
Report to: Audit Committee
Agenda item: 10
Date: 19 March 2013
Subject: Tribal Reports covering paper
Sponsor: Interim Director of Corporate Resources
For: Information

1. PURPOSE OF PAPER

- 1.1 The purpose of this paper is to provide an overview of the current internal audit position for BTP.

2. EXECUTIVE SUMMARY

- 2.1 BTP is currently in the final quarter of the planned audit schedule for 2012-13. Progress towards delivering 2012-13 recommendations has been good with 60% of recommendations made having been implemented. There are currently no live audits taking place, with one report in draft and the remaining are final. A full list of audits and risk control evaluation gradings can be found at Appendix A.
- 2.2 There are 3 overdue recommendations from the 2011-12 audit year that are still being implemented. These are detailed in paragraph 3.1.

3. AUDIT OVERVIEW

2011-12

- 3.1 An update on the 3 outstanding audit recommendations from 2011-12 is detailed on the following table.



Recommendation	Priority	Update
ICT Department to maintain a database of attractive and/or high value items and to carry out annual stock checks	1	Work continues to cleanse the Laptops database but both laptop and mobile phones processes are now in and working. The next, and final step, is to implement a single asset database linked to the ICCM Service Desk system to record all high value IT assets and make it easier to manage them when incidents are raised against them. This work commenced in 2012 but was suspended due to large vacancies within ICT and resources redeployed to deliver critical Technology projects. The trial of the asset system will commence on L Area by mid-June, following this pilot the system will be implemented for the rest of the force.
The Mayor's 50 agreement to be signed as soon as possible and no later than the date of the Mayoral elections.	2	This is a BTPA recommendation. The contract is currently with DfT awaiting Secretary of State approval.
A policy for effecting resolution of the pension over and under payments be agreed and implemented as soon as possible.	2	An implementation plan is in place and all work will be completed by 31st March 2013. All employees owing under £500 have been spoken to and monies recovered, or payment plan agreed. Packs for employees owing over £500 have been completed and issued to relevant HR Advisor to meet with each effected employee before the end of March.

2012-13 Draft Reports

- 3.2 BTP has no draft reports, all have been delivered and finalised with management responses. These have been returned to our internal auditors.

Final Reports

- 3.3 There are currently 100 recommendations (2012-13) that have been made by the auditors of which 60 (60%) have been implemented. This is based on the assumption that all recommendations due for approval of completion are agreed at Integrity and Compliance Board due to be held on 18th March 2013, there are 6 in total being put forward. The following table provides a summary of the progress of implementing each recommendation.

Area of Review	Number of recommendations	Complete	Outstanding	Percentage Complete
Use of Consultants	4	4	0	100%
ICT Management Controls	9	4	5	44%
Area Compliance Checks – WW	8	8	0	100%
Area Compliance Checks – LS	2	2	0	100%
Promotions	4	3	1	75%
Capital Works Financial Monitoring	7	6	1	86%
Risk Management Controls Arrangements	4	3	1	75%
Half Year Management Assurance Return	5	5	0	100%
FHQ Compliance Checks – HR	2	2	0	100%
FHQ Compliance Checks – SDD	3	3	0	100%
Staff Recruitment	6	5	1	83%
Disaster Planning	2	0	2	0%
Creditor Payments	0	NA	NA	NA
Payroll	7	4	3	57%
Planned Maintenance	7	0	7	0%
Sourcing and Procurement	2	0	2	0%
Fleet - Repairs Monitoring	1	0	1	0%
Expenses	1	0	1	0%
Debtors Arrangements	1	0	1	0%
Management of Mobile Phones (Phase 1 and 2)	15	10	5	67%
eExpenses	10	1	9	10%
Total	100	60	40	60%

3.4 High Priority Recommendations

- 3.4.1 There are 3 high priority recommendations that have been identified by the auditors in the current audit period which are yet to be delivered. Two relate to the testing of the Disaster Recovery Centre in Birmingham, one to the e-Expenses system being able to identify who has authorised expense claims.

- 3.4.2 The status of e-Expenses recommendation (HR/12-13/eExpenses/09 - '*The electronic expense system must be able to identify who has authorised the expense claim*') is awaiting progress on the Payroll Streamlining Project. The project recently transferred to T/ACC Newton's portfolio, a project team meeting is due to be held on Monday 11th March where the recommendation will be discussed.
- 3.4.3 The status of Disaster Recovery testing (IS&BS/12-13/DR/1 and IS&BS/12-13/Management Controls/2) is currently red. Following consultation between IS&BS and colleagues in Business Continuity and Ops Planning, and an explanation of the impact of running the Force on the DR system for the proposed period of 3 weeks (as this is, by definition, a DR capability for core systems only with a limited service to some areas), it has been decided to defer this exercise until later in the year. This will allow time for completion of the Phase 2 DR activities and time to plan a proper DR rehearsal with full support from Ops Planning to ensure that the Force is not placed at risk whilst running the rehearsal. A Project Manager has been appointed for phase 2 of the Disaster Recovery project to ensure the actions required leading up to the DR test are completed. Phase 2 is currently scheduled for completion by June 2013, depending on confirmation of external contractor availability.

4. RECOMMENDATIONS

- 4.1 Members are invited to note the update provided in this report.

Appendix A: Summary of audits (2012-13)

ANNUAL PLAN FOR 2012-13				
System	Area of Review	Qtr	Report Status (Draft, Final, In Progress, Not yet begun)	Overall risk control evaluation grading
Procurement	Use of consultants	1	Final	Reasonable
ICT	Management controls	1	Final	Reasonable
Area Compliance Checks	Wales & West	1	Final	Purchasing: Full Local Income: Substantial Vehicles: Partial Asset Registers: Reasonable Budgetary Control: Full Third Party Property: Reasonable
Area Compliance Checks	London South	1	Final	Purchasing: Full Local Income: Full Vehicles: Reasonable Asset Registers: Substantial Budgetary Control: Full Third Party Property: Full
HR	Promotions	1	Final	Reasonable
Area Compliance Checks	Summary of Corporate Matters	2	Final	NA
Capital works	Financial monitoring	2	Final	Reasonable
Corporate Governance	Risk Management Controls Arrangements	2	Final	Substantial
Corporate Governance	Management Assurance Return	2	Final	5 Operational Effectiveness matters identified
FHQ Compliance Checks	HR	2	Final	GPCs: Substantial Purchasing: Full Travel and Accommodation: Full Expenses: Full Income: Full Fuel Purchases: Full Assets: Substantial Budgetary Control: Full
FHQ Compliance Checks	SDD	2	Final	GPCs: Substantial Purchasing: Substantial Travel and Accommodation: Full Expenses: Substantial Budgetary Control: Full
HR	Staff Recruitment	2	Final	Reasonable
ICT	Disaster Planning	2	Final	Reasonable
Finance	Creditor Payments	3	Final	Substantial
Finance	Payroll	3	Final	Reasonable
Corporate Governance	Review of Governance Code	3	Complete – no report	NA
Estates	Planned maintenance	3	Final	Reasonable
Procurement	Sourcing & procurement	3	Final	Substantial
Fleet	Repairs monitoring	3	Final	Substantial
Finance	Expenses	4	Final	Substantial
Finance	Debtors	4	Final	Substantial
	Follow Up Review	4	Final	NA
Unplanned Audits 2012/13				
ICT	Mobile Phones	-	Final	Reasonable
HR	eExpenses	-	Final	
Cancelled Audits 2012/13				
HR	Expenses - transformation	3	Cancelled	We understand that these systems have been put on hold so will be unable to carry out the audit work in 2012/13
HR	Time Management	3	Cancelled	We understand that these systems have been put on hold so will be unable to carry out the audit work in 2012/13
HR	Reconciliation ORIGIN outputs to Payroll inputs	3	Cancelled	We understand that these systems have been put on hold so will be unable to carry out the audit work in 2012/13
Corporate Governance	Governance Statement	4	Cancelled	As this will happen after the year end the time has been allocated for the handover to DfT

CBSL

Annual Report

British Transport Police



March 2013

2012/13

Internal Audit Annual Report

- EXECUTIVE SUMMARY -

INTRODUCTION

1. This is the 2012/13 Annual Report by the Head of Internal Audit to the Accounting Officer on my opinion of the overall adequacy and effectiveness of the British Transport Police (being both the British Transport Police Authority and the British Transport Police Force) risk management, control and governance processes.

BACKGROUND

2. My opinion is based on the underlying internal audit programme of work, designed to address the specific assurance requirements of the British Transport Police, and focussed on areas of risk identified by management. The planned internal audit programme, including revisions to the programme during the course of the year, has been reviewed and endorsed by the Audit Committee. Results of internal audit work, including action taken by management to address issues included in audit reports, have been regularly reported to management and the Audit Committee.
3. My opinion is a key element of the assurance framework, which the Accounting Officer needs to inform their annual Governance Statement. My opinion can, however, only be reasonable in the sense that no opinion can ever be absolute and is a reflection of the evidence available. My opinion detracts in no respect from the Accounting Officer's personal responsibility for risk management, governance and control processes.

OPINION

4. **On the basis of the evidence obtained during 2012/13, I am able to provide an overall reasonable assurance rating on the adequacy and effectiveness of BTP's arrangements for corporate governance, risk management, and internal control.**
5. This overall opinion is supported by my view on each of the following areas:

Governance

6. The Authority has a Corporate Governance Code which includes a comprehensive set of Financial Regulations and scheme of financial delegation to the Force. This Code provides clarity as to the respective responsibilities of the Authority and the Force. During the course of the year the scheme of financial delegation was fully revised to ensure that it complies fully with the Department for Transport and Cabinet Office requirements and also that it provided operational clarity between the respective roles of the Authority and the Force. Findings of internal audit reviews were taken into consideration in the revisions made to the scheme of financial delegation

Risk Management

7. There are comprehensive risk management arrangements in place.

Internal Control

8. During the financial year there has been a significant strengthening of the internal control framework throughout the Force. Both the Authority and the Force are committed to achieving high levels of transparency and accountability in all aspects of the operations and systems. The introduction by the Force of an Integrity and Compliance Board has significantly strengthened both the pro-active and also the reactive actioning and monitoring of the internal control arrangements. Internal audit and the NAO are consulted on all significant proposed changes.

SUMMARY OF SYSTEMS OF INTERNAL CONTROL REVIEWED

9. Overall, the system reviews carried out indicate that British Transport Police has procedures in place that are designed and operated to provide effective control (table 1 below). These systems can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if:
- the internal audit recommendations made during the year have not been fully implemented.
 - changes are made to operating practices subsequent to the internal audit review, which either reduce the segregation of duties or diminish the effectiveness of the internal controls.

Table 1 - Summary of the Evaluations of the effectiveness of the internal controls

System	CBSL grade	Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance
	DfT grade	Substantial	Reasonable	Partial	None
Risk Management Controls Monitoring		✓			
Sourcing & Procurement		✓			
Expenses		✓			
Creditor Payments		✓			
Use of Consultants			✓		
Capital Works -Financial Monitoring			✓		
ICT Management Controls			✓		
HR Promotions (Force)			✓		
HR Recruitment			✓		
Payroll			✓		
Management of Mobile Telephones			✓		
ICT Disaster Planning			✓		

RESPONSIBILITY

10. It is responsibility of the British Transport Police to maintain effective internal controls. The Audit Committee is invited to note the contents of this report.

RELEASE OF REPORT

11. The table below sets out the history of this report.

Date report issued:	15 th March 2013
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- DETAILED REPORT -

OBJECTIVES OF THE ANNUAL REPORT

12. GIAS requires internal audit to provide an annual report of its activities to the Audit Committee. This report is designed to assist British Transport Police in making its annual statement on internal financial control.
13. This report provides an overall opinion on the adequacy of design and effective operation of the systems of risk management and internal control(s) reviewed supported by:
- (a) audit work conducted in the year together with comparison with approved plan.
 - (b) other areas of work during the year.
 - (c) main findings arising from internal audit work, together with a status report on key control weaknesses identified together with a status report on management action to improve the treatment of risks, and weaknesses in internal control and assurance systems.

ANNUAL PLAN – WORK CARRIED OUT

14. The Annual Plan, which was agreed with British Transport Police, provided for 200 days (including the Force contingency) in the internal audit programme for 2012/13. All the planned work has been carried out and the reports have been issued (table 2 below). The changes to the planned work were agreed in advance with British Transport Police.

Table 2 - Actual against planned Internal Audit Work 2012/13

System	Area of Review	Type	Planned Days	Actual Days	Comments
Corporate Governance	Management Assurance Return	Governance	4	4	Report issued
Corporate Governance	Review of the Governance Code	Consultancy	0	5	No report
Corporate Governance	Risk Management Controls Monitoring	Risk	10	10	Report issued
Corporate Governance	Governance Statement (Handover)	Governance	5	5	No report
Finance	Creditor Payments	Assurance	7	7	Report issued
Finance	Payroll	Assurance	7	7	Report issued
Finance	Expenses	Compliance	5	12	Report issued
Finance	Debtors	Assurance	5	5	Report issued
		C/F	43	55	

System	Area of Review	Type	Planned Days	Actual Days	Comments
		B/F	43	55	
Capital Works	Financial Monitoring	Assurance	10	10	Report issued
Compliance Checks	Wales & West	Compliance	13	13	Report issued
Compliance Checks	London South	Compliance	13	13	Report issued
Estates	Planned Maintenance	Assurance	8	8	Report issued
FHQ Compliance Checks	HR	Compliance	5	5	Report issued
FHQ Compliance Checks	SDD	Compliance	5	5	Report issued
Fleet	Repairs Monitoring	Assurance	8	8	Report issued
HR	Promotions	Assurance	10	10	Report issued
HR	Expenses-transformation	Assurance	10	10	Report issued
HR	Recruitment	Assurance	10	10	Report issued
ICT	Disaster Planning	ICT	8	8	Report issued
ICT	Management Controls	ICT	8	8	Report issued
Operational	Use of Equipment Credit Balance	Investigation	0	10	Report issued
Operational	Management of Mobile Telephones	Consultancy	0	17	No report
Procurement	Sourcing & Procurement	Assurance	10	10	Report issued
Procurement	Use of Consultants	Assurance	8	8	Report issued
Follow Up Review		FU	5	5	Report issued
Planning & Reporting			26	26	
		Totals	200	239	

OTHER WORK CARRIED OUT

15. There was no non-audit work carried out during 2012/13.

STATUS REPORT ON KEY CONTROL WEAKNESSES IDENTIFIED AND MAIN FINDINGS ARISING FROM INTERNAL AUDIT WORK

16. For each system review the key control objectives were identified. To assess whether the key control objectives are being met each review identified and tested the controls that are being

operated by British Transport Police. Assessments of the effectiveness of the controls in meeting the key control objectives were provided in each report (table 1 in the Executive Summary).

17. For the Annual Report we have adopted the DfT assurance assessments to assist with the DfT's clear line of sight agenda. Whilst there are differences in the wording of the definitions between the current ones used by CBSL and the DfT gradings we are satisfied that they are in essence broadly comparable. A reconciliation of our assessments to the DfT gradings is shown in table 3 below.

Table 3 – Reconciliation of CBSL to DfT gradings for assurance assessments

CBSL assessment	DfT assessment	DfT Definition
	Full	Systems of corporate governance, risk management and internal control are fully established, documented and working effectively.
Substantial	Substantial	Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.
Reasonable	Reasonable	Systems of corporate governance, risk management and internal control arrangements are generally established and effective, with some minor weaknesses or gaps identified.
Limited	Partial	Systems of corporate governance, risk management and internal control are present and operating effectively except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation.
No	None	Systems of corporate governance, risk management and internal control are poorly developed or non-existent or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation.

18. Details of the Priority I recommendations (fundamental control issue on which action should be taken immediately) made are set out in Appendix A.

OVERALL ASSURANCE

19. The Government Internal Audit Standards (GIAS) require the Head of Internal Audit (HIA) to provide to the Accounting Officer an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, timed to support the Governance Statement.
20. GIAS requires that an annual report is produced that incorporates the opinion. This report is prepared to fulfil the requirements of GIAS and incorporates:
- a summary of the audit work undertaken to formulate the annual opinion, including reliance placed on work by other assurance bodies and accredited by Internal Audit;

- a comparison of work actually undertaken with the work which was planned;
 - a summary of the performance of the internal audit function against its performance measures and criteria;
 - details of any qualifications to the annual opinion, together with the reasons for the qualification;
 - any issues the HIA judges particularly relevant to their preparation of the Governance Statement for the attention of the Accounting Officer; and
 - comments on compliance with GIAS standards.
21. My opinion takes into account the Department for Transport's management assurance process for the first six months of the year and other relevant information brought to the attention of internal audit.
22. My opinion has not been limited by any shortfall in resources, absence of skills, or any significant limitation of scope of internal audit activity which would adversely affect my ability to form an opinion. However, subsequent to being advised that the DfT will provide the internal audit service from April 2013 it was agreed that CBSL would expedite completion of the audit programme for 2012/13 thereby ensuring there was no overlap of service provision. As a consequence we have not had a pro-active role in advising on, or directly monitoring, changes or developments in the governance, risk and internal control arrangements for the last four months of the financial year.
23. On the basis of the evidence obtained during 2012/13, I am able to provide an overall Reasonable assurance rating on the adequacy and effectiveness of the British Transport Police's arrangements for corporate governance, risk management, and internal control.

COMPLIANCE WITH GIAS

24. The internal audit work was carried out in compliance with the Government Internal Audit Standards.

INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT

25. There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

LIAISON MEETINGS

26. During the financial year we have met with the NAO and separately with the Head of Audit at the DfT and have worked closely with them to ensure there is no duplication of work.
27. We have liaised with the DfT with regard to the handover of the delivery of the internal audit service

QUALITY ASSURANCE PROGRAMME

28. Ongoing quality assurance work was carried out throughout the year.

PERFORMANCE TARGETS

29. In accordance with the Audit Charter we are pleased to report that during 2012/13 we successfully met all the agreed Performance Targets (table 6 below).

Table 6 – Internal Audit Performance Monitoring 2012/13

	Target	Achieved	Target met
Achievement of the plan			
Completion of Planned Jobs	100%	100%	Yes
Jobs Completed in Time Allocation	100%	100%	Yes
Reports Issued			
Draft issued within 10 working days of exit meeting	95%	100%	Yes
Final issued within 10 working days of receipt of responses	95%	100%	Yes

AUTHORITY RESPONSIBILITY

30. The Authority is responsible for ensuring that appropriate action has been taken on audit findings. All the internal audit reports produced for 2012/13 have been presented to the Audit Committee and any matters of significance that impacted on internal controls assurance were drawn to the Audit Committee’s attention at the meetings at which the reports were presented.

Appendix A

Summary of Priority 1 findings

System	Recommendation
ICT Management Controls	Ensure a full documented Disaster Recovery test is performed to ensure data and systems can be restored as expected.
HR Expenses-transformation (Force)	The electronic expense system must be able to identify who has authorised the expense claim.
ICT Disaster Planning	Ensure a full documented Disaster Recovery test is performed to ensure data and systems can be restored as expected.
Management of Mobile Telephones	The Vodafone Contract Manager be contacted and (a) clarification sought as to the mechanics of the Hardware Fund and (b) a statement obtained showing the initial credit to the Fund and all subsequent transactions.

CBSL

Assurance Review of Procurement – Sourcing and Procurement

British Transport Police

Not Protectively Marked

FINAL



February 2013

2012/13

Assurance Review of Procurement – Sourcing and Procurement

- EXECUTIVE SUMMARY -

INTRODUCTION

1. We have carried out an Assurance Review of Procurement – Sourcing and Procurement for the British Transport Police. The review was carried out in November/December 2012 and was part of the planned internal audit work for 2012/13.

SUMMARY

2. The Key Risk Controls Objective were tested and based on the findings from this work an overall evaluation of the overall adequacy of the internal controls was established (figure 1 below).

Figure 1 - Evaluations of the Effectiveness of the Internal Controls



KEY FINDINGS

3. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed by the Authority for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 2):

Figure 2 - Summary of Priorities of Recommendations

High	Medium	Low	Operational
-	-	2	-

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date draft report issued:	17 th January 2013
Date management responses recd:	4 th February 2013
Date final report issued:	6 th February 2013

MANAGEMENT ACTION PLAN
PRIORITY 1, 2 AND 3 RECOMMENDATIONS

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Failure to direct the process through approved policy and procedures.	From testing it was noted that a number of contracts on the Bluelight database had end dates, which had now passed. The Strategic Procurement Manager was aware of this but had not updated the Bluelight database. As the database is open to the general public via the web it is important that the data held on the database is accurate and up-to-date	The Bluelight database of contract information be kept up-to-date. It is suggested that monthly the database is accessed and contract data updated to reflect the latest known position.	3	Agreed. Contracts are updated on the Bluelight Contract Database almost on a daily basis. In future however reports will also be run on a monthly basis to support end date update.	February 2013	Strategic Procurement Manager

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Assurance Review of Procurement – Sourcing and Procurement

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Failure to direct the process through approved policy and procedures.	BTP uses the Danwood Group Ltd to supply the multi functional devices (MFD) (printers/photocopiers) across the Force. This contract was initially set up to run from 1 September 2005 and has an expiry date of 28 February 2013. Each MFD has its own agreement and BTP now have several hundred MFDs scattered throughout its network. Work has started with regard to the retender of this service, although due to the short timeframe before the contract expires it is likely that an extension to the current arrangements will be required.	The retender of the MFD contract be progressed as soon as possible and any extension to the existing contract formally approved.	3	Agreed. The existing contract with Danwood Group Ltd based on agreed service and rental rates continues until 31 August 2013. A Procurement Strategy was signed on 12 November 2012 which agreed that the re-tender will be by a mini competition via the CPC Framework Agreement. It is planned that the new contract will be in place prior to the existing contract ending.	31/08/13	Strategic Procurement Manager

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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OPERATIONAL EFFECTIVENESS MATTERS

Ref	Item	Management Comments
	There are no Operational Effectiveness Matters.	

