



Office of the Police & Crime Commissioner for Nottinghamshire
and Nottinghamshire Police

Internal Audit Progress Report 2023/24

Audit Committee – 23rd November 2023

Prepared by: Mazars LLP

Date: November 2023

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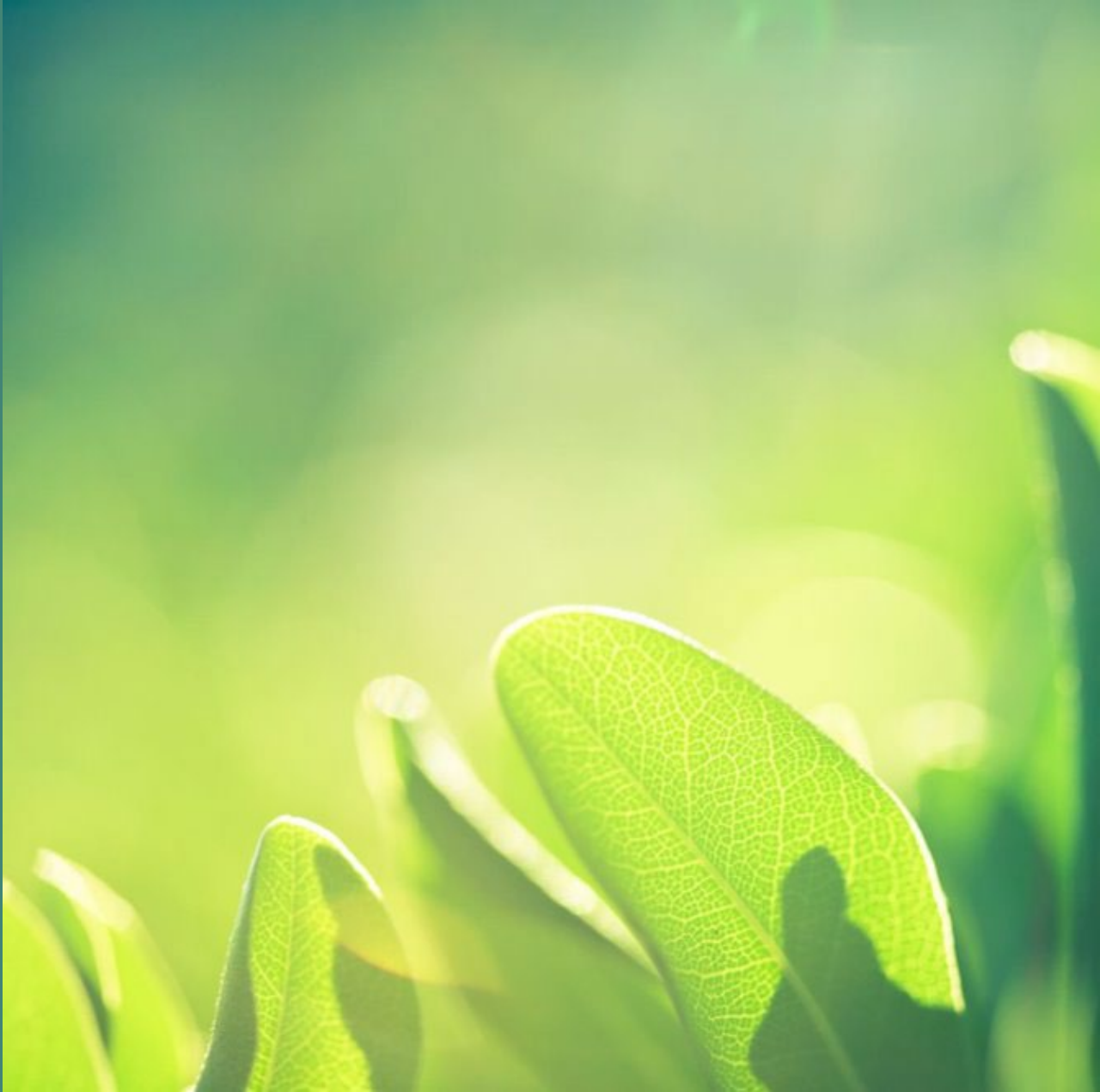
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Status of our Reports

Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of the Nottinghamshire Police and the Officer of the Police & 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.

