

For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	30th November 2021
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Mark Lunn
Agenda Item:	7

INTERNAL AUDIT PROGRESS REPORT

1. Purpose of the Report

- 1.1 To provide members with an update on progress against the Internal Audit Annual Plan for 2021-22 and the findings from audits completed to date.

2. Recommendations

- 2.1 Members are recommended to consider the report and where appropriate make comment or request further work in relation to specific audits to ensure they have adequate assurance from the work undertaken.

3. Reasons for Recommendations

- 3.1 This complies with good governance and in ensuring assurance can be obtained from the work carried out.

4. Summary of Key Points

- 4.1 The attached report details the work undertaken to date and summarises the findings from individual audits completed since the last progress report to the panel.

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report.

6. Human Resources Implications

- 6.1 None as a direct result of this report.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

- 8.1 None as a direct result of this report. Recommendations will be actioned to address the risks identified within the individual reports and recommendations implementation will be monitored and reported within the audit and inspection report to this panel.

9. Policy Implications and links to the Police and Crime Plan Priorities

- 9.1 This report complies with good governance and financial regulations.

10. Changes in Legislation or other Legal Considerations

- 10.1 None

11. Details of outcome of consultation

- 11.1 Not applicable

12. Appendices

- 12.1 Appendix A – Internal Audit Progress Report 2021-22



Police & Crime Commissioner for
Nottinghamshire & Nottinghamshire Police
Internal Audit Progress Report

Presented to JASP: 30th November 2021

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Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of the Nottinghamshire Police and the Officer of the Police and Crime Commissioner (OPCC) for Nottinghamshire and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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01 Summary

The purpose of this report is to update the Joint Audit & Scrutiny Panel (JASP) as to the progress in respect of the Operational Plan for the year ended 31st March 2021, which was considered and approved by the JASP at its meeting on 24th February 2020. It will also provide an update on the progress in respect of the Operational Plan for the year ended 31st March 2022, which was considered and approved by the JASP at its meeting on 24th February 2021.

The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.

Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.

Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.

Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.

Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Current progress

2020/2021

Unfortunately, since the last meeting of the JASP, one report remains in draft report in respect of Risk Management where we are awaiting management comments to finalise the report. This is also preventing us issuing our Annual Internal Audit Report for 2020/21 as well. Further details are provided in Appendix A1.

At the July meeting of the Force and OPCC CFO's discussed the Collaboration Workforce Planning draft report and it was decided that the management comments provided were inadequate and therefore these have been feedback to the collaboration units to ensure the management comments are correct before finalisation of this report. Since then audit have liaised with the new collaboration unit head to discuss the issues raised and an updated draft report has been provided, we are awaiting updated management comments to finalise this report.

2021-2022

The audit plan was approved at the February meeting of the JASP and audit can confirm that planning work has begun in regard to the delivery of this plan. We are pleased to inform the committee that the final reports for Firearms Licensing, Performance Management and MFSS Transfer have been issued, see Appendix A3 for full details.

Moreover, we have provided the Force with proposed dates across the rest of 2021/22 for the delivery of the remaining audits within the plan and though commitment of the OPCC, Force and internal audit to completing the audits per the current schedule the audit plan shall be completed before the year end.

Per the last update to the committee the Collaboration Internal Audit Plan has now been agreed by the regional CFO's, moreover the scope of each review has now been agreed as well, therefore audit has liaised with the individual collaboration units and dates have been agreed across Q3 and Q4 for the completion of these audits.

The Plan in Appendix A1 has been updated to include the status of each audit to date.

03 Performance

The following table details the Internal Audit Service performance for the year to date measured against the key performance indicators that were set out within Audit Charter.

Number	Indicator	Criteria	Performance
1	Annual report provided to the JASP	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JASP	As agreed with the Client Officer	Achieved
3	Progress report to the JASP	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (2/2)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (2/2)
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (5/5)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (2/2) 1 x Very Good 1 x Good

A1 Plan overview 2020/2021

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JASP	Comments
Core Financial Systems	Q3	February 2021	May 2021	May 2021	
Workforce Planning	Q1	November 2020	December 2020	Feb 2021	
Victims Code of Practice	Q1	September 2020	October 2020	November 2020	
Estate Management	Q2	October 2020	November 2020	November 2020	
Wellbeing	Q4	February 2020	July 2021	May 2021	
Debt Recovery	Q3/4	February 2021	May 2021	May 2021	
Seized Property	Q3	February 2021	May 2021	May 2021	
Business Change	Q3			n/a	C/fwd. into 2021/22 Plan
Complaints Management	Q4	April 2021	July 2021	May 2021	
Risk Management	Q4	February 2021		May 2021	Draft Report Issued 17 th February 2021
IT Security: Follow Up	Q3	January 2021	February 2021	Feb 2021	
GDPR: Follow Up	Q3	January 2021	February 2021	Feb 2021	

