse should be completed on a periodic basis to ensure that the data reported to the Home Office on a monthly basis is accurate and complete.</p> <p><i>Management response:</i></p> <p><i>A data quality check was performed in July 15 with no issues of note arising. Undertaking these checks is resource intensive and the Performance team are currently working with ICT to enable a more efficient method of running these checks. Another data quality check will be undertaken before the end of the year</i></p>
Priority issued	High
Revised Implementation Date	January 2016
Owner Responsible	Jenny Stone – Manager of Performance and Consultation unit

2.17 Project Management (14.14/15)

Management Action	Once the format of the lessons learnt database has been finalised and updated to incorporate lessons learnt and recommendations from the most recent closure reports, the Force should ensure that these are accessible by both Surrey and Sussex to ensure that only desirable outcomes are repeated on both collaborative and single projects.
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Original Implementation Date	June 2015
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Original Priority issued	Medium
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Owner Responsible	Michelle Grondona, Head of Force Improvement
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Status Reported to Audit Committee	The action has been partly though not yet fully implemented.
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Findings

Status	We have accepted management representation that the action has been partly though not yet fully implemented.
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Updated Management Action	<p>Once the format of the lessons learnt database has been finalised and updated to incorporate lessons learnt and recommendations from the most recent closure reports, the Force should ensure that these are accessible by both Surrey and Sussex to ensure that only desirable outcomes are repeated on both collaborative and single projects.</p> <p><i>Management response: The revised lessons learned database has been updated and uploaded to the Information Hub and the Change Delivery SharePoint site to maximise its availability to colleagues across Surrey and Sussex. Once Sussex's FileShare system is live, it will be made available via there too. Going forwards, the log will be updated as and when individual project lesson logs become available.</i></p>
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Priority issued	Medium
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Revised Implementation Date	Completed
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Owner Responsible	Michelle Grondona, Head of Force Improvement
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New Desktop Project Review - Executive summary

1.1 Background

An audit of the project management processes for Surrey Police's ('the Force's') VDI (Virtualised Desktop Infrastructure) project was originally requested by the previous Chief Information Officer (CIO) for Surrey and Sussex Police. However, prior to the start of the audit in mid-July 2015 the CIO left the Force. At the opening meeting for the review it was agreed with senior IT management that in fact a review of the VDI project, which had been replaced early in 2015 by the New Desktop Project, covering both Surrey and Sussex Police would be of little value to the Force, as the significant project management issues and failures that had occurred within the former project had already been identified by the IT department and communicated to senior Force Management. These included the following management representations of issues:

- Poorly constructed Business Case.
- Inadequate project governance.
- Ill-defined and operated supplier selection processes.
- Insufficient and inadequately defined project approval processes.
- Poor project planning and budgetary control.
- A lack of risk and issues management procedures.
- Lack of sufficient technical knowledge to manage the scope and technologies involved.
- Poor task and resource planning.
- Absence of regular progress monitoring and reporting.
- Lack of defined benefits.

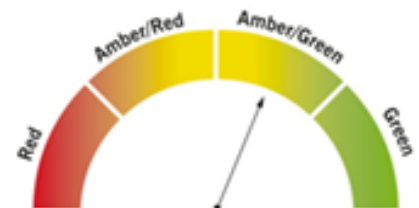
The agreed scope of this review was therefore amended to focus on whether the above areas of control weakness identified within the original project had adequately been taken into account and mitigated in the design and operation of the corresponding project management controls in place within the New Desktop project.

1.2 Conclusion

Our review identified two weaknesses in the management of the current desktop project, relating to project deficiencies which are documented in the key findings section below. Our overall opinion below reflects the issues that management need to address to ensure that the New Desktop project is managed satisfactorily.

Internal Audit Opinion:

Taking account of the issues identified, the Board can take reasonable assurance that the controls in place to manage the New Desktop project are suitably designed and consistently applied, and take into account the lessons learned from control weaknesses identified by the Force in the previous Virtual Desktop Infrastructure project. However, we have identified issues which need to be addressed to ensure that the control framework is effective in managing the identified risk.



1.3 Key findings

The key findings from this review are as follows:

Design of the control Framework

The following controls were found not to have been designed adequately, which have resulted in two Medium Priority findings.

- Evidence was not available confirming that the Force's standard procurement procedures will be followed in the New Desktop project regarding the selection of desktop software suppliers. Failure to follow the Force's standard and agreed supplier procurement procedures increases the risk of bias when a supplier is chosen, which could lead to a poor procurement decision and failure of the supplier to deliver the goods/services required at an optimum price.
- Detailed project task plans, for example for the deployment of desktop equipment across the Force, do not yet exist within the documentation for the New Desktop project. This increases the risks of:
 - Incorrect, inadequate or untimely allocation of resources to complete specific project tasks.
 - Difficulties in tracking progress on the completion of project tasks against key milestones and in identifying and addressing any failures or delays which could adversely affect project delivery.

