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| For Information / Consideration | |
| Public/Non Public* | Public |
| Report to: | Joint Audit and Scrutiny Panel |
| Date of Meeting: | 30 September 2020 |
| Report of: | Chief Finance Officer |
| Report Author: | Charlotte Radford |
| Other Contacts: | Mark Lunn |
| Agenda Item: | 8 |

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 2020-21 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 2020-21



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

Internal Audit Progress Report 2020/21

September 2020

Presented to the Joint Audit & Scrutiny Panel meeting of 30th September 2020

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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 Operational Plan for the year ended 31st March 2021, which was considered and approved by the JASP at its meeting on 24th February 2020.
- 1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.
- 1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.
- 1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.
- 1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Summary of internal audit work to date

- 2.1 Since the last meeting of the JASP whilst we have begun three of the Force's internal audits unfortunately, we have been unable to advance these to draft report stage due to a number of factors. The impact of the Covid-19 lockdown have posed a number of challenges to the internal audit process and the move to remote auditing has caused some initial delays particularly in relation to the sharing of documents in a timely manner. Both parties have worked hard to ensure the audits could be completed, which included the need for a site visit to completed audit testing for Victims Code of Practice. Both Victims Code of Practice and Workforce Planning are at an advanced stage and draft reports should be issued shortly. For the two IT audits within the 2020/21 audit plan the key contacts have been identified and planning meetings arranged prior to the dates to complete the audit being finalised.
- 2.2 We have not identified any issues with regard to completing Nottinghamshire's 2020/2021 Internal Audit Plan at this stage but will keep this under constant review and provide the JASP with updates where issues are impacting upon our ability to deliver the audit plan. Should this become a reality we will raise this with the Chief Finance Officer and the JASP, with options to have a priority-based approach should the situation arise where all audits cannot be completed before 31st March 20201.
- 2.3 In relation to the 2019/20 Collaboration reports we have issued the final report in regard to Health & Safety with further details provided in Appendix A1. This means the Business Continuity Report for 2019/20 remains outstanding, the draft report was issued in May 20 and the Lead CFO is collating the management comments for this audit. The CFO leads for the three collaboration audits in 2020/21 have been agreed at the latest regional CFO meeting and audit will be arranging planning meeting so these audits can be set up.
- 2.4 Summary table of work to date below:

| Nottinghamshire Audits 2020/21 | Status | Assurance Opinion | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total |
|--------------------------------|-------------------|-------------------|-----------------------------|-----------------------------|------------------------------|-------|
| Victims Code of Practice | Fieldwork Ongoing | | | | | |
| Workforce Planning | Fieldwork Ongoing | | | | | |

| | | | | | | |
|--------------------|-------------------|--------------|--|--|--|--|
| Estates Management | Fieldwork Ongoing | | | | | |
| | | Total | | | | |

| Collaboration 2019/20 Audits | Report Status | Assurance Opinion | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total |
|------------------------------|---------------|-------------------|--------------------------|--------------------------|---------------------------|-------|
| Performance Management | Final | Satisfactory | | 1 | 4 | 5 |
| Health & Safety | Final | Satisfactory | | 3 | 3 | 6 |
| Business Continuity | Draft | | | | | |
| Total | | | | 4 | 7 | 11 |

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. | -% (-/-) |
| 5 | Issue of final report | Within 5 working days of agreement of responses. | -% (-/-) |
| 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% (3/3) |
| 9 | Customer satisfaction (measured by survey) | 85% average satisfactory or above | -% (-/-) |

Appendix A1 – Summary of Reports

Below we provide brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued since the last progress report in respect of the 2019/20 & 2020/21 Internal Audit Plan:

2019/20 Collaboration: Health and Safety

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

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 processes in place across the region in respect of Health and Safety within a sample of collaboration units agreed by the CFOs – East Midlands Collaborative Human Resource Services Occupational Health Unit (EMCHRS OHU) and East Midlands Special Operations Unit (EMSOU).

Our audit considered the following area objectives:

Roles and Responsibilities

- The roles and responsibilities are clearly defined and the individuals concerned are fully aware of these;
- Appointed officers have been assigned to support the unit to meet its H&S responsibilities.

