

<b>For Information</b>	
<b>Public/Non Public</b>	Public
<b>Report to:</b>	Joint Audit and Scrutiny Panel
<b>Date of Meeting:</b>	22 <sup>nd</sup> February 2019
<b>Report of:</b>	Amanda Froggatt, Strategic Support Officer
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<b>Agenda Item:</b>	7

## **ASSURANCE MAPPING 2019/20**

### **1. Purpose of the Report**

- 1.1 This report is to provide the Joint Audit and Scrutiny Panel (JASP) with a dashboard view of assurance levels against each business area of the force. This is a new streamlined approach which assesses individual areas against CIPFA Solace governance criteria.
- 1.2 The report will be supported with a presentation by Deputy Chief Constable Barber which gives a more in-depth overview of the approach taken and how the outcomes were achieved.

### **2. Recommendations**

- 2.1 That JASP agree that Finance, Information Governance, Information Services, Performance Management and Emergency Planning/Business Continuity are included in the Internal Audit Plan 2019/20, as outlined in Appendix 1.

### **3. Reasons for Recommendations**

- 3.1 The use of assurance mapping as a management tool will benefit the Force in terms of seeking continual improvement and mitigating organisational risk.

### **4. Summary of Key Points**

#### **Overview**

- 4.1 Assurance refers to any evidence that can provide stakeholders with confidence that an organisation is operating efficiently and effectively to achieve its agreed objectives, and that any risks to achieving objectives are being identified and adequately managed.
- 4.2 The assurance map will be reviewed and updated on a bi-annual basis.

- 4.3 A new approach to assurance mapping has been taken to provide a 'dashboard view' of levels of assurance, against indicative controls, set against key departments/areas of the force.
- 4.4 Assurance has been assessed at three levels, referred to as 'lines of defence':
- The first 'line of defence' is evidenced by internal management controls, including policy, procedure, strategy, process and systems;
  - The second 'line of defence' is evidenced by management scrutiny and oversight, including formal reporting mechanisms and performance reporting;
  - The third 'line of defence' is evidenced by independent oversight provided by internal audit and inspection conducted by HMICFRS and other inspectorates.
- 4.5 Each potential risk has been assessed against each 'line of defence' and given an assurance rating of 'none', 'limited', 'reasonable' or 'substantial'. Please note, where a formal assurance rating has not been provided by the internal auditor or the inspectorate, professional judgement has been applied.

### **Future application**

- 4.6 The scope of this assurance mapping exercise has been limited to key areas business areas namely, Finance, Workforce Planning, Information Governance, Information Services, Partnerships, Performance Management, Buildings/Asset Management, Ethical Standards and Conduct, Project Management/Programme Management, Risk Management, Emergency Planning/Business Continuity and Operations.
- 4.7 Where assurance is judged to be inadequate, the following courses of action will be considered:
- Review of policy, procedure, strategy and system;
  - Commission audit/review by the Business Improvement Team or Peer Review;
  - Commission of internal audit as part of the Joint Internal Audit Plan.

## **5 Financial Implications and Budget Provision**

- 5.1 There are no financial implications associated with assurance mapping. This exercise is carried out within normal budget provision.

## **6 Human Resources Implications**

- 6.1 There are no human resource implications associated with assurance mapping.

## **7 Equality Implications**

7.1 There are no equality implications associated with assurance mapping.

## **8 Risk Management**

8.1 Assurance mapping will be used to inform the Internal Audit Plan. The findings from internal audits provide the Force with useful insight into risks through the identification of specific vulnerabilities. It is the responsibility of lead officers for each audited area to consider the audit findings and their implications in terms of risk management.

## **9 Policy Implications and links to the Police and Crime Plan Priorities**

9.1 It is likely that findings from specific audits will have implications for Force policy and practice in the audited business area. Where that is the case, the lead officer or manager is responsible for preparing an appropriate action plan, with the support of the Governance and Planning Team, to be managed as part of the Force's established audit and inspection reporting process.

