



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

Internal Audit Progress Report 2017/18

August 2017

Presented to the Joint Audit, Risk & Assurance Panel meeting of: 14th September 2017

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01 Introduction

- 1.1 The purpose of this report is to update the Joint Audit, Risk & Assurance Panel (JARAP) as to the progress in respect of the 2017/18 Internal Audit Plan which was considered and approved by the JARAP at its meeting on 17th 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 two final report in respect of the 2017/18 plan since the last progress report to the JARAP, these being in respect of Workforce Planning and Business Continuity. Further details are provided in Appendix 1.

Leicestershire 2017/18 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Audit Committee Effectiveness	Draft					
Workforce Planning	Final	Significant			2	2
Business Continuity	Final	Significant			1	1
Total			-	-	3	3

- 2.2 Fieldwork in respect of Risk Management has been completed and the draft report will be issued shortly. We are in the process of agreeing the scope of a number of audits that will be carried out over the coming months. These include Estates Management, Core Financial Systems, IT Strategy, Counter Fraud and Commissioning. Further details are provided within Appendix A2.
- 2.3 Similarly to 2016/17, five specific areas have been identified in terms of the collaborative audits for 2017/18 and a lead officer (OPCC CFO) has been identified as a single point of contact. Four of the audits will adopt a similar scope to that of the 2016/17 audits and will look at the business plan and S22 agreement in terms of whether it is being delivered and is fit for purpose going forward; the scope will also include value for money considerations and arrangements for managing risk. The four areas of collaboration that will form the focus of these initial reviews are:
- EMCHRS Learning & Development
 - EMCHRS Occupational Health
 - EMSOU Forensic Services
 - Criminal Justice (EMCJS)

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

2.4 At the time of writing we have issued the draft report in respect of EMCHRS Learning & Development and await management's response. A summary of the final report will be reported within our next progress report to the JARAP.

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 JARAP	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JARAP	As agreed with the Client Officer	Achieved
3	Progress report to the JARAP	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (3/3)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (2/2)
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% (7/7)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	N/A

Appendix A1 – Summary of Reports 2017/18

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

Workforce Planning

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

Our audit considered the controls in place with regards the following:

Governance

- Governance arrangements for Workforce Planning are clearly defined, including roles and responsibilities, risk management processes, decision making and reporting arrangements.

Succession Planning

- There are robust succession planning processes in place which identify and develop officers and provide structured opportunities for secondments and promotions for employees who are prepared to assume these roles as they become available.
- Key roles are identified within the organisation and relevant succession plans are put in place to address these.

Establishment

- There are robust monitoring processes in place to ensure that the Force has up to date and accurate Establishment data in place.
- The costs associated with the establishment structure are regularly updated and reconciled with the Finance department.

Recruitment and Retention Planning

- There are robust recruitment planning processes in place which identify the current and future police officer numbers
- The Force take part in regular communication with the workforce to understand current engagement levels which will drive strategy to ensure they retain key staff and key skills needed.

Talent Management

- The Force has a robust talent programme that is linked with key risks to ensure that the future needs of the organisation can be met.
- The Force regularly undertakes skills analysis to identify any areas of concern, with appropriate action plans put in place to address them.

We raised two priority 3 recommendation recommendations of a more housekeeping nature relating to the terms of reference for the various governance forums and the use of data analytics for succession planning. Management have confirmed that actions would be implemented by the end of September 2017.

Business Continuity

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

Our audit considered the following area objectives:

Application of Protocols

- The business continuity plans were accurately and correctly followed during the execution of plans, with clear documentation of the actions taken;
- The reporting requirements for the escalation of business plans were strictly followed;

Monitoring and Reporting

- For each business continuity plan executed there was regular monitoring and reporting to Chief Officers, the Strategic Risk Management Board and JARAP to ensure effective scrutiny and oversight of arrangements.

Lessons Learned

- A robust review process was followed to evaluate the execution of business continuity plans to highlight any lessons learned;
- Business continuity plans were appropriately updated following a review of the actions followed;
- Outcomes from the execution of business plans were used to update Business Continuity Strategies, Policies and Procedures and other BC plans.

Previous Audit Recommendations

- Recommendations raised in the previous review have been implemented.

We raised one priority 3 recommendation of a more housekeeping nature in respect of the completion of response checklists and action logs.

Management have confirmed that all agreed actions will be completed by the end of October 2017.

Appendix A2 Internal Audit Plan 2017/18

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JARAP	Comments
Core Financial Systems					
Core Financial Systems	Nov 2017			Dec 2017	
Payroll Provider	Feb 2018			Mar 2018	
Audit Committee Effectiveness	April 2017	May 2017		Sept 2017	Draft report issued.
Risk Management	Aug 2017			Dec 2017	F/w completed; being reviewed.
Strategic & Operational Risk					
Seized & Found Property	Jan 2018			Mar 2018	Deferred from Nov 2017
Counter Fraud Review	Sept 2017			Dec 2017	To agree scope across the three forces.
Business Continuity	July 2017	Aug 2017	Aug 2017	Sept 2017	Final report issued.
Estates Management	Oct 2017			Dec 2017	Agreed start date 24 th Oct.
Information Technology Strategy	Dec 2017			Mar 2018	
Workforce Planning	May 2017	June 2017	July 2017	Sept 2017	Final report issued.
Commissioning	Nov 2017			Mar 2018	Brought forward from Feb 2018

Collaboration					
EMCHRS Learning & Development	Aug 2017	Aug 2017		Dec 2017	Draft report issued.
EMCHRS Occupational Health	Oct 2017			Dec 2017	
EMSOU Forensic Services	Sept 2017			Dec 2017	
Criminal Justice (EMCJS)	Dec 2017			Mar 2018	
POCA	Jan 2018			Mar 2018	

Appendix A3 – Definition of Assurances and Priorities

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

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

Appendix A4 - Contact Details

Contact Details

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A5 Statement of Responsibility

Status of our reports

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

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