



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
- 02 Summary and conclusions from Internal Audit work to date
- 03 Performance 2016/17

Appendices

- A1 Summary of Reports 2016/17
- A2 Internal Audit Plan 2016/17
- A3 Internal Audit Plan 2017/18
- A4 Definition of Assurances and Priorities
- A5 Contact Details
- A6 Statement of Responsibility

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 in 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

¹Effective 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			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

Final Reports

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

Vetting and Pre-Employment Checks

- 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.

Job Offer

- 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.

Performance

- 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

David Hoose	07552 007708
	David.Hoose@Mazars.co.uk

Brian Welch	07780 970200
	Brian.Welch@Mazars.co.uk

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.