

For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	29 July 2021
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Mark Lunn
Agenda Item:	08

INTERNAL AUDIT PROGRESS REPORT

1. Purpose of the Report

- 1.1 To provide members with an update on progress against the Internal Audit Annual Plan for 2021-22 and the findings from audits completed to date.

2. Recommendations

- 2.1 Members are recommended to consider the report and where appropriate make comment or request further work in relation to specific audits to ensure they have adequate assurance from the work undertaken.

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 report details the work undertaken to date and summarises the findings from individual audits completed since the last progress report to the panel.

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 Progress Report 2021-22

Note: Draft Internal Audit Annual Report also attached

Police & Crime Commissioner for
Nottinghamshire & Nottinghamshire Police
Internal Audit Progress Report

Presented to JASP: 29th July 2021

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Contents

01 Summary	3
02 Current progress	4
03 Performance	5
A1 Plan overview	6
A2 Reporting Definitions	7
A3 Summary of Reports	8
A4 Statement of Responsibility	21
Contacts	22

Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of the Nottinghamshire Police and the Officer of the Police and Crime Commissioner (OPCC) for Nottinghamshire and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit the Nottinghamshire Police and the Officer of the Police and Crime Commissioner (OPCC) for Nottinghamshire and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

01 Summary

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 31st March 2021, which was considered and approved by the JASP at its meeting on 24th February 2020. It will also provide an update on the progress in respect of the Operational Plan for the year ended 31st March 2022, which was considered and approved by the JASP at its meeting on 24th February 2021.

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 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.

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.

Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Current progress

2020/2021

Since the last meeting of the JASP, we have issued three final report in respect of Seized Property, Wellbeing, Complaints Management and Collaboration: Budgetary Control. One report remains in draft report in respect of Risk Management where we are awaiting management comments to finalise the report. Further details are provided in Appendix A3.

The impact of the Covid-19 lockdown(s) has posed several challenges to the internal audit process and the move to remote auditing has caused some initial delays in setting dates when the audits will be carried out. Both parties have worked hard to ensure the audits could be completed and Mazars have regularly communicated with the Force and OPCC, which has enabled us to deliver the audit plan albeit later than the 31st March 2021.

2021-2022

The audit plan was approved at the February meeting of the JASP and audit can confirm that planning work has begun in regard to the delivery of this plan. We are pleased to inform the committee that the draft reports for Firearms Licensing & Performance Management have been issued.

The process for Collaboration audits was discussed at a meeting of all five Force Audit Committee Chairs with an intention to improve the speed of delivering final reports to audit committees. Actions have been taken and these will be monitored for the collaboration audits completed in 2020/21 and learning taken forward into 2021/22. Further to the last update provided to the committee a detailed and focused collaboration audit plan for 2021/22 has been drafted, circulated to regional CFO's for comment and is on the agenda to be approved at the next regional CFO meeting in July.

The Plan in Appendix A1 has been updated to include the status of each audit to date.

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.

Number	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% (11/11)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (10/11)
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	-% (-/-)

A1 Plan overview 2020/2021

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JASP	Comments
Core Financial Systems	Q3	February 2021	May 2021	May 2021	
Workforce Planning	Q1	November 2020	December 2020	Feb 2021	
Victims Code of Practice	Q1	September 2020	October 2020	November 2020	
Estate Management	Q2	October 2020	November 2020	November 2020	
Wellbeing	Q4	February 2020	July 2021	May 2021	
Debt Recovery	Q3/4	February 2021	May 2021	May 2021	
Seized Property	Q3	February 2021	May 2021	May 2021	
Business Change	Q3			n/a	C/fwd. into 2021/22 Plan
Complaints Management	Q4	April 2021	July 2021	May 2021	
Risk Management	Q4	February 2021		May 2021	Draft Report Issued 17 th February 2021
IT Security: Follow Up	Q3	January 2021	February 2021	Feb 2021	
GDPR: Follow Up	Q3	January 2021	February 2021	Feb 2021	

A2 Reporting Definitions

Assurance Level	Control Environment
Substantial Assurance	There is a sound system of internal control designed to achieve the Organisation's objectives. The control processes tested are being consistently applied.
Adequate Assurance	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk. The level of non-compliance with some of the control processes may put some of the College'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 College's objectives at risk.
No Assurance	Controls are generally weak leaving the system open to significant abuse and/or we have been inhibited or obstructed from carrying out our work.

Recommendation Priority	Description
1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the Organisation to a high degree of unnecessary risk.
2 (Significant)	Recommendations represent significant control weaknesses which expose the Organisation to a moderate degree of unnecessary risk.
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.

A3 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

Collaboration: Budgetary Control

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

Since 2015/16 all Forces in the East Midlands have agreed to allocate internal audit time to provide assurance over the collaborative arrangements that are in place across the region. Over the first two years Internal Audit have undertaken high level reviews of the governance arrangements within most of the regional collaboration units. However, starting in 2018/19 thematic reviews have been carried out by audit, and have been carried out across a sample of regional collaboration units to provide each Force with assurance over key areas including Risk Management and Strategic Financial Planning.

As part of this review, we have carried out an audit of the process in place across the region in respect of Budgetary Control within a sample of collaboration units agreed by the CFOs – East Midlands Special Operations Unit – Serious Organised Crime (EMSOU-SOC), East Midlands Police Legal Services (EMPLS) and East Midlands Specialist Ops Training (EMSOT). The specific areas that formed part of this review included:

- Responsibility for creation, review and sign off of the budgets are defined and controls are in place to ensure these responsibilities are discharged effectively.
- The budget planning process includes liaison with key staff at the collaboration unit and appropriate assumptions are made as part of the planning process.
- There is a consistent timeline in place for the creation of and subsequent approval of the collaboration units' budget.
- Budget management procedures are in place to ensure consistent and effective budget management across the collaboration units, including virements and underspends.
- Efficiency Savings are incorporated into the budget, responsibilities for delivery of savings are agreed and understood.
- Regular communication and review with budget holders to ensure financial performance is aligned with overall budget management and monitoring procedures.
- Appropriate actions are put in place to address shortfalls and variances with individual budget holders/
- Regular monitoring is undertaken to enable timely management information to be produced to assess performance and accuracy of the unit's financial position.
- Reports on financial performance are submitted in a timely manner to the relevant forum, including the relevant regional forces. Any agreed actions are fed back to relevant units and monitored for completion.

