



# CHIEF CONSTABLE OF STAFFORDSHIRE

**Overtime**

**FINAL**

**Internal audit report: (9.18/19)**

**20 May 2019**

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# 1 EXECUTIVE SUMMARY

## 1.1 Background

A review of overtime payments has been undertaken as part of the approved internal audit plan for 2018/19. The objective of the audit was to ensure the use of overtime has taken place to maintain a specific level of service or completion of a specific service, and that the use of overtime has been appropriately reviewed and approved, prior to payment.

The Force uses the Origin time management system for the purposes of recording time worked by both police officers and police staff. Officers and staff must submit an electronic claim on the time management system for all overtime claimed. The Origin system has built in overtime rules which are operated by the Duty Management System (DMS) and built in workflows which require overtime claims to be approved by a line manager, sergeant or inspector. Once approved, the overtime claim is processed for payment by the Payroll team.

In its 2017/18 Statement of Accounts, the Chief Constable reported that the wider Force and OPCC had an overspend of £2.6m against its £178.6m budget. Though this was not considered significant in relation to the generally accepted financial indicator, an overspend against budget for Police Officer overtime and an underspend on PCSO costs were named as areas where major variations had taken place.

## 1.2 Conclusion

Historically, there has been a significant overspend in this area and the audit has reviewed the control framework to attempt to ascertain the possible reasons for this historic overspend. Whilst the audit confirmed that there are controls in place to support the approval of overtime payments made, these controls can be strengthened, and issues exist regarding a separation of the individual(s) responsible for the authorisation of the overtime payment and the individual managing the budget(s).

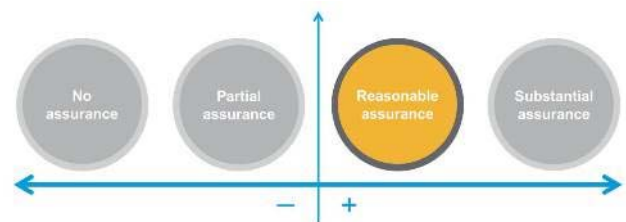
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### Internal audit opinion:

Taking account of the issues identified, the Chief Constable of Staffordshire can take **reasonable assurance** that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied.

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

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## 1.3 Key findings

The key findings from this review are as follows:

- The Force has overtime procedures in place that are up to date, detail how to claim overtime on the time management system and are available to all officers and staff, via the intranet.
- Review of the Duty Management System (DMS) confirmed that the overtime rules, in accordance with Force procedures, for both officers and staff were built into the system, which enabled a sound control environment. Furthermore, within the system there were hierarchical workflows, which ensured that all overtime claimed was approved by a relevant line manager.

- From our review of the rules in the system, we found that overtime claims can be processed for any time period and that there is no restriction on when overtime can be claimed for. We have included a **Medium priority** management action, for the Force to enter discussions with the Local Force Federation to negotiate a deadline on when forms should be submitted for approval. In our experience, stipulating a deadline (through negotiations with the local Federation) has worked well and assisted other forces in managing their overtime budget.
- Review of the reporting arrangements found that the management accounts have included commentary in relation to overtime spend against budget, and for the two most recent months, specifically those risks in relation to overtime spend.
- Sample testing of overtime claims made in the current financial year (planned, unplanned/casual, recall of duty, advancing the start of duty from rostered time, rest days and public holidays and manual overtime forms) did not identify any significant over or underpayments to staff, or inappropriate approval of overtime for payment.
- Sample testing of overtime claims which had been claimed in the current financial year for duty dates prior to the current financial year did not identify any cases where line manager approval had not been obtained, however sometimes it was not clear which budget line the overtime claim impacted. However, the management actions included around management information and reporting, and scrutiny of the Business Intelligence data should assist with this.

