

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

PAPER MARKED

# **B**

Report of	<b>CHIEF CONSTABLE AND POLICE AND CRIME COMMISSIONER</b>
Subject	<b>INTERNAL AUDIT PROGRESS REPORT AND DRAFT IA ANNUAL REPORT</b>
Date	<b>THURSDAY 25 AUGUST 2022</b>
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## **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 2022
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.
3. The Draft Internal Audit Annual Report provides an overview of the audits which took place during 2021/22. The report is currently draft as there are still 2 audits which are outstanding.

## **Recommendation**

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

## **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 – Appendix A

Draft Internal Audit Annual Report 2021/22 – Appendix B

## **Background Papers**

None

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Police and Crime Commissioner for Leicestershire  
Internal Audit Progress Report 2021/22 & 2022/23

**Joint Audit, Risk and Assurance Panel**

August 2022

Presented to the Panel: 25<sup>th</sup> August 2022

**mazars**

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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 A5 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 2022, which was considered and approved by the JARAP at its meeting on 27<sup>th</sup> April 2021. This report is also to provide an update as to the progress in respect of the Operational Plan for the year ended 31<sup>st</sup> March 2022, which was considered and approved by the JARAP at its meeting on 27<sup>th</sup> April 2022.

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

### 2021-2022

We are pleased to have issued two final reports in respect Governance and IT Risk Management with full details provided in Appendix A3. We have also issued Counter Fraud & Health & Safety reports in draft as well, which completes the 2021/22 IA Plan.

We have also issued the Collaboration: EMSOU Wellbeing audit final report, which concludes the 2021/22 Collaboration Audit Plan. A summary of the 21/22 plan to date is provided below:

Ref	Audit area	Assurance level	Recommendations				Accepted	Not Accepted
			F	S	H	Total		
01.21/22	Recruitment	Satisfactory	1	1	-	2	2	-
02.21/22	Fleet Management	Satisfactory	-	4	1	5	5	-
03.21/22	Core Financials	Significant	-	1	1	2	2	-
04.21/22	Seized Property	Satisfactory	-	3	-	3	3	-
05.21/22	Counter Fraud	Draft Issued	-	-	-	-	-	-
06.21/22	Payroll	Significant	-	-	-	-	-	-
07.21/22	Health & Safety	Draft Issued	-	-	-	-	-	-
08.21/22	Governance	Satisfactory	-	2	1	3	3	-
09.21/22	IT Risk Management	Significant	-	1	-	1	-	-
	<b>Total</b>		<b>1</b>	<b>12</b>	<b>3</b>	<b>16</b>	<b>16</b>	<b>-</b>

## 2022-23

We have been in regular communication with management to make arrangements for the delivery of the 2022-23 IA Plan, with key contacts for each audit being identified and indicative dates initially provided. The fieldwork for the Complaints Management and Payroll Provider audits has been completed in July with draft reports to follow shortly. Moreover, the audits of OPCC Recruitment and Commissioning have been scheduled for end of August and beginning of September respectively and initial dates for the Core Financial audits have been suggested for November.

A detailed discussion on the 2022/23 Collaboration Audit Plan was held at the regional CFO meeting with a number of proposals put forward by Internal Audit. It was agreed that the plan should include a total of six audits with the focus being to get this completed earlier in the 2022/23 year. We are pleased to update the committee that two have issued the draft report in respect of EMCHRS L&D Governance and the field work for EMSOU – Business Continuity and EMSOU – Risk Management have all been completed with draft reports soon to follow. Moreover, the audits of Digital Currency and EMSOT Closedown are scheduled to take place across the next two months. See Appendix 4 for full details.

## 03 Performance

The following table details the Internal Audit Service performance for the 2021/22 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.	77% (7/9)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (7/7)
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% (9/9)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	-% (0/7)



## 03 Performance (continued)

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	5-Nov-21	16-Nov-21	11**	9-Dec-21	23	10-Dec-21	1
Seized Property	24-Sep-21	8-Nov-21	45	9-Dec-21	10-Dec-21	1	7-Jan-21	31	10-Jan-21	1
Core Financials	24-Sept-21	1-Nov-21	38	2-Feb-22	3-Feb-22	1	10-Feb-21	8	11-Feb-21	1
Payroll	6-Oct-21	14-Feb-22	90	21-Mar-21	31-Mar-21	8	8-Apr-21	6	8-Apr-21	0
Counter Fraud	25-Jan-22	9-Feb-22	11	1-Apr-21	11-Apr-21	6				
Governance	21-Feb-22	15-Mar-22	16	11-May-21	17-May-21	5	27-May-21	13	30-May-21	3
Health & Safety	21-Feb-22	24-Mar-22	23	11-May-21	17-May-21	5				

