

|  |                                 |
|--|---------------------------------|
| <b>For Information / Consideration</b> |                                 |
| <b>Public/Non Public*</b>              | <b>Public</b>                   |
| <b>Report to:</b>                      | <b>Audit and Scrutiny Panel</b> |
| <b>Date of Meeting:</b>                | <b>23 June 2020</b>             |
| <b>Report of:</b>                      | <b>Chief Finance Officer</b>    |
| <b>Report Author:</b>                  | <b>Charlotte Radford</b>        |
| <b>Other Contacts:</b>                 | <b>Mark Lunn</b>                |
| <b>Agenda Item:</b>                    | <b>7</b>                        |

## **INTERNAL AUDIT ANNUAL ASSURANCE REPORT**

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

- 1.1 To provide members with the Annual Assurance Report of the Internal Audit Manager for work undertaken in 2019-20.
- 1.2 To also provide detail of work in 2019-20 against the Audit Plan.

### **2. Recommendations**

- 2.1 Members are recommended to consider the reports and their implication for the draft Annual Governance Statements also on todays agenda.

### **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 reports detail the work undertaken during 2019-20. The report summarises the audits undertaken and the findings of these audits.
- 4.2 The report also provides the assurance that members can obtain from the work undertaken. This is considered to be generally adequate with effective controls, processes and governance in place in both the OPCC and Force.
- 4.3 Significant areas of concern were identified in audits during 2019-20 and these will be followed-up in 2020-21.

### **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 Annual Assurance Report 2019-20

12.2 Appendix B – Internal Audit Progress Report 2019/20 & 2020/21



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

## Internal Audit Annual Report 2019/20

June 2020

This report has been prepared on the basis of the limitations set out on page 13.

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# 01 Introduction

## Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment themes identified across Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police during the 2019/20 financial year, the service for which is provided by Mazars LLP.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2011. The PSIAS requirements are that the report must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);
- A summary of the audit work from which the opinion is derived (including reliance placed on the work by other assurance bodies); and
- A statement on conformation with the PSIAS and the results of the internal audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;
- The disclosure of any impairments or restriction in scope;
- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;
- Any issues judged to be particularly relevant to the preparation of the annual governance statement; and
- Progress against any improvement plans resulting from QAIP external assessment.

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.

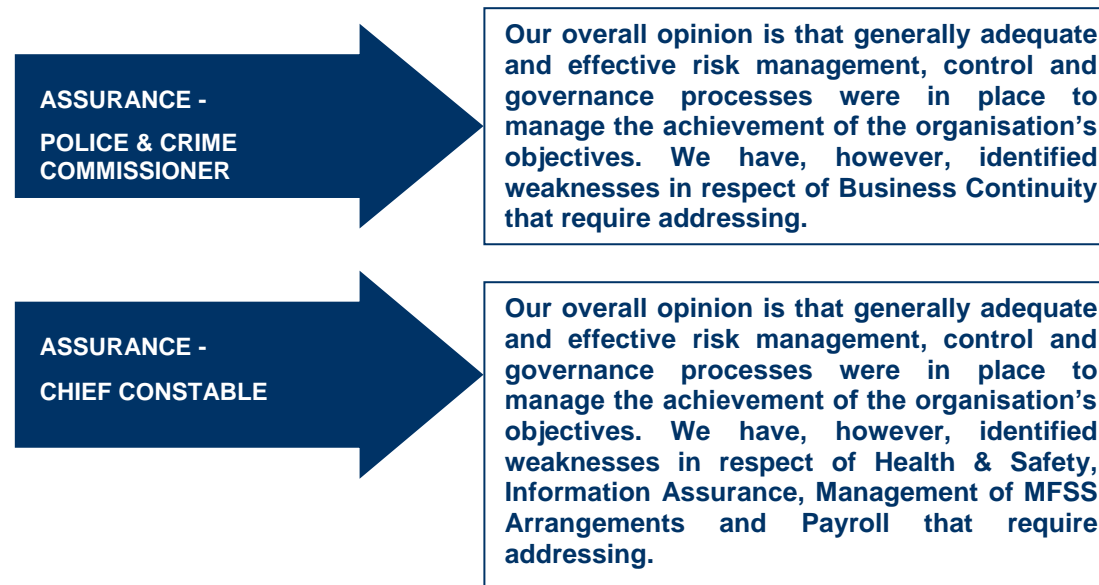
Internal audit provides the Police and Crime Commissioner and Chief Constable, through the Joint Audit & Scrutiny Panel (JASP), with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal 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.

## 02 Head of Internal Audit Opinion

### Opinions

From the Internal Audit work undertaken in compliance with the Public Sector Internal Audit Standards (PSIAS) for the year ending 31<sup>st</sup> March 2020, we can provide the following opinions:



## Basis of the Opinion

Internal Audit applies a risk-based approach and our audits assess the governance framework, the risk management process, as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, we can provide assurance that management have in place a generally effective control environment and, whilst further remedial actions are needed in some areas, we are assured that management have in place effective processes for the implementation of identified areas of weakness.

### Corporate Governance

Whilst a specific audit of governance was not carried out during the 2019/20, governance is considered during each of our audit assignments. As part of the 2018/19 Internal Audit plan we undertook an audit of the Code of Corporate Governance. The specific areas that formed part of this review included: governance framework, policies and procedures, roles and responsibilities and decision making. We concluded that there is a basically sound system of internal control, although there are weaknesses which put some of the Organisation's objectives at risk.

Through the delivery of the internal audit plan and attendance at JASP meetings, we are satisfied that the governance framework for the Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police has been effective for the year ended 31<sup>st</sup> March 2020.

### Risk Management

Whilst a specific audit of risk management was not carried out during 2019/20, risk management at an operational level is considered during each of our audit assignments. During the course of delivering the 2019/20 audit programme, a key element of each audit scope was to evaluate the control environment and, in particular, how key risks were being managed. As summarised in the 'Internal Control' section below, we were able to place reliance on the systems of internal control and the manner in which risks were being managed by the Force and OPCC.

### Internal Control

In summarising the opinions provided as part of the 2019/20 audit programme, as illustrated in the tables below, we have carried out twelve audits and due to the nature of some of the audits split audit opinions have been provided giving a total of eighteen audit opinions. There were six advisory opinions, there was a further advisory audit opinion however, this related to an additional request for audit and the opinion was related to a supplier not the OPCC and is therefore excluded from this consideration.

The Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police have a generally sound control environment, although we have noted areas where improvements are required. During the 2019/20 year, eleven (65%) internal audits received "satisfactory assurance" or "significant assurance", whilst six (35%) internal audits were rated 'limited assurance'. In addition, at the time of writing one of the three collaborative audits covering the East Midlands policing region had been finalised and rated 'satisfactory assurance'.

The following tables provide a brief overview of the assurance gradings given as a consequence of audits carried out during 2019/20, split between those specific to Nottinghamshire and those undertaken as part of East Midlands regional collaborative audits. More details of the audit opinions and the priority of recommendations for all 2019/20 Internal Audit assignments is provided in Appendix A1 – Audit Opinions and Recommendations. In addition, further analysis of those areas where systems improvement are required are set out in Appendix A2 – Audit Projects with Limited and Nil Assurance 2019/20.

Nottinghamshire Only

| Overall Assurance Gradings | 2018/19   |       | 2019/20   |     |
|----------------------------|-----------|-------|-----------|-----|
| Significant                | 0         | 0%    | 3         | 18% |
| Satisfactory               | 5         | 55.5% | 8         | 47% |
| Limited                    | 4         | 44.4% | 6         | 35% |
| Nil                        | 0         | 0%    | 0         | 0%  |
| <b>Sub-Total</b>           | <b>9</b>  |       | <b>17</b> |     |
| No opinion                 | 2         |       | 0         |     |
| <b>Total</b>               | <b>11</b> |       | <b>17</b> |     |

Collaboration Audits

| Assurance Gradings | 2018/19  |      | 2019/20   |  |
|--------------------|----------|------|-----------|--|
| Significant        | 0        | 0%   |           |  |
| Satisfactory       | 3        | 100% | 1         |  |
| Limited            | 0        | 0%   |           |  |
| Nil                | 0        | 0%   |           |  |
| <b>Total</b>       | <b>3</b> |      | <b>1*</b> |  |

\*At the time of writing only one out of three audits had reached final report stage.