Notwithstanding the above, the following controls were found to have been designed adequately in the New Desktop project control framework:

- A comprehensive and well-designed Business Case was developed for the joint Surrey and Sussex Police New Desktop project, which was approved by the Joint Investment Board and the Joint Change Board in April 2015. This reduces the risk of inadequate consideration of project options and unnecessary expenditure being incurred and resources being used, resulting in an outcome which does not match the Force's latest, and business critical desktop requirements.
- The New Desktop project is subject to a clear project governance structure, which includes a formal Programme Management Board and a dedicated Project Manager and Project Team. Project governance roles and responsibilities have been allocated to specific individuals and are recorded in the Project Initiation Document (PID). This reduces the risk of lack of senior management oversight of the project and lack of awareness and accountability of key individuals responsible for managing the project or undertaking other core project activities.
- Clear 'gateways' are included within the plans for the project, as defined in the IT department's documented Project Gateway process. This process requires senior management approval at key, predefined stages of the project, such as the Business Case and Project Initiation stages, before the project is permitted to proceed to the next stage. This reduces the risk that the project will proceed towards completion without adequate management authorisation and verification that key targets have been achieved and business critical activities such as device build, testing or quality assurance activity have been undertaken. This in turn could lead to the project failing to meet its objectives.
- High level project plans and detailed resource plans are in place for the New Desktop project, reducing the risk that delays or failures in the achievement of major project milestones will not be identified and remedied promptly and of insufficient and untimely allocation of resources to achieve principal project objectives.
- The New Desktop project Manager has regular meetings with Sussex and Surrey Finance staff to discuss project budgets and 'actuals'. Progress against budgets is also reported on to the Programme Board at their monthly meetings and is a standard agenda item at those meetings.

These arrangements reduce the risk of the failure to identify and address in a timely manner instances where project expenditure is likely to significantly exceed planned costs.

- The new Desktop Project Manager produces fortnightly highlight reports from his own knowledge of project progress and as a result of information provided by team members personally or via email, on at least a weekly basis. The reports are issued to the Head of Programmes and Governance and the CIO and forwarded to the Programme Board ready for their next monthly meeting. This reduces the risk of delays and failures within the project not being adequately communicated in timely manner to senior Programme/IT management for enquiry and challenge, where required.
- Risk and issues logs are required to be maintained for the New Desktop Project and are regularly updated by the Project Manager. This reduces the risk that key risks and issues within the project are not documented, reviewed and mitigated in a timely manner, leading to project delays and failure to meet project objectives.
- Specific and tangible project benefits have been defined in the New Desktop project PID, based principally on the achievement of project objectives. This reduces the risk that the success or failure of the project cannot be adequately assessed and any shortfalls in meeting project objectives not able to be identified on completion of the project.

Application of and Compliance with the Control Framework

Our testing identified that the recurring controls identified and evaluated during this audit are generally operating and being complied with; in particular:

- We reviewed project documentation to ascertain whether the prescribed gateway processes had been completed on key stages of the New Desktop project to date. We confirmed from evidence reviewed that both the gateways required so far in the project had been completed as planned.
- We confirmed through a review of appropriate emails held by the Project Manager and of the agendas and minutes of the Programme Board from April to June 2015 that budget matters are regularly discussed with the Force's Finance team and progress on budgets is regularly reported to and discussed by the Board.
- We verified by reviewing project highlight reports produced from April to July 2015 and documentation from the Programme Board meetings held from April to June 2015 that the reports are created on a fortnightly basis and are forwarded to the Board for discussion, as required within the guidelines defined in the PID.

1.4 Additional information to support our conclusion

Risk	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Project management processes are inadequate to ensure that major projects come in on time, within budget, and deliver stated business benefits.	2(8)	0(3)	0	2	0
Total			0	2	0

* Displays the number of controls not adequately designed or complied with. The number in brackets resembles the total number of controls reviewed in this area.

2 Action Plan

The table below sets out the actions agreed by management to address the findings, further details can be found in Section 3 below.

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
Risk: Project management processes are inadequate to ensure that major projects come in on time, within budget, and deliver stated business benefits.					
1	Evidence was not available confirming that the Force's standard procurement procedures will be followed in the New Desktop project regarding the selection of desktop software suppliers.	Medium	IT will work closely with the force Procurement team to ensure that all procurement guidelines are adhered to.	Q3 / Q4 2015 but dependent on when vendor support is required for the project.	Head of ICT and Project Manager for New Desktop project.
2	High level project plans for the New Desktop project have been recorded in the Project Initiation Document for the New Desktop project. However, more detailed project task plans, for example for the deployment of new desktop equipment across the Force, do not yet exist. Issues/tasks are currently dealt with on an ad hoc basis, as needed.	Medium	Detailed project plans will be produced for the new Desktop project once the project is at the appropriate stage.	Q3 2015 but dependent on project schedule.	Project Manager for New Desktop project.

BT DATACENTRE PROJECT INITIATION REVIEW - EXECUTIVE SUMMARY

1.1 Background

An audit of the project initiation processes for the Surrey Police's ('the Force's') BT Datacentre project was undertaken at the request of the previous Chief Information Officer for Surrey and Sussex Police, who was in post from June 2014 until leaving the Force in July 2015.