\*Working Days \*\*awaited further information after exit meeting

## A1 2021/22 Plan overview

Audit area	Draft Report Date	Final Report Date	Target JARAP	Comments
Recruitment	Aug 21	Sep 21	Oct 21	Final Report Issued
Fleet Management	Oct 21	Dec 21	Jan 22	Final Report Issued
Core Financials	Dec 21	Feb 22	Apr 22	Final Report Issued
Seized Property	Dec 21	Jan 21	Jan 22	Final Report Issued
Counter Fraud / Risk Management	Apr 22	Apr 22	Nov 22	Draft Report Issued
Commissioning	n/a	n/a	n/a	Deferred
Payroll	Mar 22	Apr 22	Apr 22	Final Report Issued
Health & Safety	May 22		Nov 22	Draft Report Issued
Governance	May 22	May 22	Aug 22	Final Report Issued
Payroll Provider	n/a	n/a	n/a	Deferred
Crime Data Integrity	n/a	n/a	n/a	Cancelled
IT: Cybersecurity	Jun 22	Jul 22	Aug 22	Final Report Issued

## A2 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.

## 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 2021/22 Internal Audit Plan:

### Governance

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

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

- A Code of Corporate Governance is in place between the Commissioner and Chief Constable that complies with relevant legislation and guidance.
- The Governance structure is clearly defined including terms of reference, timetabling and reporting lines. This includes the relationships between the governance forums in operation.
- Appropriate Annual Governance Statements are produced on behalf of the Commissioner and Chief Constable that provide assurance that the governance framework is effective.
- The process used for the annual review of the governance framework is sufficiently robust and that the implementation of previously identified improvement actions has been effectively monitored.
- The corporate governance framework is supported by policies and procedures, such as a decision making framework and scheme of delegation and that these are appropriately communicated and monitored for compliance.
- The roles and responsibilities of senior officers and staff within the Force and OPCC are clearly defined, particularly regarding their decision making responsibilities.
- Decisions are made in accordance with the governance framework in a clear and transparent manner, supported by the appropriate levels of relevant and timely information.
- Decisions made are clearly recorded, communicated and published where relevant in line with policy & legislation.

The objectives of our audit were to evaluate the adequacy and effectiveness of the Governance with a view to providing an opinion on the extent to which risks in this area are managed. In giving this assessment it should be noted that assurance cannot be absolute. The most an Internal Audit Service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control.

We are only able to provide an overall assessment on those aspects of Governance that we have tested or reviewed. Testing has been performed on a sample basis, and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.

We have raised two priority 2 recommendations (Significant) the full details of each recommendation and management response these are detailed below:

<b>Recommendation 1 (Priority 2)</b>	Leicestershire should ensure that the Corporate Governance Framework is reviewed and updated in a timely manner.
<b>Finding</b>	Leicestershire's Corporate Governance Framework is available on the OPCC's website. The Framework outlines the legislative context and the core principles followed. We reviewed the Corporate Governance Framework and noted that it was due for review in November 2021. We were advised by Management that a



	<p>review of the Framework was ongoing as a result of the change caused by the new PCC taking office in May 2021 and the change in OPCC CEO.</p> <p>We also noted from our review of the Framework that it made reference to a Memorandum of Understanding which should outline how the PCC and CC will work together to ensure the best use of resources. However, the appendix for this document was blank within the Framework.</p> <p><i>Risk:</i> The joint Corporate Governance Framework is not fit for purpose.</p>
Response	Agreed.
Responsibility / Timescale	<p>Immediately</p> <p>ACO (Finance &amp; Resources)</p> <p>Interim CFO (OPCC)</p>