In arriving at our overall audit opinion, and whilst acknowledging that further remedial actions are needed in some areas, we have been assured by management that processes have been put in place for the implementation of recommendations to address identified areas of weakness.

### Issues relevant to Annual Governance Statement

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. Internal Audit, through its annual programme of activity, has a duty to bring to your attention any areas of weakness we believe should be considered when producing the Annual Governance Statement. As part of this responsibility, we have highlighted any limited or nil assurance reports within Appendix A2.

### Restriction placed on the work of Internal Audit

As set out in the Audit Charter, we can confirm that Internal Audit had unrestricted right of access to all OPCC and Force records and information, both manual and computerised, cash, stores and other property or assets it considered necessary to fulfil its responsibilities.

## 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.

| No | Indicator  | Criteria   | Performance  |
|----|--|--|--------------|
| 1  | Annual report provided to the JASP                 | As agreed with the Client Officer                            | Achieved     |
| 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% (11/11) |
| 5  | Issue of final report                              | Within 5 working days of agreement of responses.             | 100% (10/10) |
| 6  | Follow-up of priority one recommendations          | 90% within four months. 100% within six months.              | Achieved     |
| 7  | Follow-up of other recommendations                 | 100% within 12 months of date of final report.               | N/A          |
| 8  | Audit Brief to auditee                             | At least 10 working days prior to commencement of fieldwork. | 100% (11/11) |
| 9  | Customer satisfaction (measured by survey)         | 85% average satisfactory or above                            | 100% (3/3)   |

## Quality and Conformance with the Public Sector Internal Audit Standards

In addition to the firm's overall policy and procedures, our internal audit manual and working papers are designed to ensure compliance with the Firm's quality requirements. Furthermore, our internal audit manual and approach are based on professional internal auditing standards issued by the Global Institute of Internal Auditors, as well as sector specific codes such as the Public Sector Internal Audit Standards.

Our methodology and work has been subject to review as part of our internal Quality Assurance Reviews undertaken by our Standards and Risk Management team as well as external scrutiny by the likes of external auditors, as well as other regulatory bodies. No adverse comments have been raised around our compliance with professional standards or our work not being able to be relied upon.

## Appendix A1 - Audit Opinions and Recommendations 2019/20

| Nottinghamshire 2019/20 Audits   | Report Status | Assurance Opinion    | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total |
|--|---------------|----------------------|--------------------------|--------------------------|---------------------------|-------|
| Business Continuity & Emergency Planning   | Final         | Satisfactory (Force) |                          | 2                        |                           | 3     |
|  |               | Limited (OPCC)       | 1                        |                          |                           |       |
| Performance Management   | Final         | Satisfactory         |                          | 4                        | 1                         | 5     |
| Data Quality   | Final         | Substantial          |                          |                          |                           |       |
| Custody Arrangements   | Final         | Satisfactory         |                          | 1                        | 1                         | 2     |
|  |               | Limited*             |                          |                          |                           |       |
| Force Management of MFSS   | Final         | Limited              | 3                        | 1                        |                           | 4     |
| Health & Safety: Follow Up   | Final         | Limited              | 1                        | 3                        | 1                         | 5     |
| OPCC Supplier  | Final         | Limited**            | 3                        | 1                        |                           | 4     |
| Programme Management   | Final         | Satisfactory         |                          |                          | 2                         | 2     |
| GDPR Follow Up   | Final         | Satisfactory         | 1                        |                          | 3                         | 4     |
| Information Assurance  | Final         | Limited              | 1                        | 1                        | 2                         | 4     |
| Core Financials  | Final         | Satisfactory         | 1                        | 2                        | 2                         | 5     |
| <ul style="list-style-type: none"> <li>General Ledger</li> </ul>                       |               | Satisfactory         |                          |                          |                           |       |
| <ul style="list-style-type: none"> <li>Cash, Bank &amp; Treasury Management</li> </ul> |               | Satisfactory         |                          |                          |                           |       |

|                        |       |              |           |           |           |           |
|------------------------|-------|--------------|-----------|-----------|-----------|-----------|
| • Payments & Creditors |       | Significant  |           |           |           |           |
| • Income & Debtors     |       | Satisfactory |           |           |           |           |
| • Payroll              |       | Limited      |           |           |           |           |
| Balance Transfers      | Final | Significant  |           |           | 1         | 1         |
| <b>Total</b>           |       |              | <b>11</b> | <b>15</b> | <b>13</b> | <b>39</b> |

\*Progress on action plan was limited \*\*Opinion on supplier not the OPCC

| Collaboration Audits 2019/20 | Status | Assurance Opinion | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total |
|------------------------------|--------|-------------------|--------------------------|--------------------------|---------------------------|-------|
| Performance Management       | Final  | Satisfactory      |                          |                          |                           |       |
| Health & Safety              | Draft* |                   |                          |                          |                           |       |
| Business Continuity          | Draft* |                   |                          |                          |                           |       |
| <b>Total</b>                 |        |                   |                          |                          |                           |       |

\*At time of writing 2 out of 3 Collaboration Reports remain in Draft format

## Appendix A2 - Audit Projects with Limited and Nil Assurance 2019/20

| Project   | Grading           | Summary of Key Findings  |
|---|-------------------|--|
| Business Continuity & Emergency Planning          | Limited<br>(OPCC) | <p>We raised two priority 1 / fundamental recommendation that requires addressing where we believe there is scope for improvement within the control environment. This is set out below:</p> <p><i>Observation:</i> The OPCC does not currently have their own BC Policy or individual BC Plan that lists critical functions and the ability to maintain these in an incident or emergency situation. The Force BC Manager has recently met with Chief Executive of the OPCC and have some ongoing actions to review their arrangements.</p> <p><i>Recommendation:</i> The OPCC should formalise its Business Continuity arrangements, with the implementation of their own Business Continuity Plan.</p>  |
| Custody Arrangements                              | Limited           | <p>The opinion in regards to the Custody Arrangements audit was split to represent the areas which the audit covered and in respect of the action plan, to address HMICFRS areas for improvement, audit noted a lack of progress on the action plan and therefore raised a recommendation to address this and provided a limited assurance in this area.</p>   |
| Force Management of MFSS Arrangements – Follow Up | Limited           | <p>Following a limited assurance opinion in 2018/19 a follow up audit was carried out. We raised three priority 1 / fundamental recommendations and one priority 2 / significant recommendation that require addressing where we believe there is scope for improvement within the control environment. These are set out below:</p> <ul style="list-style-type: none"> <li>• A clearly documented budget setting procedure for the Multi Force Shard Service should be agreed by the Joint Oversight Committee.<br/>The Budget Assumptions should be supported with clear rationale and be subject to detailed scrutiny prior to inclusion in the agreed budget (Priority 1)</li> <li>• The Force should develop an appropriate Performance Framework for MFSS.<br/>Once established, this should be effectively monitored to ensure the Force are receiving the required level of service from MFSS.<br/>Areas of poor performance should be identified, raised and appropriate challenges made to MFSS to address the identified issues (Priority 1)</li> <li>• Force should seek to get formal approval for the Governance Structure for MFSS.<br/>The Force should establish communication protocols that allows that key information from the governance forums, such</li> </ul> |

