

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

PAPER MARKED

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Report of	CHIEF CONSTABLE
Subject	INTERNAL AUDIT PROGRESS REPORT
Date	FRIDAY 16 OCTOBER – 10.00 A.M.
Author :	MR MARK LUNN, MAZARS

Purpose of Report

1. This report summarises the work that Internal Audit has undertaken in progressing the Operational Plan for the year 2020/2.
2. 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.

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

Officer to Contact

Paul Dawkins – Assistant Chief Officer (Finance & Resources): Leicestershire Police and Temporary Chief Finance Officer: Office of Police and Crime Commissioner for Leicestershire – 0116 248 2244



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

Internal Audit Progress Report 2020/21

October 2020

Presented to the Joint Audit, Risk & Assurance Panel meeting on the 15th October 2020

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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 Operational Plan for the year ended 31st March 2021 that was approved by the JARAP at its meeting on 25th April 2020.
- 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 Since the last meeting of the JARAP we have issued one final report in respect of the 2020/21 plan, this being in respect of Procurement. In relation to the 2019/20 Collaboration audits we have issued one final report in respect of Health & Safety. Further details are provided in Appendix A1.
- 2.2 As noted in our last update to the committee our internal audit plan for the year had been delayed due to the impacts of covid-19, however through regular communication and engagement with the Force we have been able to carry out fieldwork remotely and at the time of writing both the Workforce Planning and Estates Managements audit fieldwork is taking place. Moreover, dates have been agreed to carry out the Payroll & Core Financials audits and planning meetings have been held for Victims Code of Practice audit and planning meetings booked for the IT audits as well.
- 2.3 Mazars have not raised any issues with regard to completing Leicestershire's 2020/2021 Internal Audit Plan but will keep this under constant review and provide the JARAP with updates where issues are impacting upon our ability to deliver the audit plan. We are looking to agree dates for the audits up to 31st March 2021 already and should any issues with the ability to complete the full plan by the end of the year this will be raised with the Chief Finance Officers and JARAP. A summary of the progress to date is tabled below:

Leicestershire 2020/21 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Procurement	Final	Satisfactory			2	2
Estates Management	Field Work Ongoing					
Workforce Planning	Field Work Ongoing					
Payroll	Dates confirmed – Oct 20					
Core Financials	Dates confirmed – Nov 20					
Total					2	2

Collaboration 2019/20 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Performance Management	Final	Satisfactory		1	4	5
Health & Safety	Final	Satisfactory		3	3	6
Business Continuity	Draft					
Total				4	7	11

- 2.4 In relation to the 2019/20 Collaboration reports we have issued the final report in regard to Health & Safety with further details provided in Appendix A1. This means the Business Continuity Report for 2019/20 remains outstanding, the draft report was issued in May 20 and the Lead CFO is collating the management comments for this audit. The CFO leads for the three collaboration audits in 2020/21 have been agreed at the latest regional CFO meeting and audit will be arranging planning meeting so these audits can be set up.

03 Performance 2020/21

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	Achieved
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% (1/1)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (1/1)
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.	80% (4/5)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	-% (0/1)

Appendix A1 – Summary of 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 progress report:

Procurement

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

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

- Procurement activity is governed by Contract Regulations and that these are available to all relevant staff.
- Expenditure with regards to goods and services is incurred in accordance with Contract Regulations and best value principles, for example, through the use of quotes, tenders, national and regional frameworks, etc.
- Requisitions and purchase orders are approved at the appropriate level and in accordance with approved delegated authorities.
- Expenditure on goods and services is supported, where appropriate, by an approved purchased order.
- Where there is a contract / agreement in place, expenditure is only incurred with these suppliers.
- There are effective goods receipting processes in place.
- There is effective monitoring of expenditure to identify where a contract would deliver better value for money.
- The contracts include effective performance monitoring expectations and the Force ensures suppliers are operating in line with expectations

We raised two priority three recommendation in regard to ensuring dates are recorded when contracts are signed and ensuring that are effective performance monitoring in the contract was aligned to the performance monitoring taking place.

Moreover, upon following up on previous recommendations raised in our 2018/19 internal audit report it was noted that the annual reviews of supplier spend had not taken place as intended but was due to take place for 2019-20 annual spend.

2019/20 Collaboration: Health & Safety

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

Since 2015/16 all Forces in the East Midlands have agreed to allocate internal audit time to provide assurance over the collaborative arrangements that are in place across the region. Over the first two years Internal Audit have undertaken high level reviews of the governance arrangements within most of the regional collaboration units. However, starting in 2018/19 thematic reviews have been carried out by audit, and have been carried out across a sample of regional collaboration units to provide each Force with assurance over key areas including Risk Management and Strategic Financial Planning.