## **10 Changes in Legislation or other Legal Considerations**

10.1 There are no known future changes in legislation that are likely to impact on the internal audit plan.

## **11 Details of outcome of consultation**

11.1 The relevant Heads of Departments were consulted as part of this process to gather information.

## **12 Appendices**

12.1 Appendix 1: Key Findings from Assurance Mapping Process



## Appendix 1 – Overview of Assurance Mapping Process

Business Areas	Overall Assurance Rating	Included on Internal Audit Plan 2019/2020	Recommendation
Finance	Reasonable	√	Legal requirement to audit annually. To be included on Internal Audit Plan
Workforce Planning	Reasonable	X	Area will be re-inspected at the next HMICFRS Integrated PEEL Inspection. No requirement for inclusion on plan
Information Governance	Limited	√	Due to Limited Grading from 2018 Audit to be included on Internal Audit Plan
Information Services	Limited	√	This is an area which has not been looked at from a HMICFRS perspective or as part of an internal audit. This will be included on the Internal Audit Plan and will also be considered for a PEER Review
Partnerships	Reasonable	?	This is an area which will be audited at the end of March 2019. Consideration to be given to inclusion on Internal Audit Plan when audit is concluded
Performance Management	Reasonable	√	Due to Requires Improvement Grading - will be reviewed by HMICFRS and is currently on the Force Risk Register as an area of concern for the force. A Mazars Audit in May 2017 gave the force Reasonable Assurance but this was not replicated in the HMICFRS Inspection in 2018. This to be included on Internal Audit Plan with specific attention being given to the areas identified by HMICFRS
Buildings/Asset Management	Reasonable	X	Substantial governance evidence exists in this area of the business and when audited by Mazars in 2017 received a reasonable assurance grading. Not to be included on Internal Audit Plan
Ethical Standards and Conduct	Reasonable	X	Substantial governance evidence exists in this area of the force and when inspected by HMICFRS in 2018 received a Grading of Good. Not to be included on Internal Audit Plan

<b>Business Areas</b>	<b>Overall Assurance Rating</b>	<b>Included on Internal Audit Plan 2019/2020</b>	<b>Recommendation</b>
Project Management/ Programme Management	Limited	X	This is an area which, whilst touched on from a HMICFRS perspective and been given Requires Improvement, has not been looked at in-depth or as part of an internal audit. This should be included on the Internal Audit Plan and also be considered for a PEER Review
Risk Management	Reasonable	X	Risk management was looked at in 2016 and then re-visited by Mazars in 2017 and given Reasonable Assurance Grading. With the introduction of a new Risk Management System proposed for 2019 it would be opportune to include it on the 2020 plan to see whether the system has had a positive impact and contributed to an improvement in governance controls. Will be included in 2020 Internal Audit Plan
Emergency Planning/ Business Continuity	Limited	✓	Due to the limited assurance of many of governance criteria this is to be included as part of the Internal Audit Plan
Operations	Reasonable	X	Operational areas of our business are inspected annually by the HMICFRS through their Integrated PEEL Inspections. Not to be included on our Internal Audit Plan



# Assurance Mapping – a new approach

## DCC Barber

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# Why?

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- Introduces a new strategic approach which considers risk through an infrastructure of organisational themes
- Intrinsically links governance and assurance to support deliver of the Force's Delivery Plan and Commissioner's Police and Crime Plan priorities
- Allows risk to neatly dovetail into the strategic planning processes of the organisation
- Provides a robust framework to test whether we have the correct controls and assurance in place
- Gives insight into areas of our business which need attention through internal or external controls



# Indicative Controls

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- Creation of organisational themes, covering all aspects of the force
- Against each theme are indicative controls (which complement the CIPFA SOLACE Delivering Good Governance in Local Government Framework)
- Force is able to undertake gap analysis of the both the organisational and operational infrastructure of the business and identify those strategic risks which need addressing

# Infrastructure – Organisational Themes

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- Financial Management
- Workforce/Human Resource Management
- Information Governance
- Authorised Professional Practice Compliance
- Partnership Governance
- Performance Management
- Asset Management
- Information Services Asset Management
- Ethical Standards and Conduct
- Project/Programme Management
- Risk Management
- Business Continuity and Emergency Resilience

# Example – Financial Management

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## What is the risk?

The failure to create, maintain and develop an effective strategic and operational approach to Force-wide financial management that would have the consequence of the inability of the Force to adequately manage its resources and demonstrate compliance with statutory obligations, resulting in potentially poor financial management, accountability, transparency, and a failure to meet the financial targets contained in the PCC's annual budget and Medium Term Financial Strategy



# Indicative Controls



## FINANCIAL MANAGEMENT

**Strategic Lead – Chief Constable Guildford**  
**Tactical Lead – Mark Kimberley (Head of Finance)**

### Risk Description

The failure to create, maintain and develop an effective strategic and operational approach to Force-wide financial management that would have the consequence of the inability of the Force to adequately manage its resources and demonstrate compliance with statutory obligations, resulting in potentially poor financial management, accountability, transparency, and a failure to meet the financial targets contained in the PCC's annual budget and MTFS.

### Indicative Controls

1. Budget strategy exists and is regularly reviewed including roles, responsibilities, timescales, reporting procedures etc
2. Set of up-to-date Financial Regulations supported by financial procedures  
Efficient suite of integrated financial systems that enables the effective stewardship of resources and facilitates effective and devolved budget monitoring

# Gap Analysis



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Domain: Finance

Completed By: Mark Kimberley



	Indicative Control (from list)	Amended / Suggested / Changes / New	Exists Fully / Partly / Not			Complied with Fully / Partly / Not			Evidence to support assessment	Action Required	Who	When
			F	P	N	F	P	N				
1	Budget Strategy exists and is regularly reviewed including role, responsibilities, timescales, reporting procedures etc.	MTFP exists and is reviewed twice yearly at Force Exec Board and with the OPCC in specified monthly meeting. Approved once a year at Group level and we now ensure there is a direct link with Group Medium Term Financial Strategy and the Forces Medium Term Financial Plan	F			F			7 <sup>th</sup> Feb went to Police and Crime Panel following comments went to Commissioner to agree (OPCC website) Item 6 MTFS	Maintain	N/A	N/A
2	Set of up-to-date Financial Regulations supported by financial procedures	Have active set of Financial Regulations, dated, and so we are currently reviewing our financial regulations and delegations.	F				P		Financial regulations on OPCC website – include delegations	Create joint set of financial regulations and delegations	Mark Kimberley/Charlie Radford	May 2018

