Police & Crime Commissioner for Nottinghamshire & Nottinghamshire Police

Joint Audit and Scrutiny Panel

Final Internal Audit Annual Report

Prepared by: Mazars LLP

Date: February 2022

mazars

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.

mazars

01 Introduction

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 20020/21 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, which resulted in a limited assurance opinion as a fundamental recommendation was raised in regard to compliance with risk management strategy. Our opinion was also 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.

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. Aligned to the overall assurance opinion for the year some improvements are required to enhance the adequacy and effectiveness of the framework of risk management.

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	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	6	-
09.20/21	Risk Management	Limited	1	2	1	4	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**	**36**	**-**

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	**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

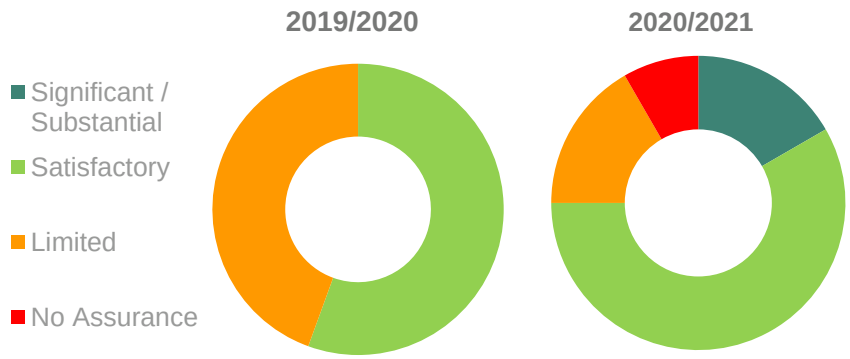
05 Internal Audit Plan 2020/21 vs Actual

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.

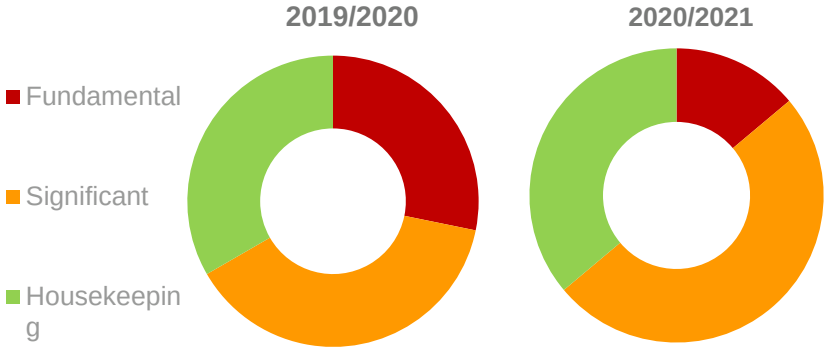
Comparison of Assurance Levels



Of the thirteen audits in 2020/2021 there were three with significant / substantial assurance and seven with satisfactory assurance provided. Two limited assurance report was provided in the year and one audit report has no assurance.

In 2019/2020, no audits providing significant assurance were completed, five audits providing satisfactory and four deemed limited.

Comparison of Recommendation Gradings



The total number of recommendations made in the year was 36. This represents an decrease of 3 from the prior year (39). The number of Fundamental recommendations has decreased from 11 in 2019/20 to five in 2020/21

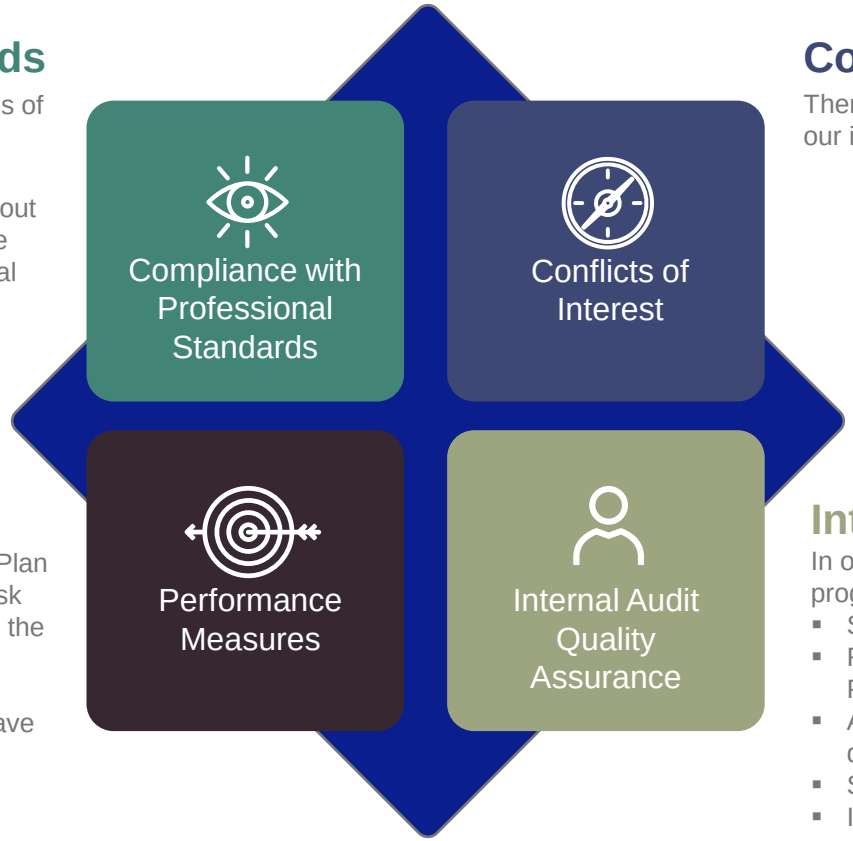
06 Performance of Internal Audit

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.



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.

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.

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

mazars

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.

Contact us

David Hoose
Director, Mazars
David.Hoose@Mazars.co.uk

Mark Lunn
Manager, Mazars
Mark.Lunn@Mazars.co.uk

Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

We take responsibility to the Office of the Police & 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.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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 reply 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.

Registered office: Tower Bridge House, St Katharine's Way, London E1W 1DD, United Kingdom. Registered in England and Wales No 0C308299.

mazars