Nottinghamshire
**POLICE & CRIME COMMISSIONER**

# JOINT AUDIT AND SCRUTINY PANEL

## TUESDAY 6 JUNE 2017 at 10.00 AM
## OFFICE OF THE POLICE & CRIME COMMISSIONER,
## ARNOT HILL HOUSE, ARNOLD, NOTTINGHAMSHIRE NG5 6LU

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**Membership**
Stephen Charnock (Chair)
Leslie Ayoola
John Brooks
Peter McKay
Philip Hodgson

# A G E N D A

1.  Apologies for absence

2.  Declarations of interest by Panel Members and Officers (see notes below)

3.  To agree the minutes of the previous meeting held on 9 March 2017

4.  Audit & Scrutiny Panel workshop – verbal update

5.  Internal Audit Annual Assurance Report  2016-17

6.  Draft OPCC and Group final statutory accounts – to follow

7.  Draft annual governance statements – to follow

8.  Internal Audit Progress Report

9.  Work plan and meeting schedule – appendix to follow

## NOTES

- Members of the **public are welcome to attend** to observe this meeting

- For **further information** on this agenda, please contact the Office of the Police and Crime Commissioner on 0115 9670999 extension 801 2005 or email nopcc@nottinghamshire.pnn.police.uk

- A **declaration of interest** could involve a private or financial matter which could be seen as having an influence on the decision being taken, such as having a family member who would be directly affected by the decision being taken, or being involved with the organisation the decision relates to.  Contact the Democratic Services Officer: alison.fawley@nottscc.gov.uk for clarification or advice prior to the meeting.

# NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER

## County Hall, West Bridgford, Nottingham, NG2 7QP

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# MINUTES

## OF THE MEETING OF THE

## NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER

## JOINT AUDIT AND SCRUTINY PANEL

## HELD ON THURSDAY 9 MARCH 2017

## FORCE HEADQUARTERS, SHERWOOD LODGE

## ARNOLD, NOTTINGHAMSHIRE NG5 8PP

## COMMENCING AT 2.00 PM

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## MEMBERSHIP

(A – denotes absent)

Mr Stephen Charnock (Chair)
Mr Leslie Ayoola - A
Mr John Brooks
Dr Phil Hodgson
Mr Peter McKay

## OFFICERS PRESENT

| | |
|---|---|
| Natalie Baker-Swift | Governance & Business Planning Manager |
| Pete Barker | Democratic Services, Notts County Council |
| Andrew Burton | Risk & Business Continuity Officer |
| Andrew Cardoza | KPMG |
| Mark Kimberley | Head of Finance, Notts Police |
| Charlotte Radford | Chief Finance Officer, OPCC |
| Pat Stocker | Information Management Lead |
| Simon Torr | Deputy Chief Constable (via video link) |
| Brian Welch | Mazars |

## 1) APOLOGIES FOR ABSENCE

Apologies for absence were received from Leslie Ayoola and Paul Dawkins.

## 2) DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

**3) MINUTES OF THE PREVIOUS MEETING**

The minutes of the last meeting held on 15 December 2016, having been circulated to all Members, were taken as read and were confirmed, subject to the following amendment , and were signed by the Chair:

- Inspector Liz Rogers introduced Item 6, Professional Standards and Confidential Reporting Procedure, not Natalie Baker-Swift as stated

**4) BUSINESS CONTINUITY MANAGEMENT REPORT (2016/17)**

Andrew Burton, Risk and Business Continuity Officer, introduced the report which informed the Panel about the proposed new business continuity approach and the future plans for improvement.

During discussions the following points were made:

- Emphasis would now be on testing/governance
- Key people will confirm that the relevant information has been disseminated to staff
- Key critical areas will be identified and the importance of learning lessons in the early stages of the process is acknowledged

**RESOLVED: 2017/001**

That the proposed new business continuity approach within the Force be noted and assurances as to the effectiveness of those arrangements and future plans for improvement be received by the Panel

**5) PUBLICATION SCHEME MONITORING REVIEW AND ASSURANCE**

The Panel congratulated the Office of the Police and Crime Commissioner (OPCC) on the award of the Transparency Quality Mark Certificate meaning that the information required to be published by the Commissioner is available and easily accessible to members of the public.

**RESOLVED: 2017/002**

That the contents of the report be noted.

**6) NOTTINGHAMSHIRE POLICE INFORMATION MANAGEMENT, FREEDOM OF INFORMATION AND DATA PROTECTION UPDATE**

Pat Stocker, Information Management Lead, introduced the report.

During discussions the following points were made:

- FOI requests are rarely dismissed
- The cost per request has not been calculated
- Information is proactively put on the website with the aim of reducing the number of requests
- The speed of response has been affected by the restructure but reprioritisation has meant the situation is now improving

**RESOLVED: 2017/003**

That the monitoring statistics for 2015 and 2016 in relation to information requests processed by Nottinghamshire Police in line with Freedom of Information and Data Protection legislation, be noted.


## 7) STRATEGIC RISK MANAGEMENT REPORT FOR FORCE AND NOPCC, QUARTER 4, 2016/17

Natalie Baker-Swift, Corporate Governance & Business Planning Manager, introduced the report which provided the Panel with an up to date picture of strategic risk management across the Force and the OPCC.

During discussions the following points were made:

- The importance of achieving the right mix of diversity in the workforce was emphasised.
- The Appeal regarding the A19 ruling was successful with costs being awarded - the base budget could not have been reduced without this approach.
- Despite being state of the art 20 years ago the Bridewell is no longer fit for purpose. This can be explained by the fact that the Home Office now sets minimum design standards. All options were examined but a new build has been approved.

**RESOLVED: 2017/004**

1. That the current approach to strategic risk management and the effectiveness of the arrangements, as evidenced in the report, be noted.

2. That the closure of the Force's risk relating to the use of Regulation A19 be noted as at the Court of Appeal the Force were found to have acted lawfully and the officers' case were not successful.

3. That the proposed new risk relating to the Emergency Services Network be noted.

4. That the Panel acknowledges the second new risk relating to issues around the quality of data input into Force systems.


## 8) AUDIT AND INSPECTION REPORT QUARTER 4 2016-17

Natalie Baker-Swift, Corporate Governance & Business Planning Manager, introduced the report and informed the Panel that the format of the report had been changed and that no audits or inspections were overdue in this quarter.