Plan overview 2021/2022

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JASP	Comments
Performance Management	Q1	July 21	Sept 21	Sept 21	
Firearms Licensing	Q1	July 21	Sept 21	Sept 21	
MFSS Transfer - Q1 & Q2	Q1/Q2	Sept 21	Oct 21	Nov 21	
Core Financials	Q3			Jan 22	Fieldwork underway
OPCC Charities Account	Q3			Jan 22	Fieldwork underway
Business Change	Q4			Mar 22	Suggested date provided 10-Jan-22
Health & Safety	Q4			Mar 22	Suggested date provided 24-Jan-22
Workforce Planning	Q4			Mar 22	Suggested date provided 31-Jan-22
Procurement	Q4			Jun 22	Suggested date provided 03-Mar-22
Partnership	Q4			Jun 22	Suggested date provided 07-Mar-22
Seized Property	Q4			Jun 22	Suggested date provided 14-Mar-22
Information Assurance	Q3/Q4			Mar 22	IT Manager has contacted key contacts to arrange
GDPR	Q3/Q4			Mar 22	IT Manager has contacted key contacts to arrange

Collaboration Audit Plan 2021/22

Audit area	Forces	Reasoning	Date of Audit
EMSOT Risk Management	Leics, Lincs, Northants	As a newly formed unit to get assurance they have this in hand would be beneficial. I can see RR's have been completed which is a good start but reviewing how Risks are managed by the unit as a whole would be beneficial	23 rd March 2022
ESMOT Business Plan	Leics, Lincs, Northants	As a newly formed unit having a Business Plan that has been approved and embedded in the way they are working and reporting against would provide assurance	24 th March 2022
EMSLDH Governance	Derby, Leics, Northants, Notts	In line with their Strategy a new governance structure is being formed, so audit will seek to get assurance this has been effectively established.	28 th February 2022
EMCJS Performance Management	Leics, Lincs, Northants, Notts	Follow up on previous recommendation in this area. In addition, a number of risks on their register relate to ability to review performance & relevant MI	6 th April 2022
EMSOU - Business Continuity	Five Force	Linked to limited assurance in 19/20 audit in this area for EMSOU.	8 th March 2022
EMSOU - Wellbeing	Five Forces	EMSOU: Risks on their register in relation to this. Also due to structure of EMSOU, consideration of how Wellbeing support is aligned/co-ordinated with each Force.	3 rd November 2021
EMSOU Risk Management	Five Forces	How does each unit within the EMSOU banner manage risks, how are they escalated and coordinated into an overall EMSOU Risk Register. How are these fed back to home Forces	27 th March 2022
Asset Management (EMCJS)	Leics, Lincs, Northants, Notts	Originally on the outline plan for 21/22. Might need to consider which unit to focus this on though. EMCJS would be my suggestion just looking at current audits outlined above	6 th April 2022

A2 Reporting Definitions

Assurance Level	Control Environment
Substantial Assurance	There is a sound system of internal control designed to achieve the Organisation's objectives. The control processes tested are being consistently applied.
Adequate Assurance	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk. The level of non-compliance with some of the control processes may put some of the College's objectives at risk.
Limited Assurance	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk. The level of non-compliance puts the College's objectives at risk.
No Assurance	Controls are generally weak leaving the system open to significant abuse and/or we have been inhibited or obstructed from carrying out or work.

Recommendation Priority	Description
1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the Organisation to a high degree of unnecessary risk.
2 (Significant)	Recommendations represent significant control weaknesses which expose the Organisation to a moderate degree of unnecessary risk.
3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

A3 Summary of Reports

Firearms Licensing 21/22

Overall Assurance Opinion	Satisfactory
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Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	3
Priority 3 (Housekeeping)	2

Our audit considered the following risks relating to the area under review:

Policies & Procedures

- Clearly defined policies and/or procedures are in place and are available to both the Force and to potential applicants. The policies and procedures are reviewed and updated on a regular basis.
- There are clear procedures in place in respect of the revoking of licenses.
- There is an agreed process for home/security inspections with regards to the holding of firearms.