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

- DETAILED REPORT -

SCOPE AND LIMITATIONS OF THE REVIEW

5. The review considered the arrangements for the identification of need, sourcing, tendering, approving, and receipt of goods and services for Procurement – Sourcing and Procurement. The scope of the review did not include payment or security of assets.
6. The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). CBSL is the arm through which Sector's non-FSA regulated services, including the former Sector Business Assurance, are delivered. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.
7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL and TIAA neither owe nor accept any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

ASSESSMENT OF THE KEY RISK CONTROLS

8. This review identified and tested the controls that are being operated by the Authority and an assessment of the combined effectiveness of the controls in mitigating the key risks is provided. The assessments, which accord with those used by the Department for Transport, are:

Full	Systems of corporate governance, risk management and internal control are fully established, documented and working effectively.
Substantial	Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.
Reasonable	Systems of corporate governance, risk management and internal control arrangements are generally established and effective, with some minor weaknesses or gaps identified.

Partial	Systems of corporate governance, risk management and internal control are present and operating effectively except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation.
None	Systems of corporate governance, risk management and internal control are poorly developed or non-existent or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation.

MATERIALITY

- The BTP revenue budget for Supplies and Services for 2012 is approximately £14m.

AUDIT FINDINGS

Key Risks	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.
Key Risk Controls Objective	Arrangements in place for the process provide for direction through established policies, procedures and provide for safeguarding the organisation's assets and interests from avoidable losses.
Evaluation	Substantial Assurance

10. The following matters were identified in reviewing the Key Risk Controls Objective:

Background

- 10.1 The Procurement Team at British Transport Police (BTP) continue to embrace electronic purchasing. The "Bluelight" database for contract management, the 'Mytenders' Internet site is well used for tendering the larger contracts and a new online "catalogue" has gone live on the National Police Procurement Hub from 5 November 2012. Early indications are that this is working well.
- 10.2 The Finance and Procurement Manual identifies the procedures to be used when procuring goods or services. This Manual was drafted in January 2012 and approved for use in April 2012.
- 10.3 The purchase of most goods and services are managed through framework agreements and for bespoke contracts central government or Police term contracts, which have previously been set up in accordance with EU tendering regulations are used. For a one-off purchase, quotations, or if the value exceeds EU tendering requirements then tenders, would be obtained via the 'Mytenders' website.
- 10.4 The budget holder would obtain approval for the purchase of professional services at the Resources Approval Panel (RAP) and the Service Improvement Board for larger value projects and would liaise with the Procurement Team over the purchase. The Procurement Team provide purchasing advice and assistance and will lead on large contracts, which require EU compliance.

Risk 1: Failure to direct the process through approved policy and procedures.

Finance and Procurement Manual

- 10.5 The Finance and Procurement Team drafted the Finance and Procurement Manual on behalf of the Head of Finance in January 2012. This document was approved for use in April 2012. BTP operate a two key approach to expenditure. This means that

prior to placing a purchase order or contract, the staff member must ensure that both financial approval and procurement authority have been granted and documented, and that there is budgetary provision for the expenditure involved.

- 10.6 The Procurement element of the manual identifies the purchase to pay process, which requires a purchase order to be raised for all goods and services unless, the purchase:
- a) is deemed an exception and included in the purchase order exception list; and
 - b) is a low value/risk purchase below £250 and a Government Procurement Card (GPC) is used.
- 10.7 In addition, the manual sets the procedures for purchasing depending upon the financial cost of the goods or services and how tendering should be progressed. An informal tender process should be followed for goods, works or services deemed not to exceed £50k, where competitive quotations would be obtained. For goods, works or services costing over £50k a formal tendering procedure would be used.

Purchase Orders

- 10.8 The purchase order system has been fully electronic since April 2007 and is controlled by the "purchase to pay" process. This now involves the introduction of e-catalogues and e-invoicing via the National Police Procurement Hub. Issuing of purchase order numbers is unique and controlled by the system thereby preventing duplicate purchase orders being raised. The BTP policy is no purchase order – no pay.

Purchases will therefore fall under one of four categories:

- 1) Contracts usually above £50,000, which have been competitively tendered;
 - 2) Purchases made using a purchase order under £50,000 with competitive Quotations;
 - 3) Utility bills and similar type transactions; and
 - 4) Low value purchases where a government procurement card is used.
- 10.9 A total of thirty purchase orders/invoice payments were tested. In all cases a purchase order number was quoted, the goods were verified as being received, and the invoice authorised for payment by an authorised person.

Training for Staff

- 10.10 The staff within the Procurement Team receives training as required, to keep them up-to-date with current purchasing issues. In addition, the Strategic Procurement Manager has recently undertaken a series of procurement and governance training sessions for requisitioners/budget holders and has visited a number of BTP offices to inform officers and staff about good procurement practice, and the requirements of such documents as the Finance and Procurement Manual.

- 10.11 Training has also been provided for the new Purchase to Pay for budget holders and requisitioners. The purpose of the training was to provide information and highlight best practice in the Purchase to Pay process as well as training on the upgraded eFinancials/eProcurement system and catalogues. The Purchase to Pay system went live on 29 October 2012 and the catalogue went live on 5 November 2012 as planned.

Approved Suppliers

- 10.12 BTP does not have its own approved suppliers list but will utilise the government's approved suppliers. The majority of BTP contracts are framework agreements, which have been tendered and set up by either central government (Government Procurement Service), by other Police Forces, or other appropriate Agencies.

Contracts Register

- 10.13 The BTP Contracts Register is maintained on the "Bluelight" database, which is an online record. This database has the facility to show the name of the organisation, supplier, contract title, start, finish and review dates.
- 10.14 At the commencement of all contracts, and at the time of loading onto Bluelight, an appropriate review date is identified and placed on the Database against each contract, e.g. this may range from 12 months from the end of a contract when an OJEU process is required to re-tender, to 3 months where a simple straight forward tender is only needed. The three Procurement Managers each have a portfolio of work, which together covers all the contracts. Each of the Procurement Managers receive an email from the Database as a flag when the review date on a particular contract has been reached, which provides a prompt for the Procurement Manager to commence the procurement process if it has not started already, in association with the relevant Budget Holder/Contract Manager. The email is also sent from the Procurement Manager to the Budget Holder as a reminder.
- 10.15 Reports can also be run from the Bluelight Database to show forthcoming programme of tender activity, which the Procurement Managers use in meetings with their portfolio Budget Holders and their teams for planning, prioritisation and resourcing purposes.
- 10.16 From testing it was noted that a number of contracts on the Bluelight database had end dates which had now passed. The Strategic Procurement Manager was aware of this but had not updated the Bluelight database. As the database is open to the general public via the web it is important that the data held on the database is accurate and up-to-date.

Recommendation: 1**Priority: 3**

The Bluelight database of contract information be kept up to date. It is suggested that monthly the database is accessed and contract data updated to reflect the latest known position.

Multi Functional Devices (MFD) – Printers/Photocopiers

10.17 BTP uses the Danwood Group Ltd to supply the multi-functional devices (MFD) (printers/photocopiers) across the Force. This contract was initially set up to run from 1 September 2005 and has an expiry date of 28 February 2013. Each MFD has its own agreement and BTP now has over two hundred MFDs scattered throughout its network. Work has started with regard to the re-tender of this service, although due to the short timeframe before the contract expires it is likely that an extension to the current arrangements will be required.

Recommendation: 2**Priority: 3**

The retender of the MFD contract be progressed as soon as possible and any extension to the existing contract formally approved.

10.18 Nine Danwood invoices were examined in detail between the period September 2010 and November 2012. These all appeared in order and related to the cost of usage of each MFD based upon meter age for each device.

Office Cleaning Contract at FHQ

10.19 BTP has an office cleaning contract for FHQ with OCS Services. This contract commenced on 28 May 2008 and runs until 28 May 2013. The facilities Management team at BTP is currently progressing the re-letting of this contract. The cleaning supervisor has regular minuted meetings and a walk around of the office with the cleaning contractor. In addition, BTP has moved to a daily cleaning regime of the offices.

10.20 Within the reception area at FHQ there is a cleaning default log, which is accessible to all staff/officers who can record concerns/issues with the cleaning. This default log is regularly reviewed by the cleaning supervisor and appropriate action taken.

CBSL

Assurance Review of the Management of Mobile Telephone Arrangements

British Transport Police

Not Protectively Marked

FINAL



January 2013

2012/13

Assurance Review of the Management of Mobile Telephones Arrangements

- EXECUTIVE SUMMARY -

INTRODUCTION

1. We have reviewed the management of mobile telephones arrangements at British Transport Police. The review was carried out in May and June 2012 and was additional to the planned internal audit work for 2012/13. It was agreed by the Authority and the Force that the latter would action the initial findings and we would then conclude our review by re-visiting the arrangements. The subsequent phases of the review were carried out in September and November 2012.

SUMMARY

2. During the course of Phase 1 of this review significant weaknesses in the control and monitoring arrangements were identified. It was agreed with the Chief Executive and Chief Constable that we would issue an interim report on our findings and that this report would be used by the Force's Integrity and Scrutiny Board to effect remedial action both in respect of reviewing the areas of identified weakness to take remedial action as necessary and also put in place robust management and monitoring arrangements for the future. The Phase 1 report was issued to the Force and this included an initial evaluation of 'Partial Assurance'. Based on the findings from the subsequent Phase 2 review the evaluation of the overall adequacy of the internal controls was raised to 'Reasonable Assurance'. (Figure 1 below).

Figure 1 - Evaluation of the Effectiveness of the Internal Controls



KEY FINDINGS

3. The key control and operational practice findings identified at Phases 1 and 2 that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed by the Force for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 2):

Figure 2 - Summary of Priorities of Recommendations

	High	Medium	Low	Operational
Phase 1	1	7	5	2
Phase 2	-	1	1	-

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date draft phase 1 report issued:	4th July 2012
Date management responses recd (Phase 1):	31st October 2012
Date draft report (phase 1 & 2) issued:	21st November 2012
Date management responses recd:	4th January 2013
Date final report issued:	7th January 2013

Management of Mobile Telephone Arrangements

MANAGEMENT ACTION PLAN – PHASE 1

PRIORITY 1, 2 AND 3 RECOMMENDATIONS

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
13	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	We were advised that the Force has set up a Hardware Fund' with Vodafone. It was explained to us that rather than the Force being given two thousand or more devices at the start of a contract/renewal and having to swap over the devices, sim cards and reprogram all the Blackberries all at once, whether the Force needs new ones or not, a Hardware Fund was created. Under this arrangement the Force can call down credit from it when needed. This can be for upgrades, accessories, or other hardware. We are advised that the new Blackberry Enterprise Server was purchased via the Hardware Fund. However, we have been unable	The Vodafone Contract Manager be contacted and (a) clarification sought as to the mechanics of the Hardware Fund and (b) a statement obtained showing the initial credit to the Fund and all subsequent transactions.	1	<p>Vodafone Contract Manager (Heather Vidgen) has been sent a formal request from Auditors to provide evidence of all transactions that have taken place against the "Hardware Fund".</p> <p><u>Mobile Inventory Procedure updates commencing 31/12/12 –</u> A new process is being put in place to manage the "credit / tech fund" under the new contract. The Governance control of the fund will be managed centrally by the Assistant Technology Manager – Communications. He/She will be a required to submit monthly reports</p>	<p>31/10/12</p> <p>31/12/12</p>	<p>Assistant Technology Manager - Communications</p> <p>Assistant Technology Manager - Communications</p>

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Management of Mobile Telephone Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		to ascertain how the Fund was created and whether it has since been topped up, nor how it has been applied, other in relation to the example provided regarding the Blackberry Enterprise Server.			<i>showing the expenditure to date and outstanding balance to Technology Governance Board</i>		
1	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	Evidence of requests from line managers for mobile devices to be ordered is not retained in a central point, if at all.	Requests from line managers for mobile devices to be ordered be held in a central file. Where such requests are in the form of an e-mail, these be saved in a dedicated file and/or printed and retained on file.	2	<i>All requests for Mobile devices are now sent to the Communications team via a workflow system. These are approved or rejected by Assistant Technology Manager – Communications. If there are no available devices in the recycling pool, then a purchase order is placed via Vodafone service desk. The above process is traceable with an electronic record of the devices requested and purchased. <u>Mobile Inventory Procedure</u></i>	31/12/12	<i>Assistant Technology Manager - Communications</i>

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Management of Mobile Telephone Arrangements

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					<i>updates commencing 31/12/12 – A current software system used for "Radio" devices (Vivasoft) is being extended to include record of mobile phone inventory. This will be linked to current user and their cost centre.</i>		
2	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	Whether collected internally, or received via DX, we were advised that the recipients of mobile devices are required to sign a form to acknowledge receipt of the handset or dongle. However, sight of such forms was requested, we were advised that this control is no longer operating.	All recipients of mobile devices be required to sign to acknowledge receipt of them, with the forms being retained on file in the ICT Department along with the signed request from the line manager.	2	<i>An updated version of the "Mobile acceptance" form has been prepared and reviewed. This will be sent electronically to all employees and will be returned with an "electronic acceptance signature". The signed forms (hard and softcopy) will be linked to the employee "ORIGIN" records as a permanent record on file.</i>	30/11/12	<i>Mobile inventory Project Manager in liaison with HR Advisory Services Manager and Head of Information Services</i>

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Management of Mobile Telephone Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	It is a requirement of the SOP that line managers and users should inform the Technology Services Desk and Business Support Department (FHQ) in writing of any cancellations or terminations. There is, however, no requirement to advise HR of the issue of the mobile devices and as a consequence there is no record held on the personnel file. As a result of this exit meetings with members of staff do not include the hand back of mobile devices.	As there is already a HR process to notify line managers when staff have resigned, a copy of the signed form from the employee acknowledging receipt of a mobile device be sent to HRBC to enable the employee’s personal file to be updated with the fact they are in possession of a BTP mobile phone. This can then be used by HR to remind the line manager to ensure the mobile phone is returned by the employee and forwarded to IT for re-cycling to another employee.	2	<u>Mobile Inventory Procedure updates commencing 31/12/12 –</u> <i>Under the new process, it will be the line manager’s responsibility to ensure that the “leaving or moving” employee hands back all assets that were allocated to them. A requirement to complete the “return form” will ensure that assets are returned and a receipt is given. In cases, where HR receives a direct notification, they will advise the relevant line manager of the employee changes. The area Cost centre champion (3C) will be responsible to update records on the Vodafone portal. The Mobile asset SOP details the above process</i> <i>BTP Technology team are currently</i>	31/12/12	<i>Head of Information Technology to send and accept mobile acceptance forms electronically</i> <i>HR Manager to ensure that line managers are provided with a list of mobile assets at “Leaver” stage</i>

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Management of Mobile Telephone Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
					<p><i>exploring options to deploy a procurement / asset management system in partnership with LU.</i></p> <p><i>In the long term, through the new procurement software all assets will be tracked and will be linked to the HR Joiner, Leaver processes.</i></p>		
4	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	The quarterly invoice dated 16 th April 2012, was analysed and the users listed on the invoice were compared with a list of 'leavers' provided by HR. This highlighted 77 cases where a mobile device is registered against the name of an individual who has left the Force. The records maintained within the ICT Department are not maintained up-to-date and consequently we were unable to ascertain whether the handsets were	A process be initiated whereby mobile phones handed back by leavers are either returned to Vodafone and 'cancelled', or they be recycled and Vodafone notified of the change of user details. In either case, the Portal be visited after one-month to ensure that the necessary changes have been made.	2	<p><i>A complete cleanse of BTP devices linked to appropriate cost centres is underway. In future the local 3C will be responsible to update the records to reflect the changes in user. Separately, the Mobile administrator from the Communication's team will run a weekly report from the HR system "ORIGIN" to track changes where employees have moved between teams or across teams but records</i></p>	31/12/12	Assistant Technology Manager - Communications

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Management of Mobile Telephone Arrangements

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		returned/reissued.			<p>on VCO have not been updated to reflect the change. This will be reviewed with line manager to update the records</p> <p>Mobile administrator from Communications Team will be responsible to ensure the user and assets are correctly tagged.</p>		
5	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	A comparison of records held by the ICT Department with those held on the Vodafone Portal highlighted a number of discrepancies.	The data held on the Vodafone Portal be cleansed at the earliest possible opportunity and in future the data held on the Portal be reconciled to that held by the ICT Department at least quarterly.	2	<p>Cleansing exercise is underway and updated data will be provided to Vodafone to ensure that Portal holds the correct information under the new contract (latest by 31/12/12)</p>	31/12/12	Assistant Technology Manager - Communications

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Management of Mobile Telephone Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
7	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	As above.	On a quarterly basis, budget holders be provided with itemised billing information for the charges being made to their cost centres.	2	<u>Mobile Inventory Procedure updates commencing 31/12/12</u> – Each cost centre / budget holder will be provided access to Vodafone online billing portal. They will have the responsibility to advise service desk team or send an email to mobile-audit@btp.pnn.police.uk to ensure records reflect any changes to numbers being transferred between teams or across teams, this will ensure that cost centres are kept up to date and each owner is able to view the changes regularly.	31/12/12	Assistant Technology Manager - Communications
9	Failure to direct the process through approved policy & procedures and/or	Some individuals are incurring what seem to be excessively high charges. Analysis of the ten most expensive user invoices from the October 2011	Reports be extracted from the Vodafone Portal listing, by user, calls made in breach of the SOP, e.g. calls to 118118, and sent to	2	Vodafone will be instructed to implement a barr on mobile numbers, so that premium rate numbers are not easily accessible.	31/10/12	Assistant Technology Manager -

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Management of Mobile Telephone Arrangements

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	losses arising from unauthorised action.	and April 2012 invoices was carried out and a recurring theme for these users was the use of directory enquiries, Mobile internet, calling other networks, and sending text messages. It was noted that the SOP clearly states that directory enquiries should not be called using BTP mobile phones.	the Line Managers of those concerned so that the appropriate action can be taken.		<p><i>This will include 118 118 numbers and an alternative lower rate directory enquiry number will be provided in the SOP</i></p> <p><i>A list of exceptions will be provided to ensure that specific numbers which have been approved by the Directory of Corporate Resources are not barred.</i></p> <p><i>Any special requests to lift barr or allow international calls will be reviewed on case by case basis by Corporate Resources team and Director of Corporate Resources. The process will be managed by the Communication team.</i></p>		Communications

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Management of Mobile Telephone Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	It is stated within the SOP that at the end of every four weeks, Accounts Payable send the Vodafone invoices on to the Management Accountants within FHQ Finance, or the Area Finance Managers, who in turn send the invoices to Budget Holders detailing the transactions listed against the different cost centres. However, Accounts Payable staff advised that this is not the case and that budget holders are not routinely provided with a detailed breakdown of the charges for mobile handsets that are being charged to their cost centres.	The SOP be amended to reflect the fact that invoices are received quarterly rather than monthly.	3	<p><i>Under new contract arrangements, Vodafone (or new supplier) will be requested to change from quarterly to monthly billing cycle.</i></p> <p><i>As part of revision to current mobile inventory management processes, Mobile SOP /269/11 will be reviewed and updated to reflect all changes in procedures.</i></p>	31/12/12	Assistant Technology Manager - Communications

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Management of Mobile Telephone Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
8	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	Paragraph 3.16 of the SOP states that each individual holder will receive an email of their itemised bill to acknowledge overall spend and to mark personal calls for payment. However, this does not reflect current practice. It has been confirmed that instead of providing each user with an itemised bill and requesting that they mark personal calls, users instead receive an e-mail informing them of personal calls they have made. In order to differentiate personal calls from work calls, users must append an asterisk (*) onto the end of the dialled number, e.g. 01234 567890*. The asterisk will then be shown on the itemised bill. It is a listing of asterisked items that is sent via e-	At the point of issue of a mobile device, the recipient be issued with instructions regarding how to record the making of a personal call, and be required to sign to acknowledge they will reimburse the costs to the Force where the quarterly charge exceeds £1, in accordance with the SOP.	3	<p><i>For existing employees, an updated “Mobile authorisation form” will be sent via email. Electronic signatures will be accepted and soft copy of the form will be attached to employee file in ORIGIN</i></p> <p><u>Mobile Inventory Procedure updates commencing 31/12/12 –</u></p> <p><i>Updated “Mobile usage” policy detailed in the form states that work mobile should not be used for personal calls or text, unless there is an extended call of duty which may require the employee to inform family.</i></p> <p><i>New policy will apply to all employees.</i></p>	31/12/12	Assistant Technology Manager - Communications

