



NOTTINGHAMSHIRE OFFICE OF THE POLICE & CRIME COMMISSIONER &
NOTTINGHAMSHIRE POLICE

Internal Audit Annual Report
Year ended 31 March 2013

Presented at the Audit Committee meeting of: 1st July 2013

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Head of Internal Audit

1 INTERNAL AUDIT OPINION

1.1 Context

As the provider of the internal audit service to Nottinghamshire Office of the Police & Crime Commissioner & Nottinghamshire Police we are required to provide the Section 151 Officer and the Audit Committee an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

In line with the Financial Management Code of Practice published by the Home Office, both the Office of the Police and Crime Commissioner (OPCC) and the Chief Constable must have an internal audit service, and there must be an audit committee in place (which can be a joint committee). This annual report is therefore addressed to both the PCC and the Chief Constable, and summarises the work undertaken during 2012/2013 which saw the abolition of the Police Authority and the creation of the PCC.

As your internal audit provider, the assurance and advisory reviews that RSM Tenon provides during the year are part of the framework of assurances that assist the PCC and Chief Constable prepare an informed annual governance statement.

1.2 Internal Audit Opinion 2012/2013

For the 12 months ended 31 March 2013, based on the work we have undertaken, our opinion is that the Nottinghamshire Office of the Police & Crime Commissioner & Nottinghamshire Police's had adequate arrangements for governance, risk management and control. Since November 2012, when the PCC took up post, we have completed reviews of risk management and some specific advisory reviews, which have indicated areas for improvement. It is acknowledged that the Organisation is in a process of change and our recommendations, where applicable, are reflective of the changing environment.

1.3 The Basis of the Opinion

1.3.1 Governance

Earlier in 2012/13, we attended the HMIC meeting where the transitional arrangements to the Police and Crime Commissioner were reviewed. We were satisfied that the Authority (at that time) had arrangements in place and had appropriately addressed the feedback, following the HMIC visit.

In addition, we completed our Partnerships – Governance Arrangements audit which considered the framework at both a strategic level and at an operational level for the management and review of partnerships. We provided a positive level of assurance (amber/green) and are satisfied that Management are addressing the recommendations made.

Furthermore, we undertook an advisory review of Force Anti-Fraud Corruption Policy and Whistleblowing Policy and provided recommendations to assist the organisation in the development of these policies to achieve sector recognised good practice. The outcome of the review was shared directly with Management, for consideration and inclusion within the relevant policies.

We haven't completed a specific review of governance since the PCC has been in place. We are aware of the plans in place to progress governance arrangements and we recognise that this is an area that is changing rapidly. As such, we are satisfied with arrangements in place and are intending to complete a governance review during quarter 1 / quarter 2 of 2013/14.

1.3.2 Risk Management

It is noted that the approach taken to manage risk within the organisation is a new process and was not fully embedded, at the time of the audit. Therefore, due to the timing of the audit and the work being completed by the PCC and Force in relation to risk identification and risk assessments, it is intended to complete a follow up review of Risk Management, early on in Quarter 2 of 2013/14. However, the purpose of the audit was to review the risk management framework and governance, to provide assurances that it reflects an effective and robust mechanism to fully manage the risk management processes and furthermore, provides linkage to other strategic tasks, performed by the Organisation. We provided a positive (green) level of assurance.

1.3.3 Control

The Organisation has received a green (substantial) level of assurance for Strategic Risk Management, Management of Crime, Cash, Banking & Treasury Management, General Ledger, Fixed Assets, Inventories and Insurance, Payroll & Creditors. Whilst our review of Partnerships – Governance Arrangements resulted in amber/green assurance (albeit still positive), we are satisfied by Management that they are addressing the recommendations made.

We have undertaken three follow up reviews within the period. We found that Good Progress had been made in implementing the recommendations from our HR Recruitment Report and Domestic Abuse (Scrutiny Committee report). We provided Adequate Progress in implementing the recommendations raised in prior year and inspection reports.

In addition, we have undertaken three specific advisory audits (Procurement – Programme of Change, Culture and Data Quality – Medacs).

1.3.4 All of the recommendations made during the year were accepted by management.

1.3.5 Progress made with previous internal audit recommendations

Our follow up of the recommendations, including those that were outstanding from previous years, showed that the organisation had made adequate progress in implementing the agreed recommendations.

1.3.6 Reliance Placed Upon Work of Other Assurance Providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

2 OUR PERFORMANCE

2.1 Conformance with Internal Audit Standards

RSM Tenon affirms that our internal audit services to Nottinghamshire Office of the Police & Crime Commissioner and Nottinghamshire Police are designed to comply with the CIPFA Code of Practice for Internal Audit and the International Standards published by the Global Institute of Internal Auditors (IIA).

Under the standards, internal audit services are required to have an external quality and review at least once every five years. During 2011 RSM Tenon commissioned an external independent review of our internal audit services to provide assurance whether our approach meets the requirements set out in the International Professional Practices Framework (IPPF) published by the IIA.

The external review concluded that *“the design and implementation of systems for the delivery of internal audit provides **substantial assurance** that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”*.

In this year we have reviewed our processes to ensure we will be conformant with the Public Sector Internal Auditing Standards when they are introduced in 2013/2014.

2.2 Conflicts of Interest

We (RSM Tenon) have not undertaken any work or activity during 2012/2013 that would lead us to declare any conflict of interests.

APPENDIX A: INTERNAL AUDIT OPINIONS AND RECOMMENDATIONS 2012/2013

Audit	Link to risk or rationale for coverage	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Partnerships – Governance Arrangements	Effective link between the police and communities	Amber / Green	0	2	2
Management of Crime	Crime prevention and reducing reoffending	Green	0	0	2
HR Recruitment – Follow Up	Workforce recruitment, management, training & development	Good Progress	0	0	2
Follow Up	To meet the IIA Standards and to provide management with ongoing assurance regarding implementation of recommendations.	Adequate	0	0	0
Asset Management	Financial control and annual budget External audit will wish to place reliance on testing undertaken by internal audit.	Green	0	0	3
Cash, Banking & Treasury Management	Financial control and annual budget External audit will wish to place reliance on testing undertaken by internal audit.	Green	0	0	0
General Ledger	Financial control and annual budget External audit will wish to place reliance on testing undertaken by internal audit.	Green	0	0	3
Creditors	Financial control and annual budget External audit will wish to place reliance on testing undertaken by internal audit.	Green	0	0	0
Payroll & Expenses	Financial control and annual budget External audit will wish to place reliance on testing undertaken by internal audit.	Green	0	0	0
Domestic Abuse Follow Up (Scrutiny Committee)	Protecting, supporting & responding to vulnerable people	Green	0	0	0
Culture	Management Concern	Advisory*	0	0	0
Strategic Risk Management Framework	Management Concern	Green	0	1	2
Procurement – Programme of Change	Management Concern	Advisory*	0	0	0
Data Quality - Medacs	Management Concern	Advisory	8	0	0
Total			8	3	14

*Advisory Recommendations were included within these reports

We use the following levels of opinion classification within our internal audit reports:

Red	Amber / Red	Amber / Green	Green
<p>Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>Action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.</p>	<p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>

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. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

This report, together with any attachments, is provided pursuant to the terms of our engagement. The use of the report is solely for internal purposes by the management and Board of our client and, pursuant to the terms of the engagement, it should not be copied or disclosed to any third party or otherwise quoted or referred to, in whole in part, without our written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

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