



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

Internal Audit Progress Report 2017/18

September 2017

Presented to the Joint Audit & Scrutiny Panel meeting of: 28th 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 9th 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 three final reports in respect of the 2017/18 plan since the last progress report to the JASP, these being in respect of Workforce Planning, 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 a draft report in respect of Seized Property where we await management's responses and the final report 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	Final	Satisfactory	-	4	4	8
Estates Management	Final	Satisfactory	-	-	3	3
Fleet Management	Final	Satisfactory	-	5	1	6
PEEL Review Action Plan	Final	N/A ¹	-	-	-	-
Total			-	9	8	17

¹ 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 has recently been completed and is being reviewed, whilst we are in the process of agreeing the scope of further audits that will be carried out over the coming months. These include Core Financial Systems and Counter Fraud. It should also be noted that due to the departure of the relevant ACO, and changes that are currently affecting IT arrangements across the tri-force, the audit of IT Strategy that was planned on Quarter 3 has now been deferred to Quarter 4. 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 recently issued the final report in respect of EMCHRS Learning & Development and further details are provided in Appendix 1. The audit of EMSOU Forensic Services is underway.

Collaboration Audits 2017/18	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
EMCHRS Learning & Development	Final	Satisfactory	-	2	3	5
Total			-	2	3	5

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% (4/4)
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	100% (1/1)

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:

Workforce Planning

Assurance Opinion	Satisfactory
Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	4
Priority 3 (Housekeeping)	4

Our audit considered the following area objectives:

Governance

- Governance arrangements for Workforce Planning are clearly defined, including roles and responsibilities, risk management processes, decision making and reporting arrangements.

Succession Planning

- There are robust succession planning processes in place which identify and develop officers and provide structured opportunities for secondments and promotions for employees who are prepared to assume these roles as they become available.
- Key roles are identified within the organisation and relevant succession plans are put in place to address these.

Establishment

- There are robust monitoring processes in place to ensure that the Force has up to date and accurate Establishment data in place.
- The costs associated with the establishment structure are regularly updated and reconciled with the Finance department.

Recruitment and Retention Planning

- There are robust recruitment planning processes in place which identify the current and future police officer numbers
- The Force take part in regular communication with the workforce to understand current engagement levels which will drive strategy to ensure they retain key staff and key skills needed.

Talent Management

- The Force has a robust talent programme that is linked with key risks to ensure that the future needs of the organisation can be met.
- The Force regularly undertakes skills analysis to identify any areas of concern, with appropriate action plans put in place to address them.

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

- The Force should ensure an appropriate People Strategy or HR plan is put in place to ensure the Force are able to deliver on its stated priorities.
- The Terms of Reference for the Strategic Workforce Planning Group should be reviewed to ensure it is clear where the decision making powers in regard to workforce planning lie.
- The Career Pathways process should be rolled out across all ranks of officers. This would provide further information that would assist in a more effective workforce and succession planning process.
- HR and Finance should review the Forecasting Data included in the monthly reports to ensure each party is clear on the source of information used in order that the most accurate data is presented. In particular, this should focus on the forecasted level of attrition and retirement data.

The Force should also consider preparing 3-5 year forecasts, in a graphical illustration, to evaluate the movements of the establishment over time. This will assist in the needs for future recruitment cohorts and assist in effective workforce planning over a longer period.

We also raised four priority 3 recommendation of a more housekeeping nature. These were in respect of succession planning reports, deployment meetings, skills audits and talent management.

Management have confirmed that agreed actions will be actioned by the end of November 2017.

Estates Management

Assurance Opinion	Satisfactory
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Recommendation Priorities	
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

Assurance Opinion	Satisfactory
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Recommendation Priorities	
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.

EMCHRS – Learning & Development

Assurance Opinion	Satisfactory
Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	2
Priority 3 (Housekeeping)	3

Our audit considered the following area objectives:

The East Midlands Collaborative Human Resources Service – Learning and Development (EMCHRS-L&D) unit is a four force collaboration between Derbyshire, Leicestershire, Northamptonshire and Nottinghamshire Police. Our audit considered the risks relating to the following areas under review:

- A Section 22 agreement is in place that clearly sets out the decision making and governance framework that is in place;
- A clearly defined Business Plan is in place that sets out the statutory duties, objectives and the key performance indicators for the services to be provided;
- The Business Plan is set in line with the Section 22 agreement and it is regularly reviewed to ensure it remains 'fit for purpose';
- There are effective reporting processes in place to provide assurances to the Forces on the performance of the unit;
- Value for money considerations are regularly reviewed and reported to the Forces; and
- The unit has procedures in place to ensure that risks are identified, assessed recorded and managed appropriately.

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

- EMCHRS L&D should agree Terms of Reference for the Senior Management Team to clearly state their roles and responsibilities. These should include, but not be limited to:
 - Purpose
 - Scope
 - Membership
 - Decision making authority
 - Reporting Requirements
 - Frequency of meetings
 - Review
- The unit should ensure that external contractors have a valid contact and that a process is put in place to ensure that contracts are renewed in a timely manner.

We also raised three priority 3 recommendations of a more housekeeping nature. These were in respect of policies and procedures, review of strategy and risks management.

Management have confirmed that agreed actions have either been implemented or will be actioned by the end of November 2017.

Appendix A2 Internal Audit Plan 2017/18

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Core Assurance					
Core Financial Systems	Oct 2017			Dec 2017	
Procurement Follow-up	Sept 2017			Dec 2017	Fieldwork completed; being reviewed.
Strategic & Operational Risk					
Implementation of DMS	Feb 2018			Mar 2018	
Counter Fraud Review	Oct 2017			Dec 2017	Currently scoping the work; to be carried out across the tri-force.
Workforce Planning	May 2017	June 2017	Sept 2017	Sept 2017	Final report issued.
Seized & Found Property	May 2017	June 2017		Sept 2017	Draft report issued.
Information Technology Strategy	Oct 2017			Dec 2017	To be deferred to Q4 due to changes faced cross the tri-force.
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.
Other					
PEEL Review Action Plan	July 2017	Aug 2017	Aug 2017	Sept 2017	Final report issued.
Road Safety Partnership	Sept 2017			Dec 2017	Work in progress.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Collaboration					
EMCHRS Learning & Development	Aug 2017	Aug 2017	Sept 2017	Dec 2017	Final report issued.
EMCHRS Occupational Health	Oct 2017			Dec 2017	
EMSOU Forensic Services	Sept 2017			Dec 2017	Work in progress.
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
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

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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.

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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