The Report was prepared solely for the use and benefit the Nottinghamshire Police and the Officer of the Police & Crime Commissioner (OPCC) for Nottinghamshire and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility on the final page of this report for further information about responsibilities, limitations and confidentiality.



01

Section 01: **Introduction**



Introduction

The purpose of this report is to update the Joint Independent Audit Committee (JIAC) as to the progress in respect of the Operational Plan for 31st March 2024, which was considered and approved by the JIAC at its meeting on 15 March 2023.

Responsibility for a sound system of internal control rests with the Police & 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.

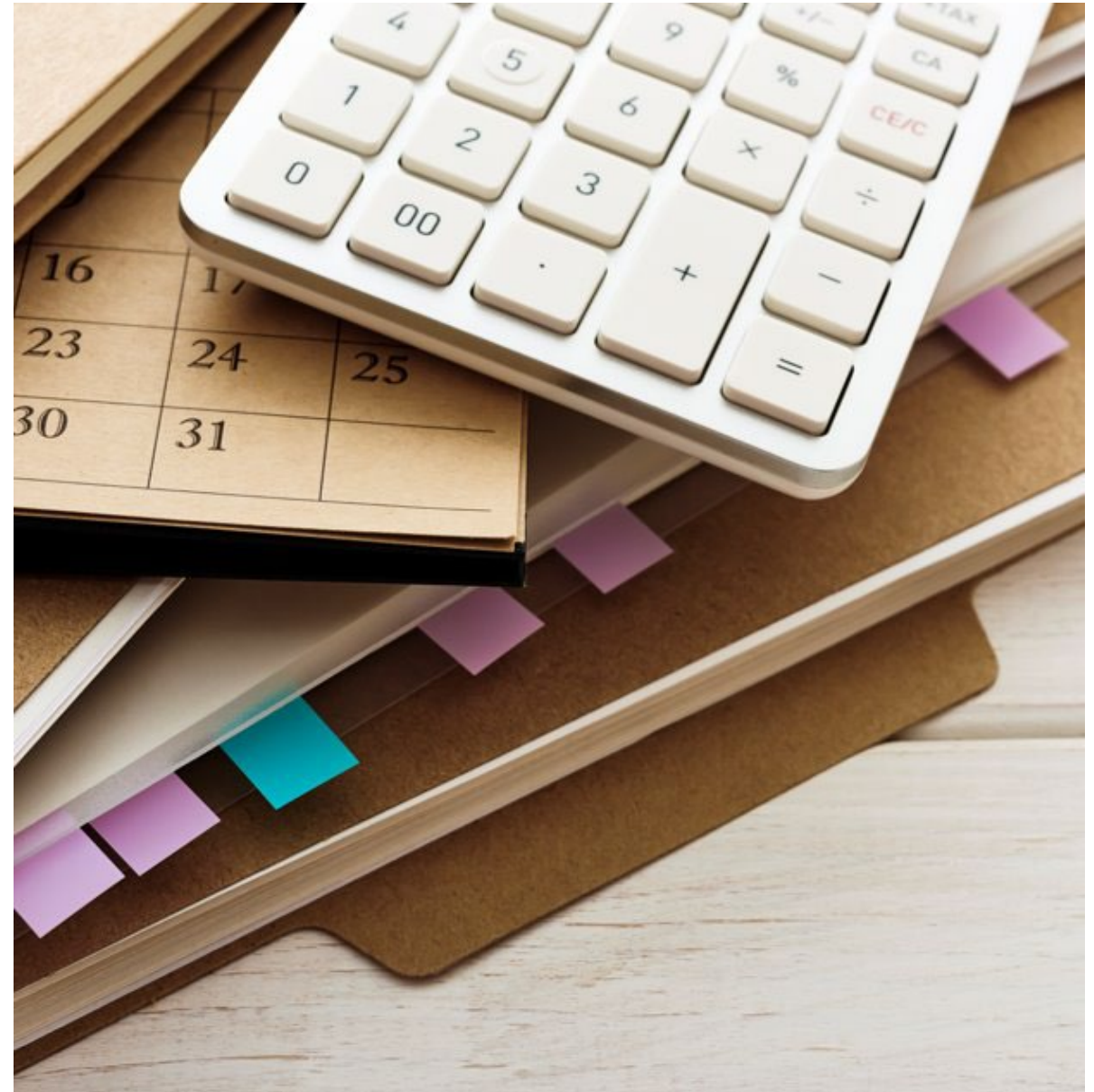
Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

