

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

PAPER MARKED



Report of	<b>CHIEF CONSTABLE</b>
Subject	<b>INTERNAL AUDIT ANNUAL REPORT 19-20</b>
Date	<b>WEDNESDAY 29 JULY – 10.00 A.M.</b>
Author :	<b>MR MARK LUNN, MAZARS</b>

## **Purpose of Report**

1. This report summarises the work that Internal Audit has undertaken and the key control environment themes across the OPCC for Leicestershire and Leicestershire Police during financial year 2019/20.
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**

Leicester Police Annual IA Report 19-20

## **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

## Draft Internal Audit Plan 2020/21

April 2020

This report has been prepared on the basis of the limitations set out on page 10.

This report and the work connected therewith are subject to the Terms and Conditions of the Framework Agreement dated 21 April 2015 between The Police and Crime Commissioner for Nottinghamshire and Mazars LLP and Order Form dated 12 May 2015, and subsequently extended on 6<sup>th</sup> November 2018, between Police and Crime Commissioner for Leicestershire and Mazars LLP. This report is confidential and has been prepared for the sole use of Police and Crime Commissioner for Leicestershire. This report must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

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## 1. Introduction

- 1.1 An annual proposed Internal Audit Operational Plan has been prepared on behalf of the Police and Crime Commissioner for Leicestershire and Leicestershire Police (the OPCC and Force) for the period 1 April 2020 to 31 March 2021.
- 1.2 As part of fulfilling the Joint Audit, Risk & Assurance Panel's (JARAP) responsibilities, the JARAP require assurance that it is focusing its attention on the key risks to the OPCC and Force and that it is receiving timely and effective assurance with regards the management of those risks. As Internal Audit is a one source of this assurance, Internal Audit have reviewed the OPCC / Force Risk Register with the aim of identifying where the OPCC / Force obtains this assurance and that the Internal Audit plan is suitably focused and aligned with other sources of assurance. The results of this exercise were considered when drawing the audit plan.
- 1.3 **Appendix A** contains our proposed **Annual Audit Plan 2020 – 2021**.

## 2. The Scope and Purpose of Internal Audit

- 2.1 Internal Audit's primary role is to provide the organisation's management with independent assurance on the effectiveness of the internal control systems that contribute to the achievement of the organisation's business objectives. In so doing, this will support the OPCC and Force in signing the Annual Governance Statement. It is also Internal Audit's role to provide the OPCC and Force with assurance that they have in place effective processes for the management of risk.
- 2.2 In drawing up the internal audit work programme it should be noted that:
  - The OPCC and Force are accountable for internal control. The OPCC and Force are responsible for maintaining a sound system of internal control that supports the achievement of the organisation's objectives, and for reviewing its effectiveness;
  - The system of internal control is designed to manage rather than eliminate the risk of failure to achieve these objectives;
  - The system of internal control can therefore only provide reasonable and not absolute assurance of effectiveness; and
  - The system of internal control is based on an on-going risk management process designed to identify the principal risks to the achievement of the organisation's objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically.

2.3 As set out in the Audit Charter, Internal Audit fulfils its role by:

- Coordinating assurance activities with other assurance providers (such as the external auditors and HMICFRS) such that the assurance needs of the OPCC and Force, regulators and other stakeholders are met in the most effective way.
- Evaluating and assessing the implications of new or changing systems, products, services, operations and control processes.
- Carrying out assurance and consulting activities across all aspects of the OPCC and Force's business based on a risk-based plan agreed with the Joint Audit, Risk & Assurance Panel (JARAP).
- Providing the Police & Crime Commissioner and Chief Constable with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls associated with the management of risk in the area being audited.
- Issuing periodic reports to the JARAP and Senior Management Team summarising results of assurance activities.
- Re-enforcing an anti-fraud, anti-bribery and anti-corruption culture within the OPCC and Force to aid the prevention and detection of fraud.
- Assisting in the investigation of allegations of fraud, bribery and corruption within the OPCC and Force and notifying management and the JARAP of the results.
- Assessing the adequacy of remedial action to address significant risk and control issues reported to the JARAP. Responsibility for remedial action in response to audit findings rests with line management.