Policies and Procedures

- The unit has in place policies and procedures, which incorporate relevant legislative requirements and provide clear guidance to staff.
- The policies and procedures in place are comprehensive, up-to-date and available to all relevant members of staff.
- The existing policies and procedures are regularly reviewed to ensure they are up to date.

Governance

- There is an appropriate and effective governance structure in place through, which Health and Safety issues are reviewed, scrutinised and managed.
- Health and Safety is promoted across the unit to ensure awareness from both police staff and police officers.

Monitoring and Reporting

- Health and Safety information is accurately produced and regularly reported to allow for effective monitoring, decision making and reporting in line with senior management requirements.

- There is an effective system in place for recording, maintaining and reporting Health & Safety data including any incidents or near misses.
- There is an effective system in place to ensure lessons are learned from Health and Safety incidents or near misses to prevent repeat incidents occurring.
- Appropriate oversight and reporting arrangements are in place and are working effectively.

Training

- Staff are fully supported, with relevant training and guidance provided to allow compliance with health and safety requirements and responsibilities.
- The unit has a robust process in place to monitor the level of health and safety training undertaken by key staff.

We raised three priority 2 (significant) recommendations and three priority 3 (housekeeping) where the control environment could be improved upon. The finding, recommendation and response from the relevant collaboration units is detailed below:

| | |
|---------------------|---|
| Recommendation 1 | EMCHRS OHU should review the Force Health and Safety Policy and Procedure and ensure they record where their approach differs from the policy and procedure, for instance the responsibilities assigned to roles across the collaboration unit. |
| Finding | <p>The unit adopt the policy and procedures of the Force, whilst this appears to be a reasonable approach to prevent the duplication of work it is noted that differences will be present.</p> <p>For example, the responsibilities set out in the Forces procedure cover the OPCC, the DCC, Director of H&S etc. These roles differ to the collaboration unit set up and therefore it needs to be considered how this is to be formally recorded to ensure accountability is clearly set for H&S.</p> <p>It was also noted from review of the H&S Procedures that the unit have adopted from Leicestershire that it states “Regional units are required to have support managers in place to co-ordinate health and safety within their unit.” The OHU does not currently have a support manager filling this role and it is being undertaken by the Head of OHU.</p> <p><i>Risks:</i> The responsibilities for H&S are not clearly stated for the collaboration unit.</p> |
| Response | <p>The OHU would benefit from a Business Support Manager. The Leics Principle Health & Safety Advisor said it would be useful to have a SPOC in the OHU unit.</p> <p>The Health and Safety Advisor for Leicestershire Police has agreed to attend the OHU SLT meetings to provide further support for the unit.</p> <p>The Force Health and Safety terms of reference request for review as in 4.1.</p> |
| Timescale | Implemented |

| | |
|-----------------------------|--|
| <p>Recommendation 2</p> | <p>EMSOU & OHU should consider maintaining records of incidents and near misses for their staff that are passed to the Forces to ensure a clear audit trail is maintained and no incidents are missed.</p> |
| <p>Finding</p> | <p>The EMSOU Health & Safety Protocol outlines the process to be followed for accident reporting. It makes clear references to the individual Forces being responsible for recording H&S incidents: <i>“Managers of staff who have been injured or made ill through work related causes will ensure that the Health and Safety Advisor of that individual’s Force has been made aware.”</i></p> <p>EMSOU maintain records of incidents that have occurred at their premises however it was noted that EMSOU do not maintain records of when such incidents have been passed to the Force to deal with. Therefore, if staff have not reported the incident to the Force there is a risk it will go unreported.</p> <p>The OHU adopt Leicestershire reporting process for H&S incidents, however it was noted in some scenarios where OHU Staff are operating on other Force premises and an incident occurs there is an expectation that the Force would record the incident where it occurs. Similarly, to EMSOU, the OHU do not keep records of this therefore no audit trails to confirm incidents have been captured.</p> <p><i>Risk: Accidents or incidents are not reported</i></p> |
| <p>Response</p> | <p>EMSOU Currently has its own Injury on Duty reporting form and staff are aware of this and are encouraged to use it. In future we will put out a 6-monthly reminder to all staff via the weekly bulletin reminding them of the process.</p> <ul style="list-style-type: none"> - This reminder will also include the instruction that Staff are to report all injuries or near misses - Where injuries are reported to other forces directly then these are usually passed back to EMSOU for information or investigation. <p>Going forward EMSOU will carry out routine checks to see if any injuries have been reported to forces to ensure that they are picked up (however we must be wary of double reporting occurring).</p> <p>OHU Reports of accidents, incidents and near misses are now recorded on a spreadsheet.</p> |
| <p>Timescale</p> | <p>Implemented</p> |