Background

The purpose of the internal audit plan is to identify the work required to achieve a reasonable level of assurance to be provided by Mazars LLP in compliance with the Public Sector Internal Audit Standards (PSIAS).

The Police & 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 & 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.



02

Section 02:

Progress to Date

Progress to Date

We have issued the following 2023/24 Final Reports since the last meeting of the Audit Committee:

- Workforce Planning (**Substantial**)
- Cash Handling (**Substantial**)
- Estates Management (**Substantial**)

Progress against the 2023/24 Internal Audit Plan is shown in Appendix 1.

At the time of preparing this report, the fieldwork for Grant Funding has been completed, and is ongoing for Core Financials.

Whilst we are still working to agree the dates for the rest of the audits in the plan, we have provided indicative dates for each audit in the IA plan and will continue to update the committee at each meeting as to the status. The current schedule has been designed for an even spread of audits across the year to prevent a back loaded plan as occurred during 2022/23, with reasons for this previously discussed with the committee.

As in previous years, the collaboration audit plan for 2023/24 has been agreed by the regional CFOs and a copy of the plan is included at Appendix 2. The committee should note the plan is smaller than in previous years to reflect the reduced amount of regional collaboration.



Performance 2023/24

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 JIAC	As agreed with the Client Officer	n/a
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	Achieved (May 23)
3	Progress report to the JIAC	7 working days prior to the meeting	Achieved
4	Issue of draft report	Within 10 working days of completion of the final exit meeting	25% (1 / 4)*
5	Issue of final report	Within 5 working days of agreement of responses	75% (3 / 4)
6	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (6 / 6)
7	Customer satisfaction (measured by survey) Very Good / Good / Satisfactory / Poor / Very Poor	85% average satisfactory or above	100% (1 / 1)

*17 and 20 days, so slightly over the 10 day expectation. This was due to annual leave between end of audit and quality review process

Definition of Assurance & Priorities

Audit Assessment 2023/24

It should be noted that a slight change to the assurance levels used by Mazars will take place for 2023/24. In order to align with the Government Internal Audit Agency and allow for wider sector comparison the assurance levels used have been updated. The following definitions are used.

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Significant Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
Satisfactory Assurance:	While there is a basically sound system of internal control, there are weaknesses which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation'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 Organisation's objectives at risk.
No Assurance:	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Definitions of Recommendations	
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.

03

Section 03:

Appendices:

1. Status of Audit Work 2023/24
2. Status of Collaboration Audit Plan
3. Final Reports Issued

Appendix 1 – Status of Audit Work 2023/24

The table below lists the 2023/24 Internal Audit Plan progress and a status summary for all of the reviews to date.