|                                      |                |   |
|--------------------------------------|----------------|---|
|                                      |                | <p>as meeting minutes, decisions and actions, are shared to key staff at the Force to allow effective management to take place.</p> <p>The administrative support for all governance forum should be strengthened to ensure each forum can carry out its duties effectively. This includes but not limited to:</p> <ul style="list-style-type: none"> <li>- Recording of meeting minutes, decisions and actions in a timely manner.</li> <li>- Circulation of the above in a timely manner to all partners.</li> <li>- Pre-meeting reports and agendas sent out in a timely manner to allow members to be fully prepared for each meeting.</li> </ul> <p>A reminder to all staff to ensure any actions are completed in a timely manner. (Priority 1).</p> <ul style="list-style-type: none"> <li>• The Schedule of Changes should be updated to include target completion dates for activities to ensure action owners, at both MFSS and Partners, are held to account for non-delivery of activities. The Force should raise this at the Service Improvement Sub Committee.</li> </ul> <p>Poor performance in the delivery of actions should be escalated to the Management Board for consideration. (Priority 2).</p>  |
| <p>Health &amp; Safety Follow Up</p> | <p>Limited</p> | <p>Following a limited assurance opinion in 2018/19 a follow up audit was carried out. We raised one priority 1 / fundamental recommendation and three priority 2 / significant recommendations that require addressing where we believe there is scope for improvement within the control environment. These are set out below:</p> <ul style="list-style-type: none"> <li>• The Force should formalise what mandatory H&amp;S training is required by staff, including any additional training for Supervisors, Managers and the Chief Officer team and whether annual refresher training is required.</li> </ul> <p>The Force should investigate whether the “Required” mark within NCALT allows for the ability to set deadlines for training courses and automatically send emails to the relevant individual and their line manager if deadlines are missed.</p> <p>The Force needs to designate whose responsibility it is to have overall oversight of training, including monitoring of completion and production of performance information around training. It then needs to be ensured that this individual has the resources in place to effectively monitor this. (Priority 1)</p> <ul style="list-style-type: none"> <li>• The Force should produce a formal Accident/Incident reporting procedure.</li> </ul> <p>The procedure should provide guidance on what should be reported and how this should be reported by staff.</p> <p>The procedure should be clearly communicated to staff via the intranet. (Priority 2)</p> <ul style="list-style-type: none"> <li>• The Force should develop an appropriate Performance Information Framework that provides the Departmental Health &amp; Safety Committees with the relevant detailed information. An overall summary of performance across each Department should be available for the main Health &amp; Safety Committee to have an overall view of key data. (Priority 2)</li> </ul> |

|                                  |         |  |
|----------------------------------|---------|--|
|                                  |         | <ul style="list-style-type: none"> <li>The Force should ensure that for all incidents where an investigation has been completed, that full and complete records are maintained. (Priority 2)</li> </ul>  |
| Information Assurance            | Limited | <p>We raised one priority 1 / fundamental recommendation and a further priority 2 / significant recommendation that require addressing where we believe there is scope for improvement within the control environment. We also raised two priority 3 / housekeeping recommendations in respect of best practice. The priority 1 and 2 recommendations are set out below:</p> <ul style="list-style-type: none"> <li>As intended, the organisation must continue to liaise with NPRIMT in relation to the GIRR accreditation process. Once the GIRR accreditation is provided the Force should submit this to the Government Digital Service to support its application for PSN accreditation (Priority 1).</li> <li>The risk of the Information Security Officer being a single point of knowledge and contact should be considered and a formal plan adopted to minimise the risk. Efforts should also be increased to ensure all key compliance roles are filled.(Priority 2)</li> </ul>   |
| Payroll – within Core Financials | Limited | <p>We raised one priority 1 / fundamental recommendation in respect of the Payroll element of the Core Financials audit report. The priority 1 recommendation and audit observation is set out below:</p> <p><i>Observation:</i> MFSS currently report performance data for purchasing, payables and receivables to the Force which highlight key data, including:</p> <ul style="list-style-type: none"> <li>No. of requisitions transferred to orders within 3 days.</li> <li>% of invoices paid on time.</li> </ul> <p>However, at present there is no review of performance for payroll processing. The review of this performance data would identify any issues or concerns in the payroll processing and allow actions to be taken in a timely manner.</p> <p>This issue was raised in 2017/18 audit, but audit has not been able to confirm if any changes have been made, as access to payroll performance reports were not available</p> <p><i>Recommendation:</i> The Force should liaise with MFSS to ensure that appropriate performance data is provided with regards payroll processing. This could include, but not be limited to, the following:</p> <ul style="list-style-type: none"> <li>No. of overpayments &amp; underpayments.</li> <li>Value of overpayments &amp; underpayments.</li> <li>Reasons for overpayment i.e. late notification by Force, MFSS missed SLA for Payroll Date etc.</li> </ul> |



## Appendix A3 – Definition of Assurances and Priorities

| Definitions of Assurance Levels |   |  |
|---------------------------------|---|--|
| Assurance Level                 | Adequacy of system design   | Effectiveness of operating controls  |
| <b>Significant Assurance:</b>   | There is a sound system of internal control designed to achieve the Organisation's objectives.  | The control processes tested are being consistently applied.   |
| <b>Satisfactory Assurance:</b>  | 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. |
| <b>Limited Assurance:</b>       | 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.  |
| <b>No Assurance</b>             | 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.                                 |

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

## Appendix A4 - Contact Details

### Contact Details

David Hoose

07552 007708

[David.Hoose@Mazars.co.uk](mailto:David.Hoose@Mazars.co.uk)

Mark Lunn

07881 284060

[Mark.Lunn@Mazars.co.uk](mailto:Mark.Lunn@Mazars.co.uk)

## Appendix A5 - Statement of Responsibility

### **Status of our reports**

*The responsibility for maintaining internal control rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy of the internal control arrangements implemented by management and perform testing on those controls to ensure that they are operating for the period under review. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone are not a guarantee that fraud, where existing, will be discovered.*

*The contents of this report are confidential and not for distribution to anyone other than the Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police. Disclosure to third parties cannot be made without the prior written consent of Mazars LLP.*

*Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.*



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

Internal Audit Progress Report 2019/20 & 2020/21

June 2020

Presented to the Joint Audit & Scrutiny Panel meeting of: 23<sup>rd</sup> June 2020

# Contents

01 Introduction

02 Summary and conclusions from Internal Audit 2019/20

03 Summary and conclusions from Internal Audit 2020/21

04 Performance

## Appendices

A1 Summary of Reports

A2 Internal Audit Plan 2019/20 & 2020/21

A3 Definition of Assurances and Priorities

A4 Contact Details

A5 Statement of Responsibility

## 01 Introduction

- 1.1 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 31<sup>st</sup> March 2020, which was considered and approved by the JASP at its meeting on 22<sup>nd</sup> February 2019 and to update the JASP on the progress in respect of the Operational Plan for the year end 31<sup>st</sup> March 2021, which was approved by the JASP at its last meeting on 24<sup>th</sup> February 2020.
- 1.2 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.
- 1.3 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.
- 1.4 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.
- 1.5 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.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

## 02 Summary of internal audit 2019/20 work to date

- 2.1 Since the last meeting of the JASP we have issued the remaining eight final report in respect of the specific audits for Nottinghamshire in the 2019/20 plan, this being in respect of MFSS Contract Management Follow Up, Health & Safety Follow Up, Programme Management, Core Financials, OPCC Supplier, Balance Transfers, Information Assurance and GDPR Follow Up. Additionally we have issued one final report for collaboration, this being in respect of Performance Management. Further details are provided in Appendix 1.

| Nottinghamshire Audits 2019/0            | Status | Assurance Opinion   | Priority 1<br>(Fundamental) | Priority 2<br>(Significant) | Priority 3<br>(Housekeeping) | Total |
|--|--------|---------------------|-----------------------------|-----------------------------|------------------------------|-------|
| Performance Management                   | Final  | Satisfactory        |                             | 4                           | 1                            | 5     |
| Business Continuity & Emergency Planning | Final  | Force: Satisfactory | 1                           | 2                           |                              | 3     |
|  |        | OPCC: Limited       |                             |                             |                              |       |
| Custody Arrangements                     | Final  | Satisfactory        |                             | 1                           | 1                            | 2     |
|  |        | Limited             |                             |                             |                              |       |
| Data Quality                             | Final  | Significant         |                             |                             |                              |       |
| MFSS Contract Management                 | Final  | Limited             | 3                           | 1                           |                              | 4     |
| Health & Safety: Follow Up               | Final  | Limited             | 1                           | 3                           | 1                            | 5     |
| Programme Management                     | Final  | Satisfactory        |                             |                             | 2                            | 2     |
| OPCC Supplier                            | Final  | Limited**           | 3                           | 1                           |                              | 4     |
| Balance Transfer                         | Final  | Significant         |                             |                             | 1                            | 1     |
| Information Assurance                    | Final  | Limited             | 1                           | 1                           | 2                            | 4     |
| IT: GDPR                                 | Final  | Satisfactory        | 1                           |                             | 3                            | 4     |
| Core Financials                          | Final  | Satisfactory        | 1                           | 2                           | 2                            | 5     |

|                                    |  |              |           |           |           |           |
|------------------------------------|--|--------------|-----------|-----------|-----------|-----------|
| • General Ledger                   |  | Satisfactory |           |           |           |           |
| • Cash, Bank & Treasury Management |  | Satisfactory |           |           |           |           |
| • Payments & Creditors             |  | Significant  |           |           |           |           |
| • Income & Debtors                 |  | Satisfactory |           |           |           |           |
| • Payroll                          |  | Limited      |           |           |           |           |
| <b>Total</b>                       |  |              | <b>11</b> | <b>15</b> | <b>13</b> | <b>39</b> |

