

Office of the Police and Crime Commissioner for Leicestershire and Leicestershire Police

Internal Audit Progress Report

JARAP meeting 2 February 2015

Introduction

The internal audit plan for 2014/15 was approved by the Joint Audit, Risk and Assurance Panel (JARAP) in March 2014. This report provides an update on progress against that plan and summarises the results of our work to date.

We have **finalised one report** since our last meeting and this is shown in bold in the table below. We have also completed the fieldwork for three further reviews and the draft reports will be issued shortly.

Summary of Progress against the 2014/15 Internal Audit Plan

Assignment Reports considered today are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Payroll Provider Review (1.14/15)	FINAL	Green	0	0	0
Estates Management (2.14/15)	FINAL	Green	0	0	3
Seized / Found Property (3.14/15)	FINAL	Red	2	4	1
Key Financial Controls Walkthrough	Complete – no additional work identified				
Risk Management (4.14/15)	FINAL	OPCC – Amber / Green Force – Amber / Green	0	3	2
Cash, Banking & Treasury Management	In QA				
Payments, Creditors & Procurement	In QA				
Asset Management	In QA				
Collaboration – Efficiency Savings Plans (as part of a joint review)	(09/02/15)				
Change Programme	(25/02/15)				
Performance Management	(02/03/15)				
Governance	(09/03/15)				
Follow Up	(12/03/15)				
Commissioning	(13/04/15)				
ICT Review	Delayed until 2015/16				
Human Resources	Q4 and to be combined with Derbyshire Police				

Other Assurance – for information only					
Assignment Reports considered today are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Lincolnshire Police – G4S Niche Service Provision	FINAL	Substantial Assurance	0	0	0

OTHER MATTERS

Planning and Liaison:

We previously held a Joint East Midlands Chief Finance Officers (OPCC & Force) workshop to discuss collaborative assurances and how these can be effectively understood and reported and how Internal Audit can feed into this process. We are currently awaiting confirmation of the final scope and timing of this work from the CFO group prior to the delivery of this work in January / February 2015. This work may have an impact on the Audit Plan, but will be reported to JARAP when agreed.

The JARAP should note that the assurances given in our audit assignments are included within our Annual opinion. In particular the Panel should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified annual opinion. We have to date issued one Red Opinion in the area of Seized / Found Property, this in isolation will not result in a qualified year end opinion.

No common weaknesses have been identified within our final reports so far for 2014/15.

We have agreed a date with management to hold discussions on the 2015/16 draft Internal Audit strategy which will be presented to the next JARAP meeting.

Internal Audit Plan 2014/15 - Change Control:

As reported to the December 2014 meeting, following discussion at the East Midlands Joint Chief Finance Officers meeting it was agreed that we would undertake an additional review of G4S Niche Service Provision through Lincolnshire Police to be able to provide assurance to the region on the arrangements in place. The results of this audit are included in this progress report for information, but have been scrutinised at Lincolnshire Committee.

Since the last meeting, we have been requested to delay the IT Strategy review until 2015/16 to allow for implementation of Niche and Edison. We are currently in discussion with management to utilise the resource within the audit plan to assist in the implementation of Agresso.

We have been requested by management to delay the review of Commissioning due to the OPCC's need to recruit to the vacancies and the work required in the area of commissioning for victim and witnesses in February. We are currently in discussion with the Head of Partnerships and Commissioning on a revised timescale for this review.

As reported previously, we were requested by management to delay the following reviews Human Resources (previously Q2) and Change Management (previously Q2).

Internal Audit Team:

Daniel Harris, Partner - Head Of Internal Audit

Suzanne Lane, Senior Manager

Completion of 2014/15 Internal Audit Plan (as at 22/01/2015)

TOTAL YEAR ALLOCATION 155 DAYS

Year to date used 78 DAYS

EXPECTED TOTAL DAYS 155 DAYS

Information and Briefings:

We have issued the following updates since the last JARAP:

- Emergency Services News Briefing – December 2014
 - Emergency Services Collaboration – The Current Picture
 - Changes to the police disciplinary system
 - An Inspection of Undercover Policing In England and Wales
 - Crime-recording: making the victim count
 - Future Control Room Services Scheme: Summary National Picture of Fire and Rescue
 - Ex-Fire Regional Control Centres: Marketing and Disposal Summary Update
 - Fraudulent PayPal Account

Key Findings from Internal Audit Work (High and medium recommendations only)