Audit Area	Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Custody	May 23	Jun 23	Jul 22	July 23	Final Report Issued
Workforce Planning	Jun 23	Jul 23	Jul 23	Nov 23	Final Report Issued
Cash Handling	Jun 23	Aug 23	Sep 23	Nov 23	Final Report Issued
Estates Management	Jul 23	Sep 23	Oct 23	Nov 23	Final Report Issued
Grant Funding	Sep 23			Nov 23	Fieldwork Completed
Core Financials	Oct 23			Mar 24	Fieldwork Ongoing
Procurement & Contract Man	Jan 24			Mar 24	
Governance	Feb 24			Mar 24	
EDI	Feb 24			May 24	
Job Evaluation Process	Feb 24			May 24	
Project Efficiency	Q3/4			Jul 23	

Appendix 2 – Status of Collaboration Audit Work

The table below lists the 2023/24 Collaboration Internal Audit Plan progress and a status summary for all of the reviews to date.

Audit Area	Forces	Status
EMSOU Capital Programme	Five Forces	Fieldwork Completed
EMSOU Workforce Planning	Five Forces	ToR Issued
EMSOU HMICFRS Action Plan	Five Forces	ToR Issued

Appendix 4 – Final Reports Issued

On the following pages, we provide brief outlines of the work carried out, a summary of our key findings raised, and the assurance opinions given in respect of the final reports issued since the last progress report in respect of the 2023/2024 plan.

Workforce Planning 23/24

Overall Assurance Opinion	Substantial
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Recommendation Priorities	
High (Fundamental)	-
Medium (Significant)	-
Low (Housekeeping)	2

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

- Inadequate governance arrangements.
- Inadequate succession planning.
- Establishment data is inaccurate or incomplete.
- Costs associated with the establishment structure are not known.
- Inadequate talent management and skills analysis.

We have raised two Low recommendations of a housekeeping nature:

- The Force should set a new deadline and communicate to managers for when information should be sent over to allow the completion of role profiles.
- The Force should update and approve the Terms of Reference for the SWFP.

Management agreed with the recommendations and timetable for implementation was October and November 2023.

Cash Handling 23/24

Overall Assurance Opinion	Substantial
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Recommendation Priorities	
High (Fundamental)	-
Medium (Significant)	1
Low (Housekeeping)	1

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

Policies and Procedures

- Inconsistent approaches are taken to financial activities.
- Monies held by Nottinghamshire Police are not insured and the Force is liable for any loss.

Receipting, Recording & Monitoring

- Receipted monies are not accurately counted and are open to theft and/or manipulation.
- Receipted monies are not accurately recorded.
- Treasury and other financial decisions are not made based on available cash due to lack of monitoring.

Storage, Security & Transport

- Monies are not stored securely and can be taken by any officer or member of staff.
- Safes are not reviewed regularly and breaches are not detected.
- Cash is not transported in line with insurance requirements and the Force is liable for any loss.

Systems & Users

- Systems can be inappropriately accessed.
- Fraudulent activity is not prevented or identified.

We have raised one Priority 2 recommendation which is significant, the full details of the recommendation and management response are detailed below:

Recommendation 1 (Priority 2)	The Force should ensure that all reconciliations completed clearly illustrate the two members of staff completing the reconciliation. Similarly, the Force should ensure that all paying-in slips are clearly double signed to evidence appropriate review of all receipted monies.
Finding	<p>Chiefs Charity collections are an example of where the Force will receive physical over the counter cash. Reconciliations of the cash received are performed by two members of staff. All reconciliations completed are saved and retained as an individual file, as well as being added to a master spreadsheet which cumulatively records all reconciliations completed to date within the financial year.</p> <p>Review of both the individual and master spreadsheets for reconciliations performed of the Chiefs Charity collection highlight that two digital signatures are not always recorded on the reconciliation, thus not evidencing that clear segregation of duties is in place.</p> <p>Physical cash and cheques coming into the Force are counted and recorded by two separate members of staff at Force HQ. Reconciliations are performed by two members of staff to record the amounts received and stored on the shared finance drive.</p>

Cash Handling 23/24 (Continued)