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Management of Mobile Telephone Arrangements

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		<p>mail to the respective users.</p> <p>Other than within the SOP, there is no other reference to the need for users to append an asterisk (*) onto the end of the dialled number.</p>			<p><i>In addition, all new joiners will be required to sign the "Mobile user acceptance" forms. The signed softcopy will be attached to the HR ORIGIN record.</i></p>		
10	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	<p>The quarterly invoice dated 16th April 2012 listed approximately 161,000 text messages, sent at a cost of approximately £3,500. An analysis of the texts sent highlighted that 37 individuals sent over 1,000 texts in the quarter, with 5 sending over 2,000. The heaviest user sent 4,384 texts, at a cost of £142.94. The average cost incurred by the 37 individuals for text messages was £50.27. We were unable to ascertain what proportion of these, if any, were personal texts.</p>	<p>This matter be investigated and, where appropriate, the persons concerned be asked to reimburse the Force for the cost of the texts.</p>	3	<p><i>A review of the call back charge process indicates that potential recovery of past cost may not be sound from a legal basis, due to gaps in signed records available on Personnel files.</i></p> <p><i>A decision has therefore been agreed by Director of Corporate Resources to right off any outstanding amounts.</i></p> <p><u>Mobile Inventory Procedure updates commencing 31/12/12 –</u></p>	31/12/12	<p><i>Assistant Technology Manager - Communications</i></p>

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					<i>To rectify going forward, all users will be required to accept the updated “Mobile acceptance authorisation “form electronically and this will be placed on their HR records. The form also provides authority for BTP to recover costs or refer the case to PSD where assets have not been returned or misused during employment</i>		
11	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	As above.	Staff be reminded of the requirements of the SOP with regard to the sending of text messages.	3	<u>Mobile Inventory Procedure updates commencing 31/12/12 –</u> <i>The updated “Mobile acceptance authorisation form” will require the user to keep themselves abreast of Mobile asset SOP/269/11. The SOP will be made available on Intranet with easy access for all.</i>	31/12/12	<i>Human Resources Advisory Services Manager in liaison with Learning and Development Manager</i>

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Management of Mobile Telephone Arrangements

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12	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	As above.	In future, itemised bills containing text message be provided to those concerned with them being required to mark those that are personal.	3	<p><u>Mobile Inventory Procedure updates commencing 31/12/12 –</u></p> <p>A review of the call back charge process indicates that potential recovery of past cost may not be sound from a legal basis, due to gaps in signed records available on Personnel files. The review also showed that cost of recovery may outweigh the amount recovered against personal calls.</p> <p>The Directory of Corporate Resources therefore recommends that a “No personal calls policy” unless line of duty requires the member of staff to notify family, is implemented under the updated mobile asset SOP (Dec’12)</p> <p>In parallel, a wider review to consider phone packages as</p>	31/12/12	Assistant Technology Manager - Communications

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Management of Mobile Telephone Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
					<p><i>employee benefits is underway to review employee “Rewards” scheme.</i></p> <p><i>From an audit perspective, a monthly usage report will ensure that any non-operational repetitive numbers are identified and forwarded to PSD for further investigation. Each cost centre manager, AFACS lead and Integrity Board will also be provided with a copy of the reports.</i></p>		

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Management of Mobile Telephone Arrangements

MANAGEMENT ACTION PLAN – PHASE 2

PRIORITY 1, 2 AND 3 RECOMMENDATIONS

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
15	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	From our examination of the Vodafone records there would appear to be a number of transactions where the Hardware Fund has been debited, despite the Force paying Vodafone for the devices. The total of these transactions is £4,335 + VAT	Vodafone be provided with a schedule of the devices paid for by the Force which have also be debited from the Hardware Fund.	2	<p><i>Further investigation has shown that a number of hardware devices with an approximate cost of £150 each were paid by BTP against invoices raised by Vodafone. This totals to around £5,700 approx.</i></p> <p><i>These invoices also appear on a list provided by Vodafone confirming charges applied against the overall credit fund. Further investigation is required to establish the accurate amounts owed to BTP by Vodafone</i></p> <p><i>Vodafone Account Manager has been advised of the list of invoices that are likely to have been charged twice and evidence will be made available to help them refund any outstanding amounts prior to final contract renewal.</i></p>	31/01/13	Steff Sharp

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Management of Mobile Telephone Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)												
14	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.	There is a need to determine whether the Authority should source its devices through the Force's Vodafone contract. In the event that it is determined that the Authority should participate then staff and members will need to agree to sign up to the same conditions as those of Force personnel.	Consideration be given to whether the Authority is to have a standalone mobile phone contract or whether it is going to participate in the new Force contract with Vodafone.	3	<p><i>Negotiations are underway with Vodafone to divide overall BTP account into three separate billing accounts as follows:</i></p> <ul style="list-style-type: none"> - BTP phones/dongles - Federation phones/dongles - Authority phones/dongles <p><i>Each "Parent level" account will receive a bill for the number of users tied within overall code.</i></p> <p><i>The Breakdown will look as follows:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #fce4d6;">Tier 1 "Parent level"</td> <td style="background-color: #fce4d6;">BTP phones (including all areas)</td> <td style="background-color: #fce4d6;">Federation phone</td> <td style="background-color: #fce4d6;">BTPA phones</td> </tr> <tr> <td style="background-color: #e0f2f1;">Tier 2</td> <td style="background-color: #e0f2f1;">25 codes - All area codes linked to each 3C owner (Cost Centre Champion)</td> <td style="background-color: #e0f2f1;">Current users on BTP inventory and more in future as necessary</td> <td style="background-color: #e0f2f1;">Current users on BTP inventory and more in future as necessary</td> </tr> <tr> <td style="background-color: #e1bee7;">Tier 3</td> <td style="background-color: #e1bee7;">136 codes listed below grouped for each of the 25</td> <td style="background-color: #e1bee7;"></td> <td style="background-color: #e1bee7;"></td> </tr> </table>	Tier 1 "Parent level"	BTP phones (including all areas)	Federation phone	BTPA phones	Tier 2	25 codes - All area codes linked to each 3C owner (Cost Centre Champion)	Current users on BTP inventory and more in future as necessary	Current users on BTP inventory and more in future as necessary	Tier 3	136 codes listed below grouped for each of the 25			31/01/13	Steff Sharp
Tier 1 "Parent level"	BTP phones (including all areas)	Federation phone	BTPA phones																
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PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Management of Mobile Telephone Arrangements

OPERATIONAL EFFECTIVENESS MATTERS – PHASE 1

Ref	Item	Management Comments
1	Consideration be given to introducing a process whereby the relevant Finance staff are notified of the changes when a mobile phone is recycled thereby enabling costs to be apportioned to the correct cost centre.	<p><i>Introduction of "Online billing portal" with access provided to relevant Finance staff and cost centre managers (nominated team member) to ensure that they are able to view updated records – by 31/12/12.</i></p> <p><i>Changes to cost centre transition will be applied to the following billing month, as the report will be on a monthly cycle with new Vodafone contract.</i></p>
2	A post contract review of the current Vodafone contract should be carried out to ensure that any sums due from Vodafone are fully recovered.	<p><i>Procurement Manager has reviewed various elements of the current contract and will provide a detailed analysis to SMT and SCT Boards for approval of chosen options – by 30/11/12.</i></p>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

- DETAILED REPORT -

SCOPE AND LIMITATIONS OF THE REVIEW

- 5. The review considered the extent to which the Force can account for the mobile telephones currently billed by Vodafone and that the rentals and usage are optimised to provide reasonable value for money. Mobile telephones include PDAs and similar. The scope of the review did not extend to mobile telephones which are on the contract administered by L Area.
- 6. The objectives of the review are:
 - To assess the extent to which the current whereabouts of the live mobile telephones can be demonstrated.
 - To establish the extent to which redundant mobile telephones are removed for the contract in a timely manner.
 - To establish the arrangements for identifying need for and the ordering of new mobile telephones.
 - To establish the effectiveness of the arrangements for monitoring usage.
 - To appraise the extent to which the current arrangements providing reasonable value for money.
- 7. The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). CBSL is the arm through which Sector's non-FSA regulated services, including the former Sector Business Assurance, are delivered. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.
- 8. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL and TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

ASSESSMENT OF THE KEY RISK CONTROL OBJECTIVE

- 9. This review identified and tested the controls that are being operated by the Authority and an assessment of the combined effectiveness of the controls in mitigating the key control risks is provided. The assessments, which accord with those used by the Department for Transport, are:

Full	Systems of corporate governance, risk management and internal control are fully established, documented and working effectively
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Management of Mobile Telephone Arrangements

Substantial	Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.
Reasonable	Systems of corporate governance, risk management and internal control arrangements are generally established and effective, with some minor weaknesses or gaps identified.
Partial	Systems of corporate governance, risk management and internal control are present and operating effectively except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation.
None	Systems of corporate governance, risk management and internal control are poorly developed or non-existent or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation.

MATERIALITY

- At the time of carrying out Phase 1 of this review the annual Vodafone bill was approximately £400,000, excluding VAT. The records indicate that at the time of the review there were approximately 2,238 devices being billed. Devices include mobile phones, blackberries, dongles, I-Pads, and tracker devices.

AUDIT FINDINGS

Risk	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.
Risk Control Objective	Arrangements in place for the process provide for direction through established policies, procedures and provide for safeguarding the organisation's assets and interests from avoidable losses.
Initial Evaluation	Partial
Current Evaluation	Reasonable

11. The following matters were identified in reviewing the Key Risk Control Objective:

- 11.1 During the course of Phase 1 of this review significant weaknesses in the control and monitoring arrangements were identified. It was agreed with the Chief Executive and Chief Constable that we would issue an interim report on our findings and that this report would be used by the Force's Integrity and Scrutiny Board to effect remedial action both in respect of reviewing the areas of identified weakness to take remedial action as necessary and also put in place robust management and monitoring arrangements for the future. The Phase 1 report was issued to the Force and this included an initial evaluation of 'Partial Assurance'.
- 11.2 The interim Director of Corporate Resources commissioned an internal Force review and on receipt of the findings of this review set up a task group headed by the Business Manager – Corporate Resources. Regular reports have been made by the Business Manager – Corporate Resources to the Integrity and Compliance Board. A review of these reports indicates that all the matters raised in the Phase 1 report are being addressed and also a number of emerging issues are also being actioned. It is evident that on receipt of the Phase 1 findings the Force has acted swiftly and robustly. The headings in the November 2012 'Executive Summary of Progress' report which was presented to the Integrity and Compliance Board provide clear evidence of the extent of the remedial action being taken by the Force.
- Tracking and recovering devices
 - The Cleanse (obtaining accurate record of equipment)
 - Nil/Low usage
 - Tightening records
 - Eradicating high call charges
 - Personal calls
 - Dealing with excessive usage
 - Governance of spend

Management of Mobile Telephone Arrangements

- Performance management and control

- 11.3 Our findings in this report are therefore split between 'Phase 1' (interim findings) and Phase 2 (final findings). As part of the Phase 2 review we followed up on the actions taken to address the recommendations made in the Phase 1 report and this established that action is being taken on all thirteen recommendations and the two Operational Effectiveness Matters and all are due to be fully completed before the end of December 2012.

Figure 3 - Evaluation of the progress is auctioning Phase 1 recommendations

Evaluation	Number of Recommendations
Implemented	-
In process of being implemented	13
Revised target date	-
No longer applicable	-
Not implemented	-

- 11.4 As a consequence the Force now has arrangements in place which should enable there to be effective control over mobile phones when shortly it enters into the new contract with Vodafone. We understand this new contract will be through a framework contract used by a number of other police forces. There has been a detailed costing exercise carried out to establish which framework contract provides the best value for money for the Force.
- 11.5 The work carried out by the Force means that the new contract which is to be entered into with Vodafone will be done from a position of strength with a clear understanding of what the Force's requirements are. This should result in a significant ongoing reduction in cost.
- 11.6 Based on the remedial work carried out by the Force during the intervening period between Phases 1 and 2 of this review we are satisfied that the assurance evaluation is now 'Reasonable'.

Arrangements for identifying need for and the ordering of new mobile telephones.

Phase 1

- 11.7 There is no single point of responsibility for all mobile devices. The CSO (Telecoms) Technology Team is responsible for the ordering and distribution of mobile phones and Blackberries, whilst the Desktop Applications Management Group is responsible for ordering and distribution of dongles.
- 11.8 For mobile phones and Blackberries the procedure, as set out in the Mobile Phone Standard Operating Procedure (SOP) v0.9, dated 11th July 2011, which is available to all staff via the Intranet, is that employees who require a mobile phone or Blackberry to perform work duties should request authorisation from their line manager and Budget Holder, in the case of a Blackberry also setting out the reason why such a device is needed. The authorising line manager should then contact the Technology Services Desk, if based at Force Headquarters, (FHQ), or their Area Finance Manager. The request is then forwarded to the CSO (Telecoms) Technology Team, who place an order with Vodafone.

Management of Mobile Telephone Arrangements

- 11.9 For dongles, the procedure is as above, except that the order is channelled via the Desktop Applications Management Group rather than the CSO (Telecoms) Technology Team.
- 11.10 We were advised that requests for mobile phones, Blackberries and dongles to be ordered were in writing, with hard copies of the request forms being held by the respective Teams within the ICT Department. However, when sight of such forms was requested, we were informed that the requests are received in other ways, e.g. via e-mail, and that they are not held on file. Consequently, we were unable to confirm that the control afforded by line managers signing to authorise requests for mobile devices is operating is effectively.

Recommendation: 1	Priority: 2	Action taken
<p>Requests from line managers for mobile devices to be ordered be held in a central file. Where such requests are in the form of an e-mail, these be saved in a dedicated file and/or printed and retained on file.</p>		<p><i>All requests for Mobile devices are now sent to the Communications team via a workflow system. These are approved or rejected by Assistant Technology Manager – Communications. If there are no available devices in the recycling pool, then a purchase order is placed via Vodafone service desk.</i></p> <p><i>The above process is traceable with an electronic record of the devices requested and purchased.</i></p>

- 11.11 On receipt from Vodafone, FHQ based staff are required to collect their handsets or dongles from the respective Team within the ICT Department. Mobile phones for Area based staff are delivered directly from Vodafone, whereas Blackberries and dongles are initially received at FHQ and then delivered to the Areas by secure DX. Whether collected internally, or received via DX, we were advised that the recipients of mobile devices are required to sign a form to acknowledge receipt of the handset or dongle. However, when sight of such forms was requested, we were advised that this control is no longer operating in relation to staff based at FHQ. On the basis of discussions with staff at two Areas, it is understood that they require their staff to sign to acknowledge receipt of their mobile phones.

Recommendation: 2	Priority: 2	Action taken
<p>All recipients of mobile devices be required to sign to acknowledge receipt of them, with the forms being retained on file in the ICT Department along with the signed request from the Line Manager.</p>		<p><i>An updated version of the “Mobile acceptance” form has been prepared and reviewed. This will be sent electronically to all employees and will be returned with an “electronic acceptance signature”.</i></p> <p><i>The signed forms (hard and softcopy) will be linked to the employee “ORIGIN” records as a permanent record on file.</i></p>

Management of Mobile Telephone Arrangements

11.12 It is a requirement of the SOP that line managers and users should inform the Technology Services Desk and Business Support Department (FHQ) in writing of any cancellations or terminations. There is, however, no requirement to advise HR of the issue of the mobile devices and as a consequence there is no record held on the personnel file. As a result of this, exit meetings with members of staff do not include the hand back of mobile devices.

Recommendation: 3	Priority: 2	Action taken
<p>As there is already a HR process to notify line managers when staff have resigned, a copy of the signed form from the employee acknowledging receipt of a mobile device be sent to HRBC to enable the employee’s personal file to be updated with the fact they are in possession of a BTP mobile phone. This can then be used by HR to remind the Line Manager to ensure the mobile phone is returned by the employee and forwarded to IT for re-cycling to another employee.</p>		<p><i>Mobile Inventory Procedure updates commencing 31/12/12 – Under the new process, it will be the line manager’s responsibility to ensure that the “leaving or moving” employee hands back all assets that were allocated to them. A requirement to complete the “return form” will ensure that assets are returned and a receipt is given. In cases, where HR receives a direct notification, they will advise the relevant line manager of the employee changes. The area Cost centre champion (3C) will be responsible to update records on the Vodafone portal. The Mobile asset SOP details the above process</i></p> <p><i>BTP Technology team are currently exploring options to deploy a procurement / asset management system in partnership with LU.</i></p> <p><i>In the long term, through the new procurement software all assets will be tracked and will be linked to the HR Joiner, Leaver processes.</i></p>

Phase 2

11.13 We have obtained schedules from Vodafone and these indicate that for each device issued to the Force there is a reference number/name. However, there are number of very different types of reference and as set out in para 11.9 above there are no records held by the Force against which these can be cross referenced. This therefore means it cannot be conclusively established that mobile phones listed by Vodafone as having been provided were in fact received by the Force.

11.14 Based on our re-visit work we are satisfied that there are now appropriate arrangements in place for identifying need for and the ordering of new mobile telephones. These arrangements include business cases having to be made for devices; traceable records of devices order; and recycling of available devices.

The extent to which redundant mobile telephones are removed from the contract in a timely manner.

Phase 1

11.15 The quarterly invoice dated 16th April 2012, was analysed and the users listed on the invoice were compared with a list of ‘leavers’ provided by HR. This highlighted 77 cases where a mobile device is registered against the name of an individual who has left the Force. The records maintained within the ICT Department were not up-to-date and consequently we were unable to ascertain whether the handsets were returned/reissued.

Recommendation: 4	Priority: 2	Action taken
<p>A process be initiated whereby mobile phones handed back by leavers are either returned to Vodafone and ‘cancelled’, or they be recycled and Vodafone notified of the change of user details. In either case, the Portal be visited after one-month to ensure that the necessary changes have been made.</p>		<p><i>A complete cleanse of BTP devices linked to appropriate cost centres is underway. In future the local 3C will be responsible to update the records to reflect the changes in user. Separately, the Mobile administrator from the Communication’s team will run a weekly report from the HR system “ORIGIN” to track changes where employees have moved between teams or across teams but records on VCO have not been updated to reflect the change. This will be reviewed with line manager to update the records</i></p> <p><i>Mobile administrator from Communications Team will be responsible to ensure the user and assets are correctly tagged.</i></p>

11.16 Consideration was given as to what happens if an employee leaves part way through the quarterly billing cycle and the handset is not re-issued, i.e. whether Vodafone stops the rental charge until the phone is re-issued. Clarification was sought from Vodafone, who confirmed that once a number is connected BTP are contracted to pay the associated monthly line rental according to the tariff it is connected to for the duration of the contract term (24 months) thus Vodafone would not stop the rental charge during the period a BTP employee leaves the organisation and the mobile is re-issued to a new user.

11.17 We were unable to ascertain from Finance staff as to how charges are apportioned between cost centres if an employee leaves part way through the quarterly billing cycle and the handset is re-issued, thus suggesting that such re-apportionments are not made for parts of billing periods.

Management of Mobile Telephone Arrangements

Operational Effectiveness Matter: 1	Action taken
<p>Consideration be given to introducing a process whereby the relevant Finance staff are notified of the changes when a mobile phone is recycled thereby enabling costs to be apportioned to the correct cost centre.</p>	<p><i>Introduction of “Online billing portal” with access provided to relevant Finance staff and cost centre managers (nominated team member) to ensure that they are able to view updated records – by 31/12/12</i></p> <p><i>Changes to cost centre transition will be applied to the following billing month, as the report will be on a monthly cycle with new Vodafone contract.</i></p>

- 11.18 As stated earlier in this report, a sample check of the quarterly invoice, dated 16th April 2012, highlighted that there are 77 mobile devices currently recorded as still being allocated to persons who are former members of staff. The bills indicate that the majority of these devices have been recently used. We were unable to ascertain the whereabouts of these handsets and the records held by the ICT Department are not sufficiently accurate/up-to-date to be able to show whether the handsets were returned/re-issued.
- 11.19 Further analysis highlighted 17 cases where a telephone number appears on the Vodafone bill (with name attached) but not on the internal records maintained by the ICT Department.
- 11.20 There are also 14 cases where for a given number the names shown on the internal records and the Vodafone Portal differ.
- 11.21 The above matters highlights the urgent need to cleanse the data held on the Vodafone portal and to ensure there is regular reconciliation of this data to that held by the ICT Department. It is of paramount importance that this is dealt with to ensure that the correct employee and cost centre associated with the telephone number is identified as this will enable the correct allocation of expenditure.
- 11.22 It is understood that previously an exercise was undertaken whereby texts were sent to handsets advising the users to reply thereby confirming the telephone was in their possession. It is understood that the results of this exercise are held by somebody in SDD and, if so, could be used in relation to the data cleansing that is now needed.

