



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

JIAC – 27 March 2024
Internal Audit Progress Report

Date Prepared: March 2024

mazars

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Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of the Office of the Police and Crime Commissioner (OPCC) for Nottinghamshire and Nottinghamshire Police 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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Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2023/24 Internal Audit Plan.



JIAC decisions needed

- Note the progress being reported and consider final reports included separately in **Appendix 1**

RAG status of delivery of plan to timetable

On Track

Key updates

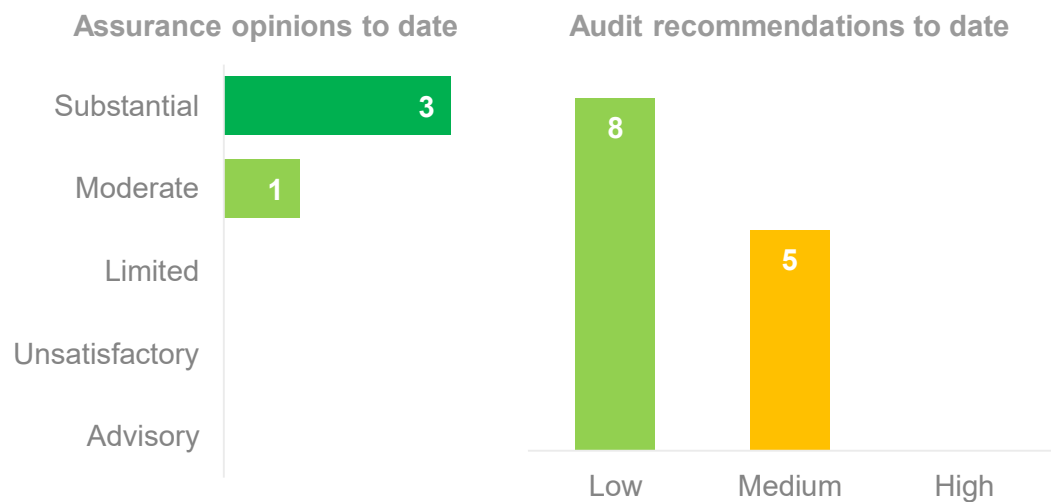
Since the last update provided to the committee, we have issued draft reports for the Grant Funding, Core Financials and Procurement & Contract Management audits.

Fieldwork has been concluded for the Governance audit, with fieldwork ongoing for the EDI, Project Efficiency and Identity Access Management audits.

An overview of the Internal Audit Plan can be found in Section 2.

Since the last update, the final report for the EMSOU Capital Programme audit has been issued, the fieldwork has concluded for the EMSOU Workforce Planning audit and is ongoing for the EMSOU HMICFRS Action Plan audit.

An overview of the Internal Audit Plan can be found in Section 3.



Overview of Internal Audit Plan 2023/24

The table below lists the status of all reviews within the 2023/24 Plan.

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
Custody	5	5	Emma Spencer & Amanda F	Final Report	15-May-23	Jul-23	Moderate	6	-	3	3
Workforce Planning	8	8	Stewart Riley & Claire Salter	Final Report	07-Jun-23	Nov-23	Substantial	2	-	-	2
Cash Handling	5	5	Emma Spencer & Amanda F	Final Report	28-Jun-23	Nov-23	Substantial	2	-	1	1
Estates Management	8	8	Tim Wendels	Final Report	17-Jul-23	Nov-23	Substantial	3	-	1	2
Grant Funding	5	5	Claire Good	Draft Report	04-Sep-23			-	-	-	-
Core Financials	25	25	Danny Baker	Draft Report	25-Oct-23			-	-	-	-
Procurement & Contract Man	12	12	Danny Baker	Draft Report	08-Jan-24			-	-	-	-
Governance	8	8	Scott Beasley	In Review	06-Feb-24			-	-	-	-
EDI	5	5	Claire Salter	Fieldwork	12-Feb-24			-	-	-	-
Project Efficiency	8	8	Alan Pearson & Yvonne Rain	Fieldwork	11-Mar-24			-	-	-	-
Job Evaluation Process	10	10	Claire Salter	ToR Agreed	15-Apr-24			-	-	-	-
Identity Access Management	10	10	DCC Steve Cooper	Fieldwork	11-Mar-24			-	-	-	-
Totals	109	109					Totals	13	-	5	8

Overview of Collaboration Plan 2023/24

The table below lists the status of all reviews within the 2023/24 Collaboration Plan.

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
EMSOU Capital Programme	7	7	Jon Peatling (Derbyshire)	Final Report	04-Sep-23	Mar-24	Moderate	2	-	2	-
EMSOU Workforce Planning	7	7	Paul Dawkins (Leicestershire)	In Review	27-Nov-23			-	-	-	-
EMSOU HMICFRS Action Plan	7	7	Andrew Dale (Derbyshire)	Fieldwork	19-Feb-24			-	-	-	-
Totals	21	21					Totals	2	-	2	-

Key Performance Indicators

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
3	Progress report to the JIAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	43% (3 / 7) *
5	Issue of final report	Within 5 working days of agreement of responses.	75% (3 / 4)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A
7	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (11 / 11)
8	Customer satisfaction (measured by survey) "Overall evaluation of the delivery, quality and usefulness of the audit" – Very Poor, Poor, Satisfactory, Good, Very Good.	85% average satisfactory or above	100% (1 / 1)

* 17, 17, 20 and 58 days. This was due to annual leave between end of audit and quality review process.

Key Performance Indicators (Cont.)