We have identified no areas where there is scope for improvement in the control environment.

Seized Property

Overall Assurance Opinion	No
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Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	-
Priority 3 (Housekeeping)	-

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

Policies, Procedures and Training

- Policies and procedures are in place to ensure that cash / property detained is dealt with in accordance with relevant legislation and the Force's policies and procedures.
- Suitable training is provided to officers and staff to ensure they are aware of requirements when dealing with seized property.
- An appropriate insurance policy for the handling, retention and movement of cash / property is in place.

Receiving and Recording

- Cash is counted in a secure and controlled environment, with an appropriate level of independent verification.
- Cash / property initially seized or received is accurately recorded on the property system in line with relevant procedures.
- Appropriate mechanisms are in place to accurately record the movement and disposal of cash / property.

Security Arrangements

- Cash / property is stored securely, with restricted and controlled access to nominated officers and staff.
- Cash / property is transported securely by the appropriate number of authorised officers or staff in line with procedural and insurance requirements.

Disposal of Property

- Physical cash / property is only retained by the Force for the necessary period of time.
- Cash / property is disposed of in an appropriate manner and evidence of the reasons for, and method of, disposal is retained for confirmation.
- Authorised officers or staff provide approval for the disposal of cash / property in line with relevant procedures.

Property Management

- An appropriate safe audit regime is in place to identify breaches of agreed procedure and confirm cash / property stored.
- Mechanisms for monitoring the cash / property stored and disposed of are in place.

Operation Eliminate (Mercury)

- The Force has considered measures to reduce the property backlog at Nottinghamshire.
- A suitable action plan is in place for the key tasks and activities associated with Operation Eliminate.
- Suitable reporting is made on progress against this Operation to a forum or Board.
- The Force has considered processes to implement in the future to maintain a lower level of held and stored property.

We have raised three priority 1 (fundamental) recommendations and four priority 2 (significant) recommendations where improvements are required,

Recommendation 1 (Priority 1)

The Archives and Exhibits team at stores should reject acceptance of any items which do not have a property reference attached.

A log should be maintained of instances where property has not been correctly labelled. Through use of this log, individuals responsible for the failures should be

	held accountable.
Finding	Where property is seized, a property number is created on the Niche system, which is also physically recorded on the item with a sticker / label. This is then left at the temporary store, if required the item is then moved to a main store. by the Archives and Exhibits team. Audit performed an onsite review, identifying a number of instances where property had not been marked with a property reference number. This included one item of property at the Southern Main Store, three items at the green location at the Mansfield temporary store, and 17 items at the red location at the Mansfield temporary store. Risk: Property does not have an audit trail and items cannot be located when required. Unrecorded items within the stores could be misappropriated The Force are subject to reputational damage.
Response	Recommendation agreed. Although the recommendation is agreed, the full implementation would require an adjustment in policy and processes. All property is recovered as per current policy from the green and red shelves (immediate (G) and 14 days (R) periods) in order to prevent loss and to safeguard the ongoing management of the item. Rejecting the item at the collection point would increase risk to the item therefore the current process should stand. The idea of rejection however is a valid point and maybe the introduction of exhibits without 'P' reference numbers displayed should be placed back into the officer's possession once held at main stores. An email to the officer requiring them to complete the instruction would encourage better practice and introduce improvements in both input and instructional training.
Responsibility / Timescale	Rob Spry Oct 21

Recommendation 2 (Priority 1)	The Force should regularly perform reconciliations of locations for property that is held against records maintained on the Niche system. Where it is identified that property is not in the location stated on Niche, Niche should be updated to reflect that it is in the Officers' possession.
Finding	When property is moved between stores or to a different location, this should be recorded by the Officer on the Niche system. Audit performed an onsite review, identifying the following instances where there were discrepancies between the Niche system and the physical stores. At the Mansfield Temporary Store, a full reconciliation was performed over all locations recorded on the Niche system. It was identified that 873 out of 1098 items (79.5%) were not present at the store. In addition to this, 49 out of the 225 (21.7%) items present were recorded with an incorrect location within the store. At the Southern Main Store, a sample test was performed, where a total of three items were noted to not be in the location as stated on the Niche system. Risk: The Niche system does not accurately reflect where property is held. The Force systems do not hold data that is accurate.

Response	Recommendation agreed. Most of the discrepancies occur through initial input (officer's error) and although the statistics are high from the audit, it is recognised by A&E SLT that this particular store is not a true reflection with other outer main store (OMS) locations. This recommendation relates to training and development of officers as documented in 4.2. Placing items into police possession because they have been incorrectly inputted will cause additional work for both A&E staff and front line police officers slowing down business as usual processes and creating further backlogs of work without rectifying the real issues raised within this area. Not recovering the items will increase capacity at OMS locations again creating the risk of misplacement or loss of exhibit. Red shelves have been reviewed and the 28 day holding has been reduced to 14 days for better management. This has already proven successful with improved performance and management input of exhibits. A better management log would be to record discrepancies and email the officer responsible with advice for learning/development and inform them that a record is to be kept for monitoring to assist in the prevention of further errors occurring.
Responsibility / Timescale	Rob Spry Oct 21