Recommendation: 5	Priority: 2	Action taken
<p>The data held on the Vodafone Portal be cleansed at the earliest possible opportunity and in future the data held on the Portal be reconciled to that held by the ICT Department at least quarterly.</p>		<p><i>Cleansing exercise is underway and updated data will be provided to Vodafone to ensure that Portal holds the correct information under the new contract (latest by 31/12/12)</i></p>

Management of Mobile Telephone Arrangements

Phase 2

- 11.23 A major exercise was carried out by the task group which entailed contacting holders of all devices to confirm physical whereabouts of the devices and the need to these items. We understand that all connections where it could not be positively established the mobile phone was held by a current BTP employee have been disconnected.
- 11.24 We understand that there are currently circa 400 connections for which there is little or no recent recorded usage and that an exercise is currently being carried out to determine which of these is no longer required. As a result of this exercise BTP should achieve significant financial ongoing savings.
- 11.25 There is a need to determine whether the Authority should source its devices through the Force's Vodafone contract. In the event that it is determined that the Authority should participate then staff and members will need to agree to sign up to the same conditions as those of Force personnel.

Recommendation: 14**Priority: 3**

Consideration be given to whether the Authority is to have a standalone mobile phone contract or whether it is going to participate in the new Force contract with Vodafone.

- 11.26 Based on our re-visit work we are satisfied that there are now appropriate arrangements in place for ensuring that redundant mobile telephones are removed from the contract in a timely manner. These arrangements include: devices are issued to the post, rather than the employee (i.e. if the member of staff is promoted they are provided with a new device and their existing device is allocated to their successor); the recording of issues of devices on HR system to enable collection from leavers; and Area Cost Centre Champions to action when staff relocate.

The effectiveness of the arrangements for monitoring usage.Phase 1

- 11.27 The SOP states that line managers and users are responsible for monitoring usage of handsets held by themselves or those employees they manage. However, currently there is not a consistent method of providing line managers and users with billing information.
- 11.28 For Area based staff, Area Finance Managers receive directly from Vodafone the quarterly invoices for each member of their staff in possession of a handset. For staff based at FHQ, the invoice data is received on a CD-Rom. The invoices received are not itemised. The detailed data is accessible via the Vodafone portal, which is accessible by a number of authorised users based at FHQ.
- 11.29 Whilst noting that checks are carried out for evidence of international calls, there appears to be no other routine monitoring or analysis of usage carried out.
- 11.30 It is stated within the SOP that at the end of every four weeks, Accounts Payable send the Vodafone invoices on to the Management Accountants within FHQ Finance, or the Area Finance Managers, who in turn send the invoices to Budget Holders

Management of Mobile Telephone Arrangements

detailing the transactions listed against the different cost centres. However, Accounts Payable staff advised that this is not the case and that budget holders are not routinely provided with a detailed breakdown of the charges for mobile handsets that are being charged to their cost centres. We were advised that Budget Holders receive only summary level data.

Recommendation: 6	Priority: 3	Action taken
<p>The SOP be amended to reflect the fact that invoices are received quarterly rather than monthly.</p>		<p><i>Under new contract arrangements, Vodafone (or new supplier) will be requested to change from quarterly to monthly billing cycle.</i></p> <p><i>As part of revision to current mobile inventory management processes, Mobile SOP /269/11 will be reviewed and updated to reflect all changes in procedures.</i></p>

Recommendation: 7	Priority: 2	Action taken
<p>On a quarterly basis, budget holders be provided with itemised billing information for the charges being made to their cost centres.</p>		<p><i><u>Mobile Inventory Procedure updates commencing 31/12/12 – Each cost centre / budget holder will be provided access to Vodafone online billing portal. They will have the responsibility to advise service desk team or send an email to mobile-audit@btp.pnn.police.uk to ensure records reflect any changes to numbers being transferred between teams or across teams , this will ensure that cost centres are kept up to date and each owner is able to view the changes regularly.</u></i></p>

- 11.31 Paragraph 3.16 of the SOP states that each individual holder will receive an email of their itemised bill to acknowledge overall spend and to mark personal calls for payment. However, this does not reflect current practice. It has been confirmed that instead of providing each user with an itemised bill and requesting that they mark personal calls, users instead receive an e-mail informing them of personal calls they have made. In order to differentiate personal calls from work calls, users must append an asterisk (*) onto the end of the dialled number, e.g. 01234 567890*. The asterisk will then be shown on the itemised bill. It is a listing of asterisked items that is sent via e-mail to the respective users. In relation to the quarterly invoice dated 16th April 2012, 23 users were invoiced for a total of £143.42.
- 11.32 Users are expected to pay for usage (over the value of £1) by means of a cash payment, directly to the Accounts Payable team within FHQ Finance, or their Area Finance Manager.
- 11.33 Other than within the SOP, there is no other reference to the need for users to append an asterisk (*) onto the end of the dialled number, e.g. 01234 567890*.

Management of Mobile Telephone Arrangements

Recommendation: 8	Priority: 3	Action taken
<p>At the point of issue of a mobile device, the recipient be issued with instructions regarding how to record the making of a personal call, and be required to sign to acknowledge they will reimburse the costs to the Force where the quarterly charge exceeds £1, in accordance with the SOP.</p>		<p><i>For existing employees, an updated "Mobile authorisation form" will be sent via email. Electronic signatures will be accepted and soft copy of the form will be attached to employee file in ORIGIN</i></p> <p><i><u>Mobile Inventory Procedure updates commencing 31/12/12 –</u></i></p> <p><i>Updated "Mobile usage" policy detailed in the form states that work mobile should not be used for personal calls or text, unless there is an extended call of duty which may require the employee to inform family.</i></p> <p><i>New policy will apply to all employees.</i></p> <p><i>In addition, all new joiners will be required to sign the "Mobile user acceptance" forms. The signed softcopy will be attached to the HR ORIGIN record.</i></p>

- 11.34 As stated in the SOP, the asterisk cannot be used when sending text messages. The adequacy and effectiveness of controls to minimise the losses to the Force as a consequence of inappropriate usage of text messaging is considered in the following section of this report.

Phase 2

- 11.35 Based on our re-visit work we are satisfied that there are now appropriate arrangements in place for monitoring usage. These arrangements include: usage reports being monitored and holders of low usage devices being required to provide a business case for the continued need for the device.

Extent to which the current arrangements providing reasonable value for money.

Phase 1

- 11.36 It was noted there are currently a number of different tariffs in use. However, due to the lack of information available to us we have been unable to assess whether devices are placed on the best tariff for the intended usage.
- 11.37 Some individuals are incurring what seem to be excessively high charges. Analysis of the ten most expensive user invoices from the October 2011 and April 2012 invoices was carried out and a recurring theme for these users was the use of directory enquiries, Mobile internet, calling other networks, and sending text messages. It was noted that the SOP clearly states that directory enquiries should not be called using BTP mobile phones.

Management of Mobile Telephone Arrangements

Recommendation: 9	Priority: 2	Action taken
<p>Reports be extracted from the Vodafone Portal listing, by user, calls made in breach of the SOP, e.g. calls to 118118, and sent to the Line Managers of those concerned so that the appropriate action can be taken.</p>		<p><i>Vodafone will be instructed to implement a bar on mobile numbers, so that premium rate numbers are not easily accessible.</i></p>

11.38 The quarterly invoice dated 16th April 2012 listed approximately 161,000 text messages, sent at a cost of approximately £3,500. An analysis of the texts sent highlighted that 37 individuals sent over 1,000 texts in the quarter, with 5 sending over 2,000. The heaviest user sent 4,384 texts, at a cost of £142.94. The average cost incurred by the 37 individuals for text messages was £50.27. We were unable to ascertain the operational requirements to use texting or what proportion of these, if any, were personal texts.

Recommendation: 10	Priority: 3	Action taken
<p>High text usage cases be investigated and, where appropriate, the persons concerned be asked to reimburse the Force for the cost of the texts.</p>		<p><i>A review of the call back charge process indicates that potential recovery of past cost may not be sound from a legal basis, due to gaps in signed records available on Personnel files.</i></p> <p><i>A decision has therefore been agreed by Director of Corporate Resources to right off any outstanding amounts.</i></p> <p><u>Mobile Inventory Procedure updates commencing 31/12/12 –</u></p> <p><i>To rectify going forward, all users will be required to accept the updated “Mobile acceptance authorisation” form electronically and this will be placed on their HR records. The form also provides authority for BTP to recover costs or refer the case to PSD where assets have not been returned or misused during employment</i></p>

Recommendation: 11	Priority: 3	Action taken
<p>Staff be reminded of the requirements of the SOP with regard to the sending of text messages.</p>		<p><u>Mobile Inventory Procedure updates commencing 31/12/12 –</u></p> <p><i>The updated “Mobile acceptance authorisation form” will require the user to keep themselves abreast of Mobile asset SOP/269/11. The SOP will be made available on Intranet with easy access for all.</i></p>

Management of Mobile Telephone Arrangements

	<p><u>Mobile Inventory Procedure updates commencing 31/12/12 –</u></p> <p>A review of the call back charge process indicates that potential recovery of past cost may not be sound from a legal basis, due to gaps in signed records available on Personnel files. The review also showed that cost of recovery may outweigh the amount recovered against personal calls.</p> <p>The Directory of Corporate Resources therefore recommends that a “No personal calls policy” unless line of duty requires the member of staff to notify family, is implemented under the updated mobile asset SOP (Dec’12)</p> <p>In parallel, a wider review to consider phone packages as employee benefits is underway to review employee “Rewards” scheme.</p> <p>From an audit perspective, a monthly usage report will ensure that any non-operational repetitive numbers are identified and forwarded to PSD for further investigation. Each cost centre manager, AFACS lead and Integrity Board will also be provided with a copy of the reports.</p>
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Recommendation: 12	Priority: 3	Action taken
<p>In future, itemised bills containing text message be provided to those concerned with them being required to mark those that are personal.</p>	<p><u>Mobile Inventory Procedure updates commencing 31/12/12 –</u></p> <p>A review of the call back charge process indicates that potential recovery of past cost may not be sound from a legal basis, due to gaps in signed records available on Personnel files. The review also showed that cost of recovery may outweigh the amount recovered against personal calls.</p> <p>The Directory of Corporate Resources therefore recommends that a “No personal calls policy” unless line of duty requires the member of staff to notify family, is implemented under the updated mobile asset SOP (Dec’12)</p> <p>In parallel, a wider review to consider phone packages as employee benefits is</p>	

Management of Mobile Telephone Arrangements

	<p><i>underway to review employee “Rewards” scheme.</i></p> <p><i>From an audit perspective, a monthly usage report will ensure that any non-operational repetitive numbers are identified and forwarded to PSD for further investigation. Each cost centre manager, AFACS lead and Integrity Board will also be provided with a copy of the reports.</i></p>
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Phase 2

11.39 Based on our re-visit work we are satisfied that there are now appropriate arrangements in place for providing reasonable value for money. These arrangements include: in the new contract there will be barring on premium rate, internal calls and 118 118 (except for specified users approved by the Director of corporate Resources); and restricting personal calls to only when on extended duty.

The credit bank provided under the contract can be accounted for.

Phase 1

11.40 We were advised that the Force has set up a ‘Hardware Fund’ with Vodafone. It was explained to us that rather than the Force being given two thousand or more devices at the start of a contract/renewal and having to swap over the devices, sim cards and reprogram all the Blackberry’s all at once, whether the Force needs new ones or not, a Hardware Fund was created. Under this arrangement the Force can call down credit from it when needed. This can be for upgrades, accessories, or other hardware. We are advised that the new Blackberry Enterprise Server was purchased via the Hardware Fund. However, we have been unable to ascertain how the Fund was created and whether it has since been topped up, nor how it has been applied, other than in relation to the example provided regarding the Blackberry Enterprise Server.

Recommendation: 13	Priority: 1	Action taken
<p>The Vodafone Contract Manager be contacted and (a) clarification sought as to the mechanics of the Hardware Fund and (b) a statement obtained showing the initial credit to the Fund and all subsequent transactions.</p>	<p><i>Vodafone Contract Manager (Heather Vidgen) has been sent a formal request from Auditors to provide evidence of all transactions that have taken place against the “Hardware Fund”.</i></p> <p><i><u>Mobile Inventory Procedure updates commencing 31/12/12 – A new process is being put in place to manage the “credit / tech fund” under the new contract. The Governance control of the fund will be managed centrally by the Assistant Technology Manager – Communications. He/She will be a required to submit monthly reports showing the expenditure to</u></i></p>	

Management of Mobile Telephone Arrangements

date and outstanding balance to Technology Governance Board

11.41 It is understood that the Force is in the process of entering into a new framework agreement with Vodafone. A post contract review of the current Vodafone contract should be carried out to ensure that any sums due from Vodafone are fully recovered.

Operational Effectiveness Matter: 2	Action taken
A post contract review of the current Vodafone contract should be carried out to ensure that any sums due from Vodafone are fully recovered.	<i>Procurement Manager has reviewed various elements of the current contract and will provide a detailed analysis to SMT and SCT Boards for approval of chosen options – by 30/11/12.</i>

Phase 2

11.42 The task group obtained information from Vodafone which indicated that in early September 2012 the cumulative credit bank balance was £185,450 of which only £25,417 was currently held. The report produced by the task group also indicates that none of the Areas appear to have been aware/had access to this credit bank and that access was limited to the ICT team.

11.43 From the additional work we carried out it has been established that due to a failure in backup at Vodafone the company cannot provide usage records for the period April 2007 to October 2008. As advised earlier in the report the Force does not appear to have maintained a record of usage of the Hardware Fund throughout the contract. As a consequence an absolute reconciliation to confirm the current balance on the account is not possible.

11.44 From our examination of the Vodafone records there would appear to be a number of transactions where the Hardware Fund has been debited, despite the Force paying Vodafone for the devices. The total of these transactions is £4,335 + VAT.

Recommendation: 15	Priority: 2
Vodafone be provided with a schedule of the devices paid for by the Force which have also be debited from the Hardware Fund.	

11.45 With the imminent expiry of the existing contract with Vodafone it is imperative that the Force either negotiates for the remaining balance on the Hardware Fund is expended by being netted off against the final Vodafone invoices for the existing contract. We understand that arrangements have been put in place to effect this.

11.46 Over the period since 2007 we have been advised that at least two Blackberry Enterprise Servers have been acquired by the Force from Vodafone. There appears to be no documented Force business cases for these acquisitions. It is not clear how these acquisitions were funded as there is no evidence that Vodafone has invoiced BTP for them. We have obtained a partial copy of a Vodafone document dated 2009 which indicates BTP was experiencing performance and capacity issues with their

Management of Mobile Telephone Arrangements

existing BlackBerry service. The Vodafone report sets out a project plan to upgrade the service. An invoice for £33,591.90 including VAT from Vodafone was subsequently received in December 2009, but subsequently a credit note for the full amount was provided. It is understood that no written business cases were presented for the acquisition of the hardware and it was also not added to the asset register. Further investigatory is still being carried out.

- 11.47 Based on our re-visit work we are satisfied that there are now appropriate arrangements in place for providing assurance that credit bank provided under the new contract will be accounted for. These arrangements include: fund will be managed centrally by the Assistant Technology Manager – Communications; and monthly reporting of usage of the fund and the balance remaining.

CBSL

ICT Review – Disaster Recovery Arrangements

British Transport Police

Not Protectively Marked

FINAL



December 2012

2012/13

Review of the ICT Disaster Recovery Arrangements

- EXECUTIVE SUMMARY -

INTRODUCTION

1. We have carried out a review of the ICT Disaster Recovery arrangements within the Force. The review was carried out in September 2012 and was part of the planned internal audit work for 2012/13.

SUMMARY

2. Key Risk Control Objectives were tested and based on the findings from this work an overall evaluation of the overall adequacy of the internal controls was established (figure 1 below).

Figure 1 - Evaluations of the Effectiveness of the Internal Controls



KEY FINDINGS

3. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed by the Force for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 2):

Figure 2 - Summary of Priorities of Recommendations

High	Medium	Low	Operational
1	1	-	-

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date draft report issued:	11 th October 2012
Date management responses recd:	14 th December 2012
Date final report issued:	20 th December 2012

MANAGEMENT ACTION PLAN
PRIORITY 1, 2 AND 3 RECOMMENDATIONS

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Fit for Purpose Risk	Following the implementation of the Birmingham DR centre testing was undertaken to ensure that systems could failover to the new centre. A documented test plan was used and tested the recovery arrangements as detailed within the recovery guidelines. The documented testing indicated that all tests were successful. This testing did not put the systems into a production environment and therefore was not a complete “live” DR test. It is anticipated that this type of test will be undertaken early 2013 and the Force will use the DR centre systems and services for a number of weeks before switching back to the Camden HQ centre. This will provide a “real world” test of the facilities. The process	Ensure a full documented Disaster Recovery test is performed to ensure data and systems can be restored as expected.	1	<i>BTP are currently working towards a plan to implement a fully tested disaster recovery centre. There is currently an outline plan in place which is subject to third party suppliers. Engagement with the suppliers in this regard will take place between now and January 2013. Implementation of activities agreed with third parties will then commence. This implementation is subject to financial agreements.</i> <i>To achieve compliance we need to undertake works as set out in Appendix A. Sign off is required from internal stakeholders for the</i>	Estimated delivery: W/C – 11 th Feb 2013 <i>Date subject to review sign off as stated</i>	<i>Chief Technology Officer (Cliff Cunningham)</i>

PRIORITY GRADINGS

1	URGENT	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	IMPORTANT	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	ROUTINE	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure.
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Review of the ICT Disaster Recovery Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		for the testing the Disaster Recovery arrangements needs to be fully planned and must include a back-out plan should the “live” test fail or incur unexpected issues.			<i>implementation of the plan and externally from third parties for time scales (BT/ NPIA/ Cable and Wireless/ Capita/Unisys/ MTI).</i>		
2	Fit for Purpose Risk	The IT function has indicated that there are still outstanding issues to be resolved with the DR centre. There are a small number of servers that are not yet replicated at the Birmingham site and there is also an issue with the Birmingham CJX internet connection to provide an internet break-out point at the DR centre. Currently the DR centre uses the break-out point at the Camden HQ site but this may not be available during a DR scenario.	Ensure that all actions required to complete the DR centre are undertaken at the earliest opportunity.	2	As stated above the tasks for completion are as indicated in Appendix A. To achieve compliance we need to undertake works as set out in Appendix A. Sign off is required from internal stakeholders for the implementation of the plan and externally from third parties for time scales (BT/ NPIA/ Cable and Wireless/ Capita/Unisys/ MTI). The next milestone is a Project Validation Workshop on 28th November, aiming to put	Estimated delivery: W/C – 11 th Feb Date subject to review sign off as stated.	Chief Technology Officer (Cliff Cunningham)

PRIORITY GRADINGS

1	URGENT	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	IMPORTANT	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	ROUTINE	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure.
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Review of the ICT Disaster Recovery Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
					<i>governance around the planned work streams. A reviewed plan will be published by Technology December 10th 2012.</i>		

PRIORITY GRADINGS

1	URGENT	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	IMPORTANT	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	ROUTINE	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure.
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OPERATIONAL EFFECTIVENESS MATTERS

Ref	Item	Management Comments
	There are Operational Effectiveness Matters.	

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

- DETAILED REPORT -**SCOPE AND LIMITATIONS OF THE REVIEW**

5. The review considers the extent to which the organisation has put into place arrangements which provides reasonable but not absolute assurance that the impact on the organisation of any major incident will be minimised. The scope of the review does not include providing assurance that the actual testing of hardware/software etc has been carried out effectively.
6. The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). CBSL is the arm through which Sector's non-FSA regulated services, including the former Sector Business Assurance, are delivered. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.
7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL and TIAA neither owe nor accept any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

ASSESSMENT OF THE KEY RISK CONTROLS

8. This review identified and tested the controls that are being operated by the Force and an assessment of the combined effectiveness of the controls in mitigating the key control risks is provided. The assessments, which accord with those used by the Department for Transport, are:

Full	Systems of corporate governance, risk management and internal control are fully established, documented and working effectively.
Substantial	Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.
Reasonable	Systems of corporate governance, risk management and internal control arrangements are generally established and effective, with some minor weaknesses or gaps identified.

Partial	Systems of corporate governance, risk management and internal control are present and operating effectively except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation.
None	Systems of corporate governance, risk management and internal control are poorly developed or non-existent or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation.

MATERIALITY

9. For some time there has been an issue with the Disaster Recovery arrangements at BTP. In response to this need the Force have commissioned the implementation of a Disaster Recovery centre at BTP offices in Birmingham to provide failover services to the force.

AUDIT FINDINGS

Key Risk	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.
Key Risk Controls	Arrangements in place for the process provide for direction through established policies, procedures and provide for safeguarding the organisation’s assets and interests from avoidable losses.
Reasonable Assurance	

10. The following matters were identified in reviewing the Key Risk Controls:

Risk: There is no procedure for restoring critical business systems following an incident.

10.1 The arrangements for Disaster Recovery have been fully documented. The guide was documented by Virtustream who were responsible for the implementation of the new DR arrangements. The document outlines instructions to perform a DR Failover from BTP FHQ site to the Birmingham DR site. The procedure makes use of a VMware VCO package provided by Virtustream, and the document outlines instructions on the use this package. The package contains a number of workflows that enforce best practice and add advanced failover capabilities. The document outlines what these workflows do and how they operate.

10.2 The failover process also makes use of the Compellent Enterprise Manager and VMware Virtual Center and users responsible for DR operations should be familiar with the administration of these products.).

Risk: Systems cannot be restored following a system failure or incident.