# Overview of Assurance Map



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**Financial Management** - The failure to create, maintain and develop an effective strategic and operational approach to Force-wide financial management that would have the consequence of the inability of the Force to adequately manage its resources and demonstrate compliance with statutory obligations, resulting in potentially poor financial management, accountability, transparency, and a failure to meet the financial targets contained in the PCC's annual budget and Medium Term Financial Strategy

Potential impact	First line of defence: Policy, Procedure, Strategy, Process, System		Second line of defence: Management oversight, Corporate Meetings, Management Information		Third line of defence: Independent assurance provided by internal and external audits, HMIC, IPCC and Peer Reviews, which have taken place in the last three years.		Overall Assurance Rating	Notes / Recommendations
	Assurance		Assurance	Rationale	Assurance	Rationale		
Very high	Substantial	Medium Term Financial Plan exists and is directly linked to the Group's Medium Term Financial Strategy and Force's Medium Term Financial Strategy	Substantial	Reviewed twice yearly at the Force Executive Board and monthly with the OPCC.	Limited	Mazars Core Financials Audit - Reasonable Assurance Grading HMICFRS Integrated PEEL Inspection 2017 - Requires Improvement (not likely to change for 2018) Ernst and Young Audit - Compliant	Limited	Legal requirement to undertake internal audit yearly? Due to likely Requires Improvement Grading - will be reviewed by HMICFRS at next Integrated PEEL Effectiveness Inspection
					Reasonable		Reasonable	
Very high	Substantial	Active set of Financial Regulations exist	Substantial	Agreed at Force Executive Board and presented to Joint Audit and Scrutiny Panel November 2018	Limited	Mazars Core Financials Audit - Reasonable Assurance Grading HMICFRS Integrated PEEL Inspection 2017 - Requires Improvement (not likely to change for 2018) Ernst and Young Audit - Compliant	Limited	Legal requirement to undertake internal audit yearly? Due to likely Requires Improvement Grading - will be reviewed by HMICFRS at next Integrated PEEL Effectiveness Inspection
					Reasonable		Reasonable	
Very high	Substantial	Force has Oracle E-business suite which is a fully integrated Finance/HR/Payroll System	Substantial	System is able to produce adequate management information in order to give force ability for effective stewardship of resources and adequate budget monitoring	Limited	Mazars Core Financials Audit - Reasonable Assurance Grading HMICFRS Integrated PEEL Inspection 2017 - Requires Improvement (not likely to change for 2018) Ernst and Young Audit - Compliant	Limited	Legal requirement to undertake internal audit yearly? Due to likely Requires Improvement Grading - will be reviewed by HMICFRS at next Integrated PEEL Effectiveness Inspection
					Reasonable		Reasonable	

# Assurance – Levels of Defence



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Assessed at three levels, referred to as 'lines of defence':

- The **first 'line of defence'** is evidenced by internal management controls, including policy, procedure, strategy, process and systems
- The **second 'line of defence'** is evidenced by management scrutiny and oversight, including formal reporting mechanisms and performance reporting
- The **third 'line of defence'** is evidenced by independent oversight provided by internal audit and inspection conducted by HMICFRS and other inspectorates

# Assurance Rating

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- Each potential risk has been assessed against each 'line of defence' and given an assurance rating of 'none', 'limited', 'reasonable' or 'substantial'
- Where a formal assurance rating has not been provided by the internal auditor or the inspectorate, professional judgement has been applied



# Action

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Where assurance is judged to be inadequate , the following courses of action will be considered –

- Review of policy, procedure, strategy and system
- Commission audit/review by the Business Improvement Team or Peer Review
- Commission of internal audit as part of the Joint Internal Audit Plan

# Dashboard Overview



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Business Areas	Overall Assurance Rating	Included on Internal Audit Plan	Recommendation
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Information Services	Limited	✓	This is an area which has not been looked at from a HMICFRS perspective or as part of an internal audit. This will be included on the Internal Audit Plan and will also be considered for a PEER Review
Partnerships	Reasonable	?	This is an area which will be audited at the end of March 2019. Consideration to be given to inclusion on Internal Audit Plan when audit is concluded
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Operations	Reasonable	X	Operational areas of our business are inspected annually by the HMICFRS through their Integrated PEEL Inspections. Not to be included on our Internal Audit Plan

# Proposals for Internal Audit Plan



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# Proposals for Internal Audit Plan



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Emergency Planning/Business Continuity	Limited	✓	Due to the limited assurance of many of governance criteria this is to be included as part of the Internal Audit Plan
Custody	Limited	✓	Recently inspected by HMICFRS and given Requires Improvement. To be included on the Internal Audit Plan to assess corrective action undertaken by Force