\*\*The opinion refers to the supplier as opposed to the OPCC Refer to 2.3 below.

| Collaboration 2019/20 Audits | Report Status | Assurance Opinion | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total    |
|------------------------------|---------------|-------------------|--------------------------|--------------------------|---------------------------|----------|
| Performance Management       | Final         | Satisfactory      |                          | 1                        | 4                         | 5        |
| Health & Safety              | Draft         |                   |                          |                          |                           |          |
| Business Continuity          | Draft         |                   |                          |                          |                           |          |
| <b>Total</b>                 |               |                   |                          | <b>1</b>                 | <b>4</b>                  | <b>5</b> |

- 2.2 The audit of Custody Arrangements covered the control environment in place and for adequacy and effectiveness of the internal controls a satisfactory opinion was given. The audit also reviewed the progress that the Force had made in respect of the action plan that was put in place to address HMICFRS findings in regards to custody, our review of this area resulted in a limited audit opinion, full details are provided in Section A1.
- 2.3 An additional audit to the 2019/20 plan was respected in regards to the controls in place at one of the OPCC Suppliers, audit carried out a review of the supplier and it was noted a limited assurance opinion was provided on the controls in place at the supplier, this does not represent assurance on the OPCC.
- 2.4 For the internal audit plans for 2019/20, it was agreed at the Joint Chief Finance Officers meeting that a similar ‘themed’ approach would be taken, albeit covering a different set of themes / areas, carrying out the audit across a further sample of units. The proposed ‘themed’ audits are Performance Management, Business Continuity & Health & Safety. The Performance Management audit report has been finalised following agreement at the regional CFO meeting and the regional DCC’s meeting. The remaining audits of Business Continuity & Health & Safety have been issued in draft and are awaiting further discussion prior to being finalised.



## 03 Summary of internal audit 2020/21 work to date

- 3.1 Since the audit plan for 20/21 was agreed the coronavirus disease (Covid-19) was declared a pandemic by the World Health Organisation (WHO). This has resulted in a number of emergency legislation being passed. This includes The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020, which include requirements to close premises and businesses and restrictions on movement that do not meet a number of prescribed criteria. As such many organisations have moved to home (remote) working.
- 3.2 Just like for any other risk management exercise, the OPCC and Force must consider Covid-19 in the context of their own obligations, activities, objectives and values. As with all risks it is not internal audit's role to manage the risk. As part of our role we will work with management to understand the impact on the control environment and how we are able to assist and provide assurance on current and future risks.
- 3.3 Our audit plan includes compliance of key controls. We will review the controls prior to commencing our work to ensure they review current business critical risks in light of the Covid-19 situation. For example, this may include how tow control environments have.
- 3.4 Due to the impacts of the Covid-19 lockdown there have been wide-ranging impacts on all organisations as they adapt to new ways of working, internal audit have been in regular communication with the Force and have been able to arrange for the two audits scheduled for quarter one (Workforce Planning and Victims Code of Practice) to take place at the end of June and start of July. These audits will be carried out remotely.
- 3.5 We will continue to work with the OPCC and Force to ensure that our audits can continue to go ahead and at this time do not foresee any undue impacts on the ability to complete the 20/21 internal audit plan and deliver our annual audit opinion for 20/21. We will keep the JASP updated regularly if this were to change and any point.

## 04 Performance

4.1 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.

| No | 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% (10/10) |
| 5  | Issue of final report                              | Within 5 working days of agreement of responses.             | 100% (11/11) |
| 6  | Follow-up of priority one recommendations          | 90% within four months. 100% within six months.              | Achieved     |
| 7  | Follow-up of other recommendations                 | 100% within 12 months of date of final report.               | N/A          |
| 8  | Audit Brief to auditee                             | At least 10 working days prior to commencement of fieldwork. | 100% (11/11) |
| 9  | Customer satisfaction (measured by survey)         | 85% average satisfactory or above                            | 100% (3/3)   |

## Appendix A1 – Summary of Reports

Below 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 2019/20 Internal Audit Plan:

### Force Management of MFSS – Follow Up

|                                  |                |
|----------------------------------|----------------|
| <b>Assurance Opinion:</b>        | <b>Limited</b> |
| <b>Recommendation Priorities</b> |                |
| Priority 1 (Fundamental)         | 3              |
| Priority 2 (Significant)         | 1              |
| Priority 3 (Housekeeping)        |                |

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

- Contractual arrangements clearly set out roles and responsibilities of the relevant parties.
- The contract contains clear and measurable requirements against which contractor performance can be monitored.
- Additions, changes and deletions to the service are clearly set out in the contract and include defined approval arrangements.
- There are clear service levels which sets out the requirements and standards the Force expects from the contract.
- There are robust arrangements in place for the communication and approval of additional services.
- Sub-standard, incorrect, incomplete and non-delivered services are identified and subsequent management corrective action taken.
- There are clear arrangements in place for the deduction of penalties or non-payment of incentivised bonuses in the event of sub-standard, incorrect, incomplete and non-delivered services
- Payments made to the contractor are in accordance with the contract
- There is a robust process of performance monitoring in place that ensures that the quality of services is in accordance with Force requirements.
- Budgets are effectively monitored and under/overspends are promptly identified and addressed

We raised three fundamental (priority 1) recommendations where it was felt that the Force had not made enough progress in the areas highlighted after the 2018/18 internal audit. The three recommendations are highlighted below:

|                             |  |
|-----------------------------|--|
| <b>Recommendation<br/>1</b> | A clearly documented budget setting procedure for the Multi Force Shard Service should be agreed by the Joint Oversight Committee.<br><br>The Budget Assumptions should be supported with clear rationale and be subject to detailed scrutiny prior to inclusion in the agreed budget. |
| <b>Finding</b>              | During the previous audit it was noted that there was no agreed budget setting procedure for the Multi Force Shared Service.   |

|                            |   |
|----------------------------|---|
|                            | <p>It was evidenced that the 2019/20 Budget was submitted to the Joint Oversight Committee and approved in December 2018.</p> <p>For the 2020/21 MFSS budget, a draft timetable and procedure for budget setting has been discussed at the Service Improvement Sub Committee (July 2019), however this has yet to be agreed and signed off by the Joint Oversight Committee (as the responsible party for agreeing the budget).</p> <p>This should be agreed in timely manner so that the Force are able to prepare their own budgets alongside the MFSS costs in a timely manner.</p> <p>On a quarterly basis MFSS provide the Force with a breakdown of the costs it has incurred, alongside a budget monitoring spreadsheet detailing the actual costs versus the budgeted costs. The Force is then invoiced for its agreed proportion of these costs alongside the other partners. This includes forecasted costs for the rest of the year and, as per the first quarter provided to the Force, the costs are forecasted to be overspent by £987k, with the cost to the Force of approximately £300k.</p> <p>This brings into question the robustness of the budget assumptions used in the budget setting process.</p> |
| Response                   | <p>A clearly documented budget setting procedure for the Multi Force Shard Service should be agreed by the Joint Oversight Committee.</p> <p>The Budget Assumptions should be supported with clear rationale and be subject to detailed scrutiny prior to inclusion in the agreed budget.</p>   |
| Timescale / Responsibility | <p>Mark Kimberley/ DCC Barber</p> <p>June 2020</p>  |

|                  |   |
|------------------|---|
| Recommendation 2 | <p>The Force should develop an appropriate Performance Framework for MFSS.</p> <p>Once established, this should be effectively monitored to ensure the Force are receiving the required level of service from MFSS.</p> <p>Areas of poor performance should be identified, raised and appropriate challenges made to MFSS to address the identified issues.</p>   |
| Finding          | <p>During the previous audit the Force acknowledged that there were no agreed service level agreements or key performance indicators between the Force and MFSS. Audit were informed work was on-going to finalise these and put them in place. The follow up audit has confirmed that service levels have yet to be agreed and there is currently no performance indicators that are being regularly produced, reviewed and scrutinised.</p> <p>Some performance information is provided to the Force at their Service Review meeting with MFSS, however the data provided was of limited use and does not allow the Force to review MFSS performance effectively.</p> <p>During the previous audit it was highlighted that MFSS have a complaints process that should be followed when individuals are not happy with the level of service received but these complaints were not being reported at any governance forum. Audit confirmed that this was still the case.</p> |
| Response         | <p>Force to develop an appropriate Performance Framework for MFSS.</p>  |