- 10.3 The Birmingham DR centre has been specifically commissioned for the purposes of providing Disaster Recovery services to the Force. The DR server room is secure and has the appropriate environmental controls in place. In the event of a power failure the equipment is protected by both UPS devices and a backup generator. It is understood that the generator is tested on a weekly basis. There are appropriate maintenance contracts in place for the server room equipment. Consideration has been given to providing additional capacity within the DR server room to ensure future needs can be met.
- 10.4 It is understood that consideration was given to making the DR site a "hot" recovery site (instant availability and failover) but it was decided that a "warm" facility would better suit the Force by allowing the DR centre to be utilised for testing and development and therefore employing the services of the DR centre. The centre could only be utilised during a DR fail-over if configured as a "hot" site.
- 10.5 Following the implementation of the Birmingham DR centre testing was undertaken to ensure that systems could failover to the new centre. A documented test plan was used and tested the recovery arrangements as detailed within the recovery guidelines. The documented testing indicated that all tests were successful. This testing did not put the systems into a production environment and therefore was not a complete "live" DR test. It is anticipated that this type of test will be undertaken early 2013 and the Force will use the DR centre systems and services for a number of weeks before switching back to the Camden HQ centre. This will provide a "real world" test of the facilities. The process for the testing the Disaster Recovery arrangements needs to be fully planned and must include a back-out plan should the "live" test fail or incur unexpected issues.
- | | |
|---|--------------------|
| Recommendation: 1 | Priority: 1 |
| Ensure a full documented Disaster Recovery test is performed to ensure data and systems can be restored as expected. | |
- 10.6 Regular daily backups are made to tape at the Camden HQ site. Force data is also replicated to a DR site in Birmingham in real-time ensuring that data availability is 24/7.
- 10.7 The Camden HQ site employs backups to fast disk units (legato) and also to tape. It is understood that this system is to be implemented at the DR site in Birmingham to further enhance the robustness of the recovery service.
- 10.8 The backup regime is currently not documented but a member of staff has been tasked with this. The recommendation to document the backup arrangements was made in a previous audit and so is not repeated here. It is understood that the following arrangements are in place:

Review of the ICT Disaster Recovery Arrangements

- daily incremental saves (Monday to Thursday including Bank Holidays)
 - weekly full saves (the first 3 or 4 Fridays each month)
 - monthly (every last Friday each month)
 - annually (in December)
 - tapes are stored in a fireproof safe in the basement at Camden HQ.
- 10.9 The Disaster Recovery project was implemented using elements of the PRINCE2 project management controls ensuring an effective delivery of key elements to service the objectives of the project but it is understood that, although the project had been reported as complete, there are still a number of actions left to complete. A recent end of project review has been undertaken by the Strategic Development Portfolio Management Office and the report remains in draft. The report considers the project management and also concludes that the project is not yet complete. The report includes a number of recommendations and as a consequence these are not repeated here. Appendix A of this report includes an action plan for the completion of the project and Disaster Recovery testing.
- 10.10 The IT function has indicated that there are still outstanding issues to be resolved with the DR centre. There are a small number of servers that are not yet replicated at the Birmingham site and there is also an issue with the Birmingham CJX internet connection to provide an internet break-out point at the DR centre. Currently the DR centre uses the break-out point at the Camden HQ site but this may not be available during a DR scenario.

Recommendation: 2**Priority: 2****Ensure that all actions required to complete the DR centre are undertaken at the earliest opportunity.**



ACTIONS

Requirement	Activity	Cost (Inc VAT)	Capital/ Revenue	Date
DR Centre Implementation				
Relocate virtual Test and Dev to Birmingham for the BOXI system	Review nightly activities and schedule date	N/A In house resources	N/A	November 2012
CJX Second Link	Check with Cable and Wireless re CJX Connection	£2,000	Revenue	December 2012
CJX Firewall Connectivity	MTI Costs of Firewalls	£8,400	Capital	December 2012
M86 Security (Not in original scope)	Proxy MTI Costs of M86 implementation	£11,400	Capital	December 2012
Relocate data repository backup	Implement movement of secondary Legato back up scenario (Disconnect and Reconnect, supplier support)	£2,160	Revenue	December 2012
Network Routing/ Load balancing/ SRAS Connectivity	BTP have initiated change control for BT network to provide resilience for failover and load sharing /	£2,000	Revenue	January 2013



Disaster Recovery

	balancing for CJX connectivity.			
Email: Exchange/Blackberry (Not in original Scope due to upgrade)	Exchange 2010 business case review / implementation	Costs in the Exchange project	Capital	January 2013
Set up UNIX environment – HOLMES and ORIGIN	Deploy/implement UNIX virtualisation environment within the DR recovery Centre for these systems	£4,000	Revenue	January 2013
Mobile Data (PDA) Outside of scope – reliant of new Strategy	Scoping requirement for DR Mobile Data Solution. Developing implantation strategy to bring within scope	TBC	Revenue	January 2013
Review data synchronisation process	Make data synchronisation process automated (currently manual)	£2,000	Capital	January 2013
DR Centre Testing				
Activity plan for testing and reviewing DR Centre implementation	Need to allocate resources for at least three trials for failover and failback.	N/A In house resources	Revenue	January 2013
Third Party Support	Need to identify what support will be required from third party	£20,000	Revenue	December 2012



	suppliers			
Accommodation and Travel	Need to identify how many failover tests will be required, who will be testing, where they are based and whether travel and accommodation is needed	£10,000	Revenue	December 2012

The total estimation for capital spend is **£ 21,800**

The total estimation for revenue spend is **£ 40,160**

DRAFT

CBSL

Compliance Review of the Creditor Payment Arrangements

British Transport Police

FINAL



December 2012

2012/13

Compliance Review of the Creditor Payment Arrangements

- EXECUTIVE SUMMARY -

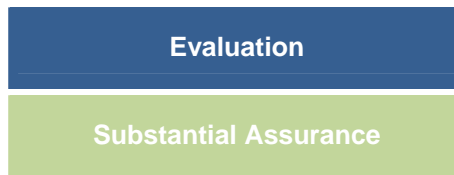
INTRODUCTION

1. We have reviewed the Creditor Payment arrangements at British Transport Police. The review was carried out in November 2012 as part of the planned internal audit work for 2012/13.

SUMMARY

2. One Key Risk Control Objective was identified and tested and based on the findings from this work an evaluation of the overall adequacy of the internal controls was established. (Figure 1 below).

Figure 1 - Evaluation of the Effectiveness of the Internal Controls



KEY FINDINGS

3. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed by the Force for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 2):

Figure 2 - Summary of Priorities of Recommendations

Urgent	Important	Routine	Operational
-	-	-	-

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date draft report issued:	26 th November 2012
Date management responses recd:	20 th December 2012
Date final report issued:	20 th December 2012

MANAGEMENT ACTION PLAN
PRIORITY 1, 2 AND 3 RECOMMENDATIONS

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
			There are no recommendations arising.				

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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OPERATIONAL EFFECTIVENESS MATTERS

Ref	Item	Management Comments
	No such matters were identified.	

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

- DETAILED REPORT -

SCOPE AND LIMITATIONS OF THE REVIEW

5. The review considered identification of any significant changes to the system and assessed the implications of these changes on the effectiveness of the control framework for payment of creditors. The review concentrated on testing to assess whether the controls are operating continuously and effectively. The review did not consider identification of system controls other than where there have been significant operational changes since the previous assurance review. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.
6. The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). CBSL is the arm through which Sector's non-FSA regulated services, including the former Sector Business Assurance, are delivered. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.
7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

ASSESSMENT OF THE KEY RISK CONTROL OBJECTIVE

8. This review identified and tested the controls that are being operated by the Force and an assessment of the combined effectiveness of the controls in mitigating the key control risks is provided. The assessments are:

Full	Systems of corporate governance, risk management and internal control are fully established, documented and working effectively.
Substantial	Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.
Reasonable	Systems of corporate governance, risk management and internal control arrangements are generally established and effective, with some minor weaknesses or gaps identified.

Partial	Systems of corporate governance, risk management and internal control are present and operating effectively except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation.
None	Systems of corporate governance, risk management and internal control are poorly developed or non-existent or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation.

MATERIALITY

9. The Force has made payments of circa £62,895,355 during the current financial year.

AUDIT FINDINGS

Risk	Losses arising in the process from unauthorised action.
Risk Control Objective	Arrangements in place for the process provide for compliance with the procedures designed to safeguard the organisation’s assets and interests from avoidable losses.
Evaluation	Substantial Assurance

10. The following matters were identified in reviewing the Key Risk Control Objective:

Risk: Failure to direct the process through approved policy & procedures.

- 10.1 It was noted during the review that there have been no key process changes to the Creditor Payments system since the last review carried out in November 2011, with the exception that changes to supplier details are now handled by a team within Finance, and not Procurement, to provide additional separation of duties.
- 10.2 The IT system used, E-Fins, has, however, been upgraded to a newer version (4.1), which provides increased functionality.
- 10.3 A set of Financial Procedures notes for the E-Fins Financial system (4.1) has been established and provided to staff working within the Transaction Centre. A copy of these was obtained and reviewed as part of the audit work.
- 10.4 The Transaction Centre Manager has responsibility for the day-to-day management of the payments function and is supported by a Transaction Centre Team Leader. In addition, there is currently a team of three staff who carry out the bar coding, scanning, processing and reconciliations for the E-Financials system.

Risk: Payment may be made without any goods or services actually being obtained by the Force.

- 10.5 As part of the audit work, compliance testing was carried out on the BACs payment releases that are carried out each week. It was confirmed that the Financial Controller, the Systems and Taxation Accountant and, additionally, the Financial Accountant are delegated to check and release the proposed payment runs.
- 10.6 A sample of 50 payment runs from April 2012 through to November 2012, which covered both the PL1 and PL3 payment ledgers, was selected to confirm that independent checks had been carried out and were evidenced as being carried out on the payment proposals prior to them being released. No issues were identified from the testing carried out.
- 10.7 A full transaction listing for FHQ was obtained from the Transaction Centre and from this a sample of high payments was selected for further review. For each of the payments the following was confirmed:
 - All invoices had been date stamped on arrival and scanned into the system.
 - All invoices were addressed to the Force at Force HQ (or Area HQ).

- All invoices were arithmetically correct.
 - All invoices had a Purchase Order and had been Goods Received (unless they were exempted).
 - Interrogation of the E-Fins system confirmed that each invoice was against a purchase order (unless exempted) which had been appropriately authorised within the system.
- 10.8 It was also confirmed that, for each of the payment runs selected, the financial transaction amount matched the BACs release report, and it was confirmed that each BACs release report had been signed by one of the delegated staff.
- 10.9 Additionally, a further sample of 43 random payments was subsequently selected and the same tests carried out. No issues were identified from the testing carried out.

Risk: Payments may be made to the wrong supplier.

- 10.10 A supplier change report was obtained during the review, which identified all changes to supplier accounts that had taken place from April 2012 through to November 2012. This included new suppliers and changes to bank account details.
- 10.11 From the supplier change report a sample of 10 supplier changes to bank details was selected. These changes were then confirmed back to hard copy original documents to confirm the changes. In addition, it was confirmed that the supplier is contacted directly to confirm the changes to the payment details.

Risk: Inadequate security over cheques and other payment devices may lead to unauthorised payments being made with consequential financial loss to the Force.

- 10.12 FHQ still make a number of payments to suppliers via cheque, although this has been reduced. It was confirmed that cheque stationary (which is pre-signed) is maintained in a locked cupboard within the Transaction Centre. These were sighted during the review and the cheques followed the next sequential number detailed on the cheque register.
- 10.13 The Force also utilise GPC cards. In recent months there has been a significant effort to reduce the number of cards within circulation. At the time of this review, there were currently only 151 cards remaining Force wide, and it was intended to reduce this still further. It was noted that there were over 270 for FHQ staff alone in 2010.
- 10.14 As part of the audit work, a sample of 20 GPC returns was selected from the current financial year, and these were checked to ensure that the transaction log had been completed and signed and authorised and that the receipts were attached to support the expenditure. No issues were identified from the testing.
- 10.15 It was also confirmed that the bank mandate was still current and valid. No issues were identified.
- 10.16 Bank Reconciliations for the main bank account are carried out on a monthly basis by a member of the Transaction Centre Team. These are then reviewed by the Financial Accountant. The reconciliations were obtained for period one to seven and it was confirmed that this control was operational.

CBSL

REVIEW OF THE HALF-YEAR MANAGEMENT ASSURANCE RETURN

British Transport Police

Not Protectively Marked

FINAL



December 2012

2012/13

Review of the Half-Year Management Assurance Return

- EXECUTIVE SUMMARY -

INTRODUCTION

1. We have carried out a desk-top review to provide assurance on the extent to which the content of the September 2012 version of the DfT Management Assurance Return is supported by appropriate evidence. The review was carried out in October 2012 and was part of the planned internal audit work for 2012/13.

SUMMARY

2. There are five areas within the Management Assurance Return (MAR) where the assessment rating has decreased from that which was made in the March 2012 MAR. We have reviewed the reasons for these changes in the assessments and are satisfied that in each case there has been no deterioration/reduction on the arrangements in place, but rather the changes reflect a more critical self assessment process. The assurance levels can be subjective and the DfT definitions are not overly helpful in providing an accurate assessment. The BTP and BTPA may therefore wish to review the assurance levels for each category and where these are scored at Reasonable or lower to determine how the weaknesses, deficiencies or gaps impact on the control framework and the significance of this in determining the level of assurance.

KEY FINDINGS

3. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed by the Authority for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 1):

Figure 1 - Summary of Priorities of Recommendations

High	Medium	Low	Operational
-	-	-	5

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date draft report issued:	17 th October 2012
Date management responses recd:	14 th December 2012
Date final report issued:	19 th December 2012

OPERATIONAL EFFECTIVENESS MATTERS

Ref	Item	Management Comments
1	The deficiencies identified which have impacted on the scoring for the Impact Assessments be reviewed to determine whether they represent material weaknesses and/or significant deficiencies.	<p><i>The decision to downgrade the assurance level in relation to Impact Assessments relate to the lack of formal Impact Assessment processes within BTPA rather than BTP.</i></p> <p><i>The wording was amended in the final MAR submitted to reflect the work in progress and put the comments into context.</i></p>
2	The deficiencies identified which have impacted on the scoring for Succession Planning be reviewed to determine whether they represent weaknesses and/or gaps in the control framework.	<p><i>The reduction in the assurance level in relation to succession planning does not relate to a weakness in the control framework, rather it refers to an improvement that is not fully embedded yet.</i></p> <p><i>The wording used in the final MAR submitted to DfT addresses this observation.</i></p>
3	Definitions should be agreed for what may be a material weakness or significant deficiency.	<p><i>Agreed.</i></p> <p><i>BTPA FD to work with BTP to establish definitions.</i></p>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

Ref	Item	Management Comments
4	The Audit Committee should receive a SWOT (or similar) analysis for all 'Partial' (or lower) graded assessments. The SWOT should clearly and objectively set out whether the material weaknesses or significant deficiencies are in fact material or significant and do impact upon the control arrangements.	<i>Agreed but not applicable in this MAR.</i>
5	BTP and BTPA should consider defining the five assurance levels for each category based upon the DfT high level definitions. ('Full', 'Substantial', 'Reasonable', 'Partial' and 'None'). This would enable a clear understanding of where the assurance level should be for each category and facilitate a direction of travel to enable either 'Substantial' or 'Full' assurance to be attainable for each category.	<p><i>Comments can be fed back to DfT. However the ratings are already defined by DfT to be used by all of the entities who complete the return. BTPA and BTP therefore need to adhere to the definitions to ensure consistency throughout the DfT family.</i></p> <p><i>All responses provided by Doug Hanley, Risk Management Coordinator (Corporate Risk Team) on 20/11/12 and commentary has been agreed between SDD and Liz Pike, FD to the BTPA.</i></p>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

- DETAILED REPORT -**SCOPE AND LIMITATIONS OF THE REVIEW**

5. The review considers the extent to which the responses made in the Year-end Management Assurance Return ('MAR') (known by the DfT as the Governance Statements) are supported by evidence provided by the Force and the Authority. The review does not include ascertaining the robustness and completeness of the evidence. The scope of the review was subsequently amended by the Authority to focus on the areas in which the self assessments were lower than in the March 2012 MAR to establish reasons for these changes in the assessments.
6. The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). CBSL is the arm through which Sector's non-FSA regulated services, including the former Sector Business Assurance, are delivered. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.
7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL and TIAA neither owe nor accept any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

MATERIALITY

8. BTPA is required to submit both a Half Year and also a Year-end MAR to the DfT. In February 2011 the NAO advised BTPA that there should be internal audit examination of the MAR and this should include briefing the Audit Committee on changes made.

AUDIT FINDINGS

9. The following matters were identified on an exceptions basis:

Changes to the requirements of the MAR

- 9.1 There are two new assurance changes made by the DfT to the 2011/12 MAR. These are:

- Checking of travel and subsistence claims, and
- Taxation of payments to off-payroll staff.

In addition, there has been an amendment to the Security Section by including reference to personnel security.

- 9.2 **Travel and Subsistence Claims:** This assessment has been included within the "Regularity, Propriety and Conduct" area. Internal audit has established that the

system for business expense and travel is a robust one which is well controlled through the payroll system. The assurance scoring for this category at the mid-year point does not include the assessment for travel and subsistence claims, which will be included at year end.

- 9.3 **Taxation of Payments to Off-Payroll Staff:** This assessment has been included within the "Human Resources" area. The assurance scoring for this category at the mid-year point does not include the assessment for taxation of payments to off-payroll staff, which will be included at year end.
- 9.4 **Security:** The DfT MAR form is slightly confusing in that the old security statement has been deleted and replaced by a new statement which has been repeated. The key change has been around personnel security, however, this has not impacted upon the scoring at this time.

Completion of the Half-Year MAR

- 9.5 To complete the MAR all BTP departments are required to provide a detailed response with evidence to support the commentary. These responses are reviewed and collated by the Force's Risk Management Coordinator who also advises on what evidence has been provided before, and what advice or recommendations have been suggested by the BTPA, DfT or auditors. The collated returns are reviewed by the Senior Command Team (SCT) who agree the levels of assurance.
- 9.6 BTPA's Chief Executive and Finance Director then reviewed the MAR, as a draft, before being received by the Audit Committee for review and comments. Following this review the Investment Appraisal and Succession Planning categories were both downgraded.
- 9.7 The draft MAR was presented to the September meeting of the Audit Committee. Due to the latest receipt of the pro-forma MAR from the DfT it was not possible for the Audit Committee to have sight of the finalised MAR at that meeting, but it will be circulated for the individual members of the Audit Committee to have a final review before it is provided to the DfT. The MAR therefore has a robust and independent challenge before being submitted to the DfT.

Areas where the assessment has been downgraded

- 9.8 There are five areas where the assessment within the draft Half-Year (2012/13) MAR are lower than they were in the Year-End (2011/12) MAR (figure 2 below)

Figure 2 - Summary of changes in assessments in the MAR

Area	Year End (2011/12)	Half Year (2012/13)
Impact Assessments	Substantial	Partial

Succession Planning	Substantial	Reasonable
Programme & Project Management	Substantial	Reasonable
Investment Appraisal	Full	Substantial
Financial Controls	Substantial	Reasonable

- 9.9 Impact Assessments: This was a new category for 2011/12 and was initially assessed as 'Substantial' on the grounds that "impact assessments against set criteria are required for all papers that inform decision making at the strategic level within BTP". Operationally, BTP undertakes community impact assessments prior to operations at all levels. These consider the potential for impacts on different sectors of society including the rail industry and the travelling public".
- 9.10 The scoring for Impact Assessments has moved from 'Substantial' to 'Partial' (2011/12 to mid-year 2012/13) due to the current position within BTPA, although this position no doubt existed in 2011/12, but was not identified. This does raise the issue of clear definitions for the assurance levels for each area being assessed. To go from a "positive" 'Substantial' to a "negative" 'Partial' is quite a significant change. Whilst appreciating the importance of Impact Assessments within the BTPA and how it fulfils its statutory function a move from 'Substantial' to 'Reasonable' might be a better reflection on the current state across the BTPA and BTP. The definition of 'Partial' refers to "material weaknesses or significant deficiencies" and we suggest that the lack of a formal process does not support this level of assurance.

Operational Effectiveness Matter: 1

The deficiencies identified which have impacted on the scoring for the Impact Assessments be reviewed to determine whether they represent material weaknesses and/or significant deficiencies.

- 9.11 **Succession Planning:** This has changed from a 'Substantial' assurance in 2011/12 to a 'Reasonable' assurance for the half year 2012/13. BTP is improving their evidencing of succession planning and have piloted a process to do this. It is not clear why the overall assurance assessment should change as a result of improved evidencing. Indeed, once this new scheme is operational across the whole Force the assurance level may become 'Full' assurance at that time.
- 9.12 Succession planning within a Police Force is an integral part of how a Force operates with a Chief, a Deputy, several Assistants, Area Commanders, Superintendants etc. Within the support functions we reviewed the transition arrangements, following the unexpected departure of the Director of Corporate Resources, and this identified that

there were robust contingency arrangements which operated effectively. The inherent process is therefore 'substantial'. To formally document and review this process would then move the assurance level to 'full'. While the documentation and review of this process is being undertaken this does not change the level of assurance already established.