## 3. Approach

- 3.1 As part of fulfilling the Joint Audit, Risk & Assurance Panel's (JARAP) responsibilities, the JARAP require assurance that it is focusing its attention on the key risks to the OPCC and Force and that it is receiving timely and effective assurance with regards the management of those risks. As Internal Audit is a one source of this assurance, Internal Audit have reviewed the OPCC / Force Risk Register with the aim of identifying where the OPCC / Force obtains this assurance and that the Internal Audit plan is suitably focused and aligned with other sources of assurance. The results of this exercise were considered when drawing the audit plan.

3.2 The Assurance Framework provides a top-down identification and analysis of the assurance needs of the JARAP, and aims to provide a co-ordinated view of the activity of the various assurance providers and therefore the right combination of direct, risk and independent assurance activities as shown below:



3.3 In drawing up the operational audit plan, the assurance review of the OPCC / Force risk register identified where the OPCC / Force obtained assurance it was managing its key risks, with the aim of aligning the Internal Audit plan with other sources of assurance. The review was carried out through discussions with appropriate staff and review of documents to confirm the adequacy of the assurance processes in place. In particular we:

- Reviewed the key strategic risks (OPCC and Force) that the JARAP require assurance on.
- Through discussions and the review of relevant documents, using the 'three lines of defence' model referred to above, considered the key sources of assurance that the risks are being effectively managed.
- Identified and agreed gaps in assurance.
- Agreed whether the gaps should be addressed and, if so, whether Internal Audit were the appropriate source of that assurance.

In determining Internal Audit's current and future role in the 'assurance landscape', it should be noted that Internal Audit has a wider remit than purely focusing on just those risks set out in the OPCC / Force Strategic Risk Register, and is required to provide assurance on the systems of internal control, risk management and governance arrangements. For this reason, we also considered other key areas of assurance, including those relating to Finance, Governance, Procurement, Information Technology and Risk Management.

- 3.4 Through a focused approach to assurance, the internal audit service can be utilised to provide the right level of assurance, it can avoid unnecessary use of its finite resources and it can support the OPCC and Force in maintaining an effective Assurance Framework. Internal Audit, through its support for the Assurance Framework, should:
- support the OPCC and Force in managing its risks through the establishment (and, more importantly, the maintenance) of an Assurance Framework that is fit for purpose;
  - look to other sources of assurance and assurance providers, including third party assurance, to supplement the resources of the internal audit team;
  - work alongside other assurance providers, such as External Audit, to more effectively provide assurance and avoid duplication; and
  - through risk-based auditing, focus internal audit resource on what is really important to each organisation.
- 3.5 Further to the above risk identification process, it should also be remembered that Leicestershire form part of the East Midlands Policing Region and, as such, collaborate on a wide variety of services. The aim will therefore be to, wherever possible, align the audit plans across the region in order to secure efficiencies through collaborative auditing.

## 4 External Audit Consultation

- 4.1 We liaise closely with your external auditors in preparing, and then delivering, a co-ordinated approach to the provision of assurance.
- 4.2 We speak regularly with the External Auditors to consult on audit plans; discuss matters of mutual interest; discuss common understanding of audit techniques; methods and terminology; and to seek opportunities for co-operation in the conduct of audit work. In particular, we will offer the External Auditors the opportunity to rely on our work where appropriate, provided this does not prejudice our independence.
- 4.3 Internal audit forms a significant part of the organisation's governance arrangements and it is therefore also important that Internal and External Audit have an effective working relationship. To facilitate this relationship we included in the Audit Charter liaison arrangement with the external auditors under the Public Internal Audit Standards. The key principles behind this agreement are:
- a willingness and commitment to working together;
  - clear and open lines of communication; and
  - avoidance of duplication of work where possible.

