



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

Internal Audit Progress Report 2015/16

September 2015

Presented to the Audit & Scrutiny Panel meeting of: 24th September 2015

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01 Introduction

- 1.1 The purpose of this report is to update the Audit & Scrutiny Panel as to the progress in respect of the Operational Plan for the year ended 31st March 2016. The plan was considered and approved by the Audit & Scrutiny Panel at its meeting on 9th June 2015.
- 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, through the Audit & Scrutiny Panel, 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 work to date

2.1 We have issued three draft reports to date, in respect of Joint Code of Corporate Governance, Proceeds of Crime and OPCC Payments, the latter of which being an additional piece of work following a specific request. Management are currently considering their responses to the reports. The following table is provided for illustrative purposes and will provide a summary of assurances, including the number and categorisation of recommendations, in each report issued to the date of the Audit & Scrutiny Panel meeting. Further details, and scheduled work for the rest of the year, are provided in Appendix A1.

Auditable Area	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Joint Code of Corporate Governance	Draft		-	-	-	
Proceeds of Crime	Draft		-	-	-	-
OPCC Payments Processes & Procedures	Draft		-	-	-	-
Total			-	-	-	-

2.2 In addition to the above, work in respect of Procurement and the Savings Programme, the latter of which being an additional piece of work following a specific request, have recently been completed and draft reports are expected to issued shortly. We are currently working with management to agree the scope of work on a number of audits, with a further five audits planned to be carried out before the New Year and the remaining scheduled for Quarter 4 (see Appendix A1).

2.3 Internal Audit recently attended a meeting of the OPCC Chief Financial Officers Group at which one of the areas discussed was how Internal Audit could provide assurance with regards the key risks relating to regional collaboration. Initial consideration is being given to an assurance mapping exercise which will look at the key risks relating to collaborative working and how each force secures assurance that they are being effectively managed. An outline scope of the proposed work is currently being considered by the Group.

03 Performance

3.1 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. This list will be developed over time, with some indicators either only applicable at year end or have yet to be evidenced.

No	Indicator	Criteria	Performance
1	Annual report provided to the JIAC	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	Achieved
3	Progress report to the JIAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (3/3)
5	Issue of final report	Within 5 working days of agreement of responses.	N/A
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A
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% (7/7)
9	Customer satisfaction (measured by survey)	85% average of 3 or less	N/A

Appendix A1 – Summary of Reports

Brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the reports issued to date, together with management’s response, will be provided in this section. As the first final report has yet to be issued at the time of writing, we have provided an example of the format that will be used for forthcoming progress reports. The example is in respect of Proceeds of Crime, the draft report for which has recently been issued and we await management’s response.

Proceeds of Crime

Assurance Opinion	See Appendix A3
Recommendation Priorities	
Priority 1 (Fundamental)	See Appendix A3
Priority 2 (Significant)	See Appendix A3
Priority 3 (Housekeeping)	See Appendix A3

The audit objectives were to provide assurance that:

- Policies and procedures are in place to ensure that cash and assets that can be confiscated under POCA legislation are identified during the arrest and investigation process.
- Suitable training is provided to officers and staff to ensure they are aware of POCA requirements when seizing cash and assets.
- Cash and assets confiscated during the arrest and investigation are recorded appropriately and consistently, and are subject to regular review.
- Cash and assets are stored securely, with restricted and controlled access to nominated officers and staff.
- Cash is counted in a secure and controlled environment, with an appropriate level of independent verification.
- Cash is banked in a timely manner to an interest bearing account, and not in to general funds.
- Cash held in this account is reconciled regularly and transferred within the agreed timescales.
- Performance information regarding the number and amount of confiscation orders is managed and is accurate and up to date.
- Monies awarded back to the force are reconciled and spent according to an agreed protocol.

We raised XXX priority 2 recommendations where we believe there is scope for improvement within the control environment. These have been set out below, together with management’s responses:

- [summary of finding and recommendation]

We also raised XXX priority 3 recommendations of a more housekeeping nature.

Appendix A2 Internal Audit Plan 2015/16

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target ASP	Comments
Core Assurance					
Joint Code of Corporate Governance	August 2015	September 2015	October 2015	December 2015	Draft report, awaiting management's response.
Financial Controls – MFSS	October 2015	December 2015	January 2016	February 2016	
Financial Controls – PBS	January 2016	February 2016	March 2016	April 2016	Scope to be agreed following recent developments.
Strategic & Operational Risk					
Integrated Offender Management	September 2015	October 2015	November 2015	December 2015	
Social Impact / Value	November 2015	December 2015	January 2016	February 2016	
Proceeds of Crime	July 2015	September 2015	October 2015	December 2015	Draft report, awaiting management's response.
Commissioning	January 2016	February 2016	February 2016	April 2016	
Code of Practice for Victims of Crime	October 2015	November 2015	December 2015	February 2016	
Collaboration					
Procurement	August 2015	September 2015	October 2015	December 2015	Fieldwork is in progress.
Collaboration	On-going	On-going	On-going	On-going	See paragraph 2.3.
Other					
OPCC Payments Processes & Procedures	July 2015	September 2015	October 2015	December 2015	Draft report, awaiting management's response.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target ASP	Comments
Savings Programme	August 2015	September 2015	October 2015	December 2015	Fieldwork completed; being reviewed.

Appendix A3 – Definition of Assurances and Priorities

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

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

Appendix A4 - Contact Details

Contact Details

Mike Clarkson

07831 748135

Mike.Clarkson@Mazars.co.uk

Brian Welch

07780 970200

Brian.Welch@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.

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