|                            |  |
|----------------------------|--|
|                            | <p>Once established, this will be monitored to ensure the Force are receiving the required level of service from MFSS.</p> <p>Areas of poor performance will be identified, raised and appropriate challenges made to MFSS to address the identified issues.</p> |
| Timescale / Responsibility | <p>Stewart Riley/ DCC Barber</p> <p>June 2020</p>  |

|                            |  |
|----------------------------|--|
| Recommendation 3           | <p>The Force should seek to get formal approval for the Governance Structure for MFSS.</p> <p>The Force should establish communication protocols that allows that key information from the governance forums, such as meeting minutes, decisions and actions, are shared to key staff at the Force to allow effective management to take place.</p> <p>The administrative support for all governance forum should be strengthened to ensure each forum can carry out its duties effectively. This includes but not limited to:</p> <ul style="list-style-type: none"> <li>- Recording of meeting minutes, decisions and actions in a timely manner.</li> <li>- Circulation of the above in a timely manner to all partners.</li> <li>- Pre-meeting reports and agendas sent out in a timely manner to allow members to be fully prepared for each meeting.</li> </ul> <p>A reminder to all staff to ensure any actions are completed in a timely manner.</p>             |
| Finding                    | <p>During the previous audit a number of reviews of the governance structure were underway. It is noted that some of these are yet to be formally approved with a proposed governance structure and draft terms of reference currently circulated to partners.</p> <p>During the audit it was noted that there was difficulties in obtaining meeting minutes, agendas and reports from the Joint Oversight Committee and Management Board.</p> <p>Moreover, it was noted that the support for the governance forums was not been carried out in line with the terms for reference. For example, the Service Improvement Sub Committee did not record the meeting minutes for the July meeting and did not circulate actions and decisions 5 days after the meeting as stated in the terms of reference.</p>  |
| Response                   | <p>The Force to get formal approval for the Governance Structure for MFSS.</p> <p>The Force will also establish communication protocols that allow key information from the governance forums, such as meeting minutes, decisions and actions, to be shared to key staff at the Force in order to allow effective management to take place.</p> <p>The administrative support for all governance forum will be strengthened to ensure each forum can carry out its duties effectively. This includes but not limited to:</p> <ul style="list-style-type: none"> <li>- Recording of meeting minutes, decisions and actions in a timely manner.</li> <li>- Circulation of the above in a timely manner to all partners.</li> <li>- Pre-meeting reports and agendas sent out in a timely manner to allow members to be fully prepared for each meeting.</li> </ul> <p>A reminder will be sent to relevant staff to ensure any actions are completed in a timely manner.</p> |
| Timescale / Responsibility | <p>Stewart Riley</p> <p>June 2020</p>  |

We also raised one significant (priority 2) recommendation this relating to ongoing monitoring of schedules of change to ensure they are completed in a timely manner and accountability can be attributed should deadlines not be met.

Management have confirmed that agreed actions will be completed by the end of June 2020.

## Health & Safety Follow Up

|                          |                |
|--------------------------|----------------|
| <b>Assurance Opinion</b> | <b>Limited</b> |
|--------------------------|----------------|

| <b>Recommendation Priorities</b> |   |
|----------------------------------|---|
| Priority 1 (Fundamental)         | - |
| Priority 2 (Significant)         | - |
| Priority 3 (Housekeeping)        | - |

Our audit considered the risks relating to the following control objectives:

- The roles and responsibilities are clearly defined and the individuals concerned are fully aware of these.
- Appointed officers have been assigned to support the organisation to meet its health and safety responsibilities.
- The Force has in place policies and procedures, which incorporate relevant legislative requirements and provide clear guidance to staff.
- The policies and procedures in place are comprehensive, up-to-date and available to all relevant members of staff.
- The existing policies and procedures are regularly reviewed to ensure they are up to date.
- There is an appropriate and effective governance structure in place through which Health and Safety issues are reviewed, scrutinised and managed.
- Health and Safety is promoted across the Force to ensure awareness from both police staff and police officers.
- Health and Safety information is accurately produced and regularly reported to allow for effective monitoring, decision making and reporting in line with senior management requirements.
- There is an effective system in place for recording, maintaining and reporting Health and Safety data, including any incidents or near misses.
- Appropriate oversight and reporting arrangements are in place and are working effectively.
- Staff are fully supported, with relevant training and guidance provided to allow compliance with health and safety requirements and responsibilities.
- The Force has a robust process in place to monitor the level of health and safety training undertaken by key staff, including Chief Officer Team and those who have statutory responsibilities.
- The recommendations raised in the 2018/19 Internal Audit Report have been implemented and embedded.

We re-raised one fundamental (priority 1) recommendation of as this had not been addressed. This is set out below:

|                             |  |
|-----------------------------|--|
| <b>Recommendation<br/>1</b> | <p>The Force should formalise what mandatory H&amp;S training is required by staff, including any additional training for Supervisors, Managers and the Chief Officer team and whether annual refresher training is required.</p> <p>The Force should investigate whether the “Required” mark within NCALT allows for the ability to set deadlines for training courses and automatically send emails to the relevant individual and their line manager if deadlines are missed.</p> <p>The Force needs to designate whose responsibility it is to have overall oversight of training, including monitoring of completion and production of performance information around training. It then needs to be ensured that this individual has the resources in</p> |
|-----------------------------|--|

|                            |   |
|----------------------------|---|
|                            | place to effectively monitor this.  |
| Follow Up Finding          | <p>The formalisation of mandatory training is in the process of being developed. Audit confirmed that a training matrix is being developed, which once complete will outline what training is mandatory for the various levels and grades of Staff and Officers.</p> <p>Audit noted that within NCALT, the Force have investigated and confirmed that there is not the facility to automatically send reminders. Therefore, consideration is being made by the H&amp;S team to utilise monthly reports to highlight upcoming deadlines for training completion. At the time of the audit it was noted that no decision has yet been made on this matter.</p> <p>NCALT training reports are now produced Monthly and passed on to business partners and reported at health and safety committee planned safety training has been suspended due to the Covid 19 Pandemic but dates are still planned in for risk assessment training later in the year.</p> |
| Timescale / Responsibility | A Greensill, Senior Health and Safety Advisor<br>June 2020  |

We also raised three (priority 2) significant recommendations in respect of:

- The Force should ensure that for all incidents where an investigation has been completed, that full and complete records are maintained.
- The Force should produce a formal Accident/Incident reporting procedure. The procedure should provide guidance on what should be reported and how this should be reported by staff. The procedure should be clearly communicated to staff via the intranet.
- Performance Monitoring in respect of health and safety training is yet to be established.

Management agreed with all the recommendations and confirmed that actions will be implemented by the end of June 2020.



## Information Assurance

| <b>Assurance Opinion:</b> | <b>Limited</b> |
|---------------------------|----------------|
| Recommendation Priorities |                |
| Priority 1 (Fundamental)  | 1              |
| Priority 2 (Significant)  | 1              |
| Priority 3 (Housekeeping) | 2              |

The objective of the review was to assess the framework of accreditations and assurance that the Force has in place to challenge the effectiveness of IT Security Controls in place. The Force has a number of different accreditations or frameworks that it is required to show adherence to; - these include The Governance and Information Risk Return (GIRR), Public Services Network (PSN) and Public Services Network for Police (PSN-P). In addition, Quarterly reporting of security incidents is mandated on all Police Forces by the National Police Information Risk Management Team (NPIRMT).

During September 2019 the Force will be subject to a Home Office audit covering the National Police the Governance and Information Risk Return (GIRR). This is aligned to the Her Majesty's Government approach of central assessment of submissions based on self-assessment with centrally conducted audits. Relevant international standards from the ISO 27000 series have been considered and applied in the development of appropriate controls, based on an interpretation of these standards for policing following a risk assessment.