As part of the audit we also sample tested some retrospective overtime claims, which identified the following:

- Analysis of the current level of overtime claims identified that there are a significant number of overtime claims waiting to be authorised in the system. Analysis of the DMS report received at the time of review showed 267 hours and 23 minutes of overtime were marked as 'Submitted' in the report. These claims are awaiting authorisation by cost code holder or line managers. We have included a management action for HR to run reports from the Business Intelligence page to identify those officers who have outstanding overtime claims and prompt these individuals to submit these claims. **(Medium priority)**
- The Force has not established values where amounts of TOIL would be deemed high. From our wider sector experience, other forces have included definitions for a high TOIL balance (for example, 40 hours). We note that Staffordshire Police do not currently have this and it would be beneficial for the Force to establish a threshold above which TOIL balances are classed as high and investigate cases to see that there are arrangements in place to offset the TOIL through time rather than pay **(Medium priority)** and for HR to communicate these to all staff to increase awareness of managing overtime and taking sample checks on the authorisation of overtime claims for individuals with a high balance **(Medium priority)**.
- Similarly, reviews of overtime processes and controls across other forces has identified that TOIL would not automatically convert to payment within 90 days. We have therefore included a management action for the Force to consider whether not automatically converting overtime claims would result in balances being managed through time, rather than pay **(Low priority)**.
- The Business Intelligence page on Oracle can estimate overtime spend and analyse this from Directorate level through to an individual authoriser. We have included a management action for the HR function to work collaboratively with budget holders to monitor the page's usage and identify where any overspends in overtime have taken place, and to use the system on a regular basis to monitor any excessive future overtime spends **(Medium priority)**. We have also included an action for HR and Finance to consider whether reports from the Business Intelligence page should be presented at the monthly update meetings. **(Low priority)**.

## 1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*	Non-compliance with controls*	Agreed actions		
			Low	Medium	High
To ensure the use of overtime is essential in order to maintain a specific level of service or completion of a specific task and is appropriately reviewed and approved.	6 (8)	1(8)	2	5	0
<b>Total</b>			<b>2</b>	<b>5</b>	<b>0</b>

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

## 2 ACTION PLAN

### Categorisation of internal audit findings

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

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

Ref	Findings summary	Priority	Actions for management	Responsible owner and implementation date
3.1	There are currently no restrictions in place on when overtime may be claimed back as time or pay.	Medium	The Force will enter negotiations with the local Police Federation with the purpose of the inclusion of a deadline for when overtime forms can be submitted for approval, to reduce the risk of 'old' overtime forms being submitted, approved and paid.	DCC 31 December 2019
4.1	There are no fixed thresholds for which TOIL balances are investigated by the business partners	Medium	a) The Force will establish thresholds to identify where TOIL balances have exceeded 'normal' amounts. Any excessive TOIL balances will be investigated to ensure that they have been authorised correctly, and that arrangements are in place to offset proportions of TOIL through time, rather than balances being converted to payment.	All Directorate Leads 31 December 2019
		Medium	b) Following establishment of the thresholds for excessive TOIL balances, the thresholds will be communicated to all staff to ensure there is increased awareness of the levels of TOIL accrued by staff. The Force should then consider whether sample checks on the authorisation of the claim for individuals with high balances to see whether these have been correctly authorised should be undertaken.	

