



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

Internal Audit Progress Report 2017/18

November 2017

Presented to the Joint Audit & Scrutiny Panel meeting of: 5th December 2017

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01 Introduction

- 1.1 The purpose of this report is to update the Joint Audit & Scrutiny Panel (JASP) as to the progress in respect of the 2017/18 Internal Audit Plan which was considered and approved by the JASP at its meeting on 9th March 2017.
- 1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.
- 1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.
- 1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.
- 1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Summary of internal audit work to date

- 2.1 We have issued one final report in respect of the 2017/18 plan since the last progress report to the JASP, this being in respect of Seized Property. We have also issued two draft reports in respect of the Core Financial Systems and Procurement Follow-up where we await management's responses and the final reports will be issued shortly. Further details are provided in Appendix 1.

Nottinghamshire 2017/18 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Seized Property	Final	Limited	5	4	1	10
Workforce Planning	Final	Satisfactory	-	4	4	8
Estates Management	Final	Satisfactory	-	-	3	3
Fleet Management	Final	Satisfactory	-	5	1	6
PEEL Review Action Plan	Final	N/A ¹	-	-	-	-
Road Safety Partnership	Draft					
Procurement Follow-up	Draft					
Core Financial Systems	Draft					
Total			5	13	9	27

¹ PEEL Review Action Plan – this was carried out as an addition to the approved Internal Audit Plan for 2017/18, upon request of the Police & Crime Commissioner. The audit review focused on Force responses and actions taken to address the issues in the Monitoring Assurance Framework that was produced by the OPCC following the publication of the HMIC PEEL: Police Effectiveness Report in March 2017 and not to provide an opinion on the adequacy and effectiveness of controls.

- 2.2 Fieldwork in respect of Counter Fraud is in progress, whilst we are in the process of agreeing the scope for final quarter four audit, DMS Follow-up. The audit of IT Strategy, which was originally planned for quarter 3 and was intended to encompass Northamptonshire and Leicestershire as well, has been deferred to quarter four following management's request to allow time for each force to reassess its IT arrangements. Further details are provided within Appendix A2.

2.3 Similarly to 2016/17, five specific areas have been identified in terms of the collaborative audits for 2017/18 and a lead officer (OPCC CFO) has been identified as a single point of contact. Four of the audits will adopt a similar scope to that of the 2016/17 audits and will look at the business plan and S22 agreement in terms of whether it is being delivered and is fit for purpose going forward; the scope will also include value for money considerations and arrangements for managing risk. The four areas of collaboration that will form the focus of these initial reviews are:

- EMCHRS Learning & Development
- EMCHRS Occupational Health
- EMSOU Forensic Services
- Criminal Justice (EMCJS)

The fifth audit within the Collaboration plan relates to the Proceeds of Crime Act (POCA) and will review the arrangements in place across the region to manage cash and property seizures.

2.4 We have issued two final reports since the last progress report to the JASP, these being in respect of EMCHRS Occupational Health and EMSOU Forensic Services. Further details are provided in Appendix 1.

Collaboration Audits 2017/18	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
EMCHRS Learning & Development ¹	Final	Satisfactory		2	3	5
EMSOU Forensic Services ¹	Final	Significant			3	3
EMCHRS Occupational Health ¹	Final	Substantial			3	3
Total			-	2	9	11

¹ Denotes those collaborative arrangements which Nottinghamshire are a part of.

03 Performance

- 3.1 The following table details the Internal Audit Service performance for the year to date measured against the key performance indicators that were set out within Audit Charter.

No	Indicator	Criteria	Performance
1	Annual report provided to the JASP	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JASP	As agreed with the Client Officer	Achieved
3	Progress report to the JASP	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (8/8)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (5/5)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (9/9)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (2/2)

Appendix A1 – Summary of Reports 2017/18

Below we provide brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued since the last meeting of the JASP:

Seized Property

Assurance Opinion	Limited
Recommendation Priorities	
Priority 1 (Fundamental)	5
Priority 2 (Significant)	4
Priority 3 (Housekeeping)	1

Our audit considered the following area objectives:

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 at the Force are in place.