The overall objective of this internal audit is to provide the Senior Management and Audit Committee with reasonable, but not absolute, assurance that the Force has appropriate controls in place to manage and maintain the multiple accreditations and reviews in this area, and address weaknesses and follow up actions. The audit will consider the following risks and objectives: -

- All frameworks are identified and timetabled to maintain compliance within expected timescales.
- Governance procedures are in place to manage and maintain the frameworks and compliance.
- Action plans are in place to address issues in an efficient and timely manner
- Effective follow up of actions confirms issued closed.
- Key issues are reported to senior Force management

We raised one fundamental (priority 1) recommendation that requires actions to be taken. This is set out below:

|                              |   |
|------------------------------|---|
| <b>Recommendation<br/>1</b>  | <p>As intended, the organisation must continue to liaise with NPRIMT in relation to the GIRR accreditation process.</p> <p>Once the GIRR accreditation is provided the Force should submit this to the Government Digital Service to support its application for PSN accreditation.</p>   |
| <b>Follow Up<br/>Finding</b> | <p>: In terms of current accreditation status:</p> <ul style="list-style-type: none"> <li>• GIRR: lapsed on 15 July 2019</li> <li>• PSN: lapsed on 25 September 2019</li> <li>• Airwave: accredited until 8 July 2020</li> <li>• IT Health Check: last undertaken in March 2019 (therefore due in March 2020)</li> </ul> <p>In previous years the PSN re-accreditation process has in part been dependent on provision of the GIRR accreditation. Work has been ongoing to liaise with the Home</p> |

|                            |  |
|----------------------------|--|
|                            | <p>Office regarding the GIRR accreditation, but this has been delayed by the departure of the Information Security Officer.</p> <p>An IT Health check outstanding actions update from the March 2019 review was submitted to NPRIMT at the end of January 2020, with a view that monthly updates are being provided. This remains under discussion with NPRIMT to address two critical issues with a view to achieving accreditation subsequent to their resolution.</p> |
| Management Comments        | <p><b>Agreed</b></p> <p>Force will continue to liaise with NPRIMT in relation to GIRR accreditation process. Once approved this will be submitted to the Government Digital Service to support the application for PSN.</p> <p><b>Action</b> - Force to continue to liaise with NPRIMT in relation to GIRR accreditation process. Once approved this will be submitted to the Government Digital Service to support the application for PSN</p>                          |
| Timescale / Responsibility | <p>Pat Stocker<br/>July 2020</p>   |

We also raised one (priority 2) significant recommendation in respect of:

- The risk of the Information Security Officer being a single point of knowledge and contact should be considered and a formal plan adopted to minimise the risk. Efforts should also be increased to ensure all key compliance roles are filled.

In addition to this we raised two (priority 3) recommendations of a housekeeping nature in respect of:

- The Force should consider adopting a compliance schedule of frameworks and timings to improve the transparency of such requirements.
- The Force should consider adopting a formal action tracking solution, tracking recommendations or actions relating to the compliance frameworks and other relevant actions points, such as audit reports.

Management agreed with all the recommendations raised and confirmed that actions will be implemented by end of July 2020.

## OPCC Supplier Review

|                          |                |
|--------------------------|----------------|
| <b>Assurance Opinion</b> | <b>Limited</b> |
|--------------------------|----------------|

| <b>Recommendation Priorities</b> |   |
|----------------------------------|---|
| Priority 1 (Fundamental)         | 3 |
| Priority 2 (Significant)         | 1 |
| Priority 3 (Housekeeping)        | - |

This audit was requested in addition to the agreed internal audit plan in 2019/20, the audit considered the control environment at one of the OPCC Suppliers and the assurance level reflects the Supplier not the OPCC. The areas that we reviewed during the audit were:

- The supplier has provided accurate reporting data to the PCC;
- The supplier has appropriate policies, procedures and guidance for the recording of key data and this is communicated to relevant staff;
- The supplier has adequate controls in place for the recording of key data in line with the requirements of the performance framework
- The supplier has a timetable in place to ensure it is able to meet its reporting deadlines to the OPCC in a timely manner;
- The supplier has a robust system in place for the completion of monitoring information to the OPCC, which includes appropriate quality checks to ensure the information is accurate.
- The supplier's staff have appropriate training to allow them to comply with the correct procedures for recording key data and production of monitoring report for the OPCC.
- The supplier has appropriate systems in place to ensure that the relevant staff engaged in services meet the requirements set out within the contract with the OPCC.

We raised three fundamental (priority 1) recommendation that requires actions to be taken. These are set out below:

|                                |  |
|--------------------------------|--|
| <b>Recommendation<br/>1</b>    | <p>The OPCC should request that the supplier creates written procedures for the production of each of the OPCC performance framework measures. This will provide the OPCC with assurance over the consistency of the figures provided.</p> <p>Once these are completed the supplier should review the time requirements of the production of the figures and then set timetables in place to ensure they are able to meet the OPCC deadlines.</p>      |
| <b>Finding</b>                 | <p>The supplier does not have a clearly documented process for the production of the performance framework data that it provides to the PCC.</p> <p>Therefore it was difficult for audit to accurately follow the process for a sample of figures previously submitted. (Refer to 4.2 below for further details on validation of performance figures)</p> <p>For clarity and consistency the supplier should document the process that it follows.</p> |
| <b>Management<br/>Comments</b> | <p>OPCC response:</p>  |

|                            |   |
|----------------------------|---|
|                            | <p>Recommendation accepted – the OPCC will ask the supplier to put in place written procedures for the performance framework measures, within 2 months to do this.</p> <p>This will form part of a performance improvement plan for the supplier.</p> |
| Timescale / Responsibility | <p>Nicola Wade</p> <p>Timeframe to be arranged with the supplier</p>  |

|                            |  |
|----------------------------|--|
| Recommendation 2           | <p>The OPCC should request that the supplier maintains supporting records behind each of the figures submitted under the performance framework to ensure audit trails are maintained and future validation of figures provided can take place.</p> <p>The OPCC should request that the supplier ensures that Customer Satisfaction Surveys are updated to include a date so that they can be correctly assigned to the period they relate and this accurately recorded as part of the OPCC Performance Framework</p>   |
| Finding                    | <p>The supplier currently relies on a lot of manual processing for the production of performance data, examples included collating the number of hours of counselling provided in the quarter.</p> <p>However the supplier does not retain the supporting documentation behind the figures that are submitted. Therefore audit was unable to accurately validate the figures that were previously submitted.</p> <p>From audit testing on a sample of eleven figures previously submitted:</p> <ul style="list-style-type: none"> <li>• 2/11 – Were validated;</li> <li>• 4/11 – Could not be validated at all;</li> <li>• 5/10 – Could not be validated accurately but were within a small margin of error.</li> </ul> <p>During testing it was also noted that whilst the paper customer satisfaction surveys are retained, they are not dated so audit were unable to validate which period the surveys related to.</p> |
| Management Comments        | <p>OPCC response</p> <p>Recommendations accepted. The OPCC will ask the supplier to maintain records and date customer satisfaction forms.</p> <p>These actions will form part of a performance improvement plan for the supplier.</p>   |
| Timescale / Responsibility | <p>Nicola Wade</p> <p>Timeframe to be arranged with the supplier</p>   |

|                  |   |
|------------------|---|
| Recommendation 3 | <p>The OPCC should discuss with the supplier the ability of their current systems to provide the performance framework data in a accurate and timely manner</p>   |
| Finding          | <p>Whilst the supplier utilise a case management computer system, for recording of client's details and the services provided to each client, the reporting capabilities of the system prevent them from easily producing performance data.</p> |

|                            |  |
|----------------------------|--|
|                            | <p>The supplier are aware that reporting from the system cannot be relied upon and have to use manual processes for the production of the performance data.</p> <p>For example in the geographical data reports it includes geographical areas outside of ISAS, therefore is clearly incorrect.</p> <p>Audit are aware that there are potential costs to any system amendments however the system is not currently delivering what the organisation needs so therefore needs to be reviewed.</p> |
| Management Comments        | <p>OPCC response</p> <p>Recommendation accepted. The OPCC will discuss supplier IT systems with the supplier with a view to improving them.</p> <p>This action will form part of a performance improvement plan for the supplier</p>   |
| Timescale / Responsibility | <p>Nicola Wade</p> <p>Timeframe to be arranged with the supplier</p>   |

We also raised one (priority 2) significant recommendation in respect of:

- The suppliers arrangements in respect of monitoring counsellor compliance

Management agreed with the recommendations and are working with the supplier to form a performance improvement plan for the supplier.