During discussions the following points were made:

- The references were automatically generated by the system
- The Victim Code of Practice measure will be left open until all training has been completed

**RESOLVED: 2017/005**

That the progress made against the audit and inspection recommendations and the forthcoming audits and inspections, be noted.

## 9) EXTERNAL AUDIT PLAN 2016-17

Andrew Cardoza of KPMG introduced the report and explained to the Panel that an additional fee had been payable because of the requirement for more work.

During discussions the following points were made:

- The Triennial review was still required despite minimal changes and no staff being recruited as the actuaries had changed their assumptions and it was therefore necessary to check that the auditor's assumptions still held, which they did. Details of the additional work required and the cost will be reported to the Panel in due course.

**RESOLVED: 2017/006**

That the External Audit Plan contained in Appendix A to the report be approved.


## 10) INTERNAL AUDIT ANNUAL PLAN 2017-18

Brian Welch of Mazars introduced the report and explained to the Panel that many issues still needed to be addressed but that timings had been agreed and the audits would be spread throughout the year.

**RESOLVED: 2017/007**

That the Audit Plan for 2017-18 contained in Appendix A to the report be approved.


## 11) INTERNAL AUDIT PROGRESS REPORT

Brian Welch of Mazars introduced the report and informed the Panel that the two outstanding audits would be completed by 31st March 2017, the audit of EMSOU was in draft form and the release of the audit on EMOpSS was imminent. Brian informed the Panel that the report also contained specific follow up actions for Payroll where performance was better than 12 months ago but improvements were required.

During discussions the following points were made:

- A workshop was required to discuss the Panel's terms of reference and clarify Members' responsibilities with assurance mapping also to be incorporated into the process

**RESOLVED: 2017/008**

That the contents of the report be noted.


## 12) THE BIG RED BUTTON

Charlotte Radford, Chief Finance Officer, OPCC, introduced the report and informed the Panel that the aim was to automate as much of the statement of accounts process as possible. A pilot had been running with, amongst others, Northants Police, and for the first time Nottinghamshire, along with 8 other Forces, will use the system this year to produce a fully audited statement of accounts.

During discussions the following points were made:

- As the team producing the accounts had been already been reduced to 2 members of staff the introduction of the system would not mean any further reductions in staffing

**RESOLVED: 2017/009**

That the contents of the report be noted and the actions contained therein, which will ensure the meeting of statutory deadlines in 2018.

## 13) POLICE & CRIME ACT 2017

Charlotte Radford, Chief Finance Officer, OPCC, introduced the report which detailed the governance impact of the Act in relation to the provision for emergency services to collaborate.

During discussions the following points were made:

- A separate report on the implications of the Act on the complaints procedure will be brought to a future meeting of the Panel
- Nationally, Fire and Rescue Authorities are organised differently which complicates the options going forward
- Lessons learnt from past contracts will be applied to any future contracts

**RESOLVED: 2017/009**

That the contents of the report be noted.

## 14) PANEL WORK PLAN AND MEETING SCHEDULE

The following changes to meetings were proposed:

Tuesday 2 May – workshop to be held at KPMG to discuss Panel's terms of reference/ Panel Member's roles/assurance mapping

Tuesday 30 May 2017 at 2pm – to consider Draft statement of accounts

Thursday 29 June 2017 – meeting cancelled

Thursday 27 July 2017 at 2pm – to consider Final statement of accounts

Thursday 28 September 2017 at 2pm – provisional depending on whether above target dates are met

The meeting closed at 3.50pm

CHAIR

| For Comment | |
| --- | --- |
| Public/Non Public* | Public |
| Report to: | Audit and Scrutiny Panel |
| Date of Meeting: | 6 June 2017 |
| Report of: | Chief Finance Officer |
| Report Author: | Charlotte Radford |
| Other Contacts: | Brian Welch |
| Agenda Item: | 5 |

# INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2016-17

## 1. Purpose of the Report

1.1 To provide members with the assurance from Internal Audit work undertaken during the year 2016-17.

## 2. Recommendations

2.1 Members are recommended to consider the attached report and make comment.

## 3. Reasons for Recommendations

3.1 This report complies with the principles of good governance in providing assurance to the panel members.

## 4. Summary of Key Points

4.1 This annual report from Mazars and provides adequate assurance rating for the OPCC and the Force.

4.2 Areas of weakness have been identified during the year, which will need to be addressed by the Force. These will be followed up during 2017-18.

## 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 The areas of improvement do include audit recommendations flagged as red.

## 9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 This 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 – Annual Internal Audit Report 2016-17

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

## Internal Audit Annual Report 2016/17

May 2017

This report has been prepared on the basis of the limitations set out on page 13.

# Contents

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# 01   Introduction

## Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment themes identified across Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police during the 2016/17 financial year, the service for which is provided by Mazars LLP.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2011.  The PSIAS requirements are that the report must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);

- A summary of the audit work from which the opinion is derived (including reliance placed on the work by other assurance bodies); and

- A statement on conformation with the PSIAS and the results of the internal audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;

- The disclosure of any impairments or restriction in scope;

- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;

- Any issues judged to be particularly relevant to the preparation of the annual governance statement; and

- Progress against any improvement plans resulting from QAIP external assessment.

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, through the Joint Audit & 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.

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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.

## 02    Head of Internal Audit Opinion

### Opinions

From the Internal Audit work undertaken in compliance with the Public Sector Internal Audit Standards (PSIAS) for the year ending 31st March 2017, we can provide the following opinions:

**ASSURANCE -**
**POLICE & CRIME**
**COMMISSIONER**

**Our overall opinion is that generally adequate and effective risk management, control and governance processes were in place to manage the achievement of the organisation's objectives. We have, however, identified weaknesses in respect of financial controls that require addressing.**

**ASSURANCE -**
**CHIEF CONSTABLE**

**Our overall opinion is that generally adequate and effective risk management, control and governance processes were in place to manage the achievement of the organisation's objectives. We have, however, identified weaknesses in respect of financial controls and some other operational areas that require addressing.**

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## Basis of the Opinion

Internal Audit applies a risk-based approach and our audits assess the governance framework, the risk management process, as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, we can provide assurance that management have in place a generally effective control environment and, whilst further remedial actions are needed in some areas, we are assured that management have in place effective processes for the implementation of identified areas of weakness.