## Appendix A – Annual Audit Plan 2019-20

AUDITABLE AREA	PROPOSED TIMING <sup>1</sup>	JARAP <sup>2</sup>	PLAN DAYS	Commentary on Coverage
<b>Core Assurance</b>				
Core Financial Systems Assurance: <ul style="list-style-type: none"> <li>• General Ledger</li> <li>• Payroll (incl Pensions &amp; Expenses)</li> <li>• Cash &amp; Bank</li> <li>• Payments &amp; Creditors</li> <li>• Income &amp; Debtors</li> </ul>	Q3	Jan 2021	22	To provide assurance with regards the adequacy and effectiveness of the systems of internal control in operation to manage the core financial systems. The scope of the work will include, but not be limited to: <ul style="list-style-type: none"> <li>• Policies and procedures</li> <li>• Access controls</li> <li>• Amendments to standing data</li> <li>• Reconciliations</li> <li>• Authorisation routines</li> <li>• Reporting</li> </ul>
Payroll Provider	Q4	Apr 2021	5	To provide assurance that the payroll provider, Kier, has effective controls in place for delivering the collaborative service with Derbyshire. The scope of the work will include, but will not be limited to, access controls, payroll reporting and approval / sign-off routines, and will involve on-site coverage at Keir.  The audit will also provide assurance with regards the monitoring routines within the Force to ensure that the service is being effectively provided.
Risk Management	Q3	Oct 2020	8	To provide assurance that the Force and OPCC have effective risk management policies and procedures in place. The audit will review the strategic risk registers for adequacy and reasonableness of risk scoring, documented mitigation and action plans. We will select a sample of risks and provide a critical challenge with regards the documented mitigation.



AUDITABLE AREA	PROPOSED TIMING <sup>1</sup>	JARAP <sup>2</sup>	PLAN DAYS	Commentary on Coverage
<b>Strategic &amp; Operational Risk Assurance</b>				
Procurement	Q1/Q2	July/Oct 2020	8	The audit will seek to provide assurance that value for money is being considered when procuring goods / services through the effective use of contract procurement rules.
Victims Code of Practice	Q1/Q2	July/Oct 2020	8	Whilst the scope will be agreed with Management the overarching objective of the audit will be to provide assurance that the OPCC and Force are meeting its obligations in line with changes to legislation. The audit will not replicate a HMIC inspection in this area but will look to provide the Force and OPCC with assurance over the systems it has in place.
Workforce Planning	Q1/Q2	July/Oct 2020	8	To provide assurance that key controls in place with regards Workforce Planning are in place and are operating as intended. The scope will be agreed with management but will include, but not be limited to, how Performance Development Reviews and Training are considered. The audit will also cover the effectiveness of recruitment marketing to align with the strategic approach of workforce planning
Wellbeing	Q3	Jan 2021	9	Whilst the details of the scope will be agreed with management, the over-arching objective of the audit would be to provide assurance that the force has robust and effective arrangements in place for managing the wellbeing of its staff.
Vetting	Q3	Jan 2021	8	The audit will provide assurance with regards the controls and processes in place to ensure that the Force complies with the ACPO national vetting policy.
Estates Management	Q2	Oct 2020	8	The audit will review the extent to which the Estates Strategy is being delivered, including collaborative arrangements with any partners, and how it contributes to the strategic and medium / long term objectives of the OPCC / Force.

AUDITABLE AREA	PROPOSED TIMING <sup>1</sup>	JARAP <sup>2</sup>	PLAN DAYS	Commentary on Coverage
<b>Strategic &amp; Operational Risk Assurance</b>				
Medium Term Financial Plans	Q2	Oct 2020	8	To provide assurance with regards the systems and controls in place to determine and deliver medium term financial plans. The audit scope would include procedures for delivering the efficiency savings; development and sign-off of financial plans; budget management and monitoring; actions taken to address budget shortfall / variances to budget projections; and management information.
Information Technology - GDPR	Q3	Jan 2021	10	Using computer specialist resource, the objective will be to provide assurance with regards the force's implementation of, and continuing adherence to, the new General Data Protection Regulations (GDPR).
Information Technology - Security	Q3	Jan 2021	8	The audit will review the controls and processes in place in respect of key IT risks, such as those relating to access controls, IT policies and procedures, network infrastructure and virus controls
<b>Collaboration</b>				
Collaboration	TBC	Jan & Apr 2021	10	Resources have been allocated across each OPCC / Force in order to provide assurance with regards the systems and controls in place to deliver specific elements of regional collaboration.  Consideration will be given to assessing whether the area of collaboration is delivering against its original objectives and what arrangements are in place, from an OPCC / Force perspective, for monitoring and managing the service.
<b>Other</b>				
Audit Management	Ongoing		15	This includes audit planning, production of progress and annual reports, and attendance at progress, JARAP and SORB meetings.
Contingency			5	Time set aside for ad hoc requests.
<b>TOTAL</b>			<b>140</b>	

<sup>1</sup> Proposed timings for each audit to be agree, with any changes reported to the JARAP.

