**FINAL**

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|  | **The Police and Crime Commissioner for Cleveland and the Chief Constable Cleveland Police** |
|  | **Follow Up Review of Seized Cash** |
|  | **2019/20** |

**December 2019**

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**Executive Summary**

**Introduction**

1. This follow up review by TIAA established the management action that has been taken in respect of the priority recommendations arising from the internal audit review of Seized Cash that was undertaken in March 2019. The follow up review was carried out in November 2019.

**Key Findings & Action Points**

1. The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss. From the work carried out the following evaluations of the progress of the management actions taken to date have been identified.

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| **Evaluation** | **Number of Recommendations** |
| **Implemented** | **5** |
| **Outstanding** | **0** |
| **Considered but not Implemented** | **0** |
| **Not Implemented** | **0** |

1. All recommendations made in the original audit were found to be implemented with evidence to support the operation of the required control.

**Scope and Limitations of the Review**

1. The review considers the progress made in implementing the recommendations made in the previous internal audit reports and to establish the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.
2. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.
3. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

**Release of Report**

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

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| **Date draft report issued:** | 13th December 2019 |
| **Date management responses rec’d:** | 16th December 2019 |
| **Date final report issued:** | 18th December 2019 |

**Executive Summary**

**Follow Up**

1. Management representations were obtained on the action taken to address the recommendations and limited testing has been carried out to confirm these management representations. The following matters were identified in considering the recommendations:
2. **Seized Cash**

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| **Audit title** | **Seized Cash** | **Audit year** | **2018/19** | **Priority** | **2** |
| **Recommendation** | All procedures/process maps be reviewed to ensure that they reflect the processes that have now been agreed and adopted. | | | | |
| **Initial management response** | Recommendation accepted-Procedures and process maps to be updated to reflect the revised system for seized cash. | | | | |
| **Responsible Officer/s** | Operational Support Manager | **Original implementation date** | 31st May 2019 | **Revised implementation date(s)** | Not Applicable |
| **Latest Update** | Process Maps have been completed and cover all aspects of the seized cash processes. | | | | |
| **New implementation date** | Not Applicable | **Status** | **Implemented** |  | |

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| **Audit title** | **Seized Cash** | **Audit year** | **2018/19** | **Priority** | **2** |
| **Recommendation** | Niche users who book in items be periodically reminded of the minimum requirements for entries onto Niche, details required on cash bags and the processes for updating the safe log books when items are placed in or removed from the safe. | | | | |
| **Initial management response** | Recommendation accepted- Safes to be removed from Hartlepool and Stockton. Safes at Middlesbrough subject to new controls and all correspondence with users of safes to be through Niche. Message to all to be circulated regarding seized cash procedures and documentation. | | | | |
| **Responsible Officer/s** | Operational Support Manager | **Original implementation date** | 31st May 2019 | **Revised implementation date(s)** | Not Applicable |
| **Latest Update** | The original decision to remove safes from Stockton and Hartlepool was reconsidered and a decision taken to continue with the existing arrangements.  Testing of safes at Stockton and Middlesbrough during the follow up visit found that log books were evident and fully completed for both safes.  Niche records for the Middlesbrough safe recorded one item (USB stick) that was signed out to an officer. The SC team confirmed that this had been previously identified and that the officer had been contacted to advise that it should not go back in safe and needs to be relocated on Niche.  A sample of 10 seized cash records held on Niche identified no issues with all entries being correctly recorded with appropriate additional information were applicable. | | | | |
| **New implementation date** | Not Applicable | **Status** | **Implemented** |  | |

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| **Audit title** | **Seized Cash** | **Audit year** | **2018/19** | **Priority** | **2** |
| **Recommendation** | A monthly sample check of items held in the inspectors' safes be undertaken to monitor compliance with the required processes and highlight where discrepancies are identified. | | | | |
| **Initial management response** | Recommendation accepted. Monthly check of Safes to be conducted. | | | | |
| **Responsible Officer/s** | Strategic Finance Manager | **Original implementation date** | 30th June 2019 | **Revised implementation date(s)** | Not Applicable |
| **Latest Update** | Evidence was provided to support the completion of monthly safe checks for the three safes operating. | | | | |
| **New implementation date** | Not Applicable | **Status** | **Implemented** |  | |

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| **Audit title** | **Seized Cash** | **Audit year** | **2018/19** | **Priority** | **2** |
| **Recommendation** | Items received for the main cash team safes be checked when being received and not entered until the correct information has been provided. | | | | |
| **Initial management response** | Recommendation accepted. Changes to seized cash system proposed with one seized cash safe and 2 holding safes operating. Items not to be placed in the seized cash safe until all information received and correctly recorded. | | | | |
| **Responsible Officer/s** | Operational Support Manager | **Original implementation date** | 31st May 2019 | **Revised implementation date(s)** | Not Applicable |
| **Latest Update** | A Niche report was generated during the follow up visit that identified 157 items held at time of audit. A reconciliation was undertaken and it was confirmed that all items were held in safe and no additional items were identified.  A sample of 10 items was selected and details on Niche reviewed. All items were correctly recorded. It was noted that there were nine bags where no comments had been added. A check on five of these on Niche confirmed that all relevant details regarding the bag and its contents were correctly recorded on Niche. | | | | |
| **New implementation date** | Not Applicable | **Status** | **Implemented** |  | |

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| **Audit title** | **Seized Cash** | **Audit year** | **2018/19** | **Priority** | **3** |
| **Recommendation** | Interest figures provided by the Treasury team be clear and show the seized cash element, interest element and the total required to repay. | | | | |
| **Initial management response** | Recommendation accepted and already implemented. | | | | |
| **Responsible Officer/s** | Strategic Finance Manager | **Original implementation date** | 31st March 2019 | **Revised implementation date(s)** | Not Applicable |
| **Latest Update** | An Excel spreadsheet is utilised by the SC Team to record any cash returns with full details being recorded. All repayments are reviewed by Operational Support Manager with a record held of the checks undertaken.  A sample of 6 repayments made in September and October 2019 was selected for review. In each instance a full audit trail was available on Niche for the transaction that included a copy of the interest advice from Treasury Management and documentation to support the route of return. An example being P19006783 being returned to a third party with evidence held to support the request from the original owner. | | | | |
| **New implementation date** | Not Applicable | **Status** | **Implemented** |  | |

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