### Corporate Governance

As part of our 2015/16 audit plan, we undertook an audit of the controls and processes in place in respect of the Joint Code of Corporate Governance. The specific areas that formed part of this review included: the Corporate Governance Framework, policies and procedures, decision making framework, roles and responsibilities and performance monitoring. We provided a significant assurance opinion and concluded that risks in terms of the joint corporate governance framework were being managed effectively.

Whilst no specific audit of Governance was carried out during 2016/17, we have carried out a number audits where governance arrangements were a key aspect. Through are delivery of the internal audit plan and attendance at Joint Audit & Scrutiny Panel (JASP) meetings, we are satisfied that the governance framework for the Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police has been effective for the year ended 31st March 2017.

### Risk Management

As part of the 2016/17 Internal Audit plan we undertook an audit of the controls and processes in place in respect of risk management. The specific areas that formed part of this review included: policies and procedures; risk registers; risk mitigation; and reporting arrangements. We concluded that there were weaknesses within the system of internal control which put some of the Force and OPCC objectives at risk. Additionally, the level of non-compliance with the control framework puts the system objectives of the organisations at risk.

OPCC have adopted the Force Policy and Procedures for Risk Management, however an audit review of these documents found that they did not clearly state how risks should be removed from the risk registers. The Force have a Corporate Risk Management Strategy in place however, at the time of the audit, the OPCC had not adopted it. A Risk and Business Continuity Officer at the Force co-ordinates risk register owners and acts as a central contact for assisting those involved in risk management across the Force and OPCC. There has been no training for risk owners other than support from the Risk and Business Continuity Officer.

The Force maintain a Strategic Risk Register and have departmental/area risk registers that sit underneath this across the organisation. Escalation between the two levels of register are stated in the Strategy, however audit testing could not confirm a clear alignment was in place, as decisions as to whether high level risks on departmental registers are captured on the strategic register made by the Senior Information Risk Owner for the Force were not documented.

Audit carried out testing on the risk registers in place and found issues with the completeness of risk registers, with missing information such as no risk scores, no mitigating controls listed and duplication of information. Moreover, the format of the existing risk registers varied slightly and audit has raised a recommendation to improve the current format to capture more detailed information that would assist in the management of risks at the Force and the OPCC. Whilst the Risk and Business Continuity Officer acts as a co-ordinator and liaison for risk register owners, the registers themselves are saved within departments and, as such, there is no central oversight of all risks. A central review of all risk registers in place would allow for an increase in consistency of risk management across departments.

### Internal Control

In summarising the opinions provided as part of the 2016/17 audit programme, as illustrated in the tables below, we have carried out 14 audits of which four were of an advisory nature, three of which relating to additional requests for audit, and no opinion was provided.

The Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police have a generally sound control environment, although we have noted areas where improvements are required. During the 2016/17 year, six (60%) internal audits received "satisfactory assurance", whilst four (40%) internal audits were rated 'limited assurance'. It should be noted, however, that some of the opinions reflect the control environment outside of local control, for example, within EMSCU (Procurement) and the Multi-Force Shared Service (Core Financials). In addition, of the five collaborative audits covering the East Midlands policing region, four were rated 'satisfactory assurance', with one being rated 'limited assurance'.

The following tables provide a brief overview of the assurance gradings given as a consequence of audits carried out during 2016/17, split between those specific to Nottinghamshire and those undertaken as part of East Midlands regional collaborative audits. More details of the audit opinions and the priority of recommendations for all 2016/17 Internal Audit assignments is provided in Appendix A1 – Audit Opinions and Recommendations. In addition, further analysis of those areas where systems improvement are required are set out in Appendix A2 – Audit Projects with Limited and Nil Assurance 2016/17.

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| Assurance Gradings | 2016/17 | |
| --- | --- | --- |
| Significant | 0 | 0% |
| Satisfactory | 6[1] | 60% |
| Limited | 4[1] | 40% |
| Nil | 0 | 0% |
| **Sub-Total** | **10** | |
| No opinion | 4 | |
| **Total** | **14** | |

[1] Procurement - opinion was split between local arrangements and those within EMSCU, where a satisfactory assurance opinion was given in respect of local arrangements and a limited opinion was given in respect of EMSCU.

Collaboration Audits

| Assurance Gradings | 2016/17 | |
| --- | --- | --- |
| Significant | 0 | 0% |
| Satisfactory | 4 | 80% |
| Limited | 1 | 20% |
| Nil | 0 | 0% |
| **Total** | **5** | |

In arriving at our overall audit opinion, and whilst acknowledging that further remedial actions are needed in some areas, we have been assured by management that processes have been put in place for the implementation of recommendations to address identified areas of weakness.

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## Issues relevant to Annual Governance Statement

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. Internal Audit, through its annual programme of activity, has a duty to bring to your attention any areas of weakness we believe should be considered when producing the Annual Governance Statement. As part of this responsibility, we have highlighted any limited or nil assurance reports within Appendix A2.

## Restriction placed on the work of Internal Audit

As set out in the Audit Charter, we can confirm that Internal Audit had unrestricted right of access to all OPCC and Force records and information, both manual and computerised, cash, stores and other property or assets it considered necessary to fulfil its responsibilities.

# 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.

| No | Indicator | Criteria | Performance |
|----|-----------|----------|-------------|
| 1 | Annual report provided to the JASP | As agreed with the Client Officer | Achieved |
| 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. | 90% (10/11) |
| 5 | Issue of final report | Within 5 working days of agreement of responses. | 100% (11/11) |
| 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% (10/10) |
| 9 | Customer satisfaction (measured by survey) | 85% average satisfactory or above | 100% (2/2) |

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## Quality and Conformance with the Public Sector Internal Audit Standards

In addition to the firm's overall policy and procedures, our internal audit manual and working papers are designed to ensure compliance with the Firm's quality requirements. Furthermore, our internal audit manual and approach are based on professional internal auditing standards issued by the Global Institute of Internal Auditors, as well as sector specific codes such as the Public Sector Internal Audit Standards.

Our methodology and work has been subject to review as part of our internal Quality Assurance Reviews undertaken by our Standards and Risk Management team as well as external scrutiny by the likes of external auditors, as well as other regulatory bodies. No adverse comments have been raised around our compliance with professional standards or our work not being able to be relied upon.

