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

Report of	**CHIEF CONSTABLE**
Subject	**INTERNAL AUDIT PROGRESS REPORT**
Date	**21 JULY 2021 – 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 ended 31st March 2021

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

Police and Crime Commissioner for Leicestershire
Internal Audit Progress Report 2020/21
Joint Audit, Risk and Assurance Panel
July 2021
Presented to the Panel: 21st July 2021

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Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of Leicestershire Police and the Office of the Police and Crime Commissioner (OPCC) for Leicestershire and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit Leicestershire Police and the Office of the Police and Crime Commissioner (OPCC) for Leicestershire and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

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01 Summary

The purpose of this report is to update the Joint Audit, Risk and Assurance Panel (JARAP) as to the progress in respect of the Operational Plan for the year ended 31st March 2021, which was considered and approved by the JARAP at its meeting on 25th April 2020.

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 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.

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.

Our work is delivered is accordance with the Public Sector Internal Audit Standards (PSIAS).

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02 Current progress

<u>2020-2021</u>

Since the last meeting of the JARAP we have issued five final report in respect of the 2020/21 audit plan, these being in regard to Workforce Planning, Victims Code of Practice, Payroll Provider, IT GDPR and IT Security. Moreover, we have also issued one final report in respect of Collaboration Budgetary Control, the remaining collaboration audit for 2020/21 has been issued in draft with management comments gathered and it is on the agenda for the next regional CFO meeting for finalisation.

The impact of the Covid-19 lockdown(s) has posed several challenges to the internal audit process and the move to remote auditing has caused some initial delays in setting dates when the audits will be carried out. Both parties have worked hard to ensure the audits could be completed and Mazars have regularly communicated with the Force and OPCC, which has enabled us to make good progress against the completion of the plan to date. At the time of writing fieldwork has largely been completed for the other outstanding audits – Risk Management and Medium Term Financial planning and these will be issued shortly.

Summary table of work to date:

Ref	Audit area	Assurance level	Recommendations			
			F	S	H	Total
01.20/21	Core Financials	Significant	-	-	1	1
02.20/21	Payroll	Significant	-	-	2	2
03.20/21	Payroll Provider	Significant	-	-	-	-
04.20/21	Victims Code	Satisfactory	-	1	2	3
05.20/21	Workforce Planning	Satisfactory	-	2	0	2
06.20/21	Wellbeing	Significant	-	1	2	3
07.20/21	Vetting	Significant	-	2	1	3

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08.20/21	Estate Management	**Satisfactory**	-	3	2	5
09.20/21	Procurement	**Satisfactory**	-	-	2	2
10.20/21	Medium Term Financial Planning	TBC				
11.20/21	Risk Management	TBC				
12.20/21	IT: GDPR	**Significant**	-	-	-	-
	███					
14.20/21	Collaboration: Budgetary Control	**Significant**	-	-	-	-
15.20/21	Collaboration: Workforce Planning	TBC				
	Total		**1**	**10**	**12**	**23**

2021-2022

The audit plan was approved at the last meeting of the JARAP and audit can confirm that planning work has begun in regard to the delivery of this plan. The first audit of recruitment started at the end of June and the Fleet Management audit is scheduled for begin and the end of July.

The process for Collaboration audits was discussed at a meeting of all five Force Audit Committee Chairs with an intention to improve the speed of delivering final reports to audit committees. Actions have been taken and these will be monitored for the collaboration audits completed in 2020/21 and learning taken forward into 2021/22. Further to the last update provided to the committee a detailed and focused collaboration audit plan for 2021/22 has been drafted, circulated to regional CFO's for comment and is on the agenda to be approved at the next regional CFO meeting in July.

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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.