Audit	Date of ToR	Start of Fieldwork	Days Notice (10)	Exit Meeting	Draft Report	Time from Close to Draft Report (10)	Management Comments Received	Time to Receive Comments (15)	Final Report Issued	Time Taken to issue Final (5)
Custody	17-Apr-23	15-May-23	20	08-Jun-23	23-Jun-23	10	03-Jul-23	6	07-Jul-23	4
Workforce Planning	11-May-23	07-Jun-23	19	16-Jun-23	11-Jul-23	17	20-Jul-23	7	21-Jul-23	1
Cash Handling	16-May-23	28-Jun-23	31	14-Jul-23	11-Aug-23	20	08-Sep-23	20	26-Sep-23	12
Estates Management	23-Jun-23	17-Jul-23	16	01-Sep-23	26-Sep-23	17	11-Oct-23	11	17-Oct-23	4
Grant Funding	16-May-23	04-Sep-23	79	18-Sep-23	07-Dec-23	58				
Core Financials	29-Sep-23	25-Oct-23	18	26-Feb-24	05-Mar-24	6				
Procurement & Contract Man	15-Dec-23	08-Jan-24	16	23-Feb-24	05-Mar-24	7				
Governance	16-Jan-24	06-Feb-24	15							
EDI	16-Jan-24	12-Feb-24	19							
Project Efficiency	11-Dec-23	11-Mar-24	65							
Job Evaluation Process	19-Mar-24	15-Apr-24	19							

Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels

Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations

High	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

A1

Final Reports





EMSOU Capital Programme 23-24

Your One Page Summary

Audit Objective: provide assurance that the risks associated with Capital Programme are being appropriately managed.

Audit rationale

Why the Audit is in Your 2023/24 Plan

To provide assurance with regards the control framework at the East Midlands Special Operations Unit (EMSOU) to ensure delivery of the capital programme. This included a review of the capital assigned for fleet replacement.

Summary of our opinion

Moderate Opinion
See Appendix A1 for definitions



Summary of Recommendations

High (Priority 1)	-	Actions agreed by you	100%
Medium (Priority 2)	2	Priority 1 completion	N/A
Low (Priority 3)	-	Overall completion	September 2024

Summary of findings

- Examples of good practice**
- ✓ Effective budget setting and monitoring processes.
 - ✓ Appropriate oversight of EMSOU activity by constituent Forces through the Regional PCC/CC Board and the Regional CFO/FD Board.

- Highest Priority Findings**
- Over-reliance on reserves, including a planned full utilisation by 2024/25.
 - Uncertainty of yearly funding agreement.
 - Complicated process for procurement and replacement of vehicles under multiple fleet management approaches.

- Key root causes**
- Unable to agree three-year funding settlement.
 - Management and funding of Force-managed EMSOU fleet replacement split across all five Forces.



EMSOU Capital Programme 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	<p>EMSOU produces a Capital Programme each year as part of the budget setting process, which covers the budget for the upcoming year and a forecast budget for the following 3 years. This covers the expenditure from replacement of assets and the funding from grants, reserves and additional revenue contributions. Funding is then agreed at the PCC/CCs meeting, following recommendation from the CFO/FDs Board, as revenue funding from the Force for the upcoming year in their budgets.</p> <p>Audit has reviewed the current Capital Programme and noted that reserves will be fully utilised by 2024/25 and therefore further funding will be required from the Forces.</p> <p>HMICFRS have also found areas of concern in their PEEL 2021/22 review into Serious and Organised Crime. This noted concerns regarding the funding model for EMSOU as the PCC/CCs meeting couldn't agree on a three-year settlement, therefore leaving the Unit with the uncertainty of yearly funding.</p> <p>The Forces and Unit should develop an uplifted Capital Programme to ensure that any future deficits in capital funding can be met and the Capital Replacement Reserve can be rebuilt. This should align to HM Treasury's three-year funding formula for serious and organised crime.</p>	<p style="text-align: center;">Medium</p>	<p>A revised Capital Programme will be produced that reflects the future Target Operating Model for the Unit and updated to include any future replacement costs for covert/control room equipment.</p> <p>The Capital Programme will consider the funding requirement, funding options and guidance on any accounting arrangements – this will be built into funding discussions with CFO/FDs and reported back to the regional CC/PCCs Board.</p> <p>EMSOU Head of Finance and Corporate Services</p>	<p style="text-align: right;">30 September 2024</p>



EMSOU Capital Programme 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
2	<p>The Unit uses around 150 vehicles, with about half managed by EMSOU while the remainder are managed by one of the five Forces.</p> <p>This has resulted in different procurement and replacement strategies for the Unit's Fleet - a point that has been raised as part of the HMICFRS' review into EMSOU as part of the PEEL 2021/22 regional reviews into serious and organised crime. This identified a cause for concern where it would be more efficient to have a single capital replacement strategy and budget for the Unit, also allowing for savings to be made by adopting a regional approach to the procurement of vehicles and equipment.</p> <p>The Unit should adopt a single fleet management approach to procurement and replacement of vehicles.</p>	Medium	<p>A review of the fleet replacement process will be undertaken to consider any alternative procurement arrangements and whether this would deliver improvement in relation to:</p> <ul style="list-style-type: none">• Purchase cost of vehicles• Service and maintenance arrangements• Fleet admin processes. <p>EMSOU Head of Finance and Corporate Services</p>	30 September 2024

Contacts

David Hoose

Partner, Mazars

david.hoose@mazars.co.uk

Sarah Knowles

Internal Audit Manager, Mazars

sarah.knowles@mazars.co.uk

Statement of Responsibility

We take responsibility to the Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police 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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