We raised five priority 1 recommendations of a fundamental nature that require addressing. These are set out below:

Recommendation 1	Officers should be reminded to ensure property is checked in and out correctly whenever property has been moved from the temporary locations.
Finding	<p><u>Property Tracking on NICHE</u></p> <p>Review of the Temporary Store at Hucknall (Red, Amber, and Green Shelves) could not identify 186 items (73%) stated to be located in this storage facility on Niche.</p> <p>Review of the Temporary Store at Mansfield (Amber Shelf) could not identify 255 items (81%) stated to be located in this storage facility on Niche.</p> <p>Review of the Cash & Drugs Safe at Headquarters could not identify one Item (33%) stated to be located in this storage facility on Niche.</p> <p>In total, 572 items were reviewed as part of the Temporary Storage audit; 442 items could not be located and were not stored in the location stated on the Niche system (77%).</p> <p>The temporary storage review was completed on a section of three temporary stores, in which Nottinghamshire currently has between 30-35 locations.</p>
Response	<p>a) Agreed: The importance of the check in and check out process has been highlighted on the A&E automatic replies sent out to officers when they email the department and information is available on the Force Intranet.</p> <p>b) The Force Training Priorities Panel has agreed to all officers having a classroom based input on property management and exhibits, which will incorporate the importance of the audit trail for the movement of exhibits.</p> <p>c) The Force has also agreed as part of the A&E Departments Annual Departmental Assessment to develop an app on the Blackberry which links to Niche to allow officers to be able to check items into and out of holding stores using this mobile technology to facilitate easier access for frontline resources</p>
Timescale	<p>a) Already actioned / Head of A&E</p> <p>b) Training expected during April 2018 to Sept 2018 Force wide / Head of A&E in conjunction with EMCHRIS</p> <p>c) Planned for Development and Implemented during 2018 / Head of A&E in conjunction with INS Dept</p>

Recommendation 2	Cash should be stored securely in a safe at all times when not in use. This should be held within a holding safe or the main vaults at the Northern, Central or Southern Main Stores in line with the cash handling procedures.
Finding	<p><u>Cash Storage at Temporary Locations</u></p> <p>Review of the Hucknall Temporary Store identified two cash property items held on the Red Shelf (Retention for 28 Days). These property items were for £400 and £410 in cash and should have been placed within a safe in line with the appropriate cash handling and storage procedures.</p>
Response	<p>a) Agreed: This was an isolated incident and the officer who made the error has been given feedback on the correct processes.</p> <p>b) The Force Training Priorities Panel has agreed to all officers having a classroom based input on property management and exhibits, which will incorporate the importance of handling cash and valuables correctly and the use of the Safes System.</p>

Timescale	a) Already Actioned / Head of A&E b) Training expected during April 2018 to Sept 2018 Force wide / Head of A&E in conjunction with EMCHRIS
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Recommendation 3	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.
Finding	<u>Temporary Storage Access</u> Temporary Store access is restricted via a key or an access pass, depending on the store location. It was confirmed that most locations are now moving towards the access pass system and this is currently in place at some temporary stores. 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. This is the case at the Force HQ and Hucknall which were reviewed. Access to these stores are not restricted and may be entered by personnel with no requirement to use the facility.
Response	Agreed: The Force has agreed as part of the A&E Departments Annual Departmental Assessment for swipe card access controls to be fitted to all Temporary Stores as part of the upgrade of the Door Access Control System. This has also been ratified through the Door Access Control Board and the doors are in the process of being upgraded and specified groups set up on the system to limit access to specific groups based on their business need
Timescale	In Progress, Completion expected by December 2017 / Head of A&E in conjunction with Estates Dept

