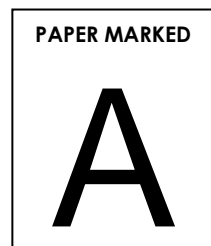


# **POLICE & CRIME COMMISSIONER FOR LEICESTERSHIRE JOINT AUDIT, RISK & ASSURANCE PANEL**



Report of	<b>OFFICE OF THE POLICE AND CRIME COMMISSIONER AND THE OFFICE OF THE CHIEF CONSTABLE</b>
Subject	<b>INTERNAL AUDIT PROGRESS REPORT</b>
Date	<b>TUESDAY 11 DECEMBER 2018 – 10.00 A.M.</b>
Author :	<b>MR BRIAN WELCH, MAZARS</b>

## **Purpose of Report**

1. This report summarises the work that Internal Audit has undertaken in progressing the Operational Plan for the year 2018/2019.
2. The purpose of the Internal Audit Progress 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.

## **Recommendation**

3. The Panel is recommended to discuss the contents of the report.

## **Background**

4. None

## **Implications**

Financial: none.

Legal: none.

Equality Impact Assessment: none.

Risks and Impact: as per individual reports.

Link to Police and Crime Plan: as per audit plan

## **List of Attachments / Appendices**

Internal Audit Progress Report

## **Background Papers**

None



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

Internal Audit Progress Report 2018/19

November 2018

Presented to the Joint Audit, Risk & Assurance Panel meeting of: 11<sup>th</sup> December 2018

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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 2018/19 Internal Audit Plan, which was considered and approved by the JARAP at its meeting on 21<sup>st</sup> February 2018.
- 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 reports in respect of the 2018/19 plan since the last progress report to the JARAP, these being in respect of IT Strategy and Fleet Management. Further details are provided in Appendix 1.

Leicestershire 2018/19 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Procurement	Final	Satisfactory		2	1	3
Firearms Licensing	Final	Satisfactory		1	1	2
Governance	Final	Satisfactory		2	1	3
Data Quality	Final	Satisfactory		3	1	4
Fleet Management	Final	Satisfactory		4	1	5
IT Strategy	Final	Significant			2	2
<b>Total</b>				<b>12</b>	<b>7</b>	<b>19</b>

- 2.2 Fieldwork in respect of the audit of the General Data Protection Regulations (GDPR) is in progress, whilst the audit of the Core Financial Systems is scheduled for December.
- 2.3 Work in respect of the 2018/19 Collaboration Internal Audit Plan is progressing. We have recently issued the draft reports in respect of Strategic Financial Planning and Risk Management, whilst fieldwork in respect of Business Planning has been completed and the draft report will be issued shortly.

## 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% (6/6)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (6/6)
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% (8/8)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (4/4)

## Appendix A1 – Summary of Reports 2018/19

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 in respect of the 2018/19 Internal Audit Plan:

### Fleet Management

<b>Assurance Opinion</b>	<b>Satisfactory</b>
<b>Recommendation Priorities</b>	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	4
Priority 3 (Housekeeping)	1

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

- There is a comprehensive and approved Fleet Management Strategy in place which is aligned with the strategic and medium / long term objectives of the OPCC and Force.
- Delivery of the Fleet Management Strategy is supported by an agreed implementation plan and there are robust monitoring arrangements in place.
- An effective maintenance programme is in place that supports the objective that fleet vehicles are available when and where required.
- The maintenance programme is supported by an effective schedule of inspections and services.
- The Force utilises a robust fleet management system upon which a complete and up to date record of vehicles is maintained.
- Procurement arrangements in respect of the Force's vehicle fleet demonstrate the principles of best value.
- Budget control processes ensure that actual spend is in accordance with the approved budget.
- Management information is available to enable effective monitoring of performance against the Fleet Management Strategy and delivery of the maintenance programme.

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

- The Fleet Management Strategy should be finalised so that sets out the key objectives to be met within the next few years. The Strategy should be aligned to the medium/long term objectives of both the Force and the OPCC.

An Implementation Plan should also be developed. This should include details of how the principles of the Strategy will be achieved by the Force.

The Strategy and Implementation Plan should both be approved at the Executive Committee.

- Regular sample checks should be undertaken on the services carried out and the details recorded on TRANMAN. The data should be checked to ensure:
  - All details (including mileage) is recorded for the service; and
  - The annual servicing timeframe, or the 12,000 miles timeframe, have been met.

- A Procurement Policy for the fleet vehicles should be developed. This should outline the process to be followed for the procurement of vehicles, including the commissioning process, and it should clearly demonstrate how value for money should be achieved.