Applications & Renewals

- All applications and renewals are subsequently vetted as part of the approval process.
- Applications and renewals are authorised in accordance with the approved firearms licensing process.
- Payments are received in accordance with the agreed rates and are properly accounted for.

License Holder Records

- There are effective controls in place to monitor when renewals are due, and which prompt the reapplication process.
- There are effective controls in place to flag up, and act upon, changes of circumstances with regards to a license holder.
- Comprehensive and up to date records are maintained of license holders which are available to officers during the course of their duties.

Performance Information

- Performance information is available and is reviewed with regards to the effective administration of the firearms licensing process.

The objectives of our audit were to evaluate the adequacy and effectiveness of the Firearms Licensing system with a view to providing an opinion on the extent to which risks in this area are managed. In giving this assessment it should be noted that assurance cannot be absolute. The most an Internal Audit Service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control.

We are only able to provide an overall assessment on those aspects of the Firearms Licensing process that we have tested or reviewed. Testing has been performed on a sample basis, and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.

We have raised three priority 2 (significant) recommendations where improvements are required, as detailed below:

Recommendation 1 (Priority 2)	<p>The Firearms Licensing Process Maps should be updated to include:</p> <ul style="list-style-type: none"> • It should be clearly noted on the enquiry form whether a home visit, police station interview or digital interview has taken place. • Where a home visit does not take place, it should be ensured that supporting evidence received, such as photographs, are noted as having been received on the enquiry form prior to authorisation. • Where an applicant may be considered as higher risk, the Force should consider delaying the application until a date where home visits can be undertaken.
Finding	<p>According to the Firearms Licensing Process Maps, the vetting stage of the license grant process previously required a home visit to be carried out. Due to Covid-19, home visits have not been regularly carried out for applicants deemed to be a low risk after initial vetting checks. Telephone renewals are usually undertaken over the phone at the 5-year renewal stage.</p> <p>Audit carried out testing on a sample of 12 licenses granted and 12 license renewals, testing found:</p> <ul style="list-style-type: none"> • Difficulties in determining whether a police station interview or video interview rather than a home visit from information on the enquiry form. • For 4/12 license grants, it was not clear as to whether any photos had been provided by the applicant of their security arrangements. • 1/12 license grant was listed as medium risk, but a home visit did not appear to have taken place • 1/12 renewals police intelligence during vetting suggested that the applicant had previously left guns out of cabinets unattended, however despite this the renewal was still undertaken via telephone rather than home visit. <p>It is noted that during the Covid-19 pandemic, difficult decisions had to be made by FEOs around balancing the appropriateness of home visits with the risk to health.</p> <p>Risk: There is a risk that where a physical inspection does not take place, an inappropriate decision may be made as to whether a license should be granted.</p>
Response	<p>Due to the easing of Covid restrictions all grants are now subject to a home visit.</p> <p>Telephone renewals will only be completed if relevant documented criteria is satisfied.</p>
Responsibility / Timescale	<p>Georgia Newton</p> <p>July 21</p>
Recommendation 2 (Priority 2)	<p>To ensure each firearms license application has the required documentation, that has been signed and dated, a quality review should be undertaken on a sample of records on a periodic basis in order to determine the completeness of applicant records.</p> <p>Finding of the quality reviews should be analysed and fed back to relevant staff to ensure lessons are learned from any common or frequent errors.</p>
Finding	<p>According to the Home Office guidance on firearms licensing law, several documents are required as part of the license application process, these include a medical verification letter from a doctor, personal referee, and vetting checks. An</p>

	<p>application form should also be completed by the applicant as well as an enquiry form which is completed by a FEO and signed off by a FLM</p> <p>Audit Testing found:</p> <ul style="list-style-type: none"> • In 1/12 license grants it was found that in one case the doctor's letter was not retained on file, although it was noted on NFLMS as having been received • 5/12 license grants the risk assessment completed as part of the enquiry form had not been signed or dated by an officer • In 1/12 license renewals it was found that the doctor's letter was not retained on file • 1/12 renewals it was also found that a risk assessment was not signed or dated by an officer • In 1/9 revocations sampled, the revocation letter and reclaimed certificate were not retained on file, however they were noted as having been received on NFLMS • 7/9 revocations it was found that the reclaimed certificates were also not retained on file, although they were also noted on NFLMS as received <p>Audit was informed that certificates are destroyed after being recovered however this was only noted on NFLMS as having taken place for one revocation.</p> <p>Risk: There is a risk that licensing decisions are made without the necessary documentation leading to incorrect decisions being taken.</p> <p>There is a risk that where an appropriate audit trail is not maintained, the Force may not have the required evidence in the event of a dispute or incident occurring.</p>
Response	<p>Quality Review Process of 10% sampling schedule to be implemented by FLM for retention and recording of documents and results fed into staff one to one and departmental meetings. Sampling and feedback to occur on monthly basis.</p> <p>Process for recording and retention of documents on NFLMS, Niche and Departmental drives updated and training and guidance for relevant staff. Policy to be updated.</p>
Responsibility / Timescale	<p>Georgia Newton</p> <p>July 21</p>
Recommendation 3 (Priority 2)	<p>The Force should remind officers that all enquiry forms are to be signed and dated by an authorised signatory.</p> <p>In addition, per rec 4.2, this should be checked in the data quality review.</p>
Finding	<p>Authorisation of a license grant or renewal is provided through the signature of an officer with delegated authority to grant and / or refuse licenses on the Firearms Licensing Enquiry Form.</p> <ul style="list-style-type: none"> • In 1/12 accepted license grants the enquiry form was not signed or dated by an authorised signatory.