Ref	Findings summary	Priority	Actions for management	Responsible owner and implementation date
4.2	Following review of overtime procedures at other police forces, we noted that other procedures do not include the automatic conversion of TOIL to payment after 90 days	Low	The Force will consider whether it is feasible for TOIL balances not to automatically convert to payment after 90 days in order to increase the amount of TOIL balances which should be offset through time, rather than payments to officers. The increased TOIL balances resulting from this change should then be managed by budget holders to offset proportions of TOIL through time, rather than TOIL converting to payment.	DCC 31 March 2020
4.3	The Force have access to a Business Intelligence area on Oracle which is able to provide relevant data and analysis in relation to estimated overtime spend, future planned overtime and amounts of overtime authorised. No extracts are taken from the Business Intelligence page.	Medium	Reports from the Business Intelligence page will be used to identify areas where there is an increased spend in overtime for any periods. Where these are identified, monitoring of future overtime spend for the relevant party will take place to ensure that reductions in the amount of overtime spent is taking place.	All Directorate Leads 31 December 2019
4.4	The Force have access to a Business Intelligence area on Oracle which is able to provide relevant data and analysis in relation to estimated overtime spend, future planned overtime and amounts of overtime authorised. No extracts are taken from the Business Intelligence page.	Low	Consideration will be given to whether extracts from the Business Intelligence page will be presented in the monthly update meetings, to highlight any areas where there have been significant areas of overtime spend and for remedial action to be taken.	All Directorate Leads 31 March 2020
4.5	The Business Intelligence page can also show overtime claims which have not been elected for either pay or time. This can be used to identify claims that are with the claimant and therefore waiting to be submitted for approval. The system provides the information in relation to overtime which is approved/awaiting approval in real time.	Medium	The Business Intelligence reports will be processed on a periodic basis to identify any individuals who have not yet processed overtime claim forms. Any individuals with high levels of outstanding overtime claims can then be prompted to process their outstanding overtime claims for approval.	All Directorate Leads 31 December 2019

### 3 DETAILED FINDINGS

#### Categorisation of internal audit findings

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

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Action for management and priority
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#### Area: To ensure the use of overtime is essential in order to maintain a specific level of service or completion of a specific task and is appropriately reviewed and approved.

1	<p>The Force uses the Origin system to ensure that there is an automatic enforcement of the overtime rules as per the Police Regulations and the PSC Handbook.</p> <p>These rules are input into the Origin system by the Admin Duty Management System (DMS) Team and are applied to all claims processed.</p> <p>There is no restriction on when overtime may be claimed back.</p>	Partly	Yes	<p>The Admin DMS Team is responsible for the implementation of the rules included on the system, which allocates the rate of pay to be used when an overtime claim is submitted. Our testing did not highlight any exceptions.</p> <p>Through the audit it was established that there are currently no restrictions in place on when overtime may be claimed back as time or pay. We have therefore included a management action for the Force to enter negotiations with Staffordshire Police Federation to include a deadline for when overtime forms can be submitted for approval, to reduce the risk of 'old' overtime forms being submitted, approved and paid. In our experience, stipulating a deadline (through negotiations with the local Federation) has worked well and assisted other forces in managing their overtime budget.</p>	<p>The Force will enter negotiations with the local Police Federation with the purpose of the inclusion of a deadline for when overtime forms can be submitted for approval, to reduce the risk of 'old' overtime forms being submitted, approved and paid.</p> <p>Medium</p>
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Action for management and priority
2	<p>There is no timeframe set by the Force in which claims for pay/TOIL must be made.</p> <p>Retrospective overtime claims which have been approved by the line manager are included in the DMS system, which calculates whether the newly approved overtime can be allocated to a period where TOIL was claimed, or a payment should be made for the claim.</p>	No	-	<p>There is currently no deadline for which overtime claims need to be submitted for approval.</p> <p>Following a date worked where the claimant is eligible for TOIL, a 90-day clock starts in which the time should be taken back. In the event that the TOIL is not taken back, the claim for time will then automatically be converted for pay.</p> <p>For retrospective overtime claims, the claim is allocated into the DMS system to the date that it was worked, resulting in the retrospective claim taking priority to be offset against any other TOIL which was accrued more recently (e.g. TOIL accrued from working on 1 March would be offset prior to TOIL worked on 31 March). If, following approval, no TOIL was taken in the 90 days following when the overtime was worked, the approval will result in a payment for time being made to the claimant. For example, following overtime worked on 1 March 2019 being approved on 1 August 2019, if no TOIL was claimed between 1 March and 30 May 2019 (90 days), the approval of the claim would result in a payment being made.</p> <p>In the event that a TOIL claim was made during the 90-day period, the approval of the claim would result in the overtime being offset against any TOIL taken back in this period. As a result, more recent TOIL accrued would be relieved, which could, eventually lead to a payment being made to the claimant.</p> <p>We selected a sample of 20 overtime claims made prior to the current financial year to see whether the claims were made for time, who the claim was approved by and whether the claim resulted in a payment being made to the claimant. Testing identified:</p> <ul style="list-style-type: none"> <li>In all cases, a matching entry was on the 'TOIL checker' system for the correct amount of TOIL;</li> </ul>	<p>Please refer to the management actions included at number 1 above and within section 4.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Action for management and priority
				<ul style="list-style-type: none"> <li>• In 17/20 cases, the TOIL was allocated to a later date where TOIL was claimed back and did not directly result in a payment to the claimant;</li> <li>• In 2/20 cases the approval of the claim directly resulted in a payment being made to the claimant and;</li> <li>• In 1/20 cases we could not confirm whether the claim had been paid due to the claimant leaving the Force and the claimant's data being removed from the DMS and payroll systems.</li> <li>• In 10/17 cases where the claim did not directly result in a payment, the reallocation of TOIL in the DMS system eventually resulted in a payment being made to the claimant, as other TOIL amounts in the system were unrelieved for a 90-day period.</li> <li>• In 7/17 cases no resulting payment was made.</li> <li>• In all cases we noted that; <ul style="list-style-type: none"> <li>○ Where a claim was submitted by a Constable, the claim was approved by a Sergeant, Inspector or Chief Inspector;</li> <li>○ Where a claim was submitted by a Detective Constable, the claim was approved by a Detective Inspector or a Temporary Sergeant;</li> <li>○ Where a claim was submitted by a Sergeant, the claim was approved by a Chief Inspector; and</li> <li>○ Where a claim was submitted by an E-Grade, the claim as approved by an F-Grade.</li> </ul> </li> </ul>	