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## Appendix A1 - Audit Opinions and Recommendations 2016/17

| Nottinghamshire 2016/17 Audits | Report Status | Assurance Opinion | | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total |
|---|---|---|---|---|---|---|---|
| Implementation of DMS | Final | Limited | | 3 | 3 | 2 | 8 |
| Data Protection Act Compliance | Final | Limited | | 1 | 5 | 3 | 9 |
| Estates Strategy | Final | N/A | | - | - | - | - |
| HR Establishment Budgeting | Final | Satisfactory | | - | 3 | 1 | 4 |
| Commissioning Framework | Final | N/A | | - | - | - | - |
| Overtime Payments | Final | N/A | | - | - | - | - |
| Procurement Follow-up | Final | EMSCU - Limited | Local – Satisfactory | 1 | 4 | 2 | 7 |
| Savings Programme Follow-up | Final | Satisfactory | | - | 2 | 1 | 3 |
| Core Financial Systems | Final | Satisfactory | | 1 | 5 | 3 | 9 |
| Effective Audit & Scrutiny | Final | N/A[1] | | - | 6 | 3 | 9 |

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| Nottinghamshire 2016/17 Audits | Report Status | Assurance Opinion | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total |
|---|---|---|---|---|---|---|
| HR – Recruitment & Selection | Final | Satisfactory | | 3 | 1 | 4 |
| Risk Management | Final | Limited | | 6 | 1 | 7 |
| Data Quality | Final | Satisfactory | | 4 | | 4 |
| | | Total | 6 | 41 | 17 | 64 |

[1] Effective Audit & Scrutiny – this audit aimed to assess the Audit & Scrutiny Panel against best practice, such as the principles set out in the National Audit Offices (NAO's) good practice guide 'The Audit Committee Self-Assessment Checklist, 2012'. The objective of the audit was therefore to provide an action plan of areas to consider for driving best practice and not to provide an opinion on the adequacy and effectiveness of controls.

| Collaboration Audits 2016/17 | Status | Assurance Opinion | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total |
|---|---|---|---|---|---|---|
| Collaboration | | | | | | |
| EM Shared HR Service Centre | Final | Satisfactory | | 1 | 3 | 4 |
| EM Legal Services | Final | Limited | 1 | 3 | 2 | 6 |
| EMOpSS | Final | Satisfactory | | 3 | 3 | 6 |
| EMS Commercial Unit | Final | Satisfactory | | 3 | | 3 |
| EMSOU | Final | Satisfactory | | 3 | 1 | 4 |
| Collaboration Total | | Total | 1 | 13 | 9 | 23 |

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# Appendix A2 - Audit Projects with Limited and Nil Assurance 2016/17

| Project | Grading | | Summary of Key Findings |
|---------|---------|---|-------------------------|
| Implementation of DMS | Limited | | We raised three priority 1 recommendations and three priority 2 recommendations where we believe there is scope for improvement within the control environment.  These are set out below:<br><br>• The Force should clarify the roles and responsibilities of the parties involved in the ownership, maintenance and usage of the DMS System. This should include the information asset owners and information security responsibilities. (Priority 1)<br>• A review of the existing trees in the system against the HR structure should be completed to ensure that the trees in the system are correct and that individual users are correctly placed in their respective tree. (Priority 1)<br>• The Force should raise the issue of system reconciliation with MFSS and ensure that an effective process for reconciling data between Oracle and DMS can be completed on a regular basis. (Priority 1)<br>• A Standard Operational Manual should be produced that clearly documents the procedures and processes that should be carried out on the DMS System by administrators. This should include starters, leavers, temporary promotions, amendments to access, etc. Moreover, clear workflows should be produced that shows how requests are to be processed by the RMU, MFSS and Crown. (Priority 2)<br>• A standard level of access should be agreed upon so that it can be consistently applied. (Priority 2)<br>• The Force should determine what reports they require for effective review and monitoring purposes and then request this functionality from MFSS. (Priority 2) |
| Procurement Follow-up | EMSCU<br><br>Limited | Local<br><br>Satisfactory | We raised one priority 1 recommendation, four priority 2 recommendations and two priority 3 recommendations where we believe there is scope for improvement within the control environment.  The priority 1 and 2 recommendations are set out below:<br><br>• EMSCU should set a clear protocol in place to ensure key documentation is consistently stored in the Crystal system. Once implemented, regular dip samples on new contracts awarded should be carried out to ensure all supporting documentation is in place and correct authorisation has been given. (EMSCU) (Priority 1)<br>• The Force and EMSCU should ensure that the correct versions of procedures are available on the Force intranet site to ensure staff follow the correct procedures.  (Local & EMSCU Responsibility) (Priority 2) |

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| | | • A further communication should be issued to remind all staff who raise and approve requisitions that the supporting documentation should be clearly attached in the Oracle system. This should include appropriate quotes or details of related contracts.<br>Consideration should be given to completing dip samples to ensure compliance with Contract Procedure Rules. (Local Responsibility) (Priority 2)<br>• Finance and EMSCU should set up a regular reporting protocol that allows the review of expenditure under £25k on a regular basis so the information can be used to aggregate spend and identify contract opportunities. (Local & EMSCU Responsibility) (Priority 2)<br>• Finance should review the exception reports that it can produce and ensure they run them on a regular basis to provide assurance that exceptions are investigated and actions taken to address. (Local Responsibility) (Priority 2) |
| Data Protection Act Compliance | **Limited** | We raised one priority 1 recommendation, five priority 2 recommendations and three priority 3 recommendations where we believe there is scope for improvement within the control environment.  The priority 1 and 2 recommendations are set out below:<br><br>• The Information Risk Management system in place at the Force needs to be reviewed, updated and implemented. This should include, but not be limited to, the following:<br>  ➢ An update to the Information Risk Management Strategy.<br>  ➢ The responsibilities of IAO's in relation to identifying and managing their risks needs to be clearly communicated.<br>  ➢ The process for adding risks, closing risks and updating risks to the information risk register needs to be agreed upon and formally communicated.<br>  ➢ The format of the risk register should clearly include Risk Owners, the risk mitigation actions that are in place, confidence levels of the actions in mitigating the risks and timescales for completion.<br>  ➢ The process for regular monitoring of the Information Risk Register should be established.<br>  ➢ There should be clear links between the information risks identified and the information assets the Force holds. (Priority 1)<br><br>• The Strategies, Policies and Procedures that support Information Management at the Force should be reviewed and updated in line with the current processes that have been adopted. The documents to be addressed are:<br><br>  ➢ Removal of the Information Assurance Framework, as this was superseded by the Information Management Strategy.<br>  ➢ A review and update of the Information Management Strategy. |