<sup>2</sup> Dates for delivery to the JARAP to be included within future progress reports when known.

## Appendix B – Levels of Assurance & Opinions

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 C – Contact Details

### Contact Details

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# Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work 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. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

## **Mazars LLP**

### **London**

### **February 2018**

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

## Internal Audit Annual Report 2019/20

July 2020

This report has been prepared on the basis of the limitations set out on page 13.

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- A3 Definition of Assurances and Priorities
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# 01 Introduction

## Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment themes identified across the Office of the Police and Crime Commissioner (OPCC) for Leicestershire and Leicestershire Police during the 2019/20 financial year to date, the service for which is provided by Mazars LLP.

The purpose of the Annual Internal Audit 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. The PSIAS requirements are that the report must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);
- A summary of the audit work from which the opinion is derived (including reliance placed on the work by other assurance bodies); and
- A statement on conformation with the PSIAS and the results of the internal audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;
- The disclosure of any impairments or restriction in scope;
- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;
- Any issues judged to be particularly relevant to the preparation of the annual governance statement; and
- Progress against any improvement plans resulting from QAIP external assessment.

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.

Internal audit provides the Police and Crime Commissioner and Chief Constable, through the Joint Audit, Risk & Assurance Panel (JARAP), 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.

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.

## Covid-19

The Covid-19 global pandemic has impacted all organisations as the UK enforced lockdown restrictions and closed organisations across the country in a bid to protect public health. Whilst the Police and OPCC remained open for business the lockdown has resulted in changes to the way the organisations works, such as remote working, and will inevitably have varying impacts upon the control framework that is in place. Due to the timing of the lockdown audit had already completed all but one of the 2019/20 internal audits, we were able to complete this audit remotely with no impact on our ability to complete the work. However, it should be noted that the assurance provided is based on the control environment that we reviewed during 2019/20 and the on-going impacts on the control environment will be included within the 2020/2021 annual internal audit report.

## 02 Head of Internal Audit Opinion

### Opinions

Based on the Internal Audit work undertaken for Leicestershire to date, in compliance with the Public Sector Internal Audit Standards (PSIAS) for the year ending 31<sup>st</sup> March 2020, we can provide the following opinions, however these are subject to finalisation on the completion of all planned IA work scheduled for 2019/20 and the outstanding work is highlighted within this draft report:



## Basis of the Opinion

Internal Audit applies a risk-based approach and our audits assess the governance framework, the risk management process, as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, we can provide assurance that management have in place a robust control environment and, whilst further remedial actions are needed in some areas, we are assured that management have in place effective processes for the implementation of identified areas of weakness.

### Corporate Governance

Whilst a specific audit of Corporate Governance was not carried during 2019/20, as part of the 2018/19 Internal Audit plan we undertook an audit of the controls and processes in place in respect of corporate governance. The specific areas that formed part of this review included: governance framework, policies and procedures, roles and responsibilities and decision making. We concluded that there is a basically sound system of internal control, although there are weaknesses which put some of the Organisation's objectives at risk.

Through the delivery of the internal audit plan and attendance at JARAP and Strategic Operational Risk Board (SORB) meetings, we are satisfied that the governance framework for the Office of the Police and Crime Commissioner for Leicestershire and Leicestershire Police has been effective for the year ended 31<sup>st</sup> March 2020.

### Risk Management

Whilst a specific audit of risk management was not carried during 2019/20, as part of the 2017/18 Internal Audit plan we undertook an audit of the controls and processes in place in respect of risk management. The specific areas that formed part of this review included: policies and procedures; risk registers; risk mitigation; programme assurance; reporting arrangements and follow up of previous recommendations. We provided a satisfactory assurance opinion and concluded that there is a basically sound system of internal control, although we highlighted some areas where improvements to the control environment could be made. Overall risk management within the Force and OPCC is deemed effective and controls and processes tested were being consistently applied. This area is due to be audited as part of the 2020/21 internal audit plan.