## SECTION 4 – RETROSPECTIVE OVERTIME CLAIMS

### Analysis

We reviewed a sample of retrospective overtime claims made in the current financial year which related to time incurred in previous financial years. We noted that there are no procedures in place on restricting the time between the overtime being worked and the submission of the form for approval.

The submission of overtime claim forms is the responsibility of the officer; however, we were informed by the DMS System Administrator that Sergeants in Response are also able to submit claims for their teams should the officer not submit their form when booking off their shift.

Our audit highlighted delays between the submission of overtime claim forms and the authorisation of the claims for inclusion as either TOIL or overtime payment. We therefore analysed the extract of overtime claims included on the DMS system to identify how many claims were awaiting approval in the system. The extract included claims between 2012 and 2017 which were submitted during 2018/19. Analysis of the extract found that 176 of the 727 total claims submitted were pending authorisation by line management. 95 of the claims awaiting authorisation were from the 2017 calendar year. The table below shows a breakdown of the claims by status and year in which the overtime was worked.

Year of Overtime worked	Claims authorised	Claims awaiting authorisation	Claims Rejected	Total	Total Time (HH:MM)
2012	35	4	0	39	25:50
2013	57	2	0	59	8:30
2014	41	3	2	46	3:40
2015	63	20	3	86	57:15
2016	144	52	2	198	70:48
2017	194	95	10	299	158:20
<b>Total</b>	<b>534</b>	<b>176</b>	<b>17</b>	<b>727</b>	<b>267:23</b>

### Reporting

Discussions with the HR Systems Development Manager identified that the HR and Finance teams have access to other overtime reports via Origin, which can identify individual TOIL entries for a claimant and extract the authorising individual and cost area that the TOIL is attributed to. Where required, the system also allows claimants and line managers to add descriptions to claims for understanding reasons for the claim or for approval.

Aged TOIL reports are sent out by Finance Business Partners to each of the directorate leads (Chief Superintendents) and their deputies (Superintendents) on a monthly basis. The reports include the number of hours of TOIL which have been accrued for each of the areas of the Force (Additional Functions; Contact & Response, DCC Directorate; Executive; Investigations; Neighbourhood and Partnerships, Operational Services and People & Resources).