The Force initiated a project in 2013 to outsource the hosting of its main datacentre facilities, then located at its headquarters in Guildford. British Telecom (BT) were the successful bidders for the outsourced contract, which went live in June 2014. However, subsequent to that date, serious concerns were soon raised internally about both the management of the BT outsourcing project and the resulting contractual arrangements with BT for the hosting services provided, including their cost.

In addition, a report produced by PA Consulting in October 2014 on ICT across the whole of Surrey and Sussex Police highlighted a number of specific concerns regarding the BT Datacentre contract, which included, for example:

- Significant amounts of unplanned expenditure due to be incurred by the Force concerning the migration of the remaining 195 applications from the legacy datacentre to BT's hosting facility.
- The lack of provision within the current contract for Disaster Recovery or testing of BT's ability to recover the services being hosted.
- Competition between competing Forces regarding the prioritisation of changes to services made by BT.

At the end of 2014 and the beginning of 2015 the Force ICT underwent a restructure and a number of individuals involved in directly managing the BT outsourcing project left the Force. At that time the then new Chief Information Officer (CIO) for Surrey and Sussex Police also identified further major issues with the BT Datacentre development. These included an underestimation of the likely costs resulting from the outsourcing, assessed originally as being only £500k, but re-estimated at that point, due to the numerous additional costs arising from the outsourcing not covered within the contract as potentially reaching between £1million and £1.5 million, a figure which would negate the financial benefits originally anticipated.

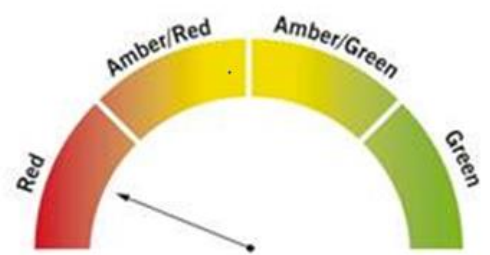
Following on from that, the then CIO requested that the present review be carried out to identify the causes of the issues being experienced as a result of the BT Datacentre project.

1.2 Conclusion

The review identified a range of weaknesses in the initiation process regarding the BT Datacentre project which are documented in the key findings section below. Such issues have led directly to current significant operational issues. These include frequent system outages at the outsourced datacentre, delays in fixing system problems and in meeting performance targets, with no contractually agreed penalties which can be applied to the outsourced provider, together with a lack of an agreed backup and disaster recovery framework. Our overall opinion below reflects the weaknesses that management need to address to ensure that initiation of future projects is managed satisfactorily.

Internal Audit Opinion:

Taking account of the issues identified, the Board cannot take assurance that the controls in place to manage the initiation of the BT datacentre outsourcing project were suitably designed and consistently applied. Urgent action is needed to ensure that the existing project management control framework is strengthened sufficiently to manage the identified risk.



1.3 Key findings

The key findings from this review are as follows:

Design of the control Framework

The following controls as operated within the original BT Datacentre project were found not to have been designed adequately, which have resulted in **four 'High'** and **four 'Medium'** priority findings.

- A number of significant deficiencies were identified in the process for the production and approval of the project Business Case and in the design of the Business Case itself. These included: lack of technical assessment of the outsourcing costs and benefits; exclusion of managed service costs from the contract; poor risk assessment processes; and the lack of an appropriate governance structure for the approval of the Business Case.

These issues increased the following risks, respectively:

- Poor decisions on the options representing the best value for money for the Force.
- Lack of awareness of the allocation of responsibility for meeting the costs of the Force's managed services, leading to significant unexpected expenditure.
- Inadequate assessments of the potential negative impact of selecting particular options, such as costs, security, systems availability, service level monitoring requirements, and additional work to migrate services to the outsourced server platforms.
- Lack of challenge and insufficient technical security and practical guidance for groups responsible for decision making concerning the options in the Business Case.

- The final supplier selection process used was heavily weighted towards price, with inadequate consideration given to other factors. This approach increased the risk of lack of objectivity in the selection process and failure of the contract to adequately provide the key services appropriate to the Force's needs.
- The selection process was not directly linked and sufficiently dependent on the bidders' documented responses to the business critical requirements defined in the detailed Service /Project Specification. This increased the risk that the chosen outsourced datacentre provider would not deliver the expected services for the prices quoted once the contract went live. This in turn has led to a lack of assurance on service availability.
- The project initiation process was not subject to defined 'gateways' for management approval purposes. This increased the risk that the project would be initiated without sufficient management assurance that it would deliver agreed benefits to the business (for example, in terms of costs, resilience and service availability).
- The expected beneficial cost-related outcomes of the project were overestimated due to an absence of adequate processes for management or technical challenge. In addition, no standard process was in place for regularly reviewing expenditure against budgeted costs. This increased the risk of failure to identify and address where possible excessive unexpected expenditure may occur with regard to the management of the services being hosted.
- Inadequate risk assessment, management and communication processes were defined within the project. This increased the risk that technical and business risks resulting from the services defined in the contract are not suitably mitigated, managed and communicated, potentially leading to losses of data confidentiality, breaches of security, losses of data integrity and availability.
- There was a lack of an agreed and documented definition as to how the Datacentre project would support the strategy of any of the other three Forces party to the framework agreement with BT for the supply of IT services, including Sussex Police. A process was not in place for consulting Sussex Police, with whom it was intended the datacentre facilities would be shared, as to the alignment of their own strategy with the arrangements being offered by BT. This increased the risk that benefits of sharing the above facilities would not adequately be identified by both Forces, and exploited accordingly.