Finding	<p>Audit selected a sample of five cash banking and five cheque banking instances, to confirm a three-way match from cash count to paying-in slip and bank statement. Whilst Audit were able to successfully confirm a three-way match for all within the sample, we noted the following exceptions:</p> <ul style="list-style-type: none"> • 9/10 cases where the reconciliation was not signed by a member of staff at all; • 1/10 cases where only one member of staff had signed the reconciliation; and, • 10/10 cases where the paying-in slip was only single signed. <p>Audit have previously raised recommendations to the Force (most recently during the Core Financials audit in April 2023) to ensure paying-in slips are clearly double signed, to evidence clear segregation of duties.</p>
Risk	<p>Where evidence of who carries out the reconciliation is not recorded, there is a lack of accountability in the event that subsequent errors are identified.</p>
Response	<p>Procedures will be re-briefed out to staff, explaining the importance of ensuring that all documents contain double signatures and spot checks undertaken.</p>
Responsibility / Timescale	<p>September 2023 – Financial Controller</p>

We have also raised one Low recommendations of a housekeeping nature:

- The Force should update its Imprest and Petty Cash Policy to include accurate reference to other supporting policies and procedures.

Furthermore, the updated Policy should include a cover page to clearly indicate who the responsible owner is and the date the policy is due for review to ensure it is accurate and consistent with current operations.

Management agreed with the recommendations and timetable for implementation was October 2023.

Estates Management 23/24

Overall Assurance Opinion	Substantial
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Recommendation Priorities	
High (Fundamental)	-
Medium (Significant)	1
Low (Housekeeping)	2

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

- Inappropriate estates strategy.
- Mismanagement of police estates.
- Overspend on capital works.
- Capital works are not completed.
- Repairs and maintenance works are not completed.
- Actual spend is not consistently monitored.
- Management unaware of estates performance.

We have raised one Priority 2 recommendation which is significant, the full details of the recommendation and management response are detailed below:

Recommendation 1 (Priority 2)	The Force should produce a timetable detailing when stock condition surveys are to be undertaken for all properties. This timetable should be monitored and updated as stock condition surveys are completed.
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Finding	<p>According to the Estates Strategy, stock condition surveys should be undertaken for buildings to inform the planned maintenance programme. From discussions with the Head of Estates and Facilities Management and Estates Manager we noted that stock condition surveys are planned to take place approximately every five years.</p> <p>Stock condition surveys were last carried out in 2017-18, and we were informed that plans are in place to undertake the next surveys by April 2024. However, we requested evidence of plans being in place to instruct the next survey, such as a timetable, however documented plans are not yet in place.</p> <p>The stock condition survey timetable should include at minimum each property and note the date of the last survey, and then the date for the next planned survey which can then be updated upon completion to ensure that a record of stock condition surveys is retained.</p>
Risk	The Force is unaware of the condition of its buildings leading to unexpected maintenance costs and health and safety being at risk.
Response	<p>Following the successful completion of a mini competition under the PAGABO Framework, Faithful and Gould, Building Surveyors have been appointed (within budget) to undertake Condition Surveys on all Force properties before 31st March, 2024 (in accordance with our plan). The Contract commences on 23 October and the first task will be to agree a specific timetable for the completion of the surveys on each individual building.</p> <p>This will be monitored and updated as surveys are completed, as per normal practice.</p>
Responsibility / Timescale	October 2023 – Head of Estates and Facilities

Estates Management 23/24 (Continued)

We have also raised two Low recommendations of a housekeeping nature:

- The Force should escalate the joint working arrangement issue with Bassetlaw District Council in order to formalise the arrangement.
- The Force should implement and report on KPIs, such as:
 - Time to resolve service requests and incidents.
 - Compliance of contractors with SLAs in regard to timely resolution of requests and incidents.

Management agreed with the recommendations and timetable for implementation was October 2023 and March 2024.

Section 04 - Statement of Responsibility

We take responsibility to Nottinghamshire Police and the Officer of the Police & Crime Commissioner (OPCC) 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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