Additionally, during the course of delivering the 2019/20 audit programme, a key element of each audit scope was to evaluate the control environment and, in particular, how key risks were being managed. As summarised in the 'Internal Control' section below, we were able to place reliance on the systems of internal control and the manner in which risks were being managed by the Force and OPCC.

## Internal Control

As illustrated in the tables below, we have noted that Office of the Police and Crime Commissioner for Leicestershire and Leicestershire Police have a generally sound control environment, although we have noted areas where improvements are required. During the 2019/20 year, all 15\* internal audits were rated either 'significant' or 'satisfactory' with regards our assurance opinion. In addition, the three collaborative audits covering the East Midlands are still to be finalised.

The following tables provide a brief overview of the assurance gradings given as a consequence of audits carried out during 2019/20, split between those specific to Leicestershire and those undertaken as part of East Midlands regional collaborative audits. More details of the audit opinions and the priority of recommendations for all 2019/20 Internal Audit assignments is provided in Appendix A1 – Audit Opinions and Recommendations.

### Leicestershire Only

Assurance Gradings	2019/20		2018/19	
Significant	6	34%	4	25%
Satisfactory	12	66%	12	75%
Limited	0	0%	0	0%
Nil	0	0%	0	0%
<b>Total</b>	<b>16</b>		<b>16</b>	

### Collaboration Audits

Assurance Gradings	2019/20		2018/19	
Significant	0	0%	0	0%
Satisfactory	1**	100%	3	100%
Limited	0	0%	0	0%
Nil	0	0%	0	0%
<b>Total</b>	<b>1*</b>		<b>3</b>	

\*Two reports still to be issued as final.

## Issues relevant to Annual Governance Statement

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. Internal Audit, through its annual programme of activity, has a duty to bring to your attention any areas of weakness we believe should be considered when producing the Annual Governance Statement. As part of this responsibility, we have highlighted any limited or nil assurance reports within Appendix A2.

## Restriction placed on the work of Internal Audit

As set out in the Audit Charter, we can confirm that Internal Audit had unrestricted right of access to all OPCC and Force records and information, both manual and computerised, cash, stores and other property or assets it considered necessary to fulfil its responsibilities.

## 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	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% (12/12)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (12/12)
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% (12/12)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (2/2)



## Quality and Conformance with the Public Sector Internal Audit Standards

In addition to the firm's overall policy and procedures, our internal audit manual and working papers are designed to ensure compliance with the Firm's quality requirements. Furthermore, our internal audit manual and approach are based on professional internal auditing standards issued by the Global Institute of Internal Auditors, as well as sector specific codes such as the Public Sector Internal Audit Standards.

Our methodology and work has been subject to review as part of our internal Quality Assurance Reviews undertaken by our Standards and Risk Management team as well as external scrutiny by the likes of external auditors, as well as other regulatory bodies. No adverse comments have been raised around our compliance with professional standards or our work not being able to be relied upon.

## Appendix A1 - Audit Opinions and Recommendations 2019/20

Leicestershire 2019/20 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Pension Provider	Final	Significant			1	1
Workforce Planning & Absence Management	Final	Satisfactory		2		2
Recruitment	Final	Satisfactory		3		3
Complaints Management	Final	Satisfactory		2	1	3
Custody Arrangements	Final	Satisfactory		2	1	3
Partnerships	Final	Satisfactory			4	4
Core Financials	Final	Significant				
• Payments & Creditors		Satisfactory		1		1
• General Ledger		Significant				
• Cash & Bank		Significant				
• Income & Debtors		Significant				
Payroll	Final	Significant			1	1
Payroll Provider	Final	Satisfactory		1	2	3
Budget Control	Final	Satisfactory		1		1
Learning & Management Development	Final	Satisfactory		1	2	3
Project / Benefit Realisation	Final	Satisfactory		1		1
<b>Total</b>				<b>14</b>	<b>12</b>	<b>26</b>

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

## Appendix A2 - Audit Projects with Limited and Nil Assurance 2019/20

There were no audit projects with limited or nil assurance for Leicestershire Police or Office of the Police & Crime Commissioner for Leicestershire.

## Appendix 3– 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**

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## Appendix 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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