Overall, there was an absence of an adequately defined project control framework for the project initiation process. This led directly to many of the issues already set out in this report and specifically to SLA controls not being sufficiently set out from the onset of the project.

The poorly designed and implemented project initiation control framework greatly increased the risk that an outsourcing contract would be produced that was not fit for purpose.

There were however two instances where controls were found to have been designed adequately within the project, namely:

- Key stakeholders for the Datacentre project were identified on the senior management and technical side and responsibilities were documented in the Project Initiation Document and allocated accordingly. This control was designed to reduce the risk of lack of accountability for key tasks within the project, resulting in delays or failures in project delivery in relation to defined tasks.
- Project plans (containing timelines and staff resource information) were produced and updated and reviewed by management a number of times within the project, in theory reducing the risk of the failure to identify delays and the achievement of key milestones.

Application of and Compliance with the Control Framework

Examples where controls were not adequately applied and complied with during the BT Datacentre project were identified as follows. We have not made these the subject of separate recommendations, but have reported them to management during the audit process and understand that they will be taken account of when addressing the future options regarding the outsourcing contract.

- We reviewed the Appendices to the Surrey Hosting Framework document, which collectively form the contract between Surrey Police and British Telecom for the datacentre hosting service. We confirmed that, although included in the original outsourcing specification, IT disaster recovery and backup arrangements had not been included in the contract documentation. This increases the risk of lack of assurance that in the event of an unplanned business interruption, business critical services could not be restored in line with business requirements.
- Twelve system outages had occurred in relation to Surrey Police systems hosted in the BT Datacentre in the four month period prior to this review, four of which had occurred over the past two weeks. This has represented a failure to comply with the availability targets specified within the contract and has increased the risk of failure of the Force to deliver key services hosted under the outsourced arrangements which could also have an impact on the achievement of public safety objectives.
- A number of delays in fixing system problems, such as shortages of disk space, had occurred in recent months. This increases the risk of unavailability of key business systems, resulting in a negative effect on service delivery by the Force.

1.4 Additional information to support our conclusion

Risk	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Project initiation processes were inadequate to ensure that the BT Data Centre project came in on time, within budget, and delivered stated business benefits.	8(10)	3(3)**	0	4	4
Total			0	4	4

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

** These issues have not been made the subject of separate recommendations but will be addressed within the actions agreed with management regarding the control design weaknesses.

2 ACTION PLAN

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may, with a high degree of certainty, lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The table below sets out the actions agreed by management to address the findings, further details can be found in Section 3 below.

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
Risk: Project initiation processes were inadequate to ensure that the BT Data Centre project came in on time, within budget, and delivered stated business benefits.					
1	<p>Significant deficiencies were identified in the process for the design, production and approval of the project Business Case. They included:</p> <ul style="list-style-type: none"> Lack of a full technical assessment of the costs and benefits of retaining and refurbishing the existing datacentres for comparison with the outsourcing options identified. 	High	An appropriate IT governance structure will be put in place to review and consider all business cases and to enable future business cases to be properly assessed technically, financially and with full transparency across the business.	Surrey Police's IT management confirmed in July 2015 (subsequent to the completion of our fieldwork in June 2015) that their agreed actions had been implemented.	CIO, Head of ICT, Interim Head of Engagement, Policy & Performance, Chief Technology Officer, and Head of Programmes and Governance.

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
	<ul style="list-style-type: none"> ▪ Failure to ensure that the cost of managed services identified during the Business Case production process was included in the costs agreed with BT. ▪ Inadequate risk assessment processes relating to the choice of datacentre outsourcing options. ▪ Lack of an appropriate governance structure in place to review the Business Case from a technical, information security and practical viewpoint. 		A senior Force owner – outside of the IT department – will be required to evaluate all large business cases raised by the department.		
2	The original supplier selection criteria used for the award of the outsourcing contract were amended part way through the process so as to be heavily weighted towards price, with inadequate consideration given at that point to other key factors.	High	The Force will adhere to all procurement guidelines on vendor selection and scoring. It will ensure that for all large contracts there is a technical, financial and operational review of the recommendations before vendor(s) are confirmed as selected.	Surrey Police's IT management confirmed in July 2015 (subsequent to the completion of our fieldwork in June 2015) that their agreed actions had been implemented.	CIO, Head of ICT, Interim Head of Engagement, Policy & Performance and Chief Technology Officer.
3	The selection process was neither directly linked nor sufficiently dependent on the bidders' documented responses to the business critical requirements defined in the detailed Service /Project Specification.	High	The selection process will, in future, include an assessment of the bidders' responses against the Force's business critical requirements (technical, financial and operational).	Surrey Police's IT management confirmed in July 2015 (subsequent to the completion of our fieldwork in June 2015) that their agreed actions had been implemented.	CIO, Head of ICT, Interim Head of Engagement, Policy & Performance and Chief Technology Officer.

