

# **Office of the Police and Crime Commissioner for Leicestershire and Office of the Chief Constable for Leicestershire**

**Annual Internal Audit Report - Year ended 31 March 2015**

Presented at the Joint Audit, Risk and Assurance  
Panel meeting of: 3 June 2015

Baker Tilly Risk Advisory Services LLP

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# 1 Introduction

As the provider of the internal audit service to Office of the Police and Crime Commissioner for Leicestershire and Office of Chief Constable for Leicestershire we are required to provide the Section 151 Officers and the Joint Audit, Risk and Assurance Panel, opinions on the adequacy and effectiveness of the organisations' governance, risk management and control arrangements.

In line with the Financial Management Code of Practice published by the Home Office, both the Office of the Police and Crime Commissioner (OPCC) and the Office of the Chief Constable (OCC) must have an internal audit service, and there must be an Audit Committee in place (which can be a joint committee). This annual report is therefore addressed to both the PCC and the Chief Constable, and summarises the work undertaken during 2014/15.

As your internal audit provider, the assurance and advisory reviews that Baker Tilly Risk Advisory Services LLP (Baker Tilly) provides during the year are part of the framework of assurances that assist the PCC and Chief Constable prepare informed annual governance statements.

In giving our opinion it should be noted that assurance can never be absolute. The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

## 2 The Head of Internal Audit Opinions

### **Police and Crime Commissioner for Leicestershire**

For the 12 months ended 31 March 2015, based on the work we have undertaken, our opinion below details the adequacy and effectiveness of your organisation's assurance framework, risk management, internal control and governance arrangements.

In our opinion, based upon the work we have undertaken, for the 12 months ended 31 March 2015 Police and Crime Commissioner for Leicestershire had adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives

### **Chief Constable for Leicestershire**

For the 12 months ended 31 March 2015, based on the work we have undertaken, our opinion below details the adequacy and effectiveness of your organisation's assurance framework, risk management, internal control and governance.

In our opinion, based upon the work we have undertaken, for the 12 months ended 31 March 2015 Chief Constable for Leicestershire had adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives.

## 2.1 The basis of our opinion

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

### Governance

An audit of Governance for both the Office of the Police and Crime Commissioner and Office of the Chief Constable was undertaken during the year which resulted in a Substantial (Green) assurance opinion for both entities. We found that the governance framework was established with regular meetings being held and actions agreed and carried forward. Regular meetings were chaired by the PCC and used to set the strategic direction for Leicestershire Police and for monitoring progress against the Plan. Meetings were also held in public with the aim of providing greater transparency.

We concluded that the governance arrangements in place for both the OPCC and the OCC were adequate and effective.

### Risk Management

We undertook a review during the year of the Risk Management arrangements in place for the OCC and OPCC which resulted in a Reasonable (Amber/Green) assurance opinion for each entity.

We found Risk Management Policies and Risk Registers were in place, however, further work was required on the identification and use of assurances in the risk management processes.

We concluded that the risk management arrangements in place for both the Office of the Police and Crime Commissioner and the Officer of the Chief Constable were adequate and effective.

### Internal Control

Nine other assurance audit reports were issued across the OPCC and Force in 2014/15, all except one of these was a Substantial (Green) assurance opinion. The one exception related to Seized and Found Property where we provided a 'cannot take assurance' (Red opinion) on the controls in place. The main issues in this review related to the accuracy of the system and significant number of items 'booked out to office' which required investigation, the use of the PayPal account and use of auction houses. Further to this we completed two advisory reviews which included a walkthrough of the key financial systems to ensure no significant changes in the control framework and a walkthrough of the new finance system where changes were proposed to ensure there was an adequate proposed control framework.



In addition, we undertook two reviews within the East Midlands Collaboration: East Midlands Operational Support Service (EMOpSS) was provided with an Reasonable (Amber Green) assurance opinion and Collaboration: Innovation Fund was provided with a 'cannot take assurance' (Red) opinion as we found there was not a consistent, transparent and overarching governance framework in place to provide oversight and effective management of the Innovation Funds.

We concluded that the control arrangements in place for both the Office of the Police and Crime Commissioner and the Officer of the Chief Constable were adequate and effective, although some weaknesses and areas for improvement were identified.

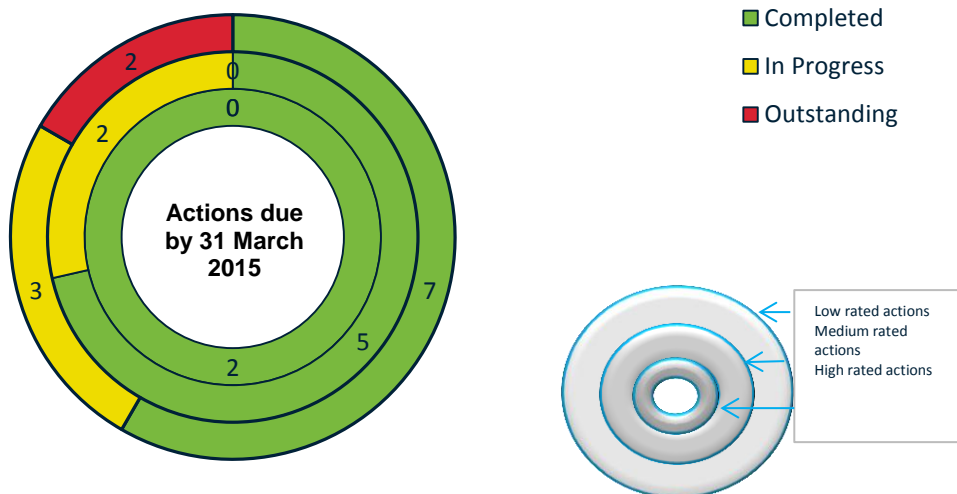
A summary of internal audit work undertaken, and the resulting opinions, is provided at appendix A.