Operational Effectiveness Matter: 2

The deficiencies identified which have impacted on the scoring for Succession Planning be reviewed to determine whether they represent weaknesses and/or gaps in the control framework.

- 9.13 **Programme and Project Management:** The assurance level has reduced from 'Substantial' to 'Reasonable' due to "failure to identify significant delays to the delivery of the WAN project". Although the revised assurance level of 'Reasonable' is correct this probably should have been the assurance level for the March 2012 return. From the commentary and evidence it is clear that much is being done to improve this area of activity and an improvement in the assurance level is likely by the end of the financial year.
- 9.14 **Investment Appraisal:** It is noted that BTPA's Finance Director has reduced the assurance level following an internal audit report from 'Full' to 'Substantial'. Once the recommendations in the audit report have been actioned the assurance level for this category should revert to back to 'Full' assurance.
- 9.15 **Financial Controls:** The assurance level has been reduced from 'Substantial' to 'Reasonable' due to Financial Regulation non-compliance with the WAN project and Pension Control reconciliations. This is a detailed but important category of the MAR and one where 'Full' assurance will be difficult to achieve. 'Reasonable' assurance is therefore a fair reflection, with every likelihood that 'Substantial' assurance will be achieved again once actions have been satisfactorily completed.

Lessons for the future

- 9.16 The determination of the assurance level for each category can be subjective which means that different people may have a different view on where the level of assurance should be. The DfT definitions do not help with the scoring, for instance 'Partial' assurance states "Control arrangements are operating effectively ..." and then goes on to state that "except ... where material weakness or significant deficiencies have been identified ...". If there are material weaknesses or significant deficiencies then in our view it is unlikely that the control arrangements have been operating effectively. It would be useful if BTPA was to agree definitions for material weakness and significant deficiencies which could then be used to assist in assessing whether a non compliance matter does in fact breach either of these criteria.

Operational Effectiveness Matter: 3

Definitions should be agreed for what may be a material weakness or significant deficiency.

- 9.17 The definitions for the five levels of assurance are set at a high level and may be difficult to interpret for a particular category. This had made getting the assurance level right in the first place difficult and later MARs may have an assurance rating changed because of a better understanding rather than an actual change in the control.
- 9.18 From our review which is looking back there is a fair chance that the 2011/12 scores may have varied ie the current scoring is more accurate as BTPA become more familiar with the assurance levels and the evidencing.
- 9.19 To improve the scoring for each category it should have its own definition applying to each level of assurance but based upon the DfT high level definitions. This would mean that the high level assurance would be expanded to reflect the specific issues addressing each category. The reason for this is that as time moves forward things will change within each category ie through improved procedures use of IT etc and a mechanism is needed to "amend" the assurance definition in line with these changes. If not a score will vary but the significance of this variation will not be understood by a third party such as the DfT. For example succession planning where the resilience of the evidencing is improving to support very much what is happening (and has happened for some time) in practice but was not written down. The evidence of what is happening in practice is improving but the actual control is not changing.
- 9.20 Where a 'Partial' assurance grading (or lower) is considered appropriate for any category it would assist if the Audit Committee was provided with a SWOT (or similar) analysis which sets out objectively whether the material weaknesses or significant deficiencies are in fact material or significant and do impact upon the control arrangements.

Operational Effectiveness Matter: 4

The Audit Committee should receive a SWOT (or similar) analysis for all Partial (or lower) graded assessments. The SWOT should clearly and objectively set out whether the material weaknesses or significant deficiencies are in fact material or significant and do impact upon the control arrangements.

- 9.21 It is not clear as to how each category can move to 'Full' assurance. For example Business Continuity is only at 'Reasonable' assurance (an average middle score). Yet a great deal is done, including testing, to have in place resilient contingency plans. This is a particular area where if it had its own definitions for the five levels of

assurance BTP and BTPA could see more clearly where it sits and most importantly could see the action plan needed to move towards 'Full' assurance. At this time under the current scoring arrangements this area is unlikely ever to change from 'Reasonable' assurance which cannot be a good place to be or indeed may not be the correct assurance level for it.

Operational Effectiveness Matter: 5

BTP and BTPA should consider defining the five assurance levels for each category based upon the DfT high level definitions. (Full, Substantial, Reasonable, Partial and None). This would enable a clear understanding of where the assurance level should be for each category and facilitate a direction of travel to enable either Substantial or Full assurance to be attainable.

CBSL

Compliance Review of the Payroll Arrangements

British Transport Police

Not Protectively Marked

FINAL



December 2012

2012/13

Compliance Review of the Payroll Arrangements

- EXECUTIVE SUMMARY -

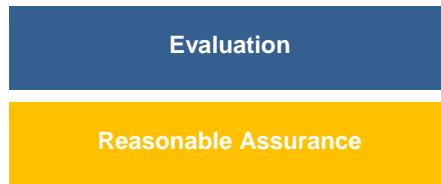
INTRODUCTION

1. We have carried out a Compliance Review of the Payroll Arrangements for the British Transport Police. The review was carried out in October 2012 and was part of the planned internal audit work for 2012/13.

SUMMARY

2. The Key Risk Controls Objective were tested and based on the findings from this work an overall evaluation of the overall adequacy of the internal controls was established (figure 1 below).

Figure 1 - Evaluations of the Effectiveness of the Internal Controls



KEY FINDINGS

3. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed by the Authority for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 2):

Figure 2 - Summary of Priorities of Recommendations

High	Medium	Low	Operational
-	3	4	-

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date draft report issued:	8 th November 2012
Date management responses recd:	14 th December 2012
Date final report issued:	19 th December 2012

MANAGEMENT ACTION PLAN

PRIORITY 1, 2 AND 3 RECOMMENDATIONS

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Failure to direct the process through approved policy and procedures.	The compliance review of payroll arrangements undertaken at the end of the 2011/12 audit plan year identified that the Force had developed a Payroll Procedure Manual, which was in draft format. A recommendation was made to finalise this document so as to minimise the risk of stated policies not being complied with. Management agreed to implement this recommendation by 31 May 2012.	A deadline be set for finalising the draft Payroll Procedures Manual.	2	Agree. Deadline for Payroll procedure manuals has been set for 31/03/2013, although, working to complete this sooner if possible, subject to project commitments.	Complete by 31/03/13	Payroll Manager

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Compliance Review of the Payroll Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Failure to direct the process through approved policy and procedures.	Annex 3 - Financial Management - Section 40 requires “the Chief Constable is responsible for ensuring that all police and police staff are aware of the existence and content of and have access to the BTPF’s Financial Regulations and Scheme of Financial Delegation and other internal regulatory documents and that these are observed.” There was no evidence to support that BTP staff were aware of these Regulations. In addition, Section 43 requires “The Director of Corporate Resources in consultation with the Chief Constable shall issue financial instructions detailing how the Financial Regulations will be implemented. The Director of Corporate Resources is responsible for monitoring compliance with these instructions.” There was no evidence to support that such financial instructions had been issued.	The Chief Constable to make all staff and Officers aware of the existence and content of Financial Regulations and Scheme of Delegation. (FR Annex 3 Section 40) The Director of Corporate Resources in consultation with the Chief Constable to issue financial instructions detailing how the Financial Regulations will be implemented and how compliance with these instructions will be monitored. (FR Annex 3 Section 43).	2	<i>Agreed – Following a joint review by the Authority and Force supported by Internal Audit of the Scheme of Financial Delegations and associated Financial Regulations a number of changes have been proposed and will be considered by the Audit Committee on the 4 December. Following approval to these changes the Chief Constable’s Delegation and Budget Responsibilities Letter will be updated to reflect the new Scheme of Delegation. The Delegation Letter will be issued in February 2013 with effect from the start of the new financial year and a strong communications and training plan will be put in place to embed</i>	28/02/13	Head of Finance and Procurement

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Compliance Review of the Payroll Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
					<p><i>the governance changes in the Force.</i></p> <p><i>It should be noted that 2013/14 will be the third year the Chief Constable's Delegation Letter has been issued. Also this Delegation is supported by a detailed Finance and Procurement Manual which sets out in practical terms the processes which need to be followed to comply with the BTPA Corporate Governance Code and Chief Constable's Delegation and Budget Responsibilities Letter.</i></p> <p><i>Simon Hart</i></p> <p><i>21 November 2012</i></p>		

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Compliance Review of the Payroll Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Incorrect payments are made or payments are made to the wrong person.	It was noted that for pension deductions there is a legacy issue with regard to their reconciliation. At the time of the audit some 600 discrepancies existed. It is suggested that the Force treat the reconciliation of the pension data as both urgent and important. All staff and officers should have their pension details examined and reconciled with the pension administrator and any discrepancies satisfactorily resolved.	The pension data for both staff and officers be verified and reconciled with the data held by the pension administrator and any discrepancies resolved in a timely manner.	2	<p><i>Agreed. A timetable has been compiled as follows:</i></p> <p><i>Dec 2012 – records checking.</i></p> <p><i>Jan – Mar 13 – Contacts to employees affected and adjustments made.</i></p> <p><i>By 31/03/13 fully operational reconciliation and trained out process of RPS, BTP 2007 & 1970 schemes, in advance of payday.</i></p>	31/03/13	<p><i>Payroll Manager</i></p> <p><i>Payroll BSO</i></p> <p><i>Admin support secondment for 4 months (Sally Dyke)</i></p>

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Compliance Review of the Payroll Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	The payroll is not reconciled to personnel records which may result in unauthorised or incorrect payroll records being set up.	While the staff should be congratulated on the timely and regular reconciliation which now takes place between HR and Payroll data it was noted that the audit trail leading to the final summary reconciliation was lacking. Whilst Area data sent to Area Finance and Corporate Services Managers could be verified, the final numbers agreed by Areas often existed in emails, or had been verbally progressed. As many of the adjustments needed to reconcile appear each month it would be beneficial if an audit trail were established of the various area adjustments which lead to the final summary position. This would also facilitate the checking and verification of the reconciled data.	A detailed spreadsheet be produced every four weeks to capture the various amendments to the iTrent/Origin data which leads towards the reconciliation of the two systems. Thus facilitating an appropriate audit trail to enable verification of the reconciliation to take place.	3	<p>Agree.</p> <p>Area Finance Managers do their own reconciliation against ORIGIN and payroll data in preparation for finance calls every four weeks. Issues are raised with the HRBC. The central reconciliation duplicates but also checks that local activity against the authorised establishment record.</p> <p>From period 9 requested amendments to itrent/ORIGIN data will be captured in Area/Portfolio specific spreadsheets.</p>	Finance Period 9 end (24/11/12)	Deborah Morris & Audit Manager

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Compliance Review of the Payroll Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Incorrect payments are made or payments are made to the wrong person.	<p>Sample testing carried out in relation to the payment of allowances in September 2012 confirmed that in each case the allowances were duly authorised. It was noted, however, that unless at the time the allowance is set up an end date is identified the allowance will remain until an instruction to cease is received by the payroll team. The Payroll Team do issue a report after each payroll run, called the Contract and Increment Report, which Areas could use to communicate any changes to allowances.</p> <p>To provide control over open ended allowances it is therefore suggested that Area Finance Teams liaise with line managers to confirm the accuracy of the Contract and Increment Report and submit any changes to the HR Business Centre.</p>	Area Finance Teams liaise with line managers to confirm the accuracy of the Contract and Increment Report, submitting any changes to the HR Business Centre.	3	Agree. Amendment note is now being used when Contract and Increment reports are being sent by the Payroll Team Leader or Payroll Manager, inviting changes to be sent to hr-businesscentre@btp.pnn.police.uk	Implemented in October 2012	Payroll Manager

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Compliance Review of the Payroll Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	Inadequate or insufficient contingency arrangements are in place to preserve the timely payment of payroll in the event of a “disaster”.	At present there are three members of the payroll team who have administrator rights to the payroll system to provide day to day administration such as re setting passwords etc. One of these members of the team is due to leave at the end of November 2012. It is important that three people have administrator access to enable adequate coverage during times of annual leave and any sickness or other unexpected absence. In addition, the payroll team may wish to consider having an emergency password locked in a safe and accessible to either the HR Service Delivery Manager of the HR Business Manager.	The Payroll Team should as far as possible have three members of the team who have administrator rights to the iTrent system to facilitate adequate maintenance of the system. In addition, the team may wish to consider locking a password in a safe which can be accessed by the HR Service Delivery Manager of the HR Business Manager in case of an emergency.	3	Agree. Upon Donna Grenfell's departure, a new Sys Admin logon will be created, and kept with the HR Business Centre Manager.	01/12/12	Payroll Manager/HRBC Centre Manager

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Compliance Review of the Payroll Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
7	Inadequate or insufficient contingency arrangements are in place to preserve the timely payment of payroll in the event of a “disaster”.	The payroll team should also consider the wider implication of a disaster recovery situation should either the BTP systems or the MidlandHR system be unavailable for any length of time. A risk assessment should be undertaken and contingency arrangements identified to enable the payroll process to continue should a disaster occur.	The payroll team should undertake a risk assessment of a systems failure either by BTP or MidlandHR and identify any contingency arrangements to enable the payroll process to continue should a disaster occur.	3	Agree. Contingency arrangements already exist but a risk assessment will be undertaken to ensure these are adequate and the arrangements will be clearly documented to mitigate the risk.	31/03/13	HRBC Manager

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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OPERATIONAL EFFECTIVENESS MATTERS

Ref	Item	Management Comments
	There are no Operational Effectiveness Matters.	

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

- DETAILED REPORT -

SCOPE AND LIMITATIONS OF THE REVIEW

5. The review considered any significant changes to the payroll system and assessed the implications of these changes on the effectiveness of the control framework for payment of allowances and pay awards; and payment of salaries. The review concentrated on testing to assess whether the controls are operating continuously and effectively. The review did not consider identification of system controls other than where there have been significant operational changes since the previous compliance review.
6. The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). CBSL is the arm through which Sector's non-FSA regulated services, including the former Sector Business Assurance, are delivered. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.
7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL and TIAA neither owe nor accept any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

ASSESSMENT OF THE KEY RISK CONTROLS

8. This review identified and tested the controls that are being operated by the Authority and an assessment of the combined effectiveness of the controls in mitigating the key risks is provided. The assessments, which accord with those used by the Department for Transport, are:

Full	Systems of corporate governance, risk management and internal control are fully established, documented and working effectively.
Substantial	Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.

Reasonable	Systems of corporate governance, risk management and internal control arrangements are generally established and effective, with some minor weaknesses or gaps identified.
Partial	Systems of corporate governance, risk management and internal control are present and operating effectively except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation.
None	Systems of corporate governance, risk management and internal control are poorly developed or non-existent or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation.

MATERIALITY

9. In September 2012 there were 4,597 (full time equivalents) people in posts within the Force. (4,794 appear on the payroll, which includes special constables, and staff and Members of the Authority). The total annual payroll costs are in the region of £180 million for 2012/13.

AUDIT FINDINGS

Key Risks	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.
Key Risk Controls Objective	Arrangements in place for the process provide for direction through established policies, procedures and provide for safeguarding the organisation’s assets and interests from avoidable losses.
Evaluation	Reasonable Assurance

10. The following matters were identified in reviewing the Key Risk Controls Objective:

Background

10.1 British Transport Police had 4,597 full time equivalent staff/Officers on the payroll in September 2012, with salaries being paid every four weeks. The administration of the payroll function is carried out in-house by six staff working at the BTP Human Resource Business Centre site in Birmingham. MidlandHR is the software provider for iTrent, which is an online system that manages the payroll function for BTP.

Risk: Failure to direct the process through approved policy and procedures.

10.2 The compliance review of payroll arrangements undertaken at the end of the 2011/12 audit plan year identified that the Force had developed a Payroll Procedure Manual, which was in draft format. A recommendation was made to finalise this document so as to minimise the risk of stated policies not being complied with. Management agreed to implement this recommendation by 31 May 2012.

Recommendation: 1	Priority: 2
A deadline be set for finalising the draft Payroll Procedures Manual.	

10.3 In reviewing the draft Payroll Procedures Manual it was confirmed that the procedures have been designed to provide reasonable segregation of duties.

10.4 The Force’s Financial Regulations, which link the various internal regulatory documents such as the Scheme of Delegation, financial procedures, guidance and instructions and employee codes of conduct, were reviewed as part of this review. Annex 3 Financial Management Section 40 requires “the Chief Constable is responsible for ensuring that all police and police staff are aware of the existence and

content of and have access to the BTPF's Financial Regulations and Scheme of Financial Delegation and other internal regulatory documents and that these are observed." There was no evidence to support that BTP staff were aware of these Regulations. In addition, Section 43 requires "The Director of Corporate Resources in consultation with the Chief Constable shall issue financial instructions detailing how the Financial Regulations will be implemented. The Director of Corporate Resources is responsible for monitoring compliance with these instructions." There was no evidence to support that such financial instructions had been issued.

Recommendation: 2

Priority: 2

The Chief Constable to make all staff and Officers aware of the existence and content of Financial Regulations and Scheme of Delegation. (FR Annex 3 Section 40).

The Director of Corporate Resources in consultation with the Chief Constable to issue financial instructions detailing how the Financial Regulations will be implemented and how compliance with these instructions will be monitored. (FR Annex 3 Section 43).

Risk: The payroll is not reconciled to personnel records which may result in unauthorised or incorrect payroll records being set up.

- 10.5 A reconciliation between the employees on the HR Origin system to the Payroll iTrent system is carried out on a four weekly basis by the Performance and Audit Manager (Corporate Resources) based at FHQ. As at September 2012, there were 4,794 people on the payroll. The reconciliation undertaken by the Performance and Audit Manager, assisted by the Area Finance and Corporate Services Managers, reconciled to 4,597 full time equivalents. The reconciliation, which in part is to assist with budgetary control and the correct allocation of salary costs to the right budget, excludes a number of people identified on payroll but not included within the budget data for the Force. This includes special constables, and the staff and Members of the Authority.
- 10.6 While the staff should be congratulated on the timely and regular reconciliation which now takes place between HR and Payroll data it was noted that the audit trail leading to the final summary reconciliation was lacking. Whilst Area data sent to Area Finance and Corporate Services Managers could be verified, the final numbers agreed by Areas often existed in emails, or had been verbally progressed. As many of the adjustments needed to reconcile appear each month it would be beneficial if an audit trail were established of the various area adjustments which lead to the final

summary position. This would also facilitate the checking and verification of the reconciled data.

Recommendation: 3**Priority: 3**

A detailed spreadsheet be produced every four weeks, to capture the various amendments to the iTrent/Origin data which leads towards the reconciliation of the two systems. Thus facilitating an appropriate audit trail to enable verification of the reconciliation to take place.

10.7 Independent of the above reconciliation, as part of this review a sample of starters and leavers drawn from the current financial year was selected and tests were carried out to verify that the dates, etc, shown in payroll system agreed with those shown in HR files for the members of staff selected. With regard to starters, in each case the start dates on the EADs agreed with the start dates in the payroll system and payments commenced from the start dates, and the amounts paid agreed with the pay details on the EAD forms. With regard to leavers, in each case the leaving dates on the EADs agreed with the leaving dates in the payroll system and the employees were only paid up to their leaving dates.

10.8 For each employee in the samples selected the documentation was authorised by a member of the HR Department and the Team leader, or higher grade employee, depending on the salary amendment. In addition, the payroll business support officer independently inputs the data and the payroll Team Leader will check the details input and authorise the data entry.

Risk: Changes to pay details are not independently checked and authorised which may lead to erroneous and/or unauthorised payments being made.

10.9 Testing was carried out to assess the adequacy and effectiveness of controls over amendments to employees pay details. A sample of employees, whose gross pay had changed between the pay runs for September and October 2012, was selected and in each case it was verified that EAD forms had been completed and authorised in CASE, and that there was evidence to support the changes.

Risk: Incorrect payments are made or payments are made to the wrong person.

10.10 Sample testing in relation to one-off payments made in September and October 2012 confirmed that for each payment there was evidence on the completed EAD form that the payment had been duly authorised. Further, testing confirmed that the amounts paid agreed with the sums shown on the respective EAD forms.

- 10.11 Sample testing carried out in relation to expense claims paid in the period May to August 2012, confirmed that that all expense claims had been signed by the claimant and had been authorised by the officer in charge.
- 10.12 Sample testing carried out in relation to the payment of allowances in September 2012 confirmed that in each case the allowances were duly authorised. It was noted, however, that unless at the time the allowance is set up an end date is identified the allowance will remain until an instruction to cease is received by the payroll team. The Payroll Team do issue a report after each payroll run, called the Contract and Increment Report, which Areas could use to communicate any changes to allowances.
- 10.13 To provide control over open ended allowances it is therefore suggested that Area Finance Teams liaise with line managers to confirm the accuracy of the Contract and Increment Report and submit any changes to the HR Business Centre.

Recommendation: 4**Priority: 3**

Area Finance Teams liaise with line managers to confirm the accuracy of the Contract and Increment Report, submitting any changes to the HR Business Centre.

- 10.14 It was noted that for pension deductions there is a legacy issue with regard to their reconciliation. At the time of the audit some 600 discrepancies existed. It is suggested that the Force treat the reconciliation of the pension data as both urgent and important. All staff and officers should have their pension details examined and reconciled with the pension administrator and any discrepancies satisfactorily resolved.

