

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

PAPER MARKED

# B

Report of	CHIEF CONSTABLE
Subject	INTERNAL AUDIT PROGRESS REPORT
Date	26 OCTOBER 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 31<sup>st</sup> 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**

October 2021

Presented to the Panel: 26<sup>th</sup> October 2021

**mazars**

## Contents

01 Summary	3
02 Current progress	4
03 Performance	5
A1 Plan overview	8
A2 Reporting Definitions	10
A3 Summary of Reports	11
A4 Statement of Responsibility	16
Contacts	18

### *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.

## 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. Moreover, the report provides an update as to the progress in respect of the Operational Plan for the year ended 31st March 2022, which was considered and approved by the JARAP at its meeting on 27<sup>th</sup> April 2021.

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 in accordance with the Public Sector Internal Audit Standards (PSIAS).

## 02 Current progress

### 2020-2021

Since the last meeting of the JARAP we have issued the remaining two final reports in respect of the 2020/21 audit plan, these being in regard to Medium Term Financial Planning and Risk Management. Please see Appendix A4 for full details.

Per the last update to the committee at the July meeting, of the Force and OPCC CFO's, the Collaboration Workforce Planning draft report was discussed and it was decided that the management comments provided were inadequate and therefore these have been feedback to the collaboration units to ensure the management comments are correct before finalisation of this report. Audit have discussed the comments with the new Head of the Occupational Health Unit and issued an updated report that is to be presented to the next regional CFO meeting in October for approval.

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
08.20/21	Estate Management	Satisfactory	-	3	2	5

09.20/21	Procurement	Satisfactory	-	-	2	2
10.20/21	Medium Term Financial Planning	Significant	-	-	1	1
11.20/21	Risk Management	Significant	-	-	2	2
12.20/21	IT: GDPR	Significant	-	-	-	-
13.20/21	IT Security	Limited	1	1	-	2
14.20/21	Collaboration: Budgetary Control	Significant	-	-	-	-
15.20/21	Collaboration: Workforce Planning	TBC				
	<b>Total</b>		<b>1</b>	<b>10</b>	<b>15</b>	<b>26</b>

### 2021-2022

The audit plan was approved at the April meeting of the JARAP and we have begun the delivery of the audits included within the plan. We are pleased to have issued the final report in respect of recruitment. The fieldwork in respect of fleet management was slightly delayed, however at the time of writing the draft report was going through quality review and should be issued shortly.

Moreover, proposed dates for the completion of the remaining audits within the plan have been shared with management and it is confirmed that the Core Financials and Seized Property audits are agreed to take place in November. Further details provided in Appendix A2 below.

Per the last update to the committee the Collaboration Internal Audit Plan has now been agreed by the regional CFO's, moreover the scope of each review has now been agreed as well, therefore audit will be liaising with the collaboration units to schedule the delivery of these audits, please see Appendix A3 below for full details.

## 03 Performance

The following table details the Internal Audit Service performance for the 202/21 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% (11/13)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (13/13)
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)

### 03 Performance (continued)

To help provide further clarity on the progress and deliver in the internal audit plan below is a suggested format that summaries the deliver of each audit engagement (example of 2021/22 audit shown).

Audit	Date of ToR	Start of Fieldwork	Days' Notice	Exit meeting	Draft Report	Time from Close to Draft Report (10)	Management Comments Received	Time to Receive Management Comments	Final Report Issued	Time Taken to issue Final (5)
Recruitment	27-May-21	29-Jun-21	22	19-July-21	23-Aug-21	25	21-Sept-21	21	22-Sept-21	1
Fleet Management	15-June-21	28-Jul-21	31							

\*Working Days



## A1 2020/21 Plan overview

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JARAP	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	July 21	Oct 21	Oct 21	
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	July 21	Sept 21	Oct 2021	
Collab: Budgetary Control	Q4	Apr 21	May 21	Jul 21	
Collab: Workforce Planning	Q4	Apr 21			

## A2 2021/22 Plan overview

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JARAP	Comments
Recruitment		Aug 21	Sep 21	Oct 21	
Fleet Management		*Oct 21		Jan 22	
Core Financials	01-Nov-21				Scope of work & dates agreed
Seized Property	08-Nov-21				Scope of work & dates agreed
Counter Fraud / Risk Management	02-Feb-22				
Commissioning	07-Feb-22				
Payroll	14-Feb-22				Scope of work & dates agreed
Health & Safety	14-Feb-22				
Governance	16-Mar-22				
Payroll Provider	01-Apr-22				
Crime Data Integrity					
IT: Cybersecurity					IT Planning Meeting Requested

## A3 Reporting Definitions

Assurance Level	Control Environment
<b>Significant Assurance:</b>	There is a sound system of internal control designed to achieve the Organisation's objectives.
<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.
<b>Limited Assurance:</b>	Weaknesses in the system of internal controls are such as to put 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.