The report shows a breakdown of the ages of TOIL in categories of 0-30, 31-60, 61-90 and 90+ days. In each of the reports sent out, directorate leads are able to analyse the data to an individual staff member level, giving the amount of TOIL accrued for each officer and identify balances which would soon convert for payment.

We were informed by the Finance Business Partner (Investigations) that any excessive TOIL balances are reported during the monthly finance update meetings, where any excessive balances can be discussed with their line manager. Minutes are not taken for the update meetings; however we were informed that there had been no queries raised in the meeting concerning TOIL at the time of review.

There are no fixed thresholds for which TOIL balances are investigated by the business partners. We obtained an example of when TOIL balances were investigated upon request by the Finance Business Partner and found that for each of the three cases investigated it was found that; in one case the reason was not fully clarified through the DMS system and required further investigation by the HR team, in one case the TOIL balance was reduced between when the report was ran and the case was investigated and in one case the reason for the claim was deemed adequate by HR for the authorisation of overtime.

#### Management Action 4.1

a) The Force will establish thresholds to identify where TOIL balances have exceeded 'normal' amounts. Any excessive TOIL balances will be investigated to ensure that they have been authorised correctly, and that arrangements are in place to offset proportions of TOIL through time, rather than balances being converted to payment. (Medium)

b) Following establishment of the thresholds for excessive TOIL balances, the thresholds will be communicated to all staff to ensure there is increased awareness of the levels of TOIL accrued by staff. The Force should then consider whether sample checks on the authorisation of the claim for individuals with high balances to see whether these have been correctly authorised should be undertaken. (Medium)

## Monitoring

The HR Systems Development Manager and DMS System Administrator identified that line managers are also able to view the outstanding TOIL/RDIL balances for each of the members in their team, though the Origin system and investigate how these balances arose. Onsite review of the reporting mechanisms showed that line managers are also able to receive team alerts which show when logging in to the Origin home page. Some examples of team alerts available to line management include:

- Team members who have not completed a book on/book off entry for a shift;
- Team members with TOIL entries which are soon to convert to payment;
- Overtime records which have not been elected for either time or pay (and therefore have not been submitted);
- Team members who have high 'negative' TOIL balances (this applies where TOIL is agreed in advance of the TOIL being accrued); and
- Amounts of annual leave which are yet to be taken when approaching year-end.

The Force previously included an alert where line managers were informed when an overtime claim had been submitted to them for approval, however this feature was removed after feedback from line managers due to the number of notifications being received from claims being submitted.

Though TOIL not offset in the 90 days following the date worked would normally convert for payment (see point 2 in section 3 of this report), there are exceptions to this. Examples of exceptions include where officers are on secondment, which results in their TOIL balances being frozen until their return to working for the force. Another example would be when the TOIL arises from overtime in the form of a Rest Day in Lieu (RDIL). In this case, the TOIL will not convert to payment.

Following review of overtime procedures at other police forces, we noted that other procedures do not include the automatic conversion of TOIL to payment after 90 days. We have included a management action for Staffordshire Police to consider taking on this approach. This would result in higher TOIL balances however, this would allow time to be managed and reallocated internally.

#### **Management Action 4.2**

The Force will consider whether it is feasible for TOIL balances not to automatically convert to payment after 90 days in order to increase the amount of TOIL balances which should be offset through time, rather than payments to officers. The increased TOIL balances resulting from this change should then be managed by budget holders to offset proportions of TOIL through time, rather than TOIL converting to payment. (Low)

### **Business Intelligence**

The Force have access to a Business Intelligence area on Oracle which is able to provide relevant data and analysis in relation to estimated overtime spend, future planned overtime and amounts of overtime authorised. Amounts of overtime authorised can be analysed at the following levels:

- Directorate;
- Division (e.g. Contact and Response);
- Hub (Northern, Eastern, Western);
- Teams;
- Individual Authorisers.

