



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

Internal Audit Progress Report 2017/18

August 2017

Presented to the Joint Audit & Scrutiny Panel meeting of: 12<sup>th</sup> September 2017

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## 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 2017/18 Internal Audit Plan which was considered and approved by the JASP at its meeting on 9<sup>th</sup> March 2017.
- 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 work to date

- 2.1 We have issued two final reports in respect of the 2017/18 plan since the last progress report to the JASP, these being in respect of Estates Management and Fleet Management. Additionally, we have issued a final memo in respect of the PEEL Review Action Plan, this being an additional request for work on behalf of the Police & Crime Commissioner. We have also issued draft reports in respect of Seized Property and Workforce Planning where we await management's responses and the final reports will be issued shortly. Further details are provided in Appendix 1.

Nottinghamshire 2017/18 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Seized Property	Draft					
Workforce Planning	Draft					
Estates Management	Final	Satisfactory	-	-	3	3
Fleet Management	Final	Satisfactory	-	5	1	6
PEEL Review Action Plan	Final	N/A <sup>1</sup>	-	-	-	-
<b>Total</b>			<b>-</b>	<b>5</b>	<b>4</b>	<b>9</b>

<sup>1</sup> PEEL Review Action Plan – this was carried out as an addition to the approved Internal Audit Plan for 2017/18, upon request of the Police & Crime Commissioner. The audit review focused on Force responses and actions taken to address the issues in the Monitoring Assurance Framework that was produced by the OPCC following the publication of the HMIC PEEL: Police Effectiveness Report in March 2017 and not to provide an opinion on the adequacy and effectiveness of controls.

- 2.2 Fieldwork in respect of Procurement is in progress, whilst we are in the process of agreeing the scope of a number of audits that will be carried out over the coming months. These include Core Financial Systems, IT Strategy and Counter Fraud. Further details are provided within Appendix A2.

2.3 Similarly to 2016/17, five specific areas have been identified in terms of the collaborative audits for 2017/18 and a lead officer (OPCC CFO) has been identified as a single point of contact. Four of the audits will adopt a similar scope to that of the 2016/17 audits and will look at the business plan and S22 agreement in terms of whether it is being delivered and is fit for purpose going forward; the scope will also include value for money considerations and arrangements for managing risk. The four areas of collaboration that will form the focus of these initial reviews are:

- EMCHRS Learning & Development
- EMCHRS Occupational Health
- EMSOU Forensic Services
- Criminal Justice (EMCJS)

The fifth audit within the Collaboration plan relates to the Proceeds of Crime Act (POCA) and will review the arrangements in place across the region to manage cash and property seizures.

2.4 At the time of writing, we have issued the draft report in respect of EMCHRS Learning & Development and await management's response. A summary of the final report will be reported within our next progress report to the JASP.

## 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.

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% (5/5)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (3/3)
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 satisfactory or above	N/A

## Appendix A1 – Summary of Reports 2017/18

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 meeting of the JASP:

### Estates Management

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

Our audit considered the following area objectives:

- There is a comprehensive and approved Estates Strategy in place which is aligned with strategic and medium / long term objectives of the OPCC and Force.
- The Estates Strategy is in line with the approved budget and is aligned with a fully costed and approved stock condition survey.
- Delivery of the Estates Strategy is supported by an agreed implementation plan / programme of work.
- Capital works are carried out in accordance with the implementation plan / programme of work.
- Non-delivery of the capital programme is flagged at the earliest opportunity and actions put in place to address the issues.
- Effective processes have been put in place for the delivery of day-to-day / reactive maintenance work.
- Budget control processes ensure that actual spend is in accordance with the approved budget.
- Management information is available to enable effective monitoring of performance against the capital programme and delivery the reactive maintenance service.

We raised three priority 3 recommendations of a more housekeeping nature. These related to the following:

- Process notes should be developed for the administration and management of the MFSS system. This should include guidance in relation to reviewing outstanding service requests to ensure timely completion and closure.

Open service requests should be reviewed and followed up to ensure timely closure in line with the KPI target of 24 hours for urgent requests, and 28 days for no-urgent requests.

- The Head of Estates & Facilities should report key issues relating to the capital programme to the Estates Management Board. This should include the reason for non-delivery, potential impact on non-delivery and where the budget has now been assigned.

Consideration should also be given to include the Head of Estates & Facilities in the distribution list for the Capital Programme Report for transparency and clarity.

- The Estates Management Department should develop a benchmarking level to which performance can be measured against.

Performance information should also be separated to show the service line performance against each target; for example, Urgent and Non-Urgent Maintenance Requests.

Whilst management have decided to take no further action in respect of the latter recommendation, they have confirmed that agreed actions in respect of the first two recommendations will be implemented by the end of October 2017.

## Fleet Management

<b>Assurance Opinion</b>	Satisfactory
<b>Recommendation Priorities</b>	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	5
Priority 3 (Housekeeping)	1

Our audit considered the following area objectives:

- There is a comprehensive and approved Fleet Management Strategy in place which is aligned with the strategic and medium / long term objectives of the OPCC and Force.
- Delivery of the Fleet Management Strategy is supported by an agreed implementation plan and there are robust monitoring arrangements in place.
- An effective maintenance programme is in place that supports the objective that fleet vehicles are available when and where required.
- The maintenance programme is supported by an effective schedule of inspections and services.
- The Force utilises a robust fleet management system upon which a complete and up to date record of vehicles is maintained.
- Procurement arrangements in respect of the Force's vehicle fleet demonstrate the principles of best value.
- Budget control processes ensure that actual spend is in accordance with the approved budget.
- Management information is available to enable effective monitoring of performance against the Fleet Management Strategy and delivery the maintenance programme.