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|---|---|---|
| | | ➢ A review and update of the Terms of Reference for the FIAB including performance monitoring. (Priority 2)<br><br>• The current training offered to IAO's and delegates should be reviewed and a decision made on how to deliver initial training and refresher training to ensure the Force has appropriately trained individuals performing the IAO role.<br><br>The IAO Handbook should be updated to reflect the current processes that are in place and provide clarity on the actions that IAO's need to take to produce and maintain the information asset register.<br><br>A clear process should be in place so that a 'gatekeeper' is in place to monitor consistency of the register. (Priority 2)<br><br>• IAO's should be tasked to complete the missing Information. (Priority 2)<br><br>• Management should decide upon the role that Information Audit is to play within the Information Management System in place and clearly document this. (Priority 2)<br><br>• The audit process should be clearly documented and communicated to Information Asset Owners. (Priority 2) |
| Risk Management | **Limited** | We raised six priority 2 recommendations and one priority 3 recommendation where we believe there is scope for improvement within the control environment. The priority 2 recommendations are set out below:<br><br>• A Risk Management Strategy should be developed for the OPCC; this should include:<br> ➢ The strategic direction of the OPCC's attitude to risk;<br> ➢ The level and nature of risk that is deemed acceptable (risk appetite);<br> ➢ The OPCC's risk tolerance threshold; and<br> ➢ Risk priorities for the current year.<br><br>• The Force and OPCC should ensure that staff receive appropriate training on risk management<br>• Decisions made by the Deputy Chief Constable not to escalate high risks on departmental risk registers to the strategic risk register should be documented.<br>• All risk registers for the Force should be recorded in line with the Risk Management Policy / Procedures. Sufficient detail should be recorded for each identified risks, including: |

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| | | |
|---|---|---|
| | | ➢ Risk scores;<br>➢ Mitigating actions;<br>➢ Risk owners.<br>The Force Strategic Risk Register should be reviewed and one of the risks that are duplicated should be removed (NPF011 & NPF007).<br><br>• A standard format for the registers should be produced.<br>• A process should be in place to confirm that the departmental risk registers are being reviewed in a timely manner.<br>Consideration should be made for central oversight of all risk registers to give assurance of timely update and regular monitoring if risks across the Force. |
| East Midlands Police Legal Services | **Limited** | We raised one priority 1 recommendation, three priority 2 recommendations and two priority 3 recommendations where we believe there is scope for improvement within the control environment.  The priority 1 and 2 recommendations are set out below:<br><br>• The Management Board for EMPLS should be reinstated to provide oversight and assurance with regards the unit's performance and delivery of its objectives.<br><br>The Management Board members should ensure they have a timetable in place to attend meetings and carry out their responsibilities in line with the Section 22 agreement that is in place. (Priority 1).<br><br>• EMPLS should review the current KPI's that are in place and should prepare updated KPI's that can be presented to the Management Board for scrutiny and approval. (Priority 2)<br>• In accordance with Recommendation 4.1, once the Management Board meetings have been established they should include a review of performance and this should be noted or actions put in place to address areas of concern. (Priority 2)<br>• The risk register should be updated to include a RAG rating between the target risk score and the current risk score to clearly identify the priorities for risk mitigation actions. The risk actions should be separated into ongoing actions and specific actions that will be taken on a set date, with the planned effect on the risk score clearly stated.<br>Review of the risk register should be a standard agenda item at EMPLS Silver Meetings and should be included in the reporting to the Management Board. (Priority 2) |

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# 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. |

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## Appendix A4 - Contact Details

<table>
<tr><td colspan="2"><strong>Contact Details</strong></td></tr>
<tr><td>David Hoose</td><td>07552 007708<br>David.Hoose@Mazars.co.uk</td></tr>
<tr><td>Brian Welch</td><td>07780 970200<br>Brian.Welch@Mazars.co.uk</td></tr>
</table>

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# Appendix 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.*

*Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group.  Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.*

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| For Information / Consideration | |
|---|---|
| **Public/Non Public*** | Public |
| **Report to:** | **Audit and Scrutiny Panel** |
| **Date of Meeting:** | **6 June 2017** |
| **Report of:** | **Chief Finance Officer** |
| **Report Author:** | **Charlotte Radford** |
| **Other Contacts:** | **Brian Welch** |
| **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 2017-18 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 2017-18

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

## Internal Audit Progress Report 2016/17 & 2017/18

May 2017

Presented to the Joint Audit & Scrutiny Panel meeting of: 6th June 2017

# Contents

# 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 2017, together with progress on delivering 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 is accordance with the Public Sector Internal Audit Standards (PSIAS).

## 02   Summary of internal audit work to date

2.1   We have issued three final reports in respect of the 2016/17 plan since the last progress report to the JASP, these being in respect of HR Recruitment & Selection, Risk Management and Data Quality. Further details are provided in Appendix 1.

| Nottinghamshire 2016/17 Audits | Report Status | Assurance Opinion | | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total |
|---|---|---|---|---|---|---|---|
| Implementation of DMS | Final | Limited | | 3 | 3 | 2 | 8 |
| Data Protection Act Compliance | Final | Limited | | 1 | 5 | 3 | 9 |
| Estates Strategy | Final | N/A | | - | - | - | - |
| HR Establishment Budgeting | Final | Satisfactory | | - | 3 | 1 | 4 |
| Commissioning Framework | Final | N/A | | - | - | - | - |
| Overtime Payments | Final | N/A | | - | - | - | - |
| Procurement Follow-up | Final | EMSCU - Limited | Local – Satisfactory | 1 | 4 | 2 | 7 |
| Savings Programme Follow-up | Final | Satisfactory | | - | 2 | 1 | 3 |
| Core Financial Systems | Final | Satisfactory | | 1 | 5 | 3 | 9 |
| Effective Audit & Scrutiny | Final | N/A[1] | | - | 6 | 3 | 9 |

| Nottinghamshire 2016/17 Audits | Report Status | Assurance Opinion | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total |
|---|---|---|---|---|---|---|
| HR – Recruitment & Selection | Final | Satisfactory | | 3 | 1 | 4 |
| Risk Management | Final | Limited | | 6 | 1 | 7 |
| Data Quality | Final | Satisfactory | | 4 | | 4 |
| Total | | | 6 | 41 | 17 | 64 |

[1] Effective Audit & Scrutiny – this audit aimed to assess the Audit & Scrutiny Panel against best practice, such as the principles set out in the National Audit Offices (NAO's) good practice guide 'The Audit Committee Self-Assessment Checklist, 2012'. The objective of the audit was therefore to provide an action plan of areas to consider for driving best practice and not to provide an opinion on the adequacy and effectiveness of controls.