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
4	<p>The project initiation process for the BT Datacentre project was not subject to defined 'gateways' for management approval purposes.</p>	Medium	<p>The Force will ensure that a robust project governance process is put in place which includes documented and defined gateways.</p> <p>A governance board will behas been put in place to oversee all IT projects.</p> <p>Production of detailed Project Initiation Documents will be part of the new governance process.</p>	<p>Surrey Police's IT management confirmed in July 2015 (subsequent to the completion of our fieldwork in June 2015) that their agreed actions had been implemented.</p>	<p>CIO, Head of ICT, Interim Head of Engagement, Policy & Performance, Chief Technology Officer, and Head of Programmes and Governance.</p>
5	<p>The expected beneficial cost – related outcomes of the Datacentre project were grossly overestimated and as noted earlier, processes for management or technical challenge were inadequate.</p> <p>In addition there was no standard process in place for regularly reviewing expenditure against budgeted costs. There was also a lack of definition and agreement of the full range of mandatory services to be included in the cost of the contract</p>	Medium	<p>The Force Project Manager responsible for the Datacentre project will have regular meetings with the Head of IT to review budget spend and forecast.</p> <p>Details will be shared with the IT department's finance business partner to ensure budgets are correctly updated and forecasted.</p> <p>The joint Force Chief Technology Officer and his team of Technical Design Architects will be made responsible for the IT department's technical direction and strategy.</p>	<p>Surrey Police's IT management confirmed in July 2015 (subsequent to the completion of our fieldwork in June 2015) that their agreed actions had been implemented.</p>	<p>CIO, Head of ICT, Chief Technology Officer and IT Programme Manager.</p>

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
6	Inadequate risk assessment, management and communication processes were defined within the project.	Medium	<p>The IT department will introduce a proper governance process that includes risk assessment, risk ownership and regular risk reviews.</p> <p>The new project governance process will be designed to ensure that risks, wherever possible, are fully considered prior to project initiation and that they are monitored during the lifetime of all projects.</p>	Surrey Police's IT management confirmed in July 2015 (subsequent to the completion of our fieldwork in June 2015) that their agreed actions had been implemented.	CIO, Head of ICT, Head of Programmes and Governance and Project Managers.
7	There was a lack of an agreed and documented definition as to how the Datacentre project would support the strategy of any the Forces party to the 4-Force framework agreement with BT for the supply of IT services, including Sussex Police. A process was not in place for consulting Sussex Police, with whom it was intended the datacentre facilities would be shared as to the alignment of their own strategy with the arrangements being offered by BT.	Medium	As a joint Force team, collaboration will be considered by the Force's IT department at the onset and planning stages of all projects at the first governance gateway.	Surrey Police's IT management confirmed in July 2015 (subsequent to the completion of our fieldwork in June 2015) that their agreed actions had been implemented.	CIO, Head of ICT, Head of Programmes and Governance and Project Managers.

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
8	<p>Overall, there was an absence of an adequately defined project control framework for the project initiation process.</p> <p>This led directly to many of the issues already set out in this report and specifically to SLA controls not being sufficiently set out from the onset of the project.</p>	High	<p>The IT SLT (Senior Leadership Team) will review the BT Datacentre contract and will be bringing in a third-party specialist, following a tender process, to review, remediate or recommend other options for this contract.</p> <p>Consideration will be given to exiting the BT contract as part of this work if the necessary changes to improve service levels are not deemed viable or cost-effective.</p>	<p>September/ October 2015</p> <p>Decision on contract viability and future by end of December 2015</p>	CIO, Head of ICT, and Chief Technology Officer and IT Programme Manager.

VEHICLE RECOVERY UNIT - EXECUTIVE SUMMARY

1.1 Background

The audit of the Force's Vehicle Recovery Unit which also includes the Green Yard and the Keyholder scheme was completed at the request of the Force. A substantial financial claim (c£300k) has been submitted by one of the Force's Recovery Operators in relation to storage costs for vehicles. They are also claiming for additional costs of c£50k in which they are requesting payment for secondary movement charges for the destruction of 246 vehicles of which the Recovery Operator is challenging the status of the instruction to destroy. The original dispute arose from the overpayment of VAT to the Recovery Operator, which has since been recovered by offsetting against invoices received. It should however be noted that whilst a claim has been made, no legal proceedings have been made.

As a result of the above circumstances, Baker Tilly were asked to undertake an audit of the processes in place within the Vehicle Recovery Unit and department to identify if they are working efficiently and consistently in relation to all recovery operators.

The Vehicle Recovery Unit currently consists of the three members of staff: the Vehicle Recovery Manager, and two Officers. Records are maintained through spread sheets, and rely on the data input of the Officers when they receive the Recovery Forms (RF). The Force is currently in discussions to close down the existing agreements with Recovery Operators and will move to a new Easy Link Vehicle Information System (Elvis) in the very near future.

Alongside the recovery of vehicles, the Vehicle Recovery Unit also oversee the Green Yard scheme, where abandoned / stray horses are recovered, and maintained by designated stables, at a cost to the force (transport, vet bills and Livery costs), until the horse has been returned to their rightful owner, another location has been found or as a last resort the horse is put down. The legislation in relation to this scheme is subject to change, and it is anticipated that the responsibility for this will soon pass to the Local Authority.