Recommendation 3 (Priority 1)	The Force should ensure that regular reconciliations of the safe are performed, to highlight any errors/missing items. In the instance where property cannot be located appropriate actions should be taken to identify its whereabouts. For items of a high value or risk, appropriate action should be taken to escalate the issue and ensure items are located in a timely manner.
Finding	Audit reviewed the drugs safe, identifying one item (P1900341559) which was stated on the Niche system to be in the safe, but was not present when the safe was inspected. It was noted that it was recorded as being in the safe on Niche since 11.03.2020, however was confirmed on 12.03.2020 as not being in this location. At the time of the audit, this property item could not be located. No updates have been made to the Niche system since then. Risk: Property is unaccounted for. The Force are unaware of where seized drugs is held. The Niche system is not accurate.
Response	Recommendations agreed. Safe audits are completed weekly at all safe locations across the force area. Staff record any discrepancies and both staff members will sign the audit/collection sheets to state items are missing. In terms of the specified missing exhibit listed, this is a matter that has been fully investigated by the head of department. The resulting case has been referred to PSD and the officer has now been managed via an improvement Reflective practice review. She is undertaking internal drug submission training and has been

	scheduled into a training day at the central drugs store as part of their rehabilitation – learning development. It is anticipated that this learning practice will be introduced to improve the overall training and knowledge of officers failing this process.
Responsibility / Timescale	Rob Spry Oct 21
Recommendation 4 (Priority 2)	Policies and Procedures in relation to seized property should be updated to reflect the current adopted process since implementation of Niche in February 2016. Policies and Procedures should be made available for Staff and Officers to view on the intranet.
Finding	A procedure document that outlines the correct steps to be taken, for recording items of property placed in stores and any subsequent movement once the item within the store, would provide clarity on the correct process to be followed. As part of the last two audits (October 2017 and July 2019), recommendations have been raised in relation to updating the policies and procedures in place for property management, especially to reflect the introduction of Niche which was implemented in February 2016. Management advised that this has not yet been completed. Risk: Where guidance is not reviewed and updated on a regular basis, staff may adopt inaccurate, ineffective and / or outdated working practices.
Response	The existing policies involving the business makes references to out-of-date legacy systems (Fox, CMS & IMS) incorporated with modern systems (Niche). This is displayed on the intranet for users to read as guidance notes. The records are now under review and will be addressed to reflect up-to-date SOP's. The intranet site has already been reviewed and the current management have agreed a restructure of the information displayed and layout to be reduced to a more appropriate and proportionate library. The Central manager has been tasked to oversee the restructure and new layout. Feedback will be sought from users and the interface area will be monitored for Q&A's by staff for advice and queries. Since the implementation of Niche systems A&E management feel that most errors occur from the initial seizure stage which is rectified by A&E staff and that the current procedures and Niche systems (4&5) for ongoing management of the exhibits and records are robust and reliable. Head of Finance: We can have some reliance on the A&E staff would lend me to a grade 2; with the proviso that this is not a situation that can in the longer term become the 'norm' and that earlier compliance needs to be achieved within the next 12 months otherwise these would become a level 1's.
Responsibility / Timescale	Rob Spry Oct 21
Recommendation 5 (Priority 2)	Officers within the Force should be provided with Niche training in relation to the continuity of property management, including the checking in and out of property from temporary storage. Consideration should be made as to how to record the training attendance for all Officers.

Finding	Following the last two audits performed (in October 2017 and July 2019), recommendations have been raised in relation to providing Niche training to Officers. Training provided to the Officers should result in greater compliance to the property management system. Management have advised that this has not yet been delivered. Sample testing performed by Audit identified instances of incorrect management of property and insufficient updates made on the Niche system, as highlighted within this report. Risk: Where officers are not provided with appropriate training, there is a risk of property not being appropriately tracked and checked in and out at the appropriate locations. Property may then go missing. This also questions the integrity of the underlying records held on the Niche system.
Response	Training of police staff has been discussed with A&E management whereby it was agreed that most errors are caused by officers. It was also agreed that misplacement or loss of an exhibit is often blamed on the processes, and accusations are relatively common when dialogue has begun between officer and A&E staff. In nearly all circumstances items are located and rectified identifying an officer's input error as the cause of the issue. Training has been discussed and all methods are being explored to determine an overall improvement in this field. It has been identified that without training school input other ideas including property champions, Sergeant and tutor training is paramount to re-enforce the problem. NCALT packages can be implemented as a supplement to learning however the learning area is better delivered by practical delivery as mistakes have not been reduced by online learning. Additionally, working in tandem with A&E staff, including stores visits and probationer input days (training days) to be incorporated in the future as well as instructional and presentational videos to be created. Errors are often rectified by A&E staff when items into the property arena and corrected, however it is recognised that the volumes of mistakes is high and this review is an accurate reflection of the problem. Head of Finance: We can have some reliance on the A&E staff would lend me to a grade 2; with the proviso that this is not a situation that can in the longer term become the 'norm' and that earlier compliance needs to be achieved within the next 12 months otherwise these would become a level 1's.
Responsibility / Timescale	Rob Spry Oct 21
Recommendation 6 (Priority 2)	The Force should review and streamline the C17 form. Where a C17 form has not been completed correctly, this should be recorded and referred back to the Officer responsible.
Finding	Where drugs are sent for storage at a store, a completed C17 form should accompany this. This form highlights whether or not the drugs are to be retained or destroyed. This is then actioned by the Archives and Exhibits Officer, with the Niche system updated. Testing performed by Audit noted from 92 completed C17 forms, in 5 instances no signature had been made by the Officer checking in the drugs and completing the form.