Recommendation: 5**Priority: 2**

The pension data for both staff and officers be verified and reconciled with the data held by the pension administrator and any discrepancies resolved in a timely manner.

- 10.15 Details of any un-presented salary payments BACS returns are notified to the Payroll Manager so that the reason(s) can be ascertained and the returned payment resolved. A report generated in relation to the 8 October 2012 payroll, "List of Unapplied Automated Credits for BTP", was obtained and reviewed. This showed three BACS payments returned; one was as a result of the employee concerned providing incorrect bank account details, one was as a result of the account being

closed and the third no account was found. Correct bank details have since been obtained and the necessary payments made.

Risk: Ineffective security and failure to review standard control reports may lead to unauthorised payments being made with consequential financial loss to the Force.

10.16 Once the payroll run has been completed a suite of standard system reports are produced and checked by the Payroll Manager. These include:

- Additional AVC payments report
- Brass report
- Costing check report
- Net variance report
- New starter report
- Top 30 earners check
- Costing verses position check
- Treasury report

This enables the Payroll Manager to verify such matters as set up errors, employees with no pay, employees with no National Insurance number or tax code, differences in net pay between two consecutive months amount to 45% of their pay, or £400 etc.

10.17 The completion of checks undertaken was reviewed and it was confirmed that each of the checks had been undertaken and evidenced as such. Where appropriate, supporting documentary evidence was attached.

10.18 HR and Payroll staff have access to the iTrent system but at different levels, and HR staff cannot insert or amend employee's details. From April 2012 there has been a self service system whereby employees have the ability to log onto the system and have read-only access to be able to view their pay slips.

10.19 During the review it was noted that no formal confirmation was made to line management above the Payroll Manager that the payroll would indeed be run as scheduled. It is therefore suggested that at the appropriate time the Payroll Manager (or in her absence the Payroll Team Leader) should email the HR Service Delivery Manager and the HR Business Centre Manager to let them know that the payroll is complete and will run at the appointed time.

10.20 The Payroll Manager has now implemented this proposal.

Risk: Inadequate or insufficient contingency arrangements are in place to preserve the timely payment of payroll in the event of a "disaster".

10.21 At present there are three members of the payroll team who have administrator rights to the payroll system to provide day to day administration such as re setting passwords etc. One of these members of the team is due to leave at the end of

November 2012. It is important that three people have administrator access to enable adequate coverage during times of annual leave and any sickness or other unexpected absence. In addition, the payroll team may wish to consider having an emergency password locked in a safe and accessible to either the HR Service Delivery Manager of the HR Business Manager.

Recommendation: 6**Priority: 3**

The Payroll Team should as far as possible have three members of the team who have administrator rights to the iTrent system to facilitate adequate maintenance of the system. In addition, the team may wish to consider locking a password in a safe which can be accessed by the HR Service Delivery Manager of the HR Business Manager in case of an emergency.

10.22 The payroll team should also consider the wider implication of a disaster recovery situation should either the BTP systems or the MidlandHR system be unavailable for any length of time. A risk assessment should be undertaken and contingency arrangements identified to enable the payroll process to continue should a disaster occur.

Recommendation: 7**Priority: 3**

The payroll team should undertake a risk assessment of a systems failure either by BTP or MidlandHR and identify any contingency arrangements to enable the payroll process to continue should a disaster occur.

CBSL

Appraisal Review of eExpenses for Police Officers and Staff

British Transport Police

Not Protectively Marked

FINAL



December 2012

2012/13

Appraisal Review of eExpenses for Police Officers and Staff

- EXECUTIVE SUMMARY -

INTRODUCTION

1. We have carried out an appraisal review on eExpenses system which is being developed within the Force (for both Police Officers and Staff). The review was carried out between July and September 2012 and was part of the planned internal audit work for 2012/13.

SUMMARY

2. The review established that good progress is being made in the development of the accountability and transparency principles which will underpin the arrangements. There are however a number of issues that need to be considered corporately, rather than just for eExpenses in isolation, by the Authority and the Force that relate to the switch from a manual to electronic system.

KEY FINDINGS

3. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed by the Authority for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 1):

Figure 1 - Summary of Priorities of Recommendations

High	Medium	Low	Operational
1	1	8	-

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date draft report issued:	11 th September 2012
Date management responses recd:	14 th December 2012
Date final report issued:	17 th December 2012

MANAGEMENT ACTION PLAN
PRIORITY 1, 2 AND 3 RECOMMENDATIONS

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
9	Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid with financial and reputational concerns for the Force.	The authorising of expenses under the new Expense system will occur when the authorising officer approves the expense for payment. At present the test system does not record who the authorising officer is and the audit trail is absent. The person who authorises the expense payment must be identified as such either on the claim or within the system.	The electronic expense system must be able to identify who has authorised the expense claim.	1	Agree. Project to pick up and review system audit processes, and document processes. Project will be built into the project plan system.	End of Dec 12	Head of Business Change, SDD (Tim Seabrook)
7	Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid with financial and reputational concerns for the Force.	There is a fundamental change to the key control in that the person authorising the claim will no longer be appending their signature to the claim but will authorise electronically. The control change should be risk assessed and formally approved by BTP.	The change in control from a manual signature to an electronic signature to approve payment should be risk assessed and approved by BTPA.	2	Agree. Project to do a formal risk assessment of the changes and add the notes to the relevant risk register. This decision is linked to Rec 8, thus provides BTPA/FEB approval of the change.	End of Dec 12	Head of Business Change, SDD (Tim Seabrook)

PRIORITY GRADINGS

1	URGENT	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud
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2	IMPORTANT	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	ROUTINE	. Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure.
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Appraisal Review of eExpenses for Police Officers and Staff

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid with financial and reputational concerns for the Force.	There is a Business Travel and Expenses Policy (Standard Operating Procedure ref: SOP/155/08). This document was due for review in January 2011.	The Business Travel and Expenses Policy (Standard Operating Procedure ref: SOP/155/08) should be reviewed and updated.	3	Agree. All BTP SOPs are subject to a major review, however, appropriate guidance will be issued in relation to pay/expense related matters as they arise.	End of Dec 12	Reward Manager (W Tucker)
2	Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid with financial and reputational concerns for the Force.	The existing SOPs do not adequately deal with the proposed eExpenses system. For instance the eExpenses system will be fully electronic and therefore controls will need to be in place to cover scanning of receipts and electronic authorisation of claims etc.	The various Standard Operating Procedures which incorporate expenses need to be updated to: a) Correct any error of cross referencing; b) Update any changes to HMRC approved allowances; and c) Reflect the new procedures proposed when the eExpenses system goes live.	3	Agree. A separate user/procedure guide to be developed and available on the intranet (in line with recommendation 1). This needs to be a new procedural process of how to apply for and approve expenses as part of the revised SOP.	End of Dec 12	Reward Manager (W Tucker)

PRIORITY GRADINGS

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Appraisal Review of eExpenses for Police Officers and Staff

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid with financial and reputational concerns for the Force.	Once scanned the original receipt should be so marked to identify that scanning has taken place and the scanned copy is legible.	Once receipts have been scanned the claimant should indicate that scanning has taken place on the receipt to avoid duplication of processing expense payments.	3	<i>All receipts will be dated and signed before scanning, as the receipts are retained by the individual. As per statement below.</i>	<i>Closed (August 2012)</i>	
4	Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid with financial and reputational concerns for the Force.	It would be prudent to require that all claimants retain the original receipts for a period of two years (current year plus 1 year) in case of a taxation query by HMRC with regard to the expense.	Police Officers and staff should retain the original receipt when claiming expenses for a period of two years (current year plus 1 year) to support any issue arising by HMRC.	3	<i>An options paper for eExpenses will be reviewed at the Payroll Streamlining Board in December for a decision on expenses process, business rules and receipts. Once an option is agreed this recommendation can be implemented and a full update with revised timelines will be submitted.</i>	<i>January 2013</i>	<i>Head of Business Change, SDD (Tim Seabrook)</i>

PRIORITY GRADINGS

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Appraisal Review of eExpenses for Police Officers and Staff

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid with financial and reputational concerns for the Force.	BTP should formally seek HMRC approval to the proposed scheme of only having electronic copies of receipts as evidence to support expense payments.	HMRC approval should be obtained for the proposed scheme to only hold electronic receipts to support expense payments.	3	<i>We believe that this should be by NAO rather than HMRC</i>		<i>Head of Finance and Procurement (TBC)</i>
6	Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid with financial and reputational concerns for the Force.	Corporately BTP need to consider arrangements for archiving scanned documents, retention periods and the disposal of prime (hard copy) documents once they have been scanned. A Standard Operating Procedure should be drawn up to include archiving of scanned documents, retention and disposal of original hard copy documents.	A SOP should be drafted to include archiving of scanned documents, retention and disposal of original hard copy documents.	3	<i>Agree. As per recommendation 1 This is part of BTP standard policies and will be include din the revised expenses SOP.</i>	<i>End of Dec 12</i>	<i>Reward Manager (Will Tucker)</i>

PRIORITY GRADINGS

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Appraisal Review of eExpenses for Police Officers and Staff

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
8	Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid with financial and reputational concerns for the Force.	Subject to the BTPA approving the use of electronic signatures consideration should be given to drafting a Standard Operating Procedure which recognises electronic authorisation as a way forward for reducing paper throughout the Force. The corporate policy needs to acknowledge that the originator of an email is deemed to be the signatory in place of an actual signature. Appropriate procedures need to be in place to understand this change in procedure and to make sure that adequate controls are in place for this important change in process.	A SOP should be drafted which recognises electronic authorisation of documents via email in lieu of hard copy signatures.	3	<i>This matter is a Corporate Assurance issue and should be lead by the Finance Dept. Organisationally a decision needs to be made that says we accept the use of e-signatures over wet signatures. The same issue arose in Pension Plus and can be said of sickness/annual leave authorisations.</i>		Head of Finance and Procurement (TBC)

PRIORITY GRADINGS

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Appraisal Review of eExpenses for Police Officers and Staff

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
10	Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid with financial and reputational concerns for the Force.	To provide some system control parameters there should be built in indicators for sums claimed in variance of pre approved limits. There should also be a maximum financial limit which can be claimed at any one time. For individual transactions a warning indicator should inform the claimer that the normal sum claimed is different from the pre agreed sum.	Financial control parameters should be built into the system a) to control the maximum sum claimed per claim form; and b) to provide a warning indicator when an individual claim varies from a pre determined sum, or maximum allowance.	3	Agree. Project to build the limits into the system once determined. The system has capability to set upper and lower limits and spend, against each expense. Limits will be built into the system once policy has determined the limits. This will be explicit in eExpenses SOP.	End of Jan 2013	Reward Manager (W.Tucker)

PRIORITY GRADINGS

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OPERATIONAL EFFECTIVENESS MATTERS

Ref	Item	Management Comments
	There are no Operational Effectiveness Matters.	

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

- DETAILED REPORT -**SCOPE AND LIMITATIONS OF THE REVIEW**

5. The review appraises the adequacy and fitness for purpose of the internal control arrangements for the expenses process with its planned integration into payroll. The review has not tested any expenses claims and in particular, we have not examined any expense claims in connection with the Olympic Games.
6. The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). CBSL is the arm through which Sector's non-FSA regulated services, including the former Sector Business Assurance, are delivered. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.
7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL and TIAA neither owe nor accept any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

MATERIALITY

8. It is important that staff and Officers of BTP correctly claim any expenses to which they are entitled. Failure to do so could bring the BTP into disrepute or give rise to fraudulent claims.

AUDIT FINDINGS

9. The following matters were identified:

Risk 1: Failure to comply with policies and procedures may give rise to incorrect expenses being claimed/paid.

Existing Policy and Procedures

- 9.1 There is a Business Travel and Expenses Policy (Standard Operating Procedure ref: SOP/155/08). This document was due for review in January 2011.

Recommendation: 1

Priority: 3

The Business Travel and Expenses Policy (Standard Operating Procedure ref: SOP/155/08) should be reviewed and updated.

- 9.2 The procedures for managing and controlling expenses are contained within the specific Standard Operating Procedure (SOP) for each expense which can be claimed. For example:

Appraisal Review of eExpenses for Police Officers and Staff

- Travel expenses are contained within the Business Travel SOP (Dec 2011)
 - General business expenses are contained within the Business Expense SOP (Jan 2012)
 - Travel entitlements are contained within the Travel Entitlements SOP (Aug 2011)
 - Police Officer expenses and allowances are contained within Expenses and Allowances (Police Officers) SOP (Aug 2010).
- 9.3 Due to the large number of SOPs which refer to Expenses there are elements of duplication and errors occur when SOPs are updated and the new SOP is incorrectly referred to in another SOP. For instance the Travel Entitlement SOP refers to the Business Travel and Expenses SOP 241/10 (page 11). However, the Business Travel and Expenses SOP was updated on during December 2011/January 2012 and split into two SOPs – Business Expenses SOP (18 Jan 2012) and Business Travel SOP (12 Dec 2011).
- 9.4 The Winsor report into the Review of Police Officer and Staff Remuneration and Conditions – Part 1, included recommendations into Police Officer and Staff Allowances. Should BTP adopt any of these recommendations by Winsor then the reimbursement of expenses could change. In particular, if as a result of these changes there is a variance in the allowances paid then these new rates would impact on future trends and make comparisons between years difficult to assess.
- 9.5 The existing SOPs do not adequately deal with the proposed eExpenses system. For instance the eExpenses system will be fully electronic and therefore controls will need to be in place to cover scanning of receipts and electronic authorisation of claims etc.

Recommendation: 2	Priority: 3
The various Standard Operating Procedures which incorporate expenses need to be updated to: a) Correct any error of cross referencing; b) Update any changes to approved allowances; and c) Reflect the new procedures proposed when the eExpenses system goes live.	

New eExpense System

- 9.6 Once the new Expense system goes live it will mean that all expenses will be processed electronically and no hard copy of either the claim or receipt will exist within the BTP administration. The primary control will therefore be with the authorising officer who will need to confirm that the scanned receipt is indeed a true legible copy of the original and that the claim is in accordance with a BTP Standard Operating Procedures. Prior to scanning the claimant will sign and date the front and back of the receipt. Some matters identified include:

- Once scanned the original receipt should be so marked to identify that scanning has taken place and the scanned copy is legible.

Recommendation: 3**Priority: 3**

Once receipts have been scanned the claimant should indicate that scanning has taken place on the receipt to avoid duplication of processing expense payments.

- It would be prudent to require that all claimants retain the original receipts for a period of two years (current year plus 1 year) in case of a taxation query by HMRC with regard to the expense.

Recommendation: 4**Priority: 3**

Police Officers and staff should retain the original receipt when claiming expenses for a period of two years (current year plus 1 year) to support any issue arising by HMRC.

- BTP should formally seek HMRC approval to the proposed scheme of only having electronic copies of receipts as evidence to support expense payments.

Recommendation: 5**Priority: 3**

HMRC approval should be obtained for the proposed scheme to only hold electronic receipts to support expense payments.

- 9.7 Corporately BTP need to consider arrangements for archiving scanned documents, retention periods and the disposal of prime (hard copy) documents once they have been scanned. A Standard Operating Procedure should be drawn up to include archiving of scanned documents, retention and disposal of original hard copy documents.

Recommendation: 6**Priority: 3**

A SOP should be drafted to include archiving of scanned documents, retention and disposal of original hard copy documents.

- 9.8 There is a fundamental change to the key control in that the person authorising the claim will no longer be appending their signature to the claim but will authorise electronically. The principal of moving to electronic authorisation should be risk assessed and formally approved by BTPA. The BTPA Code of Governance will then

need to be updated to reflect this change. Corporately BTP need to consider the implications of electronic authorisation.

Recommendation: 7**Priority: 2**

The change in control from a manual signature to an electronic signature to approve payment should be risk assessed and approved by BTPA.

- 9.9 Subject to the BTPA approving the use of electronic signatures consideration should be given to drafting a Standard Operating Procedure which recognises electronic authorisation as a way forward for reducing paper throughout the Force. The corporate policy needs to acknowledge that the originator of an email is deemed to be the signatory in place of an actual signature. Appropriate procedures need to be in place to understand this change in procedure and to make sure that adequate controls are in place for this important change in process.

Recommendation: 8**Priority: 3**

A SOP should be drafted which recognises electronic authorisation of documents via email in lieu of hard copy signatures.

- 9.10 The authorising of expenses under the new Expense system will occur when the authorising officer approves the expense for payment. At present the test system does not record who the authorising officer is and the audit trail is absent. The person who authorises the expense payment must be identified as such either on the claim or within the system.

Recommendation: 9**Priority: 1**

The electronic expense system must be able to identify who has authorised the expense claim.

- 9.11 To provide some system control parameters there should be built in indicators for sums claimed in variance of pre-approved limits. There should also be a maximum financial limit which can be claimed at any one time. For individual transactions a warning indicator should inform the claimer that the normal sum claimed is different from the pre-agreed sum.

Recommendation: 10

Priority: 3

Financial control parameters should be built into the system a) to control the maximum sum claimed per claim form; and b) to provide a warning indicator when an individual claim varies from a pre determined sum, or maximum allowance.

CBSL

FHQ Compliance Checks – Human Resources

British Transport Police

Not Protectively Marked

FINAL



December 2012

2012/13

Assurance Review of FHQ Compliance Checks – Human Resources

- EXECUTIVE SUMMARY -

INTRODUCTION

- We have carried out compliance checks at the Human Resources (HR) Department of the British Transport Police. The review was carried out in September 2012 and was part of the planned internal audit work for 2012/13.

SUMMARY

- For each of the financial activities tested for compliance with controls, the assessments were as follows:

Table 1 - Summary of the Evaluations of the Effectiveness of the Internal Controls

System	Assessment
Government Procurement Cards	Substantial
Purchasing	Full
Travel and Accommodation	Full
Expenses	Full
Income	Full
Fuel Purchases	Full
Assets	Substantial
Budgetary Control	Full

KEY FINDINGS

- The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed by the BTP for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 2):

Figure 2 - Summary of Priorities of Recommendations

High	Medium	Low	Operational
-	-	2	-

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date draft report issued:	30 th September 2012
Date management responses recd:	14 th December 2012
Date final report issued:	17 th December 2012

**MANAGEMENT ACTION PLAN
PRIORITY 1, 2 AND 3 RECOMMENDATIONS**

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Government Procurement Cards	To provide additional control over the use of procurement cards, the Force is in the process of reviewing who should have a procurement card and to date some 29 cards in HR have been cancelled. The process of identifying specific user's needs for a procurement card and a final reconciliation needs to be completed as soon as possible. It would therefore be prudent to set a deadline for the completion of this exercise.	A deadline be set for completion of the procurement cards review, and for updating individual personal files.	3	<i>Exercise concluded. Revised list attached for your information. See file HR Group Asset Register, 29-10-12.</i>	29/10/2012	M Brooks Business Team leader Corporate Services HR

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Assets	<p>The asset register will be updated when a member of staff leaves/joins or there is a change in equipment. In addition, annually the corporate register of assets is sent to all section heads for them to verify its accuracy for their area. This is primarily done for budgeting purposes.</p> <p>As this type of equipment can easily go astray and records can become out of date it is suggested that a more frequent check on assets held by staff is carried out.</p>	To safeguard the Forces assets a more frequent than annual check should be undertaken to verify all equipment held by individual officers/ members of staff within the HR Department	3	<p><i>Recommendation implemented.</i></p> <p><i>Asset Register has been incorporated into our month-end accounts routines and has been diarised accordingly effective from 24/9/2012 (every 4 weeks)</i></p> <p><i>Latest Register attached. Once again, See file HR Group Asset Register, 29-10-12</i></p>	24/9/2012	<p><i>M Brooks</i></p> <p><i>Business Team leader</i></p> <p><i>Corporate Services HR</i></p>

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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OPERATIONAL EFFECTIVENESS MATTERS

Ref	Item	Management Comments
	There are no Operational Effectiveness Matters.	

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

- DETAILED REPORT -

SCOPE AND LIMITATIONS OF THE REVIEW

5. The review considered the arrangements in place in Human Resources to ensure there is compliance with the Force's financial procedures for use of government procurement cards, purchasing, travel and subsistence, expenses, income, fuel purchases, assets, and budgetary control.
6. The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). CBSL is the arm through which Sector's non-FSA regulated services, including the former Sector Business Assurance, are delivered. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.
7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL and TIAA neither owe nor accept any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

ASSESSMENT OF THE KEY RISK CONTROLS

8. This review identified and tested the controls that are being operated by British Transport Police and an assessment of the combined effectiveness of the controls in mitigating the key control risks is provided. The assessments are:

Full	Systems of corporate governance, risk management and internal control are fully established, documented and working effectively.
Substantial	Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.
Reasonable	Systems of corporate governance, risk management and internal control arrangements are generally established and effective, with some minor weaknesses or gaps identified.
Partial	Systems of corporate governance, risk management and internal control are present and operating effectively except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation.

None	Systems of corporate governance, risk management and internal control are poorly developed or non-existent or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation.
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MATERIALITY

- 9. The expenditure budget for the HR cost centre is over £10m per annum.