Number	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.	83% (10/12)
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.	Achieved
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% (15/15)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (2/2)

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A1 Plan overview

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JIAC	Comments
Procurement	Q1/2	Aug 2020	Aug 2020	Oct 2020	
Workforce Planning	Q2	Apr 2021	May 2021	Jul 2021	
Estates Management	Q2	Nov 2020	Dec 2020	Jan 2021	
Core Financials	Q3/Q4	Dec 2020	Jan 2021	Jan 2021	
Payroll	Q3	Oct 2020	Nov 2020	Jan 2021	
Wellbeing	Q3	Jan 2021	Mar 2021	Mar 2021	
Vetting	Q4	Feb 2021	Feb 2021	Mar 2021	
Risk Management	Q4			Sep 2021	Fieldwork completed draft report due shortly
IT Security	Q4	June 21	Jul 21	Jul 2021	
GDPR	Q4	June 21	Jul 21	Jul 2021	
Victims Code of Practice	Q4	May 21	Jun 21	Jul 2021	
Payroll Provider	Q4	Apr 21	Jun 21	Jul 2021	
Medium Term Financial Planning	Q4			Sept 2021	Fieldwork completed draft report due shortly
Collab: Budgetary Control	Q4	Apr 21	May 21	Jul 21	
Collab: Workforce Planning	Q4				

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A2   Reporting Definitions

Assurance Level	Control Environment
Significant Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.
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.
Limited Assurance:	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.
No Assurance:	Control processes are generally weak leaving the processes/systems open to significant error or abuse.

Recommendation Priority	Description
1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the Organisation to a high degree of unnecessary risk.
2 (Significant)	Recommendations represent significant control weaknesses which expose the Organisation to a moderate degree of unnecessary risk.
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.

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A3 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 in respect of the 2020/21 Internal Audit Plan:

Workforce Planning

Overall Assurance Opinion	Satisfactory

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

Our audit considered the following area objectives:

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

Uplift of Officers
- Action plans are in place to ensure the recruitment targets can be achieved.
- There is effective oversight and monitoring of the uplift of officers including input from other departments at Force that will be affected e.g. Finance, Training, Equipment, IT etc.
- The costs associated with the recruitment uplift is regularly updated and reconciled with the Finance department.
- The recruitment uplift is aligned to the workforce planning operations and is regularly reconciled and updated.

We raised two priority 2 (Significant) recommendations where the control environment could be improved upon. The finding, recommendation and response from the report is detailed below:

Recommendation 1 (Significant)	The Force should complete a mapping exercise and produce a centralised log of all key staff roles across the organisation, including non-leadership roles which are critical or specialised.
	Alongside this exercise, individuals who are able to assume these positions in a short / medium / long term capacity should be highlighted.

Finding	The Force have not performed a mapping exercise to support succession planning and to identify individuals that are ready to assume Senior Staff and specialist posts in a short / medium / long term capacity. This is a key process that allows for the Force to demonstrate that demand can be met in the instance that unforeseen circumstances arise. Risk: The Force have a lack of transparency regarding key and specialist roles and positions across the organisation. The Force are unaware of individuals who have the capability to assume key roles.
Response	Accepted. It is noted the observation is in relation to staff roles. The Force has a relatively flat hierarchy for staff roles typified by significant distance between roles at a senior level. The Force will create a framework for succession planning that will identify the scope of senior and other critical roles. The framework will identify for each role individuals capable to step in on a short term/emergency cover basis, and those who are anticipated to be ready in medium and longer timeframe. This will allow for targeted development and plans to manage where succession gaps are evident.
Timescale	Pilot in June 21
Recommendation 2 **(Significant)**	Should the Force undertake Learning Needs Analysis exercises in the future they should integrate relevant data, such as historical training records, into their analysis work to improve its validity and reliability.
Finding	The Force undertook a Learning Needs Analysis that commenced in February 2020 and reached completion in October 2020, which was a one-off exercise. However, audit were informed that internal discussions were being held over repeating this exercise in the future. The stated objective of this exercise was to better understand current capabilities and to determine future priorities. Audit noted that data collected for the purposes of this report was from conversations with stakeholders across the Force. Data such as historical training records were not used to assist the compilation of the report. There is therefore a question of verifiability on the contents of this report as it relies on subjective observations. The use of data would have allowed the Force to substantiate focus group evidence. Risks: The Force is unsuitably assisted in making decisions relating to the learning needs of the workforce. The learning needs assumed by the Force is unreliable.
Response	The report focuses on the first LNA done in this way across the Force. It has always been intended that this would be an exercise that was done annually. A recent review by the LNA working Group has recommended there would be an annual audit with a specific focus; year 1 Leadership, year 2 Policing. This would allow time to conduct the LNA, create an annual plan, implement the plan to address needs and establish what had been achieved. It was also recommended that the audit was based on qualitative and quantitative data to ensure the information collected is valid and reliable.
Timescale	August planning 21 / Sept – implement 21 / Nov – analyse 21 / Nov/Dec focus groups 21 / Jan – Feb use to support planning 22 / Evaluate - June 23 / New cycle – August 23