2.2    As reported in our previous progress report, five specific areas have been identified in terms of the collaborative audits for 2016/17. These reviews looked at the business plan and S22 agreement in terms of whether it is being delivered and is fit for purpose going forward; the scope also included value for money considerations and arrangements for managing risk. Since the last progress report to the JASP we have finalised the last two audits; these being in respect of EMSOU and EMOpSS. Further details are provided in Appendix 1.

| Collaboration Audits 2016/17 | Status | Assurance Opinion | Priority 1 (Fundamental) | Priority 2 (Significant) | Priority 3 (Housekeeping) | Total |
|---|---|---|---|---|---|---|
| Collaboration | | | | | | |
| EM Shared HR Service Centre | Final | Satisfactory | | 1 | 3 | 4 |
| EM Legal Services | Final | Limited | 1 | 3 | 2 | 6 |
| EMOpSS | Final | Satisfactory | | 3 | 3 | 6 |
| EMS Commercial Unit | Final | Satisfactory | | 3 | | 3 |
| EMSOU | Final | Satisfactory | | 3 | 1 | 4 |
| Collaboration Total | | Total | 1 | 13 | 9 | 23 |

2.3    Planning in respect of 2017/18 audits is underway, and we have agreed fieldwork dates in respect of Seized & Found Property, Workforce Planning, Fleet Management and Estates Management.  Further details are provided within Appendix A3.

# 03    Performance 2016/17

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 | Achieved |
| 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. | 90% (10/11) |
| 5 | Issue of final report | Within 5 working days of agreement of responses. | 100% (11/11) |
| 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% (10/10) |
| 9 | Customer satisfaction (measured by survey) | 85% average satisfactory or above | 100% (2/2) |

# Appendix A1 – Summary of Reports 2016/17

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 relating to the 2016/17 Internal Audit Plan:

## HR – Recruitment & Selection

| Assurance Opinion | Satisfactory |
|---|---|

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

Our audit considered the risks relating to the following areas:

Policies and Procedures

- Policies and procedures are in place, are regularly updated to reflect lessons learnt and legislative changes, and are communicated to all relevant staff.
- Procedures clearly set out the different roles and responsibilities of both the Retained HR and MFSS, and are reviewed and kept up to date.
- Recruitment is delivering against wider initiatives, such as that in respect of diversity and anti-discriminatory policies.

Recruitment

- The recruitment process is aligned with the force's workforce planning processes.
- Recruitment is carried out following the approval of a new post or a vacancy in an existing post. Person specifications and job descriptions are reviewed and approved at the appropriate level.
- Approaches to advertising and recruitment agencies are reviewed for their effectiveness, including role of MFSS in the placing of adverts and the use agencies via a five force arrangement.

Selection and Shortlisting

- Selection panels are of an appropriate seniority and are provided with suitable support and / or training to enable them to fulfil this role.
- There are effective and robust arrangements in place between the Force and MFSS for the logging and communication of applications for shortlisting.
- Only applications received by the advertised closing date are considered and those shortlisted meet the key requirements of the person specification / job description.
- All interviews are fully documented to ensure full transparency in the selection process. In addition, all decisions are documented, approved and justified in accordance with pre-determined selection criteria.
- Retained HR has effective arrangements in place to confirm that MFSS's role in the administration of the recruitment process meets the Force's requirements.

<u>Vetting and Pre-Employment Checks</u>

- The Force secures adequate assurance that MFSS carries out appropriate vetting checks, including obtaining proof of identify, qualifications, experience and disclosure of convictions.
- Vetting is commensurate with the nature of the position and proportionate to the role being advertised.

<u>Job Offer</u>

- The Force receives adequate assurance that MFSS has robust systems and controls in place to ensure that job offers are correctly administered.
- All relevant documentation in respect of the recruitment and selection process, including approved contract of employment, are collated by MFSS and reviewed for accuracy and completeness by Retained HR.

<u>Performance</u>

- Standards and KPI's have been agreed against which the recruitment process can be measured.
- Complaints relating to the recruitment process are monitored and dealt with appropriately.
- The performance of MFSS in the recruitment process is measurable and any issues of under-performance promptly addressed.

We raised three significant (priority 2) recommendations where felt that the control environment could be improved. These related to the following:

- The Force should review and update all recruitment and selection procedures in line with the MFSS procedures to ensure the responsibility of the Force and MFSS at key stages of the recruitment process are clearly documented. Whilst procedures are updated, the existing out dated procedures should be withdrawn from the intranet until the updated documents are ready for publication.

- The Force should ensure that they receive the supporting paperwork that confirms vetting certificates and pre-employment checks have been carried out prior to progressing the candidate to formal offer of employment.

- The Force should review the recruitment process and identify other measures of determining MFSS performance; consideration should be given to the following:

  - Time from receipt of Recruitment Authorisation Form to placing the adverts as requested;
  - Time from closure of advert to sending the Force the list of Candidates;
  - Time from receiving shortlist to informing candidates;
  - Time from receiving selection outcome list to sending conditional offer;
  - Time between receiving pre-employment details to sending out requests (i.e. references); and
  - Time between receiving vetting documentation and forwarding this to Force vetting department.

  The new BPT meeting should liaise with MFSS to ensure they receive performance information on a regular basis.

We also raised one priority 3 recommendation of a more housekeeping nature in respect of document retention.

Management have confirmed that all agreed actions will be completed by 31st March 2017.