The policy should be approved by the Head of Transport and the Assistant Chief Officer for the Force.

- Performance Indicators for the Fleet Management Team should be developed. These should help to assess performance against the Fleet Management Strategy.

Performance should be reported to the appropriate Force and OPCC forums on a regular basis to provide assurance that the Strategy is being achieved.

We also raised a priority 3 recommendation of a more housekeeping nature relating to the review of user access to Transman.

Management have confirmed that agreed actions will be implemented by March 2019.

### IT Strategy

<b>Assurance Opinion</b>	<b>Significant</b>
<b>Recommendation Priorities</b>	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	-
Priority 3 (Housekeeping)	2

The audit objectives are to provide a review of the arrangements in place to support the development and establishment of IT Strategy. Consideration will also be given to the governance of the IT Strategy. This will include:

- Current position of IT strategic planning and governance structures.
- An IT strategy has been developed, documented, formally approved, and is up to date.
- The IT strategy supports both the delivery of the IT team's departmental objectives and Force's corporate objectives.
- The IT strategy clearly defines Force's IT priorities over the lifetime of the business plan, and how these will be achieved.
- The IT strategy has been effectively communicated to key colleagues at all levels throughout the organisation.
- Senior management across the organisation are fully committed to the implementation of the IT strategy.
- There are effective governance, management structures and performance reporting structures in place to manage and monitor the implementation of IT strategy projects. This should include: (i) A project management office/IT Strategy Group to oversee implementation and delivery, (ii) terms of reference for the group (s), (iii) post implementation reviews of IT projects undertaken within agreed timescales.
- Governance procedures are in place to help support, manage and maintain the PSN accreditation.

We raised two priority 3 recommendations of a housekeeping nature relating to review and update of the strategy and its subsequent promotion and distribution.

Management have confirmed that agreed actions will be implemented by November 2018.



## Appendix A2 Internal Audit Plan 2018/19

Auditable Area	Plan Days	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JARAP	Comments
<b>Core Financial Systems</b>						
Core Financial Systems	22	Dec 2018			April 2019	Fieldwork starts 10 <sup>th</sup> Dec.
- Payments & Creditors						
- General Ledger						
- Cash & Bank						
- Income & Debtors						
- Payroll						
Code of Governance	6	June 2018	June 2018	July 2018	Sept 2018	Final report issued.
Payroll Provider	5	Feb 2019			April 2019	
<b>Strategic &amp; Operational Risk</b>						
Firearms Licensing	8	May 2018	May 2018	Aug 2018	Sept 2018	Final report issued.
IT Strategy	10	July 2018	Sept 2018	Oct 2018	Dec 2018	Final report issued.
Procurement	7	May 2018	May 2018	June 2018	Sept 2018	Final report issued.
Health & Safety	7	Jan 2019			Apr 2019	
Data Quality	8	July 2018	July 2018	Aug 2018	Sept 2018	Final report issued.
GDPR	10	Nov 2018			April 2019	Work in progress.

<b>Auditable Area</b>	<b>Plan Days</b>	<b>Planned Fieldwork Date</b>	<b>Draft Report Date</b>	<b>Final Report Date</b>	<b>Target JARAP</b>	<b>Comments</b>
Fleet Management	7	Aug 2018	Aug 2018	Sept 2018	Dec 2018	Final report issued.
Property Management	10	Feb 2019			April 2019	
Archive Management	8	Mar 2019			July 2019	
<b>Collaboration</b>						
Risk Management	3	Aug 2018	Nov 2018		April 2019	Draft report issued.
Strategic Financial Planning	3	July 2018	Oct 2018		Dec 2018	Draft report issued.
Business Planning	3	Sept 2018			April 2019	F/w completed; being reviewed.
Review of Collaboration Assurance Statements	1	May 2018	May 2018	June 2018	Sept 2018	Final memo issued.

## Appendix A3 – Definition of Assurances and Priorities

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
<b>Significant Assurance:</b>	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
<b>Satisfactory Assurance:</b>	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.
<b>Limited Assurance:</b>	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.
<b>No Assurance</b>	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
<b>Priority 1 (Fundamental)</b>	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
<b>Priority 2 (Significant)</b>	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
<b>Priority 3 (Housekeeping)</b>	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

David Hoose

07552 007708

[David.Hoose@Mazars.co.uk](mailto:David.Hoose@Mazars.co.uk)

Brian Welch

07780 970200

[Brian.Welch@Mazars.co.uk](mailto:Brian.Welch@Mazars.co.uk)

## 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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