Victims Code of Practice

Overall Assurance Opinion	Satisfactory

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

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

Compliance

- Policies and procedures have been put in place to support officers in complying with the Code. Such guidance should include, but not be limited to, guidance in respect of:

  o Needs assessments

  o Crime reporting work sheets

  o Referral mechanisms

  o Communications with the victim

  o Personal statements

  o Complaints procedures

- Systems are in place to ensure that actions taken for victims of crime are captured and are done so in line with the expectations laid out within the VCOP.

- There is appropriate monitoring of compliance with the VCOP including both qualitative and quantitative measures.

- There are appropriate forums in place within Leicestershire Police and the OPCC to review Force compliance to the code and action plans put in place to address areas of improvement.

- There is effective management and performance information available in respect of compliance with the Code and this information is utilised to put action plans in place to address areas of improvement.

Preparedness for Change

- There is appropriate governance over the proposed changes to systems in relation to VCOP.

- The Force has effective plans in place based on accurate management information and are correctly aligned to the proposed changes.

Lessons Learned / Feedback

- The OPCC utilises service user feedback to inform and improve both police and wider partnership services for Victims on an ongoing basis.

- The Force utilises feedback received in respect of the Victims it deals with and takes action to address areas of concern / takes opportunities to improve.

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We raised one priority 2 (Significant) recommendations where the control environment could be improved upon. The finding, recommendation and response from the report is detailed below:

Recommendation 1 (Significant)	The Force should consider how to address the gap in data collection. This can include the creation of a free text field to say why the victim was not provided with the victim information pack. Alternatively, a further question could be included on the Niche form to ask whether the victim has been offered this information
Finding	Audit performed sample testing over 15 victim cases, where it was identified that in two instances it was unclear whether the victim was offered a Victim Information Pack, in line with guidance. The reason for the lack of clarity is the way in which the prefilled question has been created on the Niche system. It is stated as "has the victim been supplied with the information booklet", with three possible options that can be selected by the Officer, which are "yes, no, or referred to website". Through the way that the question is set up, it is not possible to differentiate between those victims that were not offered a victim information pack and those that were offered this but refused. Risk: The Force are not aware of the number of victims where a victim information pack was not offered.
Response	The Niche question set is part of the national Niche build and is consistent for all 27 forces which use Niche. The operational and strategic leads are working with Minerva (the police working group for Niche development) to revise the current module, including the specified issue, to reflect the revised Code of Practice. However, we are informed that this is unlikely to be delivered by Niche within 12 months due to competing priorities. An interim measure will be to circulate guidance to officers to complete the remarks section to clarify the booklet has been offered. In addition, automated provision of the link is in progress with some crime type exceptions.
Timescale	August 2022: Revised Niche VCOP Module – Strategic lead Det Supt Baker and Minerva Group July 31st, 2021 Guidance on completion of remarks – operational lead det Insp Dimmock August 31st, 2021: Automated sending of link to online booklet – Det Supt Baker and Det Insp Dimmock

In addition to the above we raised two priority 3 recommendations of a more housekeeping nature relating to:

VCOP Delivery Group ToR – It was noted from our review that the ToR required updating, management agreed with the recommendation and this was due to be completed by July 21

Niche VCOP Closing Table – Testing identified one case where this table had not been used, a consistent approach should be adopted by the Force. Management agreed that use of the VCOP Finalisation OEL will be mandated in the Investigation Standards Policy and Procedure filing checklist.