	Audit also observed drug property being received at the Central store on the day of the onsite visit. It was noted that 5 of the 17 pieces of property had no completed C17 form present. When there is a missing C17 form or the form has no signature of confirmation from the Officer, this property is retained by the A&E team. Risk: The Force retain drugs which are not required. The volume of property held by the Force grows unsustainably.
Response	Recommendation agreed. New simplified C17 has been implemented and online for officer's use. This is already improving quality of submissions and a new pilot by Head of Department has started with selected sergeants at Broxtowe and West Bridgford. Their respective officer's submissions are being quality assured and under a four-week review to monitor that correct procedures are being implemented. A recent review (week one) has showed 100% compliance. This has increased disposal capacity reducing the risks and current holding. A new initiative is being investigated to streamline the automated property management system. This includes aligning a Bar Code APP with property wizard function to enable officers to work agilely and away from police premises. This new digital process will automatically place inputted items into Police officer's possession until they scan the items into the new location via the app scanner (QR) This will auto-correct all exhibits eradicating the necessity to place items into officer's possession.
Responsibility / Timescale	Rob Spry Oct 21

Recommendation 7 (Priority 2)	Access to the Temporary Stores should be restricted to only police officers or the Archive & Exhibit Team who require access. Those who do not have a job-related purpose should have their access to these areas removed. In the interim period, the Force should consider if audit trail access for individuals entering the stores is available. This data could be analysed to show an inappropriate access.
Finding	As part of the last two audits (October 2017 and July 2019), a recommendation was raised in relation to access to the Temporary Stores. Whilst it was noted that access is restricted via a key or an access pass, depending on the store location, it was confirmed access via an access pass is not restricted to only police officers. Any member of police staff may access a temporary store if they hold an access pass. Therefore, access to these stores are not restricted and may be entered by personnel with no requirement to use the facility. This recommendation has not been implemented. Management advised that work in this area is ongoing to determine the best method of ensuring security within Temporary Stores. Risk: Where access to temporary stores is not restricted, there may be unwarranted and inappropriate access to property storage. There is also a risk that property may go missing / stolen where access is not restricted. Items are misappropriated and the Force incur reputational damage.
Response	Recommendation agreed.

	This refers to outer main stores known as OMS locations. These are controlled by corresponding neighbourhood Inspectors (NPI's) who have jurisdiction over the stores. Some identified stores have utility facilities inside and require access by water/electric companies etc therefore cannot accommodate full restricted access. Consideration has been sought to remove these stores and further exploration is required to understand the business needs to fulfil its obligation against the risks raised. Swipe access is already in place which is auditable and can be requested should any risk measures require investigating. Other staff including PCSO's Wardens and Front counter staff are required to place items not OMS locations. This requirement is in place for RTO's for staff to complete the return to owner process
Responsibility / Timescale	Rob Spry Oct 21

We raised one priority 3 recommendations of a more housekeeping nature relating to:

Progress of Operation Eliminate

Meetings for the RRD working group should be documented and consideration should be made for performance indicators to be introduced.

Management accepted the recommendations and confirmed implementation.

Wellbeing

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

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

- Clearly defined Governance arrangements are not in place resulting in ineffective and inefficient arrangements.
- There is an inconsistent line of reporting between the four individual boards and the Wellbeing Leadership Board resulting in ineffective decision making.
- The Wellbeing Strategy and Policies & Procedures are not aligned with strategic aims and do not provide clear direction.
- Implementation plans are not robust, aligned with strategic objectives and take into account future need.
- Robust recording, monitoring and analysis processes of Wellbeing data are not in place resulting in ineffective action plans and feedback shared at governance meetings; and,
- Issues are not identified promptly and are not evaluated appropriately leading to repeated issues in Wellbeing projects/works.

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

- Governance.
- Strategy & Policies.
- Implementation Plans.
- Feedback and Monitoring; and
- Lessons Learned

We raised one priority 2 (Significant) recommendation the finding, recommendation and response is detailed below:

Recommendation 1 (Priority 2)	The Force should ensure that data is included in the decision-making process for wellbeing, which will ensure that the need for initiatives can be clearly evidenced.
	Force should ensure that data analysis carried out to identify areas of need at a detailed level and assist in providing resources for wellbeing to the areas that could be most impacted or are in the most need, is clearly presented to Wellbeing Governance bodies
	Management information should be produced to demonstrate the impact and delivery of third-party services and internal projects and/or programmes, with this being presented to the relevant governance boards.
Finding	Review of Data Forces hold or have access to data directly related to the wellbeing of their employees, or that can be used to assist in the allocation of wellbeing resources.

	This includes data such as absences, Trauma Risk Management (TRiM) data, intranet post engagement and responses to staff surveys. This data can be reviewed to identify areas of risk and trends; provide evidence for the efficacy of implemented programmes and projects; and, ensure that data being monitored is timely and accurate. Discussion with management and examination of minutes/agenda packs for all wellbeing governance groups has found that the regular review of wellbeing data is not being carried out. We did see that the Wellbeing Pulse Survey from November 2020 was discussed. Data Analysis The data discussed above can also be analysed to provide greater insight into the specific areas, divisions, locations and teams that may be at greater risk of negatively affected wellbeing. These specific employees can then be allocated greater resources through increased training, wellbeing sessions and/or health surveillance activities. Alternatively, it may indicate an issue that is wider than Wellbeing that should be presented to the wider operational leadership. Discussion with management and examination of minutes/agenda packs for all wellbeing governance groups has found that data analysis exercises are not being carried out. Management Information Both of the above points would then be reported to governance groups through management information reports. Additionally, management information may be presented from third-party service suppliers for wellbeing, such as Employee Assistance Programmes and Occupation Health. This information provides senior management oversight of initiatives being implemented, but also insight into the efficacy and value for money in the commissioning of third-party services related to wellbeing. Discussion with management and examination of minutes/agenda packs for all wellbeing governance groups has found that the management information is not currently being produced and/or presented in these meetings. Risk: Initiatives and actions recommended by Wellbeing Groups and the Wellbeing Leadership Board are not guided by the latest data and are not effective. Data analysis exercises are too limited in scope and/or reporting to be impactful and good value for money. Failure to target specific areas of concern in regard to Wellbeing across the Force. Resources to support wellbeing fail to deliver value for money.
Response	We will adjust the way we capture data and ensure that this is presented at the most appropriate governance meeting. We will also ensure that external data collection is also shared through the appropriate governance meeting.
Responsibility / Timescale	Head of People Services 31st December 2021

We also raise one Priority 3 recommendation of a more housekeeping nature:

Review of Policies and Procedures

The Force should ensure that policies, procedures and guidance notes are reviewed regularly

Complaints Management

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

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

Governance Arrangements

There are effective governance arrangements in place for the investigation and resolution of complaints that includes defined roles and responsibilities, senior oversight and reporting arrangements.