COMPLIANCE TESTS

- 10. Compliance tests were carried out to assess the overall operational effectiveness of the internal controls that are in place. These internal controls can only provide reasonable and not absolute assurance against misstatement or loss.
- 11. The following matters were identified:

System	Government Procurement Cards
Evaluation	Substantial Assurance

- 11.1 The use of Government Procurement Cards procedure is widely available to staff via the intranet and was last updated in 2012. The Travel and Expense SOP also clarifies the circumstances in which it is appropriate to use GPC for business travel and expenses.
- 11.2 The HR Department had some 51 Government Procurement cards. To provide additional control over the use of procurement cards, the Force is in the process of reviewing who should have a procurement card and to date some 29 cards in HR have been cancelled. The HR Department currently has 32 procurement cards in circulation, of which 10 are still under review as to whether the cardholder requires a procurement card.
- 11.3 A random test of seven transactions over £500 and four transactions under £500 showed that receipts had been attached to the claims and that the claims had been appropriately authorised. All transactions were for business use. The HR Department do make extensive use of procurement cards, however, for all transactions tested all expenditure was in accordance with BTP procedures.
- 11.4 The procurement card provider, Barclaycard, provides detailed monthly statements for each cardholder. Cardholders have to authorise their expenditure, attach receipts and have their total claim approved. The system was working well.
- 11.5 The process of identifying specific users’ needs for a procurement card and a final reconciliation needs to be completed as soon as possible. It would therefore be prudent to set a deadline for the completion of this exercise.

Recommendation: 1	Priority: 3
A deadline be set for completion of the procurement cards review, and for updating individual personal files.	

System	Purchasing
Evaluation	Full Assurance

- 11.6 Expenditure on supplies and services within the HR Department was £39k below the budget of £907k at the end of July 2012.
- 11.7 The purchasing of goods and services is now covered in the Finance and Procurement Manual, which was finalised in September 2012. The electronic procedure for raising orders and buying goods/services is as follows:
- The officer / member of staff submits a request to purchase goods, works or services to their line manager.
 - If approved, the area buyer / FHQ requisitioner obtains quote(s) from the supplier(s) and selects the most economically advantageous quote.
 - The area buyer / FHQ requisitioner raises an electronic requisition in the eProcurement system.
 - The budget holder financially approves the expenditure (within delegated limits) and approves the electronic requisition in the eProcurement system.
 - The area buyer / FHQ procurement then gives procurement authority (within delegated limits) in the eProcurement system and the purchase order is automatically issued to the supplier.
 - The supplier delivers the goods, works, or services.
 - The area buyer / FHQ requisitioner then enters the goods received note (GRN) into the eProcurement system.
 - The Finance Department receive the invoice from the supplier and match to the purchase order and GRN and then pay the invoice.
- 11.8 The above electronic system requires a different person to raise the requisition to the budget holder who approves the requisition thereby facilitating a good segregation of duty over purchases.
- 11.9 A sample of eight purchase order transactions was tested, which included both low and high value orders. Testing showed at the end of July 2012 that expenditure for supplies and services was within budget and that purchase orders are routinely used to obtain supplies and services in an accountable and controlled manner.

System	Travel and Accommodation
Evaluation	Full Assurance

- 11.10 There are two approved agencies for staff and officers who require to travel and/or an overnight stay.
- Capita Business Travel (CBT) make the travel arrangements, which is either air or rail, and;
 - Booking Services International (BSI) (who are part of the Capita Group) arrange accommodation for BTP.

11.11 The following payments were tested:

- CBT – Inv No. L1313374 for £9,315.14 dated September 2011
- BSI – Inv No. 022246736/1 for £20,943.74 dated February 2012
- CBT – Inv No. L1441673 for £11,180.90 dated August 2012

11.12 Testing of the above three payments showed that all transactions within these payments had been correctly authorised and that the person authorising the claim was an approved person and not the same person as receiving the travel or accommodation.

11.13 Individual transactions from within the above payments were tested and these showed that the travel/accommodation was for business purposes.

11.14 Testing showed that the majority of travel and accommodation requirements had been booked through these two Forces. There was, however, some use of procurement cards to book travel and accommodation. When a procurement card had been used the reason for this had been stated on the claim. The most common reason being that neither CBT nor BSI had been able to assist with the travel or accommodation request at the time.

System	Expenses
Evaluation	Full Assurance

11.15 Expenses relate to direct expenditure incurred by staff in the performance of their duties, such as travel, meals, one-off bonus payments etc. All expenses are paid through payroll and will be taxed where appropriate, or if receipts are not provided to support reimbursement.

11.16 A total of eighteen expense claims was examined in detail for the period May to July 2012, with claims ranging from £5.00 to £307.20. Testing showed that where a receipt had not been provided that this element of the claim had been taxable. All claims had been properly authorised and therefore a clear separation of duty existed between the person claiming and the authoriser.

11.17 Claims were generally for travel (tube and taxi fares and use of own car), refreshments (coffee, milk, sugar, lunches and other meals), and small bonus payments (taxable) (dead set allowance and late night working – unpaid).

11.18 Testing showed that appropriate segregation of duty existed in authorising expense claims, and that claims were for business purposes.

System	Income
Evaluation	Full Assurance

11.19 There is limited income within the HR Department, with income only received for Track Safety. This is income the Force receives for providing training courses to

external parties. The external parties are usually other Police Forces and will operate a purchase order system to book places on the course. By using a purchased order system this will facilitate payment and avoid any arrears accruing.

11.20 The income from Track Safety is well controlled as recipients will set this up via a purchase order, which helps facilitate payment and minimise both late payment and the potential for bad debts.

System	Fuel Purchases
Evaluation	Full Assurance

11.21 Fuel can only be obtained for a Police vehicle by using an approved fuel card (procurement card). Each vehicle has its own fuel card assigned to it and this card is kept within the glove compartment of the vehicle. The driver of the vehicle when needing to refuel will use the fuel card for this purpose. The fuel card can only be used at approved filling stations.

11.22 Testing showed that all fuel obtained was via the fuel card. This facilitated payment of the invoice for fuel and its allocation to the correct cost centre.

System	Assets
Evaluation	Substantial Assurance

11.23 The primary assets of the HR Department are mobile phones, laptop computers and other IT equipment. Individually these are of low value but are generally assigned to individual members of staff. For this reason a register is retained of these items, both corporately and on individual personal files. This register identifies the follow data:

- Mobile Number
- Mobile type
- IMEI Number
- Laptop Model Number
- Laptop Serial Number
- Vodafone 3G data card
- Data card Serial Number
- Cable and Wireless RSA secure ID token
- PDA Serial Number
- PDA IMEI Number
- GPC card
- GPC number.

11.24 The asset register will be updated when a member of staff leaves/joins or there is a change in equipment. In addition, annually the corporate register of assets is sent to all section heads for them to verify its accuracy for their area. This is primarily done for budgeting purposes.

11.25 As this type of equipment can easily go astray and records can become out of date it is suggested that a more frequent check on assets held by staff is carried out.

Recommendation: 2	Priority: 3
<p>To safeguard the Forces assets a more frequent than annual check should be undertaken to verify all equipment held by individual officers/members of staff within the HR Department.</p>	

System	Budgetary Control
Evaluation	Full Assurance

11.26 The Business Team Leader, Corporate Services, undertakes a monthly reconciliation of the HR cost centre. A report is produced for SMT every month on the budget and in particular the variances and an explanation given for each variance. At the end of July 2012 there was a projected £46k underspend on a £10.4m budget for the year.

11.27 A review of the budgeting process did not reveal any significant variances although the Business Team Leader was making some forecast adjustments based on known events which would flow through into the August 2012 budget numbers.

CBSL

Assurance Review of the Staff Recruitment Arrangements

British Transport Police

Not Protectively Marked

FINAL



December 2012

2012/13

Assurance Review of the Staff Recruitment Arrangements

- EXECUTIVE SUMMARY -

INTRODUCTION

1. We have carried out an assurance review of the staff recruitment arrangements for the British Transport Police. The review was carried out in July/August 2012 and was part of the planned internal audit work for 2012/13.

SUMMARY

2. The Key Risk Control Objectives were tested and based on the findings from this work an overall evaluation of the overall adequacy of the internal controls was established (figure 1 below).

Figure 1 - Evaluations of the Effectiveness of the Internal Controls



KEY FINDINGS

3. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed by the Authority for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 2):

Figure 2 - Summary of Priorities of Recommendations

High	Medium	Low	Operational
-	1	4	1

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date draft report issued:	11 th September 2012
Date management responses recd:	14 th December 2012
Date final report issued:	17 th December 2012

Assurance Review of the Recruitment Arrangements

MANAGEMENT ACTION PLAN

PRIORITY 1, 2 AND 3 RECOMMENDATIONS

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Failure to select and appoint staff and process salary details in a demonstrably accountable and structured manner, could lead to financial loss, poor delivery of services and reputational concerns.	There is a Recruitment and Retention Standard Operating Procedure (SOP) which was issued in May 2008. A new Resourcing SOP (to replace the Recruitment and Retention SOP) has been prepared in draft form dated July 2010 but has not yet been finalised. It should be noted that all SOPs at BTP are currently being reviewed so this revised Recruitment SOP will not be issued until this process has been completed.	The draft Recruitment and Retention Standard Operating Procedure should be finalised at the earliest opportunity.	2	<p><i>Agreed.</i></p> <p><i>The Recruitment SOP's will be redrafted to reflect the new SOP style when it is agreed by SDD. A revised SOP will also be needed to support the E recruitment process.</i></p> <p><i>E-recruitment is planned for implementation in 2013.</i></p>	<p><i>31 January 2013, depending on SDD review of SOP's. Should the SDD review not be concluded we will publish an interim revised SOP in January to support E Recruitment.</i></p>	<p><i>Resourcing Manager HRBC</i></p>

PRIORITY GRADINGS

1	URGENT	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud
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2	IMPORTANT	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	ROUTINE	. Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure.
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Assurance Review of the Recruitment Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Recruitment is not carried out in a transparent and accountable manner thereby not demonstrating that the most suitable candidates are appointed.	In most cases when responding to an advertisement for a vacancy within the Force the applicant is required to complete a predetermined application form. The application form does not state that the document will form part of the contract of employment if the person is successful in being appointed and that incorrect/incomplete information could lead to dismissal. It is good practice for a statement to this effect to be clearly visible on the application form.	The application form should clearly state that the document will form part of the contract of employment if the person is successful in being appointed and that incorrect/incomplete information could lead to dismissal.	3	<i>Agreed. We will ensure that the application makes clear that it forms part of the Contract of Employment. This change will be incorporated with the other changes required to support the introduction of E Recruitment as e-recruitment will require a new electronic application form.</i>	31 January 2013	Resourcing Manager HRBC

PRIORITY GRADINGS

1	URGENT	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud
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2	IMPORTANT	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	ROUTINE	. Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure.
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Assurance Review of the Recruitment Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Recruitment is not carried out in a transparent and accountable manner thereby not demonstrating that the most suitable candidates are appointed.	Testing indicates that the arrangements for advising applicants who have not been shortlisted does not accord with the information on the Force website. For notifying applicants who apply but who do not get shortlisted the Standard Operating Procedure needs to be amended to reflect the information given to applicants on the website and what is accepted practice within the Force. That is for all applicants who are not shortlisted and have not heard from the Force by the stated date will receive no further communication from the Force and will have been unsuccessful with their application.	The Standard Operating Procedure needs to be changed to reflect current working practice with regard to all applicants who have not been shortlisted. That is applicants who have not been informed that they have been shortlisted by a predetermined date will have been unsuccessful with their application.	3	Agreed. This process will be clarified as part of the e recruitment work and the standard practise reflected in the new SOP.	31 January 2013	Resourcing Manager HRBC

PRIORITY GRADINGS

1	URGENT	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud
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2	IMPORTANT	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	ROUTINE	. Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure.
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Assurance Review of the Recruitment Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Recruitment is not carried out in a transparent and accountable manner thereby not demonstrating that the most suitable candidates are appointed.	Testing indicated that copies of professional and academic qualifications are not certified that the original document was actually seen. For positions within the Force that require a professional (or other) qualification the interviewing officer should inspect the original certificate and take a photocopy for the applicant's personal file. The interviewing officer should sign and date the photocopy as a true copy of the original.	For all posts within the Force requiring a professional (or other) qualification the interviewing officer should inspect the original of the certificate take a copy and sign and date the copy as a true copy of the original. The copy certificate to be retained on the applicant's personal file.	3	Agreed. The HRBC recruitment staff have been advised by the Head of HR to ensure that all original certificates are seen as per the recommendation. Implementation of the recommendation is complete.	Immediate (October 2012)	Resourcing Manager HRBC

PRIORITY GRADINGS

1	URGENT	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud
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2	IMPORTANT	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	ROUTINE	. Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure.
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Assurance Review of the Recruitment Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Recruitment is not carried out in a transparent and accountable manner thereby not demonstrating that the most suitable candidates are appointed.	Testing indicated that copies of proof of identity, including proof of UK residency, are not certified that the original document was actually seen. Proof of identity documents which are photocopied and placed on applicants personal files should have the copy of the document signed and dated by the person inspecting the original.	Proof of identity copy documents should be signed and dated by the person who has inspected the original documentation.	3	Agreed. The HRBC recruitment staff have been advised by the Head of HR to ensure that all original identity documents are seen as per the recommendation. Implementation of the recommendation is complete.	Immediate. October 2012	Resourcing Manager HRBC

PRIORITY GRADINGS

1	URGENT	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud
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2	IMPORTANT	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money.
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3	ROUTINE	. Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure.
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OPERATIONAL EFFECTIVENESS MATTERS

Ref	Item	Management Comments
1	It would be good practice for applicants to be informed as to what information is held about them, for what purpose and for how long.	<i>Agreed. This will be covered in the Recruitment SOP and as information for potential applicants on the E Recruitment portal. This will be in place by 31 January 2013.</i>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

- DETAILED REPORT -

SCOPE AND LIMITATIONS OF THE REVIEW

5. The review considers the arrangements for the selection and appointment process; any additions to basic salary that are provided to staff as part of their contract of employment; and making ongoing changes to individual salaries. The scope of the review does not include appropriateness: of salary scales; individual appointments; or non-salary benefits. The review does not include the recruitment of Police Officer and/or PCSOs, Police Officers who transfer in from other Forces, or recruitment to the Authority.
6. The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). CBSL is the arm through which Sector's non-FSA regulated services, including the former Sector Business Assurance, are delivered. The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.
7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL and TIAA neither owe nor accept any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

ASSESSMENT OF THE KEY RISK CONTROL OBJECTIVE

8. This review identified and tested the controls that are being operated by the Force and an assessment of the combined effectiveness of the controls in mitigating the key control risks is provided. The assessments, which accord with those used by the Department for Transport, are:

Full	Systems of corporate governance, risk management and internal control are fully established, documented and working effectively.
Substantial	Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.
Reasonable	Systems of corporate governance, risk management and internal control arrangements are generally established and effective, with some minor weaknesses or gaps identified.

Partial	Systems of corporate governance, risk management and internal control are present and operating effectively except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation.
None	Systems of corporate governance, risk management and internal control are poorly developed or non-existent or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation.

MATERIALITY

9. There needs to be transparent arrangements whereby the most suitable eligible candidates who are capable of performing the duties expected of them are appointed. Failure to have such an open and accountable process could impact adversely on the delivery of the policing plan, the reputation of the Force and the Authority and could incur significant remedial costs.

AUDIT FINDINGS

Risk	Failure to select and appoint staff and process salary details in a demonstrably accountable and structured manner, could lead to financial loss, poor delivery of services and reputational concerns.
Risk Control Objective	Arrangements in place for the process provide for direction through established policies, procedures and provide for safeguarding the organisation’s assets and interests from avoidable losses.
Evaluation	Reasonable Assurance

10. The following matters were identified in reviewing the Key Risk Control Objective:
 - Risk: Arrangements are not in place to provide policies, procedures which clearly set out arrangements for recruitment.**
 - 10.1 The Department for Transport and Cabinet Office (Guidance on Actions and Processes – version 2.2 December 2011) has issued guidance to Non Departmental Public Bodies regarding restrictions placed on the recruitment. The DfT Letter of Delegation to the Authority makes it clear that all BTP staff recruitment is deemed to be frontline and, if within, the approved establishment does not require DfT approval. Both the Authority and the Force are fully aware of this guidance.
 - 10.2 The need to recruit staff is generated by a Head of Service or Manager who has a need, such as to replace a member of staff who had left. This Head of Service/Manager is instrumental in reporting to Resource Applications Panel (RAP) for approval and working with HR (recruitment) in the advertising and selection process. The Head of Service/Manager then shortlist, interview and select the

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successful applicant. For Police Officers and PCSOs the process is totally driven by HR (recruitment) who after RAP approval progress the advertising, shortlisting and selection of successful applicants.

- 10.3 There is a Recruitment and Retention Standard Operating Procedure (SOP) which was issued in May 2008. A new Resourcing SOP (to replace the Recruitment and Retention SOP) has been prepared in draft form dated July 2010 but has not yet been finalised. It should be noted that all SOPs at BTP are currently being reviewed so this revised Recruitment SOP will not be issued until this process has been completed.

Recommendation: 1

Priority: 2

The draft Recruitment and Retention Standard Operating Procedure should be finalised at the earliest opportunity.

- 10.4 The recruitment team was reorganised on 1 March 2012 with all staff in the team having new roles. With the introduction of the RAP this provides a corporate control over all vacancies and the need to recruit. A business case has to be put to the RAP to fill all vacant posts and for any new positions. The RAP decision is minuted and will often provide guidance to the recruitment team on the way forward i.e. whether posts should be advertised just internally or externally as well. HR (recruitment) obtain a copy of the RAP actions and input onto their spreadsheet the recruitment details. A member of the HR (recruitment) team is then allocated the responsibility to progress the filling of any post.

- 10.5 Since the reorganisation the HR (recruitment) team has met their key performance indicator to progress all recruitment within a 2 month period.

Risk: Recruitment is not carried out in a transparent and accountable manner thereby not demonstrating that the most suitable candidates are appointed.

- 10.6 In most cases when responding to an advertisement for a vacancy within the Force the applicant is required to complete a predetermined application form. The application form does not state that the document will form part of the contract of employment if the person is successful in being appointed and that incorrect/incomplete information could lead to dismissal. It is good practice for a statement to this effect to be clearly visible on the application form.

Recommendation: 2

Priority: 3

The application form should clearly state the document will form part of the contract of employment if the person is successful in being appointed and that incorrect/incomplete information could lead to dismissal.

- 10.7 Testing indicates that the arrangements for advising applicants who have not been shortlisted does not accord with the information on the Force website. For notifying applicants who apply but who do not get shortlisted the Standard Operating

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Procedure needs to be amended to reflect the information given to applicants on the BTP website and what is accepted practice within the Force. That is for all applicants who are not shortlisted and have not heard from the Force by the stated date will receive no further communication from the Force and will have been unsuccessful with their application.

Recommendation: 3

Priority: 3

The Standard Operating Procedure needs to be changed to reflect current working practice with regard to all applicants who have not been shortlisted. That is applicants who have not been informed that they have been shortlisted by a predetermined date will have been unsuccessful with their application.

- 10.8 Testing indicated that copies of professional and academic qualifications are not certified that the original document was actually seen. For positions within the Force that require a professional (or other) qualification the interviewing officer should inspect the original certificate and take a photocopy for the applicant's personal file. The interviewing officer should sign and date the photocopy as a true copy of the original.

Recommendation: 4

Priority: 3

For all posts within the Force requiring a professional (or other) qualification the interviewing officer should inspect the original of the certificate take a copy and sign and date the copy as a true copy of the original. The copy certificate to be retained on the applicant's personal file.

- 10.9 Testing indicated that there was adequate vetting of potential candidates prior to being offered an unconditional offer of employment. Testing indicated, however, that copies of proof of identity, including proof of UK residency, are not certified that the original document was actually seen. Proof of identity documents which are photocopied and placed on applicants personal files should have the copy of the document signed and dated by the person inspecting the original.

Recommendation: 5

Priority: 3

Proof of identity copy documents should be signed and dated by the person who has inspected the original documentation.

- 10.10 Recruitment records are held either on computer or in a manual system. Applicants are not advised that records are held on them and for what purpose and the duration the information is to be held.
- 10.11 In our audit report on the review of the arrangements for the re-engagement of retired BTP Police Officers, dated March 2012, reference was made to the retention of

documents in the Operational Effectiveness Matters section of the report. This matter is therefore not raised again in this report.

Operational Effectiveness Matters: 1

It would be good practice for applicants to be informed as to what information is held about them, for what purpose and for how long.

Risk: Complaints regarding recruitment are not followed up and incorporated as appropriate into lessons learned.

10.12 In the last six months there was a Freedom of Information (FoI) request made in April 2012 which due to the time it would have taken to investigate was only progressed in part. The requester then limited the information they required and this was provided within the statutory time limits.

10.13 A total of 5 "complaints" regarding recruitment were received in the previous six months. All of these were dealt with in accordance with the BTP complaints procedures. All of the complaints dealt with minor issues which were resolved as part of the first stage of the complaints procedure.

10.14 There were no lessons to learn from the complaints made and each complaint referred to a different subject area. There were no control issues to address as a result of the FoI and complaints made.