| | |
|-----------------------------|---|
| <p>Recommendation 3</p> | <p>EMSOU should review the training records of managerial posts and then remind those who have not completed the H&S training to do so.</p> <p>EMSOU should ensure the Training administrators monitor levels of H&S training for EMSOU staff to ensure compliance with the five-year refresher period.</p> |
|-----------------------------|---|

| | |
|-----------|--|
| Finding | <p>Both EMSOU and the OHU align with Leicestershire Polices' approach to H&S training, with a number of H&S training levels in place to provide staff with the training they need to fulfil their health and safety responsibilities, dependent on their role within the organisation as noted below.</p> <p>When staff join the organisation they undertake induction training, which includes a basic level of health and safety training.</p> <p>If staff hold a managerial post, then they are required to undertake a bespoke H&S Training session that is run by Leicestershire Police. However, it was noted that the records to confirm attendance at this training are out of date as the training course has not taken place for a few years. Audit were informed that EMSOU are working towards a five-year refresher of H&S training. However, from audit testing, of the four staff that had completed the course, three had completed it longer than five years ago.</p> <p>Audit were informed that levels of attendance are reported into Leicestershire's H&S Committee, where EMSOU have representation.</p> <p><i>Risk:</i> Staff with legal responsibilities for health and safety have not received appropriate training to carry out these duties.</p> |
| Response | <p>Going forward a specific list will be kept for H & S training and this will be monitored for attendance and review dates. Records of the 5-year refresher will be kept, however due to turnover of managerial roles there are likely to be very few staff who remain in post longer than 5 years.</p> |
| Timescale | <p>Implemented</p> |

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

EMCHRS OHU: Health & Safety Policy & Procedure

EMCHRS OHU should formally adopt their Health and Safety Policy & Procedure.

EMCHRS OHU should ensure when the Force H&S Policy is updated that any changes made do not impact upon their approach.

EMSOU: Health & Safety Policy/Protocol

EMSOU should ensure a schedule is in place to review and update the H&S Protocol on a regular basis.

EMSOU should confirm where legal responsibilities for H&S lie for their collaboration unit and define this within their protocol.

EMSOU should update the format of the Protocol to ensure it includes but not limited to:

- Document Owner
- Version Control
- Last Review Date
- Date of next review
- Officer/Board Approval

Governance

EMSOU should review and updated the Risk, Assurance and Compliance Meeting Terms of Reference to ensure it remains up to date with the operations of the unit.

OHU should include Health & Safety as a standard agenda item at the Senior Leadership Team meeting.

Appendix A2 Internal Audit Plan 2020/21

| Auditable Area | Planned Fieldwork Date | Planned Days | Draft Report Date | Final Report Date | Target JASP | Comments |
|---|------------------------|--------------|-------------------|-------------------|-------------|------------------------------|
| Core Assurance | | | | | | |
| Core Financial Systems | Q3 | 27 | | | | |
| Strategic & Operational Risk | | | | | | |
| Workforce Planning | Q1 | 9 | | | | Fieldwork nearing completion |
| Victims Code of Practice | Q1 | 8 | | | | Fieldwork nearing completion |
| Estate Management | Q2 | 8 | | | | Fieldwork started |
| Wellbeing | Q3 | 8 | | | | |
| Debt Recovery | Q4 | 6 | | | | |
| Seized Property | Q4 | 7 | | | | |
| Business Change | Q3 | 8 | | | | |
| Complaints Management | Q4 | 7 | | | | |
| Risk Management | Q4 | 8 | | | | |
| IT | | | | | | |
| IT Security: Follow Up | TBC | 5 | | | | |
| GDPR: Follow Up | TBC | 5 | | | | |

Appendix A3 – Definition of Assurances and Priorities

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

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

Appendix A4 - Contact Details

Contact Details

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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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