Assignment: Risk Management (4.14/15)	Opinion: H - 0 M - 3 L - 2	OPCC – Amber / Green Force – Amber / Green
<p>Design of control framework</p> <p>We found that the following controls were designed adequately:</p> <p>FORCE</p> <ul style="list-style-type: none"> • The Force risk register is recorded on the ORCHID database that produces system e-mails to remind risk and action owners that a review date has been reached. • Risks are assessed and scored in accordance with a 4x4 matrix that is detailed in the Risk Management Procedures • All risks and actions are assigned to nominated owners. • Risk are subject to a monthly review for all those categorised as high with medium and low risk subject to quarterly reviews. • Reporting is undertaken quarterly to the Strategic Organisational Risk Board and to each meeting of the Police and Crime Committee Joint Audit, Risk and Assurance Panel. <p>The following areas were identified as not having been effectively designed:</p> <ul style="list-style-type: none"> • The Organisational Risk Management Procedure (although updated in 2013) contains inaccuracies. A medium priority recommendation for both the Force and OPCC has been made. • Work is still required to identify any areas of assurance that can be used to validate that controls identified to manage/mitigate risks are working effectively. This was highlighted in the previous audit. A medium priority recommendation for both the Force and OPCC has been made to address this issue. <p>OPCC</p> <ul style="list-style-type: none"> • Although the OPCC have been working to the criteria detailed in the Force Risk Management Policy and Procedures and the OPCC adopt all force policies and procedures unless otherwise determined within the formal decision records, no formal document was identified that acknowledges this. A low priority recommendation to address this has been made. • The OPCC assesses risk and scores risk in accordance with the Force directive of a 4x4 impact and likelihood matrix. • Responsibilities for risk management rest with the CFO who reports through to the OPCC SMT. • Risks are recorded on the ORCHID system and each has been assigned a risk owner as have each action identified to further manage/mitigate the risk. • High risks are monitored monthly and medium and low risk monitored quarterly. Where deemed appropriate these are discussed at the Force SMT meetings. • Formal reporting on risk is undertaken to each meeting of JARAP. <p>The following area was identified as not having been adequately designed:</p> <ul style="list-style-type: none"> • For all risks identified there is no written assurance that may or may not be available to confirm that controls to manage/mitigate a risk are effectively operating. A joint medium priority recommendation with the Force has been made to address this area. <p>Application of and compliance with control framework</p> <p>We found that the above controls were adequately applied and complied for both the Force and OPCC with the exception of one minor area of weakness for the Force and OPCC where low priority recommendations have been made.</p>		

Action	Management Response	Date	Responsible Officer
<p>Rec 1.1 – Medium</p> <p>FORCE</p> <p>Ensure the Organisational Risk Management Policy and Procedures are both accurate and relevant. Both should be reviewed annually as per policy, in addition the minutes of the Strategic Organisational Risk Board should clearly detail and reflect that these have been presented, reviewed and approved.</p> <p>In this review the Procedures need to be updated to reflect current roles; The inconsistency in the risk status categories is misleading and requires correction so definitions match those presented to JARAP.</p>	<p>An annual workshop with the SORB members is planned for 2015; this will include risk controls assurance.</p>	<p>Target: December 2015</p>	<p>Laura Saunders Risk and Business Continuity Advisor</p>
<p>Rec 1.2 – Medium</p> <p>FORCE</p> <p>Workshop and training for staff should include risk controls assurance.</p>	<p>We agree there is merit in identifying forms of measurable assurance for mitigating controls.</p> <p>Risk owners are advised to review the mitigating controls when completing each review. It would be impracticable to complete a separate review of every mitigating control for every risk.</p> <p>However, the mitigating controls for all high rated risks will be reviewed. The results of the review will be recorded within Orchid and shared with SORB.</p>	<p>Target: April 2015</p>	<p>Laura Saunders Risk and Business Continuity Advisor</p>
<p>Rec 1.3 – Medium</p> <p>OPCC & FORCE</p> <p>The Force and the OPCC should undertake a review of the key mitigating risk control, to identify if there are any material forms of measurable assurance (1st, 2nd or 3rd) that could be relied on to validate if the control is being effectively managed and operating correctly.</p> <p>It may well be that there are assurance gaps for some controls. Details of the assurances or where</p>	<p>The risk report template will be amended to include the impact and likelihood score for each risk.</p> <p>The revised template will be included with all future risk papers presented to SORB.</p>	<p>Target: January 2015</p>	<p>Laura Saunders Risk and Business Continuity Advisor</p>

there is none should be recorded in Orchid. The outcomes of such reviews should be reported to the SORB.			
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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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