## Risk Management

| Assurance Opinion | Limited |
|---|---|

| Recommendation Priorities | |
|---|---|
| Priority 1 (Fundamental) | - |
| Priority 2 (Significant) | 6 |
| Priority 3 (Housekeeping) | 1 |

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

- A risk management strategy, with supporting policies and procedures, is in place and available to officers and staff.
- Procedures are in place to ensure that risks are identified, assessed, recorded and appropriate risk owners are assigned.
- Appropriate training in risk management is provided to officers and staff.
- The corporate and service risk registers are subject to regular review and are updated in a consistent manner.
- Risks in the corporate and service level risk registers are assigned risk owners to monitor and manage the risks.
- There is a clear link between the corporate risk register and service level risks, particularly in business change and collaborative service areas.
- Risk mitigation actions are assigned to risks within the corporate and service level risk registers.
- There is evidence that risk mitigation actions are monitored to ensure tasks are completed within agreed timescales.
- Appropriate oversight and reporting arrangements, including between the Force and OPCC, are in place and are working effectively.

In reviewing the above risks, our  audit considered the following areas:
- Policies and Procedures
- Risk Registers
- Risk Mitigation
- Reporting Arrangements

We raised six significant (priority 2) recommendations where felt that the control environment could be improved. These related to the following:

- A Risk Management Strategy should be developed for the OPCC; this should include:
  - The strategic direction of the OPCC's attitude to risk;
  - The level and nature of risk that is deemed acceptable (risk appetite);
  - The OPCC's risk tolerance threshold; and
  - Risk priorities for the current year.
- The Force and OPCC should ensure that staff receive appropriate training on risk management
- Decisions made by the Deputy Chief Constable not to escalate high risks on departmental risk registers to the strategic risk register should be documented.
- All risk registers for the Force should be recorded in line with the Risk Management Policy / Procedures. Sufficient detail should be recorded for each identified risks, including:
  - Risk scores;
  - Mitigating actions;
  - Risk owners.

The Force Strategic Risk Register should be reviewed and one of the risks that are duplicated should be removed (NPF011 & NPF007).

- A standard format for the registers should be produced.
- A process should be in place to confirm that the departmental risk registers are being reviewed in a timely manner. Consideration should be made for central oversight of all risk registers to give assurance of timely update and regular monitoring if risks across the Force.

We also raised one priority 3 recommendation of a more housekeeping nature in respect of the removal of risk from the register.

Management have confirmed that all agreed actions will be completed by 31st August 2017.

### Data Quality – National Crime Recording Standards

| Assurance Opinion | Satisfactory |
|---|---|

| Recommendation Priorities | |
|---|---|
| Priority 1 (Fundamental) | - |
| Priority 2 (Significant) | 4 |
| Priority 3 (Housekeeping) | - |

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

Governance

- There is an appropriate governance structure in place to evaluate data quality of Crime Recording at the Force;
- The roles and responsibilities for the recording of crime within the Force are clearly stated and communicated.

Policies and Procedures

- Policies and procedures are in place, are regularly updated to reflect lessons learnt and legislative changed and are communicated to all relevant staff;
- Guidance is in place on how to correctly record incidents and crimes in compliance with the National Crime Recording Standards;
- The current crime recording process in place is aligned with the National Crime Recording Standards.

Data Quality Audits

- There is an effective process in place at the Force to review and scrutinise data quality within the crime recording process;
- Audits are undertaken in line with HMIC guidelines to ensure that the Force is complying with the National Crime Recording Standards;
- Areas of underperformance are highlighted to the appropriate forum and action plans put in place to address areas of weakness.

Monitoring and Benchmarking

- There are robust processes in place for the Force to review their crime recording data against national benchmarking data and/ or other areas of best practice.

We raised four significant (priority 2) recommendations where felt that the control environment could be improved. These related to the following:

- The terms of references for the Crime and Incidents Data Quality Board should be reviewed and updated. This should include, but not be limited to:
  - ➢ Purpose
  - ➢ Scope
  - ➢ Membership
  - ➢ Decision making authority
  - ➢ Reporting Requirements
  - ➢ Frequency of meetings
  - ➢ Review

- An audit schedule should be developed which sets out the use of audit resources over a set period of time.

  For example, the application of daily, weekly and monthly audits over a quarter to ensure they cover the most high risk areas for Force non-compliance with the NCRS.

- The presentation of performance should be reviewed with consideration to providing the CAIDQ with performance information in a consistent and clear format. This should include, but not be limited to:
  - ➢ The amount of audit work undertaken in the quarter versus overall crimes recorded;
  - ➢ The audit results over the current quarter and comparison with previous periods;
  - ➢ Correlation between levels of compliance in the daily audits carried out versus the weekly random sampling level of compliance;
  - ➢ The data held by the DDM team on cases awaiting officers to complete tasks.

- An action plan log should be set by and maintained by the CAIDQ. It should be utilised to set specific actions to address weakness highlighted in the performance reporting. The actions should then be tracked to confirm if actions have been successful at addressing weaknesses and increasing the levels of compliance at the Force.

Management have confirmed that all agreed actions will be completed between May and November 2017.

## East Midlands Special Operations Unit (EMSOU)

| Assurance Opinion | Satisfactory |
|---|---|

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

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 2 recommendations where we believe there is scope for improvement within the control environment.  These relate to the following:

- A review of the current governance groups should be undertaken and a consistent format to the terms of references that are in place should be applied across EMSOU. These should include, but not be limited to:
  - Purpose
  - Scope
  - Membership
  - Decision making authority
  - Reporting Requirements
  - Frequency of meetings
  - Review

- Appropriate business plans should be put in place in line with the section 22 agreements.

  The business plans should have a three year outlook, clearly stating reporting requirements that will allow for an effective review of performance against the objectives set.

- A consistent approach to managing risk, including the format of risk registers, should be established across EMSOU. This should include consistency in the scoring of risks in order that EMSOU SLT is able to more effectively manage risks across each unit.

  A risk register should be put in place in respect of the Serious Crime unit.

We also raised one priority 3 recommendation of a more housekeeping nature in respect of policies and procedures.

Management have confirmed that all agreed actions will be completed by 31st August 2017.


## East Midlands Operational Support Services (EMOpSS)

| Assurance Opinion | Satisfactory |
| --- | --- |

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

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 2 recommendations where we believe there is scope for improvement within the control environment.  These relate to the following:

- A review of the current governance groups should be undertaken and a consistent format to the terms of references should be applied across EMOpSS. These should include, but not be limited to:

    ➢ Purpose
    ➢ Scope
    ➢ Membership
    ➢ Decision making authority
    ➢ Reporting Requirements
    ➢ Frequency of meetings
    ➢ Review

    The Terms of Reference should be established for each of the governance groups and the forums with decision making powers should ensure that they have a decision log in place and record meeting minutes.