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

## A4 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:

### Medium Term Financial Plan

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

Our audit considered the following area objectives:

#### Development and sign-off of financial plans.

- An effective and informed medium term financial plan (MTFP) is in place to ensure that a comprehensive review of the OPCC and Force's financial position for the current and future years is undertaken and reviewed on a regular basis.
- The MTFP and financial planning process is aligned with key strategies and priorities of the OPCC and Force.
- Responsibility for creation, review and sign off of MTFP is defined and controls are in place to ensure these responsibilities are discharged effectively.
- Appropriate assumptions are made as part of the planning process.

#### Delivery of Efficiency Savings

- Efficiency Savings are incorporated into the MTFP and these savings are monitored on a regular basis.
- Procedures and guidance are available to support the effective delivery of the savings programme, including the methodology / rationale for calculating and justifying the proposed savings.
- Responsibilities for the delivery of individual savings targets are agreed and understood.
- There is a rigorous process for challenging the proposed savings targets, including their subsequent approval.
- Processes exist to enable management to highlight potential failure to deliver efficiency savings and action taken accordingly.

We raised one priority 3 (Housekeeping) recommendation where the control environment could be improved upon. The finding, recommendation and response from the report is detailed below:

*Finding:* Per the current MTFS the Force will be utilising a Budget Equalisation Reserve (BER) to balance the budget in future years, however based on current forecasts the current BER will be fully utilised by 2023-24.

*Recommendation:* A longer-term efficiency plan should be developed at the earliest opportunity to address future forecasted deficits.

*Response:* Agreed. A draft efficiency strategy was completed in June 2021. This will be discussed and agreed with the Chief Officer Team and PCC.

## Risk Management

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

Our audit considered the following area objectives:

### Policies & Procedures

- A risk management policy, with supporting procedures, is in place and available to officers and staff.
- Procedures are in place to ensure that risks are identified; assessed; recorded; and, appropriate risk owners are assigned.

### Risk Registers

- The corporate risk registers are subject to regular review and are updated in a consistent manner.
- The service risk registers are subject to regular review and are updated in a consistent manner.
- There are clear links between corporate and service risk registers.

### Risk Mitigation

- The methods for identifying and managing potential risk within the business areas are regularly reviewed, with consideration given to developing engagement at all levels.
- Risk mitigation actions are in place and there is evidence they are monitored to ensure tasks are completed within agreed timescales.

### Reporting Arrangements

- Appropriate oversight and reporting arrangements, including between the Force and OPCC, are in place and are working effectively.

### Follow Up - Training

- Previous recommendations raised have been implemented

We raised two priority 3 (Housekeeping) recommendation where the control environment could be improved upon. As noted below

*Risk Updates (Force)* – Testing noted a few instances where the control description was not fully completed & the updates had not occurred as scheduled. Management responded that it was not always applicable depending on each individual circumstance however the new risk management policy & procedure has provided greater clarity.

*Departmental Risk Registers* – Audit highlighted some inconsistencies in the approach to reviewing departmental risk registers therefore audit recommended a review be carried out. Management have completed the review and a new Corporate Risk Sub-Group has been created which has already developed a risk maturity matrix and identified a process of actions that will ensure all departmental risks are raised, stored, managed and reviewed in a consistent way.

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 2021/22 Internal Audit Plan

## Recruitment

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

The audit found one instance where a fundamental recommendation was raised, however this related to a single incident and therefore was not indicative of a wider framework failure. Our opinion overall of the adequacy and effectiveness of internal controls is therefore satisfactory which indicates whilst there is a basically sound system of internal control, there are weaknesses which put some of the Organisation's objectives at risk.

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

### Policies, Procedures & Strategy

- Policies and procedures are in place, are regularly updated to reflect lessons learnt and legislative changes and are communicated to all relevant staff.
- Procedures clearly set out the different roles and responsibilities for recruitment and are reviewed and kept up to date.
- The recruitment process is aligned with the force's workforce planning processes, including national recruitment initiatives.

### Recruitment

- Recruitment is carried out following the approval of a new post or a vacancy in an existing post. Person specifications and job descriptions are reviewed and approved at the appropriate level.
- Approaches to advertising and recruitment agencies are reviewed for their effectiveness.

### Selection and Shortlisting

- Selection panels are of an appropriate seniority and are provided with suitable support and/or training to enable them to fulfil this role.
- There are effective and robust arrangements in place for the logging and communication of applications for shortlisting.
- Only applications received by the advertised closing date are considered and that shortlisted applications meet the key requirements of the person specification/job description.
- All interviews are fully documented to ensure full transparency in the selection process. In addition, all decisions are documented, approved and justified in accordance with pre-determined selection criteria.

### Vetting and Pre-Employment Checks

- The Force secures adequate assurance that appropriate vetting checks are carried out, including obtaining proof of identity, qualifications, experience and disclosure of convictions.
- Vetting is commensurate with the nature of the position and proportionate to the role being advertised.

### Job Offer

- Job offers are correctly administered.



- All relevant documentation in respect of the recruitment and selection process, including approved contract of employment, are collated and reviewed for accuracy and completeness.

Performance

- Standards and KPI's have been agreed against which the recruitment process can be measured.
- Complaints relating to the recruitment process are monitored and dealt with appropriately.
- Recruitment is delivering against wider initiatives, such as that in respect of diversity and anti-discriminatory policies.