## 2.2 Acceptance of 2014/15 Internal Audit recommendations

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

### 2.2.1 Implementation of actions due by 31 March 2015.

Our follow up of the recommendations from previous years and current audit assignments, showed that the organisation had made reasonable progress in implementing the agreed actions.



## **2.3 Reliance placed upon work of other assurance providers**

In forming our opinion we have placed any direct reliance on other assurance providers.

## 3 Our performance

### 3.1 Wider value-adding delivery

As part of our client service commitment, during 2014/15 we:

- Issued client updates and general briefings during the year.
- Provided a Risk Register Analysis paper benchmarking risks across the Police Sector.
- Facilitated round table events for the OPCC and Force CFOs for the East Midlands Police, and also the Chairs of the Joint Audit Committees.
- Provided benchmarking within our reports on the number and category of recommendations and assurance opinions across organisations similar to yourselves.
- Undertaken both advisory and assurance reviews across both Corporations Sole. This included sharing best practice across the sector through our work.
- We have made suggestions throughout our audit reports based on our knowledge and experience in the public and private sector to provide areas for consideration.

### 3.2 Conflicts of interest

During 2014/15 our Baker Tilly Consulting has provided support to the OPCC in relation to Governance and Commissioning. We (Baker Tilly) do not consider this would lead us to declare any conflict of interests as these have been completed under separate engagement letters and Engagement Partners.

### 3.3 Conformance with internal auditing standards

Baker Tilly affirms that our internal audit services to the OPCC & OCC are designed to conform with the Public Sector Internal Audit Standards (PSIAS).

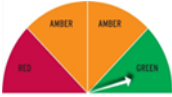
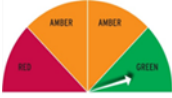



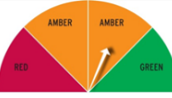
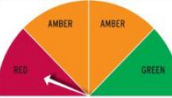
Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Advisory service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

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

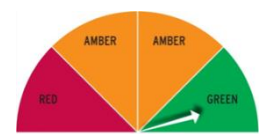
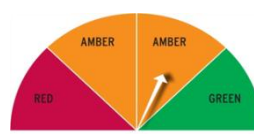
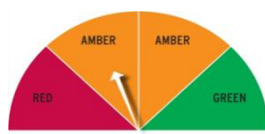
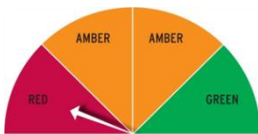


## Appendix A: Internal Audit Opinion and Recommendations Summary 2014/15

| Assignment  | Opinion                  | Actions agreed |   |   |
|---|--------------------------|----------------|---|---|
|   |                          | H              | M | L |
| Payroll Provider (Mouchel)  |                          | 0              | 0 | 0 |
| Estates Management  |                          | 0              | 0 | 3 |
| Seized and Found Property   |                          | 2              | 4 | 1 |
| Risk Management   | <p>OPCC</p> <p>Force</p> | 0              | 3 | 2 |
| Payments and Creditors  |                          | 0              | 0 | 0 |
| Cash, Bank and Treasury Management  |                          | 0              | 2 | 1 |
| Change Programme  |                          | 0              | 1 | 1 |
| Key Financial Controls Walkthrough – no significant areas identified requiring further audit coverage |                          |                |   |   |

| Assignment   | Opinion   | Actions agreed |   |   |
|--|---|----------------|---|---|
|  |   | H              | M | L |
| Capital Expenditure and Asset Management (Draft)           |    | 0              | 2 | 2 |
| Governance   | <p style="text-align: center;">OPCC</p>  <p style="text-align: center;">Force</p>  | 0              | 0 | 0 |
| Follow up (draft)  | <b>Reasonable Progress</b>  |                |   |   |
| Commissioning  |    | 0              | 2 | 0 |
| Financial Controls – Agresso System Walkthrough            |   |                |   |   |
| Performance Management                                     |    | 0              | 0 | 1 |
| <b>East Midlands Collaborative Audits</b>                  |   |                |   |   |
| East Midlands Operational Support Service (EMOpSS) (Draft) |    | 0              | 3 | 3 |
| Collaboration: Innovation Fund (Draft)                     |    | 1              | 4 | 0 |

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



Taking account of the issues identified, the organisations cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.  
Action needs to be taken to ensure this risk is managed.

Taking account of the issues identified, whilst the organisations can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.

Taking account of the issues identified, the organisations can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.  
However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.

Taking account of the issues identified, the organisations can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

## For further information contact

**Daniel Harris, Head of Internal Audit**

[Daniel.harris@bakertilly.co.uk](mailto:Daniel.harris@bakertilly.co.uk)

Tel: 07792 948767

**Suzanne Lane, Senior Manager**

[Suzanne.lane@bakertilly.co.uk](mailto:Suzanne.lane@bakertilly.co.uk)

Tel: 07720 508148