- EMOpSS should continue to develop a performance framework.

    This should consider the outputs and quality of its deployments across the region to ensure effective performance monitoring can take place.

- The risk register should be updated to include a RAG rating between the target risk score and the current risk score to clearly identify the priorities for risk mitigation actions.

    The risk actions should be separated into ongoing actions and specific actions that will be taken on a set date, with the planned effect on the risk score clearly stated.

    The Risk Register should be a standard agenda item at the Strategic Management Board meetings.

We also raised three priority 3 recommendations of a more housekeeping nature in respect of the meeting schedule, policies and procedures and the business plan.

Management have confirmed that all agreed actions will be completed by 30th September 2017.

# Appendix A2   Internal Audit Plan 2016/17

| Auditable Area | Planned Fieldwork Date | Draft Report Date | Final Report Date | Target JASP | Comments |
|---|---|---|---|---|---|
| **Core Assurance** | | | | | |
| Risk Management | July 2016 | Mar 2017 | May 2017 | May 2017 | Final report issued. |
| Procurement | Nov 2016 | Nov 2016 | Nov 2016 | Dec 2017 | Final report issued. |
| **Core Financials** | | | | | |
| Payroll | Oct 2016 | Nov 2016 | Dec 2016 | Dec 2016 | Final report issued. |
| Cash, Bank & Treasury | Oct 2016 | Nov 2016 | Dec 2016 | Dec 2016 | Final report issued. |
| General Ledger | Oct 2016 | Nov 2016 | Dec 2016 | Dec 2016 | Final report issued. |
| Income & Debtors | Oct 2016 | Nov 2016 | Dec 2016 | Dec 2016 | Final report issued. |
| Payment & Creditors | Oct 2016 | Nov 2016 | Dec 2016 | Dec 2016 | Final report issued. |
| **Strategic & Operational Risk** | | | | | |
| Implementation of DMS | April 2016 | May 2016 | June 2016 | June 2016 | Final report issued. |
| Savings Programme Follow-up | Sept 2016 | Oct 2016 | Oct 2016 | Dec 2016 | Final report issued. |
| Human Resources | Jan 2017 | Jan 2017 | Mar 2017 | Mar 2017 | Final report issued. |
| Data Protection Act Compliance | Aug 2016 | Sept 2016 | Oct 2016 | Dec 2016 | Final report issued. |
| Data Quality | Feb 2017 | Mar 2017 | May 2017 | May 2017 | Final report issued. |

| Auditable Area | Planned Fieldwork Date | Draft Report Date | Final Report Date | Target JASP | Comments |
|---|---|---|---|---|---|
| Effective Audit & Scrutiny | July 2016 | Oct 2016 | Feb 2017 | March 2017 | Final report issued. |
| **Collaboration** | | | | | |
| EMCHRS Transactional Services | Dec 2016 | Dec 2016 | Jan 2017 | Mar 2017 | Final report issued. |
| EM Legal Services | Nov 2016 | Nov 2016 | Nov 2016 | Dec 2016 | Final report issued. |
| EMOpSS | Feb / Mar 2017 | Mar 2017 | May 2017 | Mar 2017 | Final report issued. |
| EMS Commercial Unit | Nov 2016 | Dec 2016 | Jan 2017 | Mar 2017 | Final report issued. |
| EMSOU | Jan / Feb 2017 | Mar 2017 | Mar 2017 | May 2017 | Final report issued. |
| **Other** | | | | | |
| Estates Strategy | - | May 2016 | May 2016 | June 2016 | Final memo issued. |
| HR Establishment Budgeting | - | May 2016 | Sept 2016 | Sept 2016 | Final report issued. |
| Commissioning Framework | - | July 2016 | July 2016 | Sept 2016 | Final memo issued. |
| Core Financial Follow-up | - | July 2016 | July 2016 | Sept 2016 | Final report issued. |
| Overtime Payments | - | July 2016 | July 2016 | Sept 2016 | Final memo issued. |

# Appendix A3   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 | | | Dec 2017 | |
| Procurement | Aug 2017 | | | Dec 2017 | |
| **Strategic & Operational Risk** | | | | | |
| Implementation of DMS | Jan 2018 | | | Mar 2018 | |
| Counter Fraud Review | Aug 2017 | | | Dec 2017 | |
| Workforce Planning | May 2017 | | | Sept 2017 | Work in progress. |
| Seized & Found Property | May 2017 | | | Sept 2017 | Work in progress. |
| Information Technology Strategy | Nov 2017 | | | Dec 2017 | |
| Estates Management | July 2017 | | | Sept 2017 | |
| Fleet Management | July 2017 | | | Sept 2017 | |
| **Collaboration** | | | | | |
| Collaboration | Aug 2017 – Feb 2018 | | | Sept 2017 – Mar 2018 | |

# Appendix A4 – 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 A5 - Contact Details

| Contact Details |
|---|

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# A6  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.*

*Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group.  Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.*

| Consideration | |
|---|---|
| Public/Non Public | Public |
| Report to: | Audit and Scrutiny Panel |
| Date of Meeting: | 6 June 2017 |
| Report of: | The Chief Executive |
| Report Author: | Alison Fawley |
| E-mail: | alison.fawley@nottscc.gov.uk |
| Other Contacts: | |
| Agenda Item: | 9 |

# PANEL WORK PLAN AND MEETING SCHEDULE

### 1. Purpose of the Report

1.1 To provide the Panel with a programme of work and timetable of meetings

### 2. Recommendations

2.1 To consider and make recommendations on items in the work plan and to note the timetable of meetings

### 3. Reasons for Recommendations

3.1 To enable the Panel to manage its programme of work.

### 4. Summary of Key Points

4.1 The Panel has a number of responsibilities within its terms of reference. Having a work plan for the Panel ensures that it carries out its duties whilst managing the level of work at each meeting.

### 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

## 9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 This report meets the requirements of the Terms of Reference of the Panel and therefore supports the work that ensures that the Police and Crime Plan is delivered.

## 10. Changes in Legislation or other Legal Considerations

10.1 None as a direct result of this report

## 11. Details of outcome of consultation

11.1 None as a direct result of this report

## 12. Appendices

12.1 Work Plan and schedule of meetings