There are clear procedures in place that support the complaints handling process and these are in line with the Police Reform Act 2002, Police (Complaints & Misconduct) Regulations 2012 and any other relevant legislation and good practice.

Processing of Complaints & Appeals

There is a mechanism for accurately recording complaints information and adequate information is collected from the complainants.

Complaints are correctly assessed and dealt with in accordance with the relevant legislative and procedural requirements.

The complaints management process meets the objective of addressing the concerns of the complainants and/or satisfies them that they have been listened to and treated fairly, even if the outcome is not what they were seeking.

Performance Reporting

There are key performance indicators and internal targets in place for the complaint's management process.

There are processes in place to review closed complaints cases to confirm they have been completed accurately and correctly.

Robust performance information is produced that enables the Force and OPCC to effectively manage the complaints process and provide assurance that complaints have been handled in line with requirements.

We raised three priority 2 (Significant) recommendation the finding, recommendation and response is detailed below:

Recommendation 1 (Priority 2)	The sample testing performed should include review of whether a terms of reference was issued to the complainant
Finding	Dip sampling is performed by the OPCC over complaints that are processed by the Force. The dip sampling considers various aspects of the statutory guidance and assesses the compliance to this, as part of the complaint's management process.

	Through review of the testing schedule used by the OPCC in the dip sampling of Force complaint cases, it was noted that there was no consideration of whether the complainant was provided with a terms of reference by the Force. Therefore, the dip sampling performed does not focus on all relevant aspects of complaint management in line with statutory guidance. Risk: The dip sampling does not accurately reflect compliance against statutory guidance.
Response	The OPCC has now included terms of references as a point of review within complaint investigation dip samples.
Responsibility / Timescale	Immediate.

Recommendation 2 (Priority 2)	The OPCC should ensure that all communication made with complainants are logged and recorded on the Centurion system.
Finding	he centurion system is the complaints management system where all information is retained. Details of communication held with the complainant should be input on to the system. Audit reviewed all four closed complaints managed by the OPCC since January 2020, noting that in one instance the conversations between the complainant and the OPCC were by telephone, however no details / notes were made on the Centurion system of this. Risk: Insufficient records are maintained in respect of complaints.
Response	The conversation was followed up via e-mail however it is accepted that there wasn't a separate record of the telephone conversation. The OPCC will ensure all communication with complaints is logged separately on the system.
Responsibility / Timescale	Immediate

Recommendation 3 (Priority 2)	The PSD team should communicate to complaint handlers the importance of maintaining complete records for complaints on the Centurion system. This can be approached by both circulating bulletins and also informing the team of issues through presentations.
Finding	The centurion system is the complaints management system where all information is retained. Details of communication held with the complainant should be input on to the system. Audit performed sample testing over 10 complaints managed by the Force, where it was identified that in one instance the details of the telephone conversations held between the Force and the complainant had not been recorded on the Centurion system. Risk: Insufficient records are maintained in respect of complaints.
Response	This particular complaint case had phone conversations mentioned on the case record but there was no evidence of what the conversations were about.

	To improve this process, CMU and CCU will be reminded about the importance of recording telephone conversations with complainants, agents etc. All future phone conversations will be recorded on a file note within the Centurion record. All staff have received an Email about this and had a team briefing with their supervisor. Team meetings will take place with DCI Sanders and I with the team twice a year to update them and talk through concerns and ideas for improvements. This is on top of daily leadership contact at morning briefings.
Responsibility / Timescale	Immediate

We also raise one Priority 3 recommendation of a more housekeeping nature:

OPCC Complaints Closure - On closure of a complaint with the complainant, the status should be updated on the Centurion system to reflect this. Audit identified that all of the four cases determined as closed by the OPCC were still recorded with an open status at the time of the Audit. It was noted that this was due to a system issue which management were working on a fix for.

Response - All OPCC colleagues have now been given the correct permissions to ensure closed complaints are accurately updated in a timely matter.

A4 Statement of Responsibility

We take responsibility to Nottinghamshire Police and the Office of the Police and Crime Commissioner for Nottinghamshire for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

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The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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Mazars is an internationally integrated partnership, specializing in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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Police & Crime Commissioner for
Nottinghamshire & Nottinghamshire Police

Joint Audit and Scrutiny Panel

Draft Internal Audit Annual Report

Prepared by: Mazars LLP

Date: July 2021

Contents

- 01 Introduction
- 02 Audit Opinion
- 03 Internal Audit Work Undertaken in 2020/21
- 04 Internal Audit Plan 2020/21 vs Budget
- 05 Benchmarking
- 06 Performance of Internal Audit

Appendices

- A1 Definitions of Assurance

Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of Nottinghamshire Police and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Nottinghamshire Police and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.





01 Introduction

This draft Internal Audit Annual Report for 2020/21 is being presented to JASP to show the current status of the report. It is noted that one audit is still to be finalised and therefore once this report is finalised this report will be updated accordingly and the final Internal Audit Annual Report for 2020/21 provided. Please note therefore that all items within this report are subject to change before final issue.

Mazars LLP are the appointed internal auditors to the Police & Crime Commissioner for Nottinghamshire & Nottinghamshire Police. This report summarises the internal audit work undertaken by Mazars in 2020/21, the scope and outcome of work completed, and incorporates our annual statement on internal controls assurance.

Despite the restrictions imposed as a result of Covid-19, the Police & Crime Commissioner for Nottinghamshire & Nottinghamshire Police retained a full scope internal audit service for 2020/21 which, based on the work we have undertaken, enabled us to provide the enclosed Annual Opinion on the Police & Crime Commissioner for Nottinghamshire & Nottinghamshire Police arrangements for risk management, control and governance.

As a result of the government restrictions from March 2020, we were unable to conduct internal audit engagements on site. We therefore undertook visits during 2020/21 remotely. In some cases, this has impacted on the scope of work undertaken. Detail of this has been provided where applicable in Section 02.