We raised five significant (priority 2) recommendations where felt that the control environment could be improved. These related to the following:

- The Transport Department should periodically monitor the servicing of vehicles through sample checks to ensure that services are carried out in accordance with guideline limits. Non-conformities should be raised with Venson.
- The Transport Department should consider utilising the same Fleet Management software system as Venson to ensure that they are able to access live information.

Alternatively, the Transport Department should consider loading access to Panos on additional workstations so more than one user has access to live fleet information.

- The Transport Department should establish a purchasing policy which defines the criteria for purchasing a new vehicle and ensure that the officer who has authority to purchase vehicles is clearly documented.
- The Transport Department should ensure that effective performance indicators are in place to ensure they provide relevant, useful information. The performance indicators should be monitored and reported to senior management on a periodic basis.
- The Transport Department should establish monthly meetings with Venson to discuss performance and service delivery. The meetings should have an agenda with corrective actions agreed where necessary. The meetings should be minuted.

We also raised one priority 3 recommendation of a more housekeeping nature in respect of review of the strategic business plan.

Management have confirmed that agreed actions have either been implemented or will be actioned by February 2018.

### **PEEL Review Action Plan**

This audit was carried out as an addition to the approved Internal Audit Plan for 2017/18, upon request of the Police & Crime Commissioner.

The audit review focused on Force responses and actions taken to address the issues in the Monitoring Assurance Framework that was produced by the OPCC following the publication of the HMIC PEEL: Police Effectiveness Report in March 2017. The audit focused on whether:

- The Force has effective and robust plans in place to address the issues raised in the PEEL report.
- The action plans specifically address the issues raised in the PEEL report.
- The plans have been approved and communicated, and there are effective processes in place to monitor their delivery.

The Force were subject to a Her Majesty's Inspectorate of Constabulary ("HMIC" inspection in September 2016 as part of annual inspections of police effectiveness, efficiency and legitimacy (PEEL), HMIC assesses the effectiveness of police forces across England and Wales.

The outcome of the inspection was published in a HMIC report in March 2017. The report made a number of observations of how the Force could improve and, overall, it was rated as 'requires improvement'. The OPCC reviewed the report in full and created an Assurance Monitoring Framework, which includes 78 observations or comments in the HMIC report that the Force needed to action. Moreover, the Police & Crime Commissioner wrote an open letter in response to the report, and asked for the internal auditors to review the Force responses to ensure they were addressing HMIC concerns.

There were two specific areas of concern highlighted by the PCC; these were in respect of observations in relation to domestic abuse and the Force understanding of local communities. As a consequence, internal audit selected the observations in the Assurance Monitoring Framework that related to these two areas and carried out a review of the Force response.

Audit concluded that the Force have clearly made progress against implementing actions to directly address HMIC concerns and to prevent a repeat of previous issues.

However, in a number of the actions taken they remain on-going and the Force should consider re-iterating the need to complete the agreed actions in a timely manner, these being:

- Implementation of E-Cins for sharing information, including processes for managing the information stored on the system and keeping it up to date;
- The completion, and approval, of an Engagement Strategy for local communities; and
- Management Information for breakdown of Force response time to visit domestic abuse victims.

There were also a number of actions that could be further strengthened to ensure the processes are clearly embedded, these being:

- Documentation of responsibilities for NPI's in managing the community profiles and engagement plans;
- Regular updating of the community profiles and engagement plans; and
- Reconciliation of NICHE records to MARAC records to ensure all high risk cases recorded have been submitted for review.

## Appendix A2 Internal Audit Plan 2017/18

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
<b>Core Assurance</b>					
Core Financial Systems	Oct 2017			Dec 2017	
Procurement Follow-up	Sept 2017			Dec 2017	Agreed start date 4 <sup>th</sup> Sept.
<b>Strategic &amp; Operational Risk</b>					
Implementation of DMS	Feb 2018			Mar 2018	
Counter Fraud Review	Oct 2017			Dec 2017	
Workforce Planning	May 2017	June 2017		Sept 2017	Draft report issued.
Seized & Found Property	May 2017	June 2017		Sept 2017	Draft report issued.
Information Technology Strategy	Oct 2017			Dec 2017	
Estates Management	July 2017	July 2017	Aug 2017	Sept 2017	Final report issued.
Fleet Management	July 2017	July 2017	Aug 2017	Sept 2017	Final report issued.
<b>Other</b>					
PEEL Review Action Plan	July 2017	Aug 2017	Aug 2017	Sept 2017	Final report issued.
Road Safety Partnership	Sept 2017			Dec 2017	

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
<b>Collaboration</b>					
EMCHRS Learning & Development	Aug 2017	Aug 2017		Dec 2017	Draft report issued.
EMCHRS Occupational Health	Oct 2017			Dec 2017	
EMSOU Forensic Services	Sept 2017			Dec 2017	
Criminal Justice (EMCJS)	Dec 2017			Mar 2018	
POCA	Jan 2018			Mar 2018	

## 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

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## 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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