As part of this review we have carried out an audit of the processes in place across the region in respect of Health and Safety within a sample of collaboration units agreed by the CFOs – East Midlands Collaborative Human Resource Services Occupational Health Unit (EMCHRS OHU) and East Midlands Special Operations Unit (EMSOU).

Our audit considered the following area objectives:

Roles and Responsibilities

- The roles and responsibilities are clearly defined and the individuals concerned are fully aware of these;
- Appointed officers have been assigned to support the unit to meet its H&S responsibilities.

Policies and Procedures

- The unit has in place policies and procedures, which incorporate relevant legislative requirements and provide clear guidance to staff.
- The policies and procedures in place are comprehensive, up-to-date and available to all relevant members of staff.
- The existing policies and procedures are regularly reviewed to ensure they are up to date.

Governance

- There is an appropriate and effective governance structure in place through, which Health and Safety issues are reviewed, scrutinised and managed.
- Health and Safety is promoted across the unit to ensure awareness from both police staff and police officers.

Monitoring and Reporting

- Health and Safety information is accurately produced and regularly reported to allow for effective monitoring, decision making and reporting in line with senior management requirements.
- There is an effective system in place for recording, maintaining and reporting Health & Safety data including any incidents or near misses.
- There is an effective system in place to ensure lessons are learned from Health and Safety incidents or near misses to prevent repeat incidents occurring.
- Appropriate oversight and reporting arrangements are in place and are working effectively.

Training

- Staff are fully supported, with relevant training and guidance provided to allow compliance with health and safety requirements and responsibilities.
- The unit has a robust process in place to monitor the level of health and safety training undertaken by key staff.

We raised three priority 2 (significant) recommendations and three priority 3 (housekeeping) where the control environment could be improved upon. The finding, recommendation and response from the relevant collaboration units is detailed below:

Recommendation 1	EMCHRS OHU should review the Force Health and Safety Policy and Procedure and ensure they record where their approach differs from the policy and procedure, for instance the responsibilities assigned to roles across the collaboration unit.
Finding	<p>The unit adopt the policy and procedures of the Force, whilst this appears to be a reasonable approach to prevent the duplication of work it is noted that differences will be present.</p> <p>For example, the responsibilities set out in the Forces procedure cover the OPCC, the DCC, Director of H&S etc. These roles differ to the collaboration unit set up and therefore it needs to be considered how this is to be formally recorded to ensure accountability is clearly set for H&S.</p> <p>It was also noted from review of the H&S Procedures that the unit have adopted from Leicestershire that it states, "Regional units are required to have support managers in place to co-ordinate health and safety within their unit." The OHU does not currently have a support manager filling this role and it is being undertaken by the Head of OHU.</p> <p><i>Risks:</i> The responsibilities for H&S are not clearly stated for the collaboration unit.</p>
Response	<p>The OHU would benefit from a Business Support Manager. The Leics Principle Health & Safety Advisor said it would be useful to have a SPOC in the OHU unit.</p> <p>The Health and Safety Advisor for Leicestershire Police has agreed to attend the OHU SLT meetings to provide further support for the unit.</p> <p>The Force Health and Safety terms of reference request for review as in 4.1.</p>
Timescale	Implemented

Recommendation 2	EMSOU & OHU should consider maintaining records of incidents and near misses for their staff that are passed to the Forces to ensure a clear audit trail is maintained and no incidents are missed.
Finding	The EMSOU Health & Safety Protocol outlines the process to be followed for accident reporting. It makes clear references to the individual Forces being responsible for recording H&S incidents: " <i>Managers of staff who have been injured or made ill through</i>

	<p><i>work related causes will ensure that the Health and Safety Advisor of that individual's Force has been made aware."</i></p> <p>EMSOU maintain records of incidents that have occurred at their premises however it was noted that EMSOU do not maintain records of when such incidents have been passed to the Force to deal with. Therefore, if staff have not reported the incident to the Force there is a risk it will go unreported.</p> <p>The OHU adopt Leicestershire reporting process for H&S incidents, however it was noted in some scenarios where OHU Staff are operating on other Force premises and an incident occurs there is an expectation that the Force would record the incident where it occurs. Similarly, to EMSOU, the OHU do not keep records of this therefore no audit trails to confirm incidents have been captured.</p> <p><i>Risk: Accidents or incidents are not reported</i></p>
Response	<p>EMSOU Currently has its own Injury on Duty reporting form and staff are aware of this and are encouraged to use it. In future we will put out a 6-monthly reminder to all staff via the weekly bulletin reminding them of the process.</p> <ul style="list-style-type: none"> - This reminder will also include the instruction that Staff are to report all injuries or near misses - Where injuries are reported to other forces directly then these are usually passed back to EMSOU for information or investigation. <p>Going forward EMSOU will carry out routine checks to see if any injuries have been reported to forces to ensure that they are picked up (however we must be wary of double reporting occurring).</p> <p>OHU Reports of accidents, incidents and near misses are now recorded on a spreadsheet.</p>
Timescale	Implemented