## GDPR Follow Up

|                          |                     |
|--------------------------|---------------------|
| <b>Assurance Opinion</b> | <b>Satisfactory</b> |
|--------------------------|---------------------|

| Recommendation Priorities |   |
|---------------------------|---|
| Priority 1 (Fundamental)  | 1 |
| Priority 2 (Significant)  | 3 |
| Priority 3 (Housekeeping) | - |

The overall objective of this internal audit is to provide the Senior Management and Audit Committee with reasonable, but not absolute, assurance. The audit will also update the following risks and objectives relating to the GDPR processes within the Force following on from last year's review and consider the progress made in implementing the recommendations.: -

- The Force has not sufficiently applied changes to data protection regulation;
  - o The Force has an action plan in place which addresses the key areas of GDPR, and provided a clear plan by which the Force would be compliant.
  - o The Force has completed a 'Privacy Impact Assessment' on new systems or they form part of the project life cycle.
  - o The Force undertook an exercise to map and understand the data which is collected and currently stored, and this has been utilised to identify potential risks to compliance with GDPR. (N.B. does the mapping include what data is held, where it came from and who it is shared with?)
- The Force's management and staff are unaware of the updated regulations, and their increased responsibilities. how the organisation is structured to assess compliance against requirements;
 

The Senior Management team were informed and made fully aware of the risks posed by the implementation of the GDPR. (N.B. consider whether GDPR is identified as a risk on the Force's risk map, and whether the score can be justified)

  - o Those staff who handle data have received, training on the GDPR. (N.B. consider whether the training relates to operational 'day-to-day' information handling)
- The Force is non-compliant with the GDPR.
  - o The Force has identified and appointed a 'Data Protection Officer', and the officer is suitably placed within the organisation.
  - o The Force has identified how data can and should be deleted from all relevant systems.
  - o The Force has a clear process for the identification, review and reporting of a personal data breach, which incorporates the updated 72 hour timescale to report the breach. (N.B. does the process seem feasible in 72 hours?)

The Force has a clear subject access request policy in place and has dealt with requests appropriately since the May 2018 GDPR deadline

We raised one fundamental (priority 1) recommendation that requires action to be taken. This is set out below:

|                            |  |
|----------------------------|--|
| <b>Recommendation</b><br>1 | Once the Information Management Unit is fully staffed then further priority should be given to ensuring that gaps in compliance are addressed through a detailed action plan with progress monitored and reported. |
|----------------------------|--|

|                            |   |
|----------------------------|---|
| Finding                    | <p>The IMS &amp; Implementation Plan has taken longer to implement than first expected, in part due to the wider reorganisation of the whole Corporate Services Department and whilst the intention was to have IMU fully resourced this has only recently been established.</p> <p>Information Management Unit priority areas have been clearly identified and a fuller plan will be implemented now the unit is up to full establishment.</p> |
| Management Comments        | <p>Agreed – Once the Information Management Unit is fully staffed priority will be given to ensuring that gaps in compliance are addressed through a detailed action plan with progress monitored and reported.</p> <p>Action – Priority to be given to ensuring gaps in compliance are addressed through a detailed action plan with progress monitored and reported.</p>  |
| Timescale / Responsibility | <p>Pat Stocker</p> <p>July 2020</p>   |

In addition to this we raised three (priority 3) recommendations of a housekeeping nature in respect of:

- We continue to support the approach being taken to complete the Information Asset Register and this should look to be completed as soon as is practical. A revised timescale for the completion of the Master Asset Register should be established.
- A revised deadline to assess, catalogue and process the records should be established.
- The Force should continue to actively monitor completion rates and actively promote the need for completion. Those who have not completed the training should be sent reminders to advise the need to complete asap..

Management agreed with all the recommendations raised and confirmed that actions will be implemented by end of July 2020.

## Core Financials

|   |                     |
|---|---------------------|
| <b>Overall Assurance Opinion</b>            | <b>Satisfactory</b> |
| <b>General Ledger</b>                       | <b>Satisfactory</b> |
| <b>Cash, Bank &amp; Treasury Management</b> | <b>Satisfactory</b> |
| <b>Payments &amp; Creditors</b>             | <b>Significant</b>  |
| <b>Income &amp; Debtors</b>                 | <b>Satisfactory</b> |
| <b>Payroll</b>                              | <b>Limited</b>      |

| <b>Recommendation Priorities</b> |   |
|----------------------------------|---|
| Priority 1 (Fundamental)         | 1 |
| Priority 2 (Significant)         | 2 |
| Priority 3 (Housekeeping)        | 2 |

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

- Clearly defined policies and/or procedures are not in place resulting in ineffective and inefficient working practices.
- Systems and data entry restrictions are not in place which could lead to inappropriate access to the systems and data.
- There are errors in accounting transactions posted on the General Ledger resulting in inaccurate financial information.
- Inaccurate cash flow information regarding investments and borrowings is produced which could result in inappropriate levels of cash held within the Force.
- The purchasing process is not complied with by staff which could lead to fraudulent transactions that may go undetected.
- An ineffective debt management process is in place which could lead to irrecoverable income and inappropriate write off of debt.
- Payments to staff are inaccurate resulting in financial losses for the Force, administrative burdens and, where the employee loses out, loss of reputation.

In reviewing the above risks, our audit considered the following areas:

- General Ledger
- Cash, Bank and Treasury Management
- Payments and Creditors
- Income and Debtors
- Payroll
- We raised one fundamental (priority 1) recommendation that requires action to be taken. This is set out below:

|                             |  |
|-----------------------------|--|
| <b>Recommendation<br/>1</b> | <p>The Force should liaise with MFSS to ensure that appropriate performance data is provided with regards payroll processing. This could include, but not be limited to, the following:</p> <ul style="list-style-type: none"> <li>• No. of overpayments &amp; underpayments.</li> <li>• Value of overpayments &amp; underpayments.</li> </ul> |
|-----------------------------|--|



|                            |   |
|----------------------------|---|
|                            | <ul style="list-style-type: none"> <li>Reasons for overpayment i.e. late notification by Force, MFSS missed SLA for Payroll Date etc.</li> </ul>  |
| Finding                    | <p>MFSS currently report performance data for purchasing, payables and receivables to the Force which highlight key data, including:</p> <ul style="list-style-type: none"> <li>No. of requisitions transferred to orders within 3 days.</li> <li>% of invoices paid on time.</li> </ul> <p>However, at present there is no review of performance for payroll processing. The review of this performance data would identify any issues or concerns in the payroll processing and allow actions to be taken in a timely manner.</p> <p>This issue was raised in 2017/18 audit, but audit has not been able to confirm if any changes have been made, as access to payroll performance reports were not available.</p> |
| Management Comments        | <p>The processing of Payroll has now begun to be moved to the retained finance function with effect from April 2020 onwards.</p> <p>These KPI's will now be considered for inclusion in the retained teams performance monitoring.</p>  |
| Timescale / Responsibility | <p>Senior Business Partner – Strategy and Development</p> <p>October 2020</p>   |

We also raised two (priority 2) significant recommendation in respect of:

- Reconciliations: The Force should request that MFSS ensure that all reconciliations are completed and reviewed in a timely manner, i.e. within 1 month of the period end. The Force should liaise with MFSS to ensure that historic balances are investigated and cleared down. The Force should request that MFSS seek authorisation from the Force when looking to perform reconciliations more than one month after the period end and provide notice to the Force when this is unarranged.
- Debt Recovery Letters: The Force should request that MFSS ensure that all debt recovery actions are recorded including email communications, either in Oracle or an offline method. The Force should request that MFSS update Debt Recovery guidance notes to include time frames for debt recovery actions.

In addition to this we raised two (priority 3) recommendations of a housekeeping nature in respect of:

- The OPCC updating their Financial Regulations; and
- The Force and MFSS needing to update procedures in respect of the sales invoice processes.

Management agreed with all the recommendations raised and confirmed that actions will be implemented by end of September 2020

## Programme Management

|                          |                     |
|--------------------------|---------------------|
| <b>Assurance Opinion</b> | <b>Satisfactory</b> |
|--------------------------|---------------------|

| <b>Recommendation Priorities</b> |   |
|----------------------------------|---|
| Priority 1 (Fundamental)         | - |
| Priority 2 (Significant)         | 2 |
| Priority 3 (Housekeeping)        | - |

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

- Governance arrangements are adequate to ensure that clearly defined roles and responsibilities, decision making processes, risk management and performance management arrangements exist in respect of Benefits Realisation.
- There is effective oversight and reporting arrangements with relevant governance forum.
- Benefits realisation objectives are clearly defined, with effective targets/ performance measures quantified in line with required outcomes.
- An effective and consistent approach to performance management is undertaken across all projects.
- There is a transparent and consistent approach to project modelling and this demonstrates effective links to the overarching Benefits Realisation objectives.
- Guidance and training is available to address any inconsistencies in this area alongside regular support for Project Officers/ Business Leads.
- Regular communication takes place with all stakeholders across the change programme to ensure that requirements are communicated, any issues are highlighted at an early stage and links to dependencies are identified.