Recommendation 4	The Main Vault in the main stores should be subject to an audit on a periodic basis, every 6-12 months. This audit should be completed to ensure that all valuables and cash stated to be held in the vault is accounted for.
Finding	<u>Vault Audit</u> It was confirmed that the Main Vault stores a large quantity of cash and high valuable items, with the value likely to exceed £1 million since EMSOU have started to use the Nottinghamshire facilities in 2016. The main vault has not been fully audited / reviewed in more than two years due to staffing constraints.
Response	a) Agreed. As explained during the audit a 100% audit of the vault has not been possible due to sustained staffing shortages over the last two years, however the Standard Operating Procedures and Protocols around accessing this location minimise risk as there is a two key system where the keys are drawn by two separate persons who then only ever enter the vault together and any items removed or deposited are registered on the Niche or CRMS/IMS Systems. The vault is also covered by CCTV which is in constant operation. b) The Force has also agreed as part of the A&E Departments Annual Departmental Assessment to review the staffing levels within the Cash & Confiscations Function to provide increased capacity to enable regular audits of the vaults and to enable proactive regular reviews of cash which is held as exhibits in its original format to assess any that are no longer required evidentially and can be banked to minimise the amounts needing to be retained in the vault.
Timescale	a) Already in place / Head Of A&E b) Activity Request is being drawn up with proposed Project Completion expected by March 2018 / Head of A&E in conjunction with Business Improvement and HR Dept for recruitment.

Recommendation 5	Temporary Locations should be reviewed and audited during the collection and delivery runs. Where discrepancies are identified, these should be raised with the Officer in Case to verify the location of property.
Finding	<p><u>Temporary Store Audit</u></p> <p>Review of three temporary stores identified two stores which had significant discrepancies to the underlying records held on Niche. In one case the location report from Niche indicated 255 items were present in the location, yet 186 of which could not be located within the temporary store. A further 10 items were held within the store, but not assigned to the store on NICHE, along with two boxes on property ranging from note books to mobile phones.</p> <p>In the second location the report stated 314 items should be available, 255 of which could not be found.</p>
Response	<p>a) Agreed: The importance of the check in and check out process has been highlighted on the A&E automatic replies sent out to officers when they email the department and information is available on the Force Intranet.</p> <p>b) The Force Training Priorities Panel has agreed to all officers having a classroom based input on property management and exhibits, which will incorporate the importance of the audit trail for the movement of exhibits.</p> <p>c) The Force has also agreed as part of the A&E Departments Annual Departmental Assessment to develop an app on the Blackberry which links to Niche to allow officers to be able to check items into and out of holding stores using this mobile technology to facilitate easier access for frontline resources.</p> <p>d) A review of the processes for audit of the temporary stores is being progressed for approval by the Force, however the following up of every individual exhibit will not be possible until the launch of the Niche Workflows planned late 2017/early 2018.</p>
Timescale	<p>a) Already in Place / Head of A&E</p> <p>b) Training expected during April 2018 to Sept 2018 Force wide / Head of A&E in conjunction with EMCHRIS</p> <p>c) Planned for Development and Implemented during 2018 / Head of A&E in conjunction with INS Dept.</p> <p>d) In Progress needs to be ratified by the Force. Niche Workflows planned for implementation later 2017/early 2018</p>

We raised four priority 2 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

- The Insurance Policy should be updated to ensure that the coverage limit matches that held within the Vaults at Nottinghamshire Police. This should include the use of the Vault by the East Midlands Special Operations Unit (EMSOU).
- Property should be logged onto Niche at the point of seizure, or earliest opportunity, prior to being placed in a temporary store. Items held within the temporary store that have not been appropriately logged should be raised with the responsible officer.
- Officers within the Force should be provided with further Niche Training in relation to the continuity of property management, including the checking in and out of property from temporary storage.
- Policies and Procedures in relation to seized property should be updated to reflect the current adopted process since implementation of Niche in February 2016.

We also raised one housekeeping issue with regards request forms.

Management confirmed that all actions have either been implemented or will be actioned as part of force wide training during 2018.

East Midlands Special Operations Unit (EMSOU) – Forensic Services

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

The East Midlands Specials Operations Unit – Forensic Services (EMSOU-FS) unit is a five force collaboration between Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire Police. The Collaboration Unit formed as a five Force collaboration in March 2014 when the five forces agreed to progress with a regional approach to forensic services.

EMSOU-FS aims to provide a quality assured forensic science and investigation service to the police forces of Derbyshire, Lincolnshire, Nottinghamshire, Leicestershire and Northamptonshire, with the strategic objective of supporting the efficient and effective investigation of crimes and incidents by these Forces in accordance with their statutory and common law responsibilities.