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The above was agreed with an estimated timescale for completion of September 2021.

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Payroll Provider

Overall Assurance Opinion	Significant

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

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

System Security and management of information

- Confidentiality and security of the payroll system and employee records are maintained through the reliable operation of the system.
- Key changes to standing data actioned timely and checked for accuracy.

Key Process checks and Reconciliation Processes

- Processes are in place to ensure evidence of timely completion of key process checks and reconciliations.
- An agreed timetable for payroll processes is defined and communicated.
- Variance of payroll figures are investigated and resolved timely to ensure no delay in processing and payments to employees.
- Appropriate control and separation of duties exist for BACS payment runs.

Performance Monitoring

- An agreed suite of monthly management information reports is submitted to the Force/ OPCC securely, on a timely basis in line with the Service Level Agreement.

Previous Audit Recommendations

Recommendations raised in the previous review have been implemented

Whilst no new recommendations have been raised, it was noted that one of the previous audit recommendations has not been fully implemented. This was in relation to a priority 3 recommendation (ref 4.3) for the quarterly KPI's.

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IT GDPR

Overall Assurance Opinion	Significant

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

The aim of the audit is to establish the level of General Data Protection Regulation (GDPR) processes and procedures following our previous review in this area and progress against the recommendations made in the last audit year and where applicable will include testing from all areas within the Force. The audit will identify the level of assurance which can be placed on the system of controls and level of compliance with these controls in the area being audited and will be categorised as shown in the section headed Reporting Definitions below.

The ICO's Guide to Law Enforcement processing highlights the key requirements of Part 3 of the Data Protection Act 2018. This part of the Act transposes the EU Data Protection Directive 2016/680 (Law Enforcement Directive) into domestic UK law. The Directive complements the General Data Protection Regulation (GDPR) and sets out the requirements for the processing of personal data for criminal 'law enforcement purposes. For international transfers, it also replaces the 2008 Council Framework Decision (2008/977/JHA) on the protection of personal data processed in the framework of police and judicial co-operation in criminal matters. This guidance will be considered during the course of the audit.

We raised no recommendations.

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Collaboration: Budgetary Control

Overall Assurance Opinion	Significant

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

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 process in place across the region in respect of Budgetary Control within a sample of collaboration units agreed by the CFOs – East Midlands Special Operations Unit – Serious Organised Crime (EMSOU-SOC), East Midlands Police Legal Services (EMPLS) and East Midlands Specialist Ops Training (EMSOT).

The specific areas that formed part of this review included:

- Responsibility for creation, review and sign off of the budgets are defined and controls are in place to ensure these responsibilities are discharged effectively.
- The budget planning process includes liaison with key staff at the collaboration unit and appropriate assumptions are made as part of the planning process.
- There is a consistent timeline in place for the creation of and subsequent approval of the collaboration units' budget.
- Budget management procedures are in place to ensure consistent and effective budget management across the collaboration units, including virements and underspends.
- Efficiency Savings are incorporated into the budget, responsibilities for delivery of savings are agreed and understood.
- Regular communication and review with budget holders to ensure financial performance is aligned with overall budget management and monitoring procedures.
- Appropriate actions are put in place to address shortfalls and variances with individual budget holders/
- Regular monitoring is undertaken to enable timely management information to be produced to assess performance and accuracy of the unit's financial position.
- Reports on financial performance are submitted in a timely manner to the relevant forum, including the relevant regional forces. Any agreed actions are fed back to relevant units and monitored for completion.

We have identified no areas where there is scope for improvement in the control environment.

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A4 Statement of Responsibility

We take responsibility to Leicestershire Police and the Office of the Police and Crime Commissioner for Leicestershire for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any 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.

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.

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