1.2 Conclusion

Our audit found that the Vehicle Recovery Unit operated in a consistent manner towards all operators, and that there was no bias towards Dorking Autos in relation to the issuing of RF2's and providing authorisation to 'Destroy the Vehicle' We also found that no other recovery operator has challenged the decision making process. However, the acknowledgement by the Vehicle Recovery Manager that they physically amended the Dorking Auto's RF'2 opens up the Force to the potential that this could have been interpreted as an admission that an alternative to destroying the vehicles was possible.

It was also identified that a lot of autonomy was given to the Vehicle Recovery Officers to review / authorise documentation in the name of the Vehicle Recovery Manager, as the template information and desk top processes had not been updated to reflect current operating processes. This therefore meant that Recovery Operators may have believed that they were dealing directly with decisions made by the Vehicle Recovery Manager.

1.3 Key findings

The key findings from this review are as follows:

We have raised **two 'Medium'** and one 'Low' priority management actions to address issues identified in relation to the design and application of control framework. Details in relation to the low priority rec can be seen in sections 2 and 3.

- Desk top processes, policies and procedures in relation to Vehicle Recovery have not been updated / developed to reflect current operating practice.

A lack of up to date processes may lead to inconsistencies in how the department operate. (**Medium**)

- The Green Yard policy does not include references to timeframes and the authorisation process in relation to the prolonged retention of horses. At the time of the audit, there were horses which had been retained in a Green Yard for over ten months.

A lack of a detailed policy in relation to the Green Yard scheme has resulted in horses 'found' by the Force being retained at a cost to the Force. Year to date the Force has currently spent £21k in relation to the Green Yard scheme which relates to livery, transportation and Vets bills, with some horses being kept for over ten months. (**Medium**)

Our review also identified the following exception, although we did not raise a formal management action as there was not financial impact and we consider this to be an isolated error:

- Our review of paid invoices identified that one invoice related to a vehicle (VW Touran) which was not recorded on the Vehicle Recovery Unit's spread sheet records. Three vehicles were involved in the original accident, and the reconciliation of the Rotational Software system (ROT's) utilised to record call outs by the police call centre to the manual spread sheet did not identify the third vehicle. We have not raised a management action as there was no financial impact, but this represents a flaw in the reconciliation and invoice authorisation process and management have been informed of the weakness.

Our review also identified the following sound design and application of control framework in operation:

- Recovery Form 2's (RF2's) are submitted by the Recovery Operator when they wish to obtain authorisation from Surrey Police to destroy / dispose / sell a vehicle.

We reviewed a judgemental sample of 90 RF2's across six recovery operators and identified that 88 RF2's tested requested the Recovery Operator to '*Destroy the Vehicle*'. The remaining two did not have an option selected. We were informed by the Vehicle Recovery manager that it was the request of the Vehicle Recovery Unit that they did not wish to see this vehicle on the road again; as a result the vehicles would have been taken to an Authorised Treatment Facility to dispose for scrap value. Unlike Dorking Autos, who are claiming that these vehicles could have been sold for parts, at no point had any of the other Recovery Operators challenged this and requested that vehicles are not disposed and sold for parts.

- Invoices raised by the Recovery Operator are reviewed by the Vehicle Recovery Unit, and approved for payment by the Finance Team.

We reviewed a judgemental sample of 76 invoices (15 per recovery operator, and one from Dorking Auto's) and found:

- No instances where a recovery operator charged a secondary movement fee in relation to transporting a vehicle to an Authorised Treatment Facility, only the initial call out charge.
- One instance where storage fees (£50, moped stored for five days) had been paid by Surrey Police, however a reasonable explanation was provided.

- One was an invoice where no VAT was applied.
- 12 invoices related to VAT claims by Recovery Operators, where supporting documentation was provided.
- Due to time constraints with the audit, and the ability to access previous employee email accounts, we were unable to confirm for 15 of our invoices who from the Vehicle Recovery Unit had authorised the invoice for payment, although our previous audit work regarding financial controls has not identified any issues in relation to the authorisation of invoices for payment. .
- At the start of the contract with the Recovery Operators, an Operating Schedule was developed, which defined operational advice in connection with the contractual requirements. The Operating Schedule also details the statutory charges applicable, and the call out / management fees to be applied.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Policies and procedures in place in relation to the Vehicle Recovery Scheme, Keyholder and Green Yard are in place, are up to date and accurately reflect current operating practices.	3 (4)	0 (4)	1	2	0
Financial Prudence: RF's are issued in line with the documented procedure (flowchart).	0 (1)	0 (1)	0	0	0
Benchmarking	0 (2)	0 (2)	0	0	0
Invoices	0 (1)	0 (1)	0	0	0
The use and categorisation of statutory storage charges applied across a sample of vehicles	0 (1)	0 (1)	0	0	0
Green Yard: Compliance with the decision making process in relation to horses stored for stray or seized horses.	0 (1)	0 (1)	0	0	0
Total			1	2	0

* Displays the number of controls not adequately designed or complied with. The number in brackets represents the total number of controls reviewed in this area.