The report should be considered confidential to the Police & Crime Commissioner for Nottinghamshire & Nottinghamshire Police and not provided to any third party without prior written permission by Mazars.

Scope and purpose of internal audit

The purpose of internal audit is to provide the Police & Crime Commissioner for Nottinghamshire & Nottinghamshire Police, through the Joint Audit and Scrutiny Panel (JASP), with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving Police & Crime Commissioner for Nottinghamshire & Nottinghamshire Police's statutory objectives and strategic aims.

Internal audit provides the Police and Crime Commissioner and Chief Constable, through the Joint Audit and 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.

Our work is conducted in accordance with Public Sector Internal Audit Standards (PSIAS).

The report summarises the internal audit activity and, therefore, does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to the JASP during the course of the year.

Performance against the Internal Audit Plan

The Plan for 2020/21 was considered and approved by the JASP on 2nd April 2020. In total the Plan was for 140 days, including 16 days of Audit Management. There was also provision for 8 contingency days included in the Plan, should these days be required.

The impact of the Covid-19 lockdown(s) has posed several challenges to the internal audit process and the move to remote auditing has caused some initial delays in setting dates when the audits will be carried out. Both parties have worked hard to ensure the audits could be completed and Mazars have regularly communicated with the Force and OPCC, which has enabled us to deliver the 2020/21 internal audit plan in a timely manner.

However, in a number of instances changes have had to be made to the internal audit plan that was agreed for 2020/21 and this resulted in the audit of Business Change not taking place during 2020/21. This audit has been deferred into the 2021/22 internal audit plan. Moreover, 3 of the 10 allocated Collaboration Audit days have also been deferred into the 2021/22 internal audit plan as only two of the three scheduled audits were able to take place.

The audit findings in respect of each of our finalised reviews, together with our recommendations for action and the management response, were set out in our detailed reports, which have been presented to the JASP over the course of the year. In addition, we have presented a summary of our reports and progress against the Plan within our Progress Reports to each JASP.

A summary of the reports we have issued is included in Appendix A1. The appendix also describes the levels of assurance we have used in assessing the control environment and effectiveness of controls and the classification of our recommendations.

Acknowledgements

We are grateful to all members of the JASP, the OPCC Chief Executive, the Chief Officers of both the Force and the OPCC and other staff throughout Nottinghamshire Police for the assistance provided to us during the year.



02 Audit Opinion

Scope of the Internal Audit Opinion

In giving our internal audit opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to Nottinghamshire is a reasonable assurance that there are no major weaknesses in governance, risk management and internal control processes.

The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

- The results of all audits undertaken as part of the plan;
- Whether or not any ‘Critical’, ‘Highly Important’ or ‘Significant’ recommendations raised have not been accepted by Management and the consequent risks;
- The extent to which recommendations raised previously, and accepted, have been implemented;
- The effects of any material changes in Nottinghamshire’s objectives or activities;
- Matters arising from previous reports to Nottinghamshire;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of Nottinghamshire; and
- The proportion of Nottinghamshire’s internal audit needs have been covered to date.

Further detail on the definitions of our opinions raised in our reports can be found in Appendix A1.

Reliance Placed on Third Parties

Internal audit has not placed any reliance on third parties in order to assess the controls operated by OPCC for Nottinghamshire & Nottinghamshire Police. Our opinion solely relies on the work we have performed and the results of the controls testing we have undertaken.

COVID-19

During the year, we have consulted and informed management through regular liaison with the Force & OPCC CFO’s and the Joint Audit & Scrutiny Panel(JASP) about changes to the plan and internal audit reviews to take account of the impact of Covid-19 on the organisation and the changing risk landscape. There was an impact on our ability to conduct a number of audits in the Plan over the period, as highlighted above.

During 2020/21, the Covid-19 pandemic impacted on the provision of internal audit services as follows:

- Our fieldwork testing and interviews were conducted remotely, specifically via video conferencing, screen sharing and email, with no onsite testing completed due to national restrictions.
- Our interaction with management and attendance at JASP has been via video conferencing, again due to national restriction; and
- Our ability to complete all audits in the original plan.

Internal Audit Opinion

On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is **Moderate** in its overall adequacy and effectiveness. This opinions is provided on the basis that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk and management and control.

Certain weaknesses and exceptions were highlighted by our internal audit work, in particular no assurance opinion in regards to Seized Property and limited assurance opinions during the period in respect of Risk Management and IT Information Assurance.

These matters have been discussed with management, to whom we have made recommendations, several of which are categorised as Priority 1 and Priority 2. All of these have been, or are in the process of being addressed, as detailed in our individual reports, and summarised in Section 04.

In reaching this opinion the following factors were taken into particular consideration:

Corporate Governance

In respect of Corporate Governance, while not directly assessed as part of the Plan, this was informed by consideration of this area through our individual assignments including where relevant. Governance is a consideration in all our audit engagements and we did not find any wholesale issues with governance across our audit plan.

Risk Management

In respect of Risk Management we have undertaken a Risk Management audit, at the time of writing the final report is still to be confirmed. In addition to this our opinion was informed by consideration of risk management aspects through our individual assignments including reporting within our ‘risk management’ thematic as well as observing reports and discussion around the Force’s and OPCC’s Risk Management including the Risk Register at each JASP meeting with no significant issues arising.

During the course of delivering the 2020/21 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

Of the 11 audits undertaken in the year where a formal assurance level was provided, 2 received a significant level of assurance and 7 audit received a satisfactory level of assurance. However, 1 audit received no assurance and 2 audits received a limited level of assurance. Whilst, overall more audits have received higher levels of assurance this year the issue of a no assurance report and the areas in which limited assurance have been provided this shows some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

We have made a total of 36 new recommendations during the year at the Force and OPCC, 5 recommendations were categorised as Priority 1, 18 as Priority 2 and 13 were Priority 3. A summary of the new Priority 1 and 2 recommendations from this year are included in Section 04 of this report.