The Unit provides various forensic services, such as:

- Fingerprint Bureau;
- Forensic Analytical Services Team;
- Forensic Case Management;
- Crime Scene Investigation and Digital Forensic

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

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

We raised three priority 3 recommendations of a housekeeping nature. These were in respect of the following:

- The updated Section 22 agreement should be circulated and signed off by the five PCC's and CC's in a timely manner to ensure a clear agreement is established.

EMSOU-FS should agree Terms of Reference for the Managers Network. Operations and Centre groups. This should ensure they are aligned to the governance structure of the unit and that there is no duplication in the issues discussed at the governance groups across the unit.

- The overdue reviews should be carried out and the unit should consider putting a process in place to ensure that annual reviews of policies and procedures are undertaken in a timely manner.
- The Unit should consider putting a Risk Management Policy in place to formally document their existing system for managing risk.

Management confirmed that these recommendations will be actioned by April 2018.

EMCHRS – Occupational Health

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

The East Midlands Specials Operations Unit – Forensic Services (EMSOU-FS) unit is a five force collaboration between Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire Police. The Collaboration Unit formed as a five Force collaboration during 2012/13 when each force agreed to progress with a regional approach to occupational health.

The Occupational Health Unit aims to support each regional force through the delivery of a number of services including:

- Medical requirements for recruits;
- Health Screening / Health Surveillance;
- Occupational Vaccinations;
- Professional Support; and
- Incident Support – post incidents, follow up, advice and guidance.

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

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

- The unit has procedures in place to ensure that risks are identified, assessed recorded and managed appropriately.

We raised three priority 3 recommendations of a housekeeping nature. These were in respect of the following:

- The terms of reference for the SLT and Client Liaison Group should be updated to ensure consistency in the governance structure. These should include, but not be limited to:
 - Purpose
 - Scope
 - Membership
 - Decision making authority
 - Reporting Requirements
 - Frequency of meetings
 - Review
- The Unit should review and update the Risk Management Policy to ensure it matches their current needs and approach to managing risks.
- The Unit should review the performance data included within the performance pack that is presented to the Board each quarter

Management confirmed that these recommendations will be actioned by January 2018.

Appendix A2 Internal Audit Plan 2017/18

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Core Assurance					
Core Financial Systems	Oct 2017	Nov 2017		Dec 2017	Draft report issued.
Procurement Follow-up	Sept 2017	Sept 2017		Dec 2017	Draft report issued.
Strategic & Operational Risk					
Implementation of DMS	Feb 2018			Mar 2018	
Counter Fraud Review	Oct 2017			Dec 2017	Work in progress.
Workforce Planning	May 2017	June 2017	Sept 2017	Sept 2017	Final report issued.
Seized & Found Property	May 2017	June 2017	Oct 2017	Sept 2017	Final report issued.
Information Technology Strategy	Oct 2017			Dec 2017	Audit deferred to Q4 following request.
Estates Management	July 2017	July 2017	Aug 2017	Sept 2017	Final report issued.
Fleet Management	July 2017	July 2017	Aug 2017	Sept 2017	Final report issued.
Other					
PEEL Review Action Plan	July 2017	Aug 2017	Aug 2017	Sept 2017	Final report issued.
Road Safety Partnership	Sept 2017	Oct 2017		Dec 2017	Draft report issued.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Collaboration					
EMCHRS Learning & Development	Aug 2017	Aug 2017	Sept 2017	Dec 2017	Final report issued.
EMCHRS Occupational Health	Oct 2017	Nov 2017	Nov 2017	Dec 2017	Final report issued.
EMSOU Forensic Services	Sept 2017	Oct 2017	Oct 2017	Dec 2017	Final report issued.
Criminal Justice (EMCJS)	Dec 2017			Mar 2018	F/w starts 4 th Dec.
POCA	Jan 2018			Mar 2018	

Appendix A3 – Definition of Assurances and Priorities

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

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

Appendix A4 - Contact Details

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A5 Statement of Responsibility

Status of our reports

The responsibility for maintaining internal control rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy of the internal control arrangements implemented by management and perform testing on those controls to ensure that they are operating for the period under review. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone are not a guarantee that fraud, where existing, will be discovered.

The contents of this report are confidential and not for distribution to anyone other than the Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police. Disclosure to third parties cannot be made without the prior written consent of Mazars LLP.

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