We raised two (priority 3) recommendations of a housekeeping nature in respect of:

- Compliance with Published Guidance: Force should ensure that all individuals are identified for roles in PMO process on most recent version of Business Case. Force should ensure that documents produced as part of PMO process adhere to the guidance provided.
- Information Services Project Management: Force should clarify the roles within the two functions to ensure that there is no duplication of roles between Corporate Development and Information Services in relation to Project Management. Force should consider formally providing time in Futures Board agendas to discuss Programme Board activity, to ensure that all Business Change Activity is captured, reviewed and monitored regularly.

Management agreed with the recommendations raised and confirmed actions would be implemented by June 2020.

## Balance Transfers

| Assurance Opinion                | Significant |
|----------------------------------|-------------|
| <b>Recommendation Priorities</b> |             |
| Priority 1 (Fundamental)         | -           |
| Priority 2 (Significant)         | -           |
| Priority 3 (Housekeeping)        | 1           |

This audit was requested in addition to the agreed Internal Audit Plan of 2019/20. The audit objectives were to provide assurance that:

- The project to move to the new system included appropriate controls and checks to ensure that balances were correctly transferred between the two systems;
- The controls and checks for moving any data between the old and new system in regards to financial statement balances were completed correctly, accurately and in a timely manner; and,
- The opening balances stated in the new system are correctly aligned to the closing balances of the old system.

We raised one (priority 3) recommendation of a housekeeping nature in respect of:

- The Force should ensure that reconciliations are carried out on balances that they transfer to provide assurance that this has been correctly completed. The Force should ensure that a reconciliation is carried out over all balances following the final transfer to provide assurance that the transfer has been correctly completed and agrees to closing balances and signed accounts.

Management agreed with the recommendations raised and confirmed actions would be implemented by May 2020.

## Collaboration: Performance Management

|                          |                     |
|--------------------------|---------------------|
| <b>Assurance Opinion</b> | <b>Satisfactory</b> |
|--------------------------|---------------------|

| <b>Recommendation Priorities</b> |   |
|----------------------------------|---|
| Priority 1 (Fundamental)         | - |
| Priority 2 (Significant)         | 1 |
| Priority 3 (Housekeeping)        | 4 |

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

- There is a robust and formal performance management framework in place.
- Performance targets are relevant, realistic, measurable and are properly communicated to staff.
- The unit's performance management arrangements are effectively aligned with the requirements of relevant forces / PCC's.
- 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.
- There is a clear structure of performance oversight across the collaboration, including by Chief Constable's and PCC's, covering both strategic and operational performance.
- There are effective escalation procedures in place to resolve areas of under-performance.

Moreover the Collaboration Units that were visited as part of this audit are listed below and for reference the Forces that are part of the unit are also listed.

- East Midlands Criminal Justice Services – (Leicestershire, Lincolnshire, Northamptonshire, Nottinghamshire)
- East Midlands Collaborative Human Resource Services for Learning and Development - (Derbyshire, Leicestershire, Northamptonshire and Nottinghamshire)
- East Midlands Special Operations Unit - (All Five Forces).

We raised one (priority 2) significant recommendation in respect of:

- Performance Measures: When presenting performance metrics EMCJS, EMCHRS L&D and EMSOU should consider what good performance should look like to provide users with a better understanding of how well the unit is performing in that area.

In addition we also raised four (priority 3) recommendations of a housekeeping nature which are outlines below:

- Governance: EMSOU should review and update the Performance Management Group and Strategic Governance Group terms of reference on a regular basis to ensure they remain up to date. EMCHRS L&D should update the Management Board terms of reference to ensure key details are included. These should be reviewed and updated on a regular basis.

- EMCHRS L&D Performance Data: EMCHRS L&D should consider including other performance metrics in its performance reports that provide a better view of unit specific performance. EMCHRS L&D should consider alternative solutions for the production of course evaluations.
- EMCJS Performance Data: EMCJS should consider updating its performance process to save the source data so a clear audit trail for performance is maintained. EMCJS should consider ensuring a secondary quality check on performance figures prior to them being issued. EMCJS should consider documenting the procedures for producing its performance scorecards to provide resilience in the event existing staff are unavailable to carry out the process.
- Performance Information versus Management Information: When presenting performance metrics EMCJS, EMCHRS L&D and EMSOU should consider the separation of management information from performance information.

The responsible managers at each collaboration unit accepted and agreed the recommendations within the report and confirmed that actions would be completed by the End of June 2020.

## Appendix A2 Internal Audit Plan 2019/20

| Auditable Area                            | Planned Fieldwork Date | Draft Report Date | Final Report Date | Target JASP | Comments             |
|---|------------------------|-------------------|-------------------|-------------|----------------------|
| <b>Core Assurance</b>                     |                        |                   |                   |             |                      |
| Core Financial Systems                    | Dec 2019               | Mar 2020          | June 2020         | May 2020    | Final Report Issued  |
| <b>Strategic &amp; Operational Risk</b>   |                        |                   |                   |             |                      |
| Data Quality                              | Sept 2019              | Oct 2019          | Oct 2019          | Nov 2019    | Final Report Issued  |
| Programme Management                      | Feb 2019               | Mar 2020          | Mar 2020          | May 2020    | Final Report Issued  |
| MFSS Contract Management                  | Sept 2019              | Sept 2019         | Mar 2020          | Nov 2019    | Final Report Issued  |
| Business Continuity & Emergency Planning  | May 2019               | June 2019         | Aug 2019          | Nov 2019    | Final Report Issued. |
| IT Security                               | Oct 2019               | Mar 2020          | Apr 2020          | Feb 2020    | Final Report Issued. |
| General Data Protection Regulation (GDPR) | Oct 2019               | Mar 2020          | Apr 2020          | Feb 2020    | Final Report Issued. |
| Health & Safety                           | Feb 2020               | Mar 2020          | Mar 2020          | May 2020    | Final Report Issued. |
| Performance Management                    | June 2019              | June 2019         | August 2019       | Nov 2019    | Final Report Issued. |
| Custody Arrangements                      | Sep 2019               | Oct 2019          | January 2020      | Feb 2020    | Final Report Issued. |

| Auditable Area         | Planned Fieldwork Date | Draft Report Date | Final Report Date | Target JASP | Comments             |
|------------------------|------------------------|-------------------|-------------------|-------------|----------------------|
| <b>Collaboration</b>   |                        |                   |                   |             |                      |
| Performance Management | Oct 2019               | Feb 2020          | May 2020          | May 2020    | Final Report Issued. |
| Business Continuity    | Nov 2019               | May 2020          |                   | May 2020    | Draft Report Issued  |
| Health & Safety        | Jan 2020               | Apr 2020          |                   | May 2020    | Draft Report Issued  |

## Appendix A3 – Definition of Assurances and Priorities

| Definitions of Assurance Levels |   |  |
|---------------------------------|---|--|
| Assurance Level                 | Adequacy of system design   | Effectiveness of operating controls  |
| <b>Significant Assurance:</b>   | There is a sound system of internal control designed to achieve the Organisation's objectives.  | The control processes tested are being consistently applied.   |
| <b>Satisfactory Assurance:</b>  | 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. |
| <b>Limited Assurance:</b>       | 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.  |
| <b>No Assurance</b>             | 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.                                 |

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



## Appendix A4 - Contact Details

### Contact Details

David Hoose

07552 007708

[David.Hoose@Mazars.co.uk](mailto:David.Hoose@Mazars.co.uk)

Mark Lunn

07881 284060

[Mark.Lunn@Mazars.co.uk](mailto:Mark.Lunn@Mazars.co.uk)

## A5 Statement of Responsibility

### **Status of our reports**

*The responsibility for maintaining internal control rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy of the internal control arrangements implemented by management and perform testing on those controls to ensure that they are operating for the period under review. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone are not a guarantee that fraud, where existing, will be discovered.*

*The contents of this report are confidential and not for distribution to anyone other than the Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police. Disclosure to third parties cannot be made without the prior written consent of Mazars LLP.*

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