03 Internal Audit Work Undertaken in 2020/21

The Internal Audit Plan was for a total of 140 days, with all reviews able to be completed. The audit findings in respect of each review, together with our recommendations for action and the management responses are set out in our detailed reports. In accordance with the approach set out within the internal audit plan, we undertook eleven specific audit reviews, supported by two IT audit reviews and two collaboration audit reviews. The results of this work (to date) are summarised below:

Ref	Audit area	Assurance level	Recommendations				Accepted	Not Accepted
			F	S	H	Total		
01.20/21	Workforce Planning	Satisfactory	-	1	1	2	2	-
02.20/21	Victims Code of Practice	Satisfactory	-	3	3	6	6	-
03.20/21	Estates Management	Significant	-	-	2	2	2	-
04.20/21	Wellbeing	Satisfactory	-	1	1	2	-	-
05.20/21	Debt Management	Satisfactory	-	1	1	2	2	-
06.20/21	Seized Property	No Assurance	3	4	1	8	8	-
	Seized Property – Operation Eliminate	Satisfactory						
07.20/21	Core Financials	Significant	-	-	-	-	-	-
08.20/21	Complaints Management	Satisfactory	-	4	2	6	-	-
09.20/21	Risk Management [Draft]	Limited	1	2	1	4	-	-
10.20/21	IT: Information Assurance Follow Up	Limited	1	-	-	1	1	-
11.20/21	IT: GDPR Follow Up	Satisfactory	-	1	1	2	2	-
12.20/21	OPCC Supplier Review	N/A	-	1	-	1	1	-
	Total		5	18	13	36	24	-

04 Audits with Limited or Nil Assurance 2020/21

Audit area	Assurance level	Summary of Key Findings
Seized Property	No Assurance	Three Priority 1 Recommendations: 1 - The Archives and Exhibits team at stores should reject acceptance of any items which do not have a property reference attached. A log should be maintained of instances where property has not been correctly labelled. Through use of this log, individuals responsible for the failures should be held accountable. 2 -The Force should regularly perform reconciliations of locations for property that is held against records maintained on the Niche system. Where it is identified that property is not in the location stated on Niche, Niche should be updated to reflect that it is in the Officers' possession. 3 - The Force should ensure that regular reconciliations of the safe are performed, to highlight any errors/missing items. In the instance where property cannot be located appropriate actions should be taken to identify its whereabouts. For items of a high value or risk, appropriate action should be taken to escalate the issue and ensure items are located in a timely manner. Four Priority 2 Recommendations: 4 - Policies and Procedures in relation to seized property should be updated to reflect the current adopted process since implementation of Niche in February 2016. Policies and Procedures should be made available for Staff and Officers to view on the intranet. 5 - Officers within the Force should be provided with Niche training in relation to the continuity of property management, including the checking in and out of property from temporary storage. Consideration should be made as to how to record the training attendance for all Officers. 6 - The Force should review and streamline the C17 form. Where a C17 form has not been completed correctly, this should be recorded and referred back to the Officer responsible. 7 - Access to the Temporary Stores should be restricted to only police officers or the Archive & Exhibit Team who require access. Those who do not have a job-related purpose should have their access to these areas removed. In the interim period, the Force should consider if audit trail access for individuals entering the stores is available. This data could be analysed to show an inappropriate access.

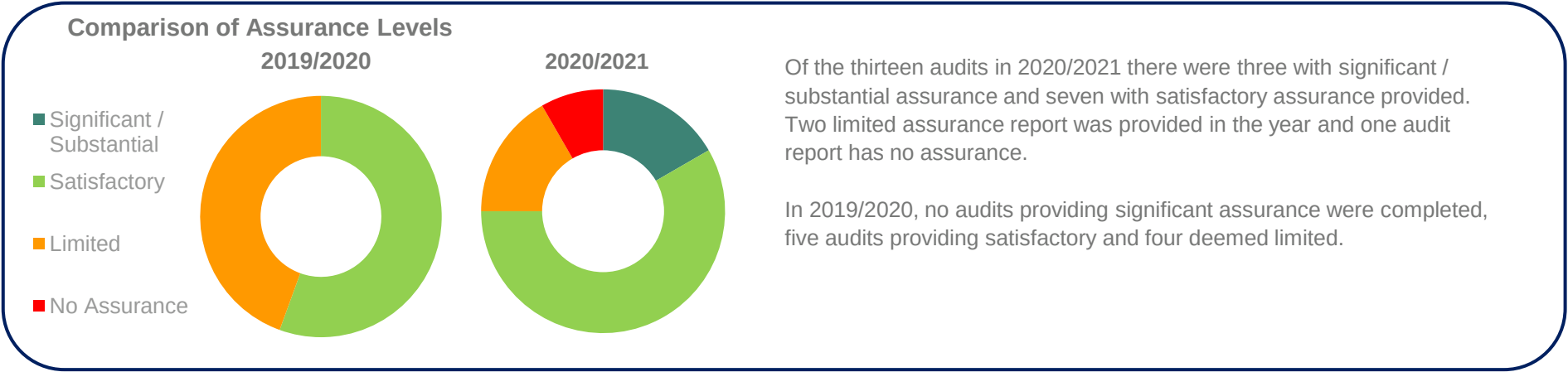
Audit area	Assurance level	Summary of Key Findings
Risk Management (Draft)	Limited	Priority 1 Recommendation: The Force should ensure that a thorough review is undertaken of the Force's departmental risk registers, so that risks that are inherent to the respective departments are identified and scored, as stated in the Risk Management Strategy. Two Priority 2 Recommendations: 1 - The Force should ensure that all risk registers are complete and that appropriate controls are recorded for each risk. Where risk controls are being reviewed, the Force should ensure that interim controls are in place to effectively monitor risks. 2 - The Force should ensure that further training is provided to users of the JCAD system to ensure that appropriate controls are recorded to mitigate the risks identified. Furthermore, the Force should ensure that where controls and other risk mitigation activities are inserted that these are reviewed to ensure their appropriateness. The Force could consider introducing guidance for users of the JCAD system, which outlines a criterion for controls and risk mitigation activities
IT Information Assurance	Limited	Priority 1 Recommendation: As intended, the organisation must continue to liaise with National Police Information Risk Management Team (NPRIMT) in relation to the GIRR accreditation process. Now the force has more resource in place to manage the process the force should look in the longer term to return to an annual cycle of compliance rather than an ongoing pattern of late submissions for the variety of frameworks it is required to comply with