We raised one priority 1 (Fundamental) recommendation where the current control exposes the Force to unnecessary degree of risk and one priority 2 (Significant) recommendation where the control environment should be improved upon. The finding, recommendation and response from the report is detailed below:

<b>Recommendation 1 (Fundamental)</b>	<p>The Force should amend its recruitment hiring guide to stipulate that as a minimum expectation any re-joiners should still have an interview/discussion to explore motivation and confirm competence.</p>
<b>Finding</b>	<p>During testing, audit became aware of an instance where an individual by-passed the interview stage in the recruitment process.</p> <p>This individual was a former employee of the Force (left a year ago) who had expressed an interest to the hiring manager about returning to the vacancy. A business rationale was written by the hiring manager outlining why they should be selected for the position. This was accepted by the HR Shared Service and the individual went straight to pre-employment check without an interview taking place.</p> <p>Whilst audit recognises a business rationale for the appointment was completed given the employee left over a year ago it would have been best practice for an interview to take place. This would enable the Force to assert that a fair and transparent process has taken place.</p> <p><i>Risk:</i> The Force's recruitment process is not fair and transparent.</p> <p>Reputational damage to the Force.</p>
<b>Response</b>	<p>Supported.</p> <p>It is entirely correct that the recruitment process was not followed in this instance. However, the process must allow variation in exceptional circumstances subject to objective rationale and appropriate level of impartial decision making. On this occasion both occurred as mentioned in the report. A business case is prepared and the SHRBP for HR Operations agreed the variation.</p> <p>It is agreed that on reflection an interview/recorded discussion should have taken place to confirm motivation and ongoing competence.</p>
<b>Timescale</b>	<p>Maz Ahmad by end of September 2021</p>

<b>Recommendation 2 (Significant)</b>	<p>The Force should establish a routine reporting mechanism against recruitment SLAs.</p>
<b>Finding</b>	<p>The HR Service Centre has a number of Service Level Agreements that outline the expectations of the service and a target / 'KPI' to achieve in this. For example, 'All inbound calls to be answered within 5 rings (15 seconds), the target was 85%.</p> <p>Audit was informed that there is no routine reporting against these SLAs. Reporting against targets is critical in enabling the Force to identify and address</p>

	<p>areas of underperformance.</p> <p>Risk: The Force cannot identify areas of underperformance</p>
Response	<p>Supported.</p> <p>1.The SLA should accurately reflect the KPIs that are in fact being monitored to assess performance.</p> <p>2. Aspirational KPIs that are not currently monitored for whatever reason should either not appear on the SLA, or be clearly marked as such.</p> <p>KPIs are provided to the twice yearly HRSC Board meeting. However, this is recognized as too infrequent to allow early resolution and is not the intention. Monitoring of KPIs to occur at regular client liaison meetings on a monthly basis. It is recognized that some KPIs may be updated more frequently than others.</p>
Timescale	<p>Maz Ahmad by end of September 2021</p>



## A4 Collaboration Audit Plan 21/22

Audit area	Forces	Reasoning
EMSOT Risk Management	Leics, Lincs, Northants	As a newly formed unit to get assurance they have this in hand would be beneficial. I can see RR's have been completed which is a good start but reviewing how Risks are managed by the unit as a whole would be beneficial
ESMOT Business Plan	Leics, Lincs, Northants	As a newly formed unit having a Business Plan that has been approved and embedded in the way they are working and reporting against would provide assurance
EMSLDH Governance	Derby, Leics, Northants, Notts	In line with their Strategy a new governance structure is being formed, so audit will seek to get assurance this has been effectively established.
EMCJS Performance Management	Leics, Lincs, Northants, Notts	Follow up on previous recommendation in this area. In addition, a number of risks on their register relate to ability to review performance & relevant MI
EMSOU - Business Continuity	Five Force	Linked to limited assurance in 19/20 audit in this area for EMSOU.
EMSOU - Wellbeing	Five Forces	EMSOU: Risks on their register in relation to this. Also due to structure of EMSOU, consideration of how Wellbeing support is aligned/co-ordinated with each Force.
EMSOU Risk Management	Five Forces	How does each unit within the EMSOU banner manage risks, how are they escalated and coordinated into an overall EMSOU Risk Register. How are these fed back to home Forces
Asset Management (EMCJS)	Leics, Lincs, Northants, Notts	Originally on the outline plan for 21/22. Might need to consider which unit to focus this on though. EMCJS would be my suggestion just looking at current audits outlined above

## A5 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.

This report is confidential and 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 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 by any third party is entirely at their own risk.

Registered office: Tower Bridge House, St Katharine's Way, London E1W 1DD, United Kingdom. Registered in England and Wales No 0C308299.

# Contacts

**David Hoose**

Partner, Mazars

david.hoose@mazars.co.uk

**Mark Lunn**

Internal Audit Manager, Mazars

mark.lunn@mazars.co.uk

Mazars is an internationally integrated partnership, specializing in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.

[www.mazars.co.uk](http://www.mazars.co.uk)

**mazars**