2 ACTION PLAN

The table below sets out the actions agreed by management to address the findings:

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
<p>Area: Policies and procedures in place in relation to the Vehicle Recovery Scheme, Keyholder and Green Yard are in place, are up to date and accurately reflect current operating practices.</p>					
1.1	<p>The Vehicle Operating Schedule was last updated in 2011, and reflects the processes to be undertaken by the Recovery Operators in relation to the scheme.</p> <p>The desk top procedures have not been up dated to reflect the new process for updating RF4's when they are received.</p> <p>In the event that the VRS officer is not available for a prolonged period, a reconciliation of the RF4's to the ROTS system may not be completed leading to inaccurate invoicing of management fees to recovery operators.</p>	Medium	<p>A periodic review of policies, procedures and desk top processes will be undertaken in relation to Vehicle Recovery to ensure that they remain current and up to date.</p>	1 st Feb 2016	Gerry Phillips

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
1.2	RF2 & RF3 templates do not include the details of the VRS Officer, there is therefore a lack of an audit trail and accountability where queries arise.	Low	Templates will be reviewed and updated periodically to ensure that they contain the contact details of all members of the Vehicle Recovery Scheme Team.	1 st Feb 2016	Gerry Phillips
1.3	That lack of a detailed policy in relation to the Green Yard scheme has resulted in horses being retained at a cost to the Force. At the time of the audit, there were horses which had been retained in a Green Yard for over ten months.	Medium	A review of the policy and procedures in relation to the Green Yard scheme will be re-developed and will include timeframes for dealing with horses and also the authorisation process to follow if the scheme is not passed to the Local Authority.	1 st Feb 2016	Gerry Phillips

PROPERTY SEIZURES - EXECUTIVE SUMMARY

1.1 Background

In May 2015, Surrey Police Force consolidated their Property Stores from three Borough Command Units (BCU's) (Guildford, Staines and Reigate) to one Property Store based in Chertsey. Property is now transferred to Chertsey on a daily basis (Monday – Friday) by Evidential Property Officers. Each BCU has a temporary store, where officers leave evidential property for a period of three days, to allow for quick time investigative enquiries and interviews. Once three days have elapsed, the Evidential Property Officer will transfer the property to Chertsey.

Property Officers will only collect property which has been appropriately documented and been linked to a Niche / ICAD reference number. Officers can also request property to be returned to the BCU, and the Property Officers will endeavour to turn this round within a 24 hour period.

From April 2015 to the date of the audit (October 2015), the Property Store has received c27,000 items of property from all three sites. The consolidation of three BCU identified that a uniformed approach to Evidential Property was not consistently applied across the Force and each Property Store had their own unique methods of working; since the consolidation a consistent approach has been adopted. The Force are currently utilising a Microsoft Access based system to track and monitor all property, which has a separate database for each of the three BCU's, however it has been ratified that the Force along with Sussex will move to Niche Property in 2015/16 to monitor and track the movement of property.

1.2 Conclusion

Internal Audit Opinion:

Taking account of the issues identified, Surrey Police can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed and consistently applied.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing this area.



1.3 Key findings

The key findings from this review are as follows:

We have identified two 'Medium' priority management actions in relation to the design of control framework:

- No bespoke training in relation to evidential property has been provided to officers and staff.

The lack of training provided to staff can lead to inconsistencies in the processes undertaken in relation to the recording of evidential property by officers and staff. (Medium, 3.6.1)

- Reconciliation between the Property Management database and the property held at the Property Office has not been completed.

If periodic reconciliations are not completed on the items recorded within the property store, there is a risk that were an urgent request to be made for evidential property, the property store may not be able to locate the property in a timely manner. (Medium, 3.5.1)

We have also identified one 'Medium' and three 'Low' priority management actions in relation to the application of control framework, details of the 'Low' priority issues can be seen in sections 2 and 3.

- An updated Property Seizure, Retention and Disposal Procedure has not yet been ratified and published to all users. However we confirmed that in the interim period a briefing document was developed and issued outlining the new process to be undertaken.

A lack of a detailed policy can lead to inconsistencies in the process undertaken by officers and staff in relation to dealing with evidential property. (Medium, 3.1.1)

We have also identified the following examples of sound design and application of control framework in operation:

- In the absence of an updated Property Seizure, Retention and Disposal Procedure, the Force issued a briefing document to the BCU's and staff detailing the new approach to be undertaken.
- Evidential Property Officers collect property from the three temporary stores on a daily basis from Monday to Friday. Upon arrival the items which have been stored for three days (to allow for in custody reviews / enquires to be completed) will be collected. A review of the 28/2 form (used to capture all evidential property) and confirmation of collection of each exhibit per the form will be ticked for confirmation.
- Property is then returned to Chertsey, where a suitable location is identified, and the location number documented on the 28/2 form. Once this has all has been completed, the Evidential Property Officer will enter the details and location of the property on the Property Management System.
- We reviewed a judgemental sample of 30 28/2's (ten per each BCU) and confirmed that the correct location and description of the item was adequately updated within the Property Management System.
- The Investigating Officer / Officer in the Case / Court Order will instruct the Property Office when an item of property can be returned to its rightful owner or destroyed; this is usually via email.
- The Property Office store items of property according to the type / description of the property. Drugs are stored in a secure room, only accessible by authorised staff with key card access, with high classification drugs, cash and firearms stored in secure safes. Swabs and DNA are stored and transferred frozen for preservation purposes. During the audit we did challenge and question certain items to identify if these should have been stored securely, and all responses were reasonable.
- Certain items have a limited / useful shelf life such as Gel lifts, tool marks and glass samples, as such should only be retained for a period of six months unless otherwise requested.
- Legislation also dictates the length of time the Force can retain evidential property once it is no longer required by the Criminal Procedure and Investigation Act 1996, dependent on the nature of the crime committed.
- Where property is to be returned to the rightful owner, the Force will notify them in writing that they have 28 days to collect their property otherwise it will be disposed of. Our testing identified two instances where the item was collected in excess of 28 days, however we were only able to confirm a small sample as in most cases the date the owner collected the item was not recorded.
- Operation 'Binmore' is planned to complete a review of all evidential property and where certain criteria have been met, the Force will look to dispose of this property provided the Officer in the Case (OIC) has not objected.
- Transfers of property will either be to the officer (temporary store); laboratory or Digital Forensics Team (DFT), and email requests will come in and be provided along with the documentation.

- Since the consolidation of the property to one location, a full reconciliation has not been completed and the location of all locations of previous property has not been updated. However, a mapping document has been created that maps the previous location under the old BCU's reference to the new locations within the new property store.
- We tested a judgemental sample of 30 items of property received prior to the May 2015, and confirmed that the property was located as expected in relation to the mapping document.
- Where an item of property cannot be located by an Evidential Property Officer, this will be escalated to the Senior Evidential Property Officer, and then the Property Manager. If this relates to property which is to be returned to the rightful owner, the case will be provided to the Forces Professional Standards Department to agree compensation with the owner where applicable. Where this relates to an item of property relating to a case, a cost benefit analysis will be completed to identify if it warrants further investigation with further resources.
- Surrey Police Officers and Staff are covered under the Crown Exemption in relation to the transportation and storage of firearms, drugs and other prohibited items as part of the exemptions / defences in each statute.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Policies and Procedures are in place to assist staff in the process for recording property, including the availability of procedures to operational staff	0 (2)	1 (2)	0	1	0
Whether property is recorded accurately on the property system, including a description of the item, its location, and physical tagging and recording of the property system reference number on the item.	0 (2)	1 (2)	1	0	0
Whether disposal, destruction or return of property is authorised and the property system updated accordingly and whether appropriate documentation and audit trails are in place.	0 (1)	0 (1)	0	0	0
Whether property is held in stores in accordance with arrangements and timeframes described in policies and procedures.	0 (3)	1 (3)	1	0	0
The authorisation of property transfers between stores, HQ and the laboratory and the update of the property system.	0 (2)	1 (2)	1	0	0
Whether regular reconciliations are performed between the property system and items held in the stores, including whether missing items were reported, investigated and matters escalated appropriately.	1 (3)	1 (3)	0	1	0

Management Assurances over storage facilities and associated security arrangements.	0 (1)	0 (1)	0	0	0
Process to inform / educate officers of the process for only storing 'evidential' property.	1 (3)	1 (3)	0	1	0
Total			3	3	0

* Displays the number of controls not adequately designed or complied with. The number in brackets represents the total number of controls reviewed in this area.

2 ACTION PLAN

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
1.1	An up to date policy which incorporates the new operational practices of the Force in relation to evidential property has not been issued to all staff.	Medium	Once the new Niche Property system has been implemented in the new financial year a revised Seized Property Retention and Disposal Policy will be developed and issued to all staff.	April 2016	Trevor Holmes and Simon Swale
2.1	Our testing and review of 28/2 forms identified instances where the Evidential Property Officer had not confirmed the exhibit number upon collection.	Low	Property Officers will be reminded to confirm the collection of each item (exhibit) upon collection.	November 2015	Trevor Holmes
3.1	Our testing identified property which was maintained longer than required to do so per the latest revised draft policies and legislation.	Low	Operation 'Binmore' will include a review of all property and property which meets certain criteria will be disposed of addressing the issue of retaining property which exceeds either its useful life and/or statutory legislative requirements.	April 2016.	Trevor Holmes and Simon Swale
4.1	Our testing identified that four out of 30 transfers of evidential property could not be evidenced by an authorised transfer request.	Low	All transfer requests from the Laboratories, Digital Forensic Team and Officers will be filed electronically.	Immediate	Trevor Holmes
5.1	Since the relocation to the Chertsey location, a reconciliation between the Property Store and the Property Management Systems has not been completed.	Medium	A section by section rolling audit / reconciliation of property per the property office and the property system will be completed due to the high turnover of items, a full audit would not be practicable.	April 2016	Trevor Holmes

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
6.1	Formal training for Police officers and non-property staff in relation to Evidential Property has not been provided.	Medium	Once the new Niche Property system has been implemented, all staff will be trained on the new process and a revised policy will be implemented.	April 2016	Trevor Holmes and Simon Swale