05 Internal Audit Plan 2020/21 vs Actual

Audit area	Planned days	Actual Days	Difference	Status
Workforce Planning	9	9	-	
Victims Code of Practice	8	8		
Estates Management	8	8		
Core Financials	27	27		
Seized Property	7	7		
Debt recovery	6	6		
Risk Management	8	8		
Wellbeing	8	8		
Complaints Management	7	7		
Business Change	8	-	8	Deferred into 21/22 Plan
IT Security: Follow Up	10	10		
GDPR: Follow Up	5	5		
Contingency	8	4	4	OPCC Supplier Review Added
Total	114	102	-	

05 Benchmarking

This section compares the Assurance Levels (where given) and categorisation of recommendations made at Nottinghamshire Police.



06 Performance of Internal Audit

We have provided some details below outlining our scorecard approach to our internal performance measures, which supports our overall annual opinion.

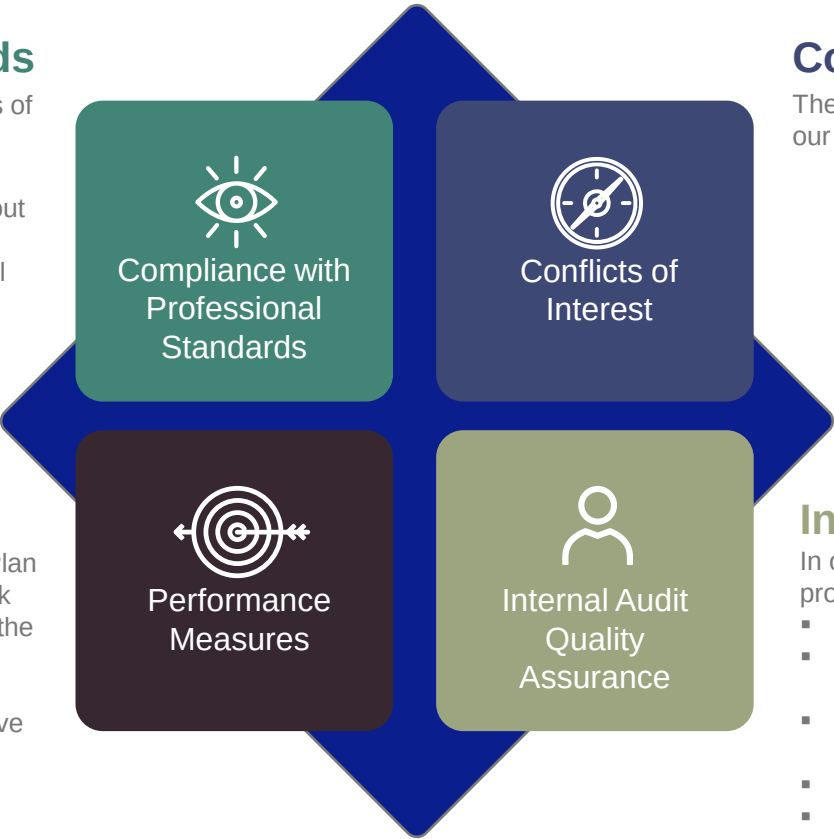
Compliance with Professional Standards

We employed a risk-based approach to determining the audit needs of the Force & OPFC at the start of the year and use a risk-based methodology in planning and conducting our audit assignments. In fulfilling our role, we abide by the three mandatory elements set out by the Institute of Internal Auditors. Namely, the Code of Ethics, the Definition of Internal Auditing and the Standards for the Professional Practice of Internal Auditing.

Performance Measures

We have completed our audit work in accordance with the agreed Plan and each of our final reports has been reported to the Audit and Risk Committee. We have received positive feedback on our work from the Audit and Risk Committee and staff involved in the audits.

Regular planned discussions on progress against the Audit Plan have taken place with the Audit and Risk Committee.



Conflicts of Interest

There have been no instances during the year which have impacted on our independence and/or lead us to declare any interest.

Internal Audit Quality Assurance

- In order to ensure the quality of the work we perform, we have a programme of quality measures which includes:
- Supervision of staff conducting audit work;
 - Review of files of working papers and reports by Managers and Partners;
 - Annual appraisal of audit staff and the development of personal development and training plans;
 - Sector specific training for staff involved in the sector;
 - Issuance of technical guidance to inform staff and provide instruction regarding technical issues; and
 - The maintenance of the firm's Internal Audit Manual.

Appendices

A1 Definitions of Assurance



A1 Definitions of Assurance

Assurance Gradings

We use categories to classify our assurance over the processes we examine, and these are defined as follows:

Assurance level	Definition
Substantial	Our audit finds no significant weaknesses and we feel that overall risks are being effectively managed. The issues raised tend to be minor issues or areas for improvement within an adequate control framework.
Adequate	There is generally a sound control framework in place, but there are significant issues of compliance or efficiency or some specific gaps in the control framework which need to be addressed. Adequate assurance indicates that despite this, there is no indication that risks are crystallising at present.
Limited	Weaknesses in the system and/or application of controls are such that the system objectives are put at risk. Significant improvements are required to the control environment.

Recommendation Gradings

To assist management in using our reports, we categorise our recommendations according to their level of priority, as follows :

Recommendation Level	Definition
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.

Annual Opinion Gradings

We use categories to classify our assurance over the processes we examine, and these are defined as follows:

Assurance level	Definition
Significant	The framework of governance, risk management and control is adequate and effective.
Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

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