	<ul style="list-style-type: none"> • In 3/4 applications for a grant which were refused, they were not signed off by an authorised signatory and instead it was noted that the 'FLM' had reviewed them. • In 1/4 refused applications, a summary report produced by the FEO had not been signed or dated by a FLM. <p><i>Risk:</i> License grants and refusals are not appropriately authorised.</p>
Response	FLM Review Process to be authored. Quality Review Process of 10% sampling of FLM reviews to be completed and provided to SLT on a monthly basis.
Responsibility / Timescale	Georgia Newton July 21

We also raised two Priority 3 recommendations of a more housekeeping nature:

- Review and Update of Firearms Licensing Procedures
- Performance Information – Additional KPI's should be implemented to show performance of department and these should be regularly reported on.

Performance Management 21/22

Overall Assurance Opinion	Substantial
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Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	-
Priority 3 (Housekeeping)	-

Our audit considered the following risks relating to the area under review:

Performance Management Framework

- There is a robust and formal performance management framework in place.

Targets and Measurement

- Performance targets are relevant, realistic, measurable and are properly communicated to staff.
- The Force's performance management arrangements are effectively aligned with the PCC Plan, HMICFRS and other relevant requirements.

Performance Data

- Performance data is accurate, consistent, timely and reliable, and any errors are identified and corrected in a timely manner.
- Staff have access to adequate policies and procedures relating to input of performance data.

Management Reporting

- There are effective reporting routines in place which provide up to date and accurate information to the relevant forum on the delivery of the service.
- Benchmarking information is available that allows comparative data and learning opportunities.

Performance Oversight

- There is a clear structure of performance oversight across the Force covering both strategic and operational performance.
- There are effective escalation procedures in place to resolve areas of under-performance.

The objectives of our audit were to evaluate the adequacy and effectiveness of the Performance Management system with a view to providing an opinion on the extent to which risks in this area are managed. In giving this assessment it should be noted that assurance cannot be absolute. The most an Internal Audit Service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. We are only able to provide an overall assessment on those aspects of the Performance Management process that we have tested or reviewed. Testing has been performed on a sample basis, and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.

The audit found that there is a sound system of internal control relating to Performance Management designed to achieve the Organisation's objectives and no audit recommendations were raised.

MFSS Transfer

As part of the approved 2021/22 Internal Audit Plan for the Office of the Police & Crime Commissioner for Nottinghamshire and Nottinghamshire Police, Internal Audit have carried out a review of the progress of the ongoing transfer of services away from the existing multi-force shared services based in Cheshire.

The objectives of the audit were to provide assurance in regard to the following:

- The progress status of the project is reporting in line with the agreed timescales
- Any variance from timelines have been reported on and actions put in place to ensure the project remains on schedule.
- The staged sign off of the project has been authorised correctly.
- The progress of the project is being accurately reported on and has supporting documentation in regard to current status.

The Conclusions of our work is provided below:

The Regain Programme has well established governance arrangements for oversight, scrutiny, decision making and key roles and responsibilities in delivering the programme for the Force. Our review of key documentation found that the defined governance arrangements are operating as intended with key highlight reporting being utilised within three individual projects and a single programme board overseeing the combination of the programme as a whole. Moreover, it was demonstrated that good controls are in place for the sign-off of key milestones within the programme which are required before payments are made to the suppliers delivering the new systems for the Force.

A4 Statement of Responsibility

We take responsibility to Nottinghamshire Police and the Office of the Police and Crime Commissioner for Nottinghamshire for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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