Onsite review of the Business Intelligence page showed that the Force are also able to obtain estimates on the cost to the Force for overtime approved down for each of the levels mentioned above. The estimates are computed by using the enhanced hours for each claim approved and multiplying this by the hourly rate for the claimant at the time the overtime was worked. We were informed by the HR Systems Development Manager that Business Partners are able to access the page to identify where excessive levels of overtime have been approved by an individual.

We have included a medium priority action for the Force to extract reports from the Business Intelligence page to identify any areas where excessive amounts of TOIL have been authorised to investigate whether there are any areas in the Force where cost savings can be identified through improved rostering to reduce the amount of overtime claims being made to the team. We have also included a low priority action for the Force to consider whether regular reporting from the page should be presented in the monthly update meetings, to highlight any overtime balances/areas for concern.

#### **Management Action 4.3**

Reports from the Business Intelligence page will be used to identify areas where there is an increased spend in overtime for any periods. Where these are identified, monitoring of future overtime spend for the relevant party will take place to ensure that reductions in the amount of overtime spent is taking place. (Medium)

#### **Management Action 4.4**

Consideration will be given to whether extracts from the Business Intelligence page will be presented in the monthly update meetings, to highlight any areas where there have been significant areas of overtime spend and for remedial action to be taken. (Low)

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Furthermore, the Business Intelligence page can also show overtime claims which have not been elected for either pay or time. This can be used to identify claims that are with the claimant and therefore waiting to be submitted for approval. The system provides the information in relation to overtime which is approved/awaiting approval in real time.

A medium priority action has therefore been included to process the report periodically to identify any potential liabilities to the Force as a result of overtime claims which have not been submitted for authorisation. The Force can then use these to chase up individuals who have not yet completed their overtime forms for processing.

#### **Management Action 4.5**

The Business Intelligence reports will be processed on a periodic basis to identify any individuals who have not yet processed overtime claim forms. Any individuals with high levels of outstanding overtime claims can then be prompted to process their outstanding overtime claims for approval. (Medium)

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# APPENDIX A: SCOPE

## Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

### Objectives of the area under review

To ensure the use of overtime is essential in order to maintain a specific level of service or completion of a specific task and is appropriately reviewed and approved

When planning the audit, the following areas for consideration and limitations were agreed:

#### Areas for consideration:

- Up to date policies and procedures are in place which provide a framework to managing overtime effectively. The policies and procedures have been disseminated to staff. We will provide assurance that the policies provide a clear purpose for where overtime should be used and for our sample we will confirm that the overtime claimed is in accordance with the overall purpose.
- We will consider the entitlement to overtime in the following areas and confirm the correct amount has been paid and the overtime has been approved:
  - Planned;
  - Casual;
  - Recall/Handover to duty; and
  - Rostered rest day.
- Overtime rules built into the Oracle system reflect Police Regulations.
- Police officer and staff overtime has been recorded, approved and paid accurately. We will consider the authorising officers and confirm that there is a linkage to the budget holder, where the authorising officer is not accountable for the overall budget.
- Appropriate checks are undertaken on payments prior to payment release.

#### Limitations to the scope of the audit assignment:

- We will not review the budget setting for overtime or confirm the overtime budget will be achieved at year end. We will consider budget accountability and ownership around overtime as part of the scope detailed above.
- We will not review compliance with the health and safety legislation or working time regulations.
- We will not comment on the routine processing of the payroll.
- Testing will be completed on a sample basis from transactions within the current year.
- Our work does not provide absolute assurance that material error; loss or fraud does not exist.

## APPENDIX B: FURTHER INFORMATION

### **Persons interviewed during the audit:**

- Gemma Titley, Senior Payroll Assistant
- Adele Randle, DMS System Administrator
- Tracey Tyler, HR Systems Development Manager

### **Documentation reviewed during the audit:**

- Police Staff Council Handbook, April 2017
- Police Staff Pay and Conditional of Service Handbook
- Scheme of Delegation, 6 December 2018
- Finance Report (Period 7.8 and 9) 2018



## FOR FURTHER INFORMATION CONTACT

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