Recommendation 3	<p>EMSOU should review the training records of managerial posts and then remind those who have not completed the H&S training to do so.</p> <p>EMSOU should ensure the Training administrators monitor levels of H&S training for EMSOU staff to ensure compliance with the five-year refresher period.</p>
Finding	<p>Both EMSOU and the OHU align with Leicestershire Polices' approach to H&S training, with a number of H&S training levels in place to provide staff with the training they need to fulfil their health and safety responsibilities, dependent on their role within the organisation as noted below.</p> <p>When staff join the organisation, they undertake induction training, which includes a</p>

	<p>basic level of health and safety training.</p> <p>If staff hold a managerial post, then they are required to undertake a bespoke H&S Training session that is run by Leicestershire Police. However, it was noted that the records to confirm attendance at this training are out of date as the training course has not taken place for a few years. Audit were informed that EMSOU are working towards a five-year refresher of H&S training. However, from audit testing, of the four staff that had completed the course, three had completed it longer than five years ago.</p> <p>Audit were informed that levels of attendance are reported into Leicestershire's H&S Committee, where EMSOU have representation.</p> <p><i>Risk:</i> Staff with legal responsibilities for health and safety have not received appropriate training to carry out these duties.</p>
Response	<p>Going forward a specific list will be kept for H & S training and this will be monitored for attendance and review dates. Records of the 5-year refresher will be kept, however due to turnover of managerial roles there are likely to be very few staff who remain in post longer than 5 years.</p>
Timescale	<p>Implemented</p>

We raised three priority 3 recommendations of a more housekeeping nature relating to:

EMCHRS OHU: Health & Safety Policy & Procedure

EMCHRS OHU should formally adopt their Health and Safety Policy & Procedure.

EMCHRS OHU should ensure when the Force H&S Policy is updated that any changes made do not impact upon their approach.

EMSOU: Health & Safety Policy/Protocol

EMSOU should ensure a schedule is in place to review and update the H&S Protocol on a regular basis.

EMSOU should confirm where legal responsibilities for H&S lie for their collaboration unit and define this within their protocol.

EMSOU should update the format of the Protocol to ensure it includes but not limited to:

- Document Owner
- Version Control
- Last Review Date
- Date of next review
- Officer/Board Approval

Governance

EMSOU should review and updated the Risk, Assurance and Compliance Meeting Terms of Reference to ensure it remains up to date with the operations of the unit.

OHU should include Health & Safety as a standard agenda item at the Senior Leadership Team meeting.

Appendix A2 Internal Audit Plan 2020/21

Auditable Area	Plan Days	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JARAP	Comments
Core Assurance						
Core Financial Systems	17	Nov 2020			Jan 2021	Fieldwork Dates Confirmed
- Payments & Creditors						
- General Ledger						
- Cash & Bank						
- Income & Debtors						
Payroll	5	Oct 2020			Jan 2021	Fieldwork Dates Confirmed
Payroll Provider	5	Feb 2021			Apr 2021	TBC
Risk Management	8	Feb 2021			Jan 2021	TBC
Strategic & Operational Risk						
Procurement	8	July 2020	Aug 2020	Aug 2020	Oct 2020	Final Report Issued.
Victims Code of Practice	8	Mar 2021			Apr 2021	Planning discussions have taken place
Workforce Planning	8	Sept 2020			Oct 20 / Jan 21	Field Work Ongoing
Wellbeing	9	Jan 2021			Apr 2021	TBC
Vetting	8	Jan 2021			Apr 2021	TBC
Estates Management	8	Oct 2020			Jan 2021	Field Work Ongoing

Auditable Area	Plan Days	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JARAP	Comments
Medium Term Financial Plans	8	Jan 2021			Apr 2021	TBC
IT: GDPR	10	TBC			TBC	Planning Meetings Scheduled
IT: Security	8	TBC			TBC	Planning Meetings Scheduled
Collaboration						
Workforce Planning		TBC			TBC	Lead CFO's assigned.
Wellbeing		TBC			TBC	Lead CFO's assigned.
Budgetary Control		TBC			TBC	Lead CFO's assigned.

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.

The contents of this report are confidential and not for distribution to anyone other than the Office of the Police and Crime Commissioner for Leicestershire and Leicestershire Police. Disclosure to third parties cannot be made without the prior written consent of Mazars LLP.

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