Recommendation 2 (Priority 3)	The policies and procedures identified should be reviewed and updated in line with agreed review dates.														
Finding	<p>Leicestershire's Corporate Governance Framework is supported by a suite of supporting policies and procedures of which the following are published on the OPCC's website:</p> <ul style="list-style-type: none"> <li>• Health &amp; Safety Policy.</li> <li>• Privacy Policy;</li> <li>• Risk Management Policy; and,</li> <li>• Volunteer Policy.</li> </ul> <p>We reviewed these supporting documents and noted that the following were overdue a review:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Review due date</th> </tr> </thead> <tbody> <tr> <td>Volunteer Policy</td> <td>May 2020</td> </tr> <tr> <td>Risk Management Policy</td> <td>September 2021</td> </tr> <tr> <td>Force Management Statement</td> <td>Requires formal review date</td> </tr> <tr> <td>Police Staff Standards of Professional Behaviour</td> <td>Still in draft</td> </tr> <tr> <td>Diversity Inclusion and Fairness Strategy 2021-25</td> <td>Still in draft</td> </tr> <tr> <td>Making and publication of decisions of significant public interest protocol and procedures</td> <td>March 2021</td> </tr> </tbody> </table> <p><i>Risk:</i> Policies published by the OPCC are no longer in line with practice undertaken</p>	Title	Review due date	Volunteer Policy	May 2020	Risk Management Policy	September 2021	Force Management Statement	Requires formal review date	Police Staff Standards of Professional Behaviour	Still in draft	Diversity Inclusion and Fairness Strategy 2021-25	Still in draft	Making and publication of decisions of significant public interest protocol and procedures	March 2021
Title	Review due date														
Volunteer Policy	May 2020														
Risk Management Policy	September 2021														
Force Management Statement	Requires formal review date														
Police Staff Standards of Professional Behaviour	Still in draft														
Diversity Inclusion and Fairness Strategy 2021-25	Still in draft														
Making and publication of decisions of significant public interest protocol and procedures	March 2021														
Response	Agreed.														
Responsibility / Timescale	<p>Immediately</p> <p>ACO (Finance &amp; Resources)</p> <p>Interim CFO (OPCC)</p>														

We also raised one priority 3 recommendation of a more housekeeping nature in relation to decision making, as we noted decision records redacted both name and signatory therefore it was unclear who had made the decision.

## IT Risk Management 21/22

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

The objective of the review will be to assess the framework of for IT Risk Management including both IT and Information Assurance. The audit will also provide a view on future key areas of IT Risk and propose future IT Audits to be completed as part of future Internal Audit Plan.

The overall objective of this internal audit is to provide the Senior Management and Audit Committee with reasonable, but not absolute, assurance that the force has appropriate controls in place to manage IT and related risks in support the of the Force's Strategic Risk Register. The audit will consider the following risks and objectives: -

- Governance procedures are in place to manage and maintain the IT risk registers and frameworks.
- The IT Risks feed into the Strategic Risk Register and supports risks at his level.
- That the following processes are included in the IT risk assessment:-
  - Risk Identification
  - Scenario generation
  - Allocation of risk likelihood
  - Allocation of risk impact
  - Risk score calculation
  - Assessment on risk acceptance or recommended for remediation
  - Set mitigations or remediation plans
  - Risk is regularly reassessed

The overall objective of this internal audit is to provide the Senior Management and Audit Committee with reasonable, but not absolute, assurance. We will review the adequacy and effectiveness of the current key controls relating to the IT Risk Management within the Force. In giving this assessment it should be noted that assurance cannot be absolute. The most an Internal Audit Service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control.

We are only able to provide an overall assessment on those aspects of the IT Risk Management process that we have tested or reviewed. Testing has been performed on a sample basis, and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.

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

Recommendation 1 (Significant)	We support the ongoing work to review the risk management process, which should ensure greater consistency in completion of risk assessments and we recommend that a timetable for completion is established.
Finding	The IT Risk Management processes are currently under review as part of the Information Security Management System (ISMS) process. The review is being led by the Head of Information Management and the Health and Safety teams. The review is intended to ensure a consistent approach to information security (InfoSec)/ cyber risks and a qualitative approach is to be used across the organisation. This relies on subject matter experts in InfoSec and the business environment to work together to allocate scores based on intimate knowledge of the area.
	This internal review has been ongoing for some time with resources to support it

	<p>limited as it is not being managed as a formal project and with no immediate timetable on its completion.</p> <p><i>Risk:</i> Business critical systems are not identified and prioritised for recovery in the event of a disaster occurring.</p>
Response	<p>Since publication of this draft audit report, the Information Management team have met with Health and Safety and developed the review of Information Security risks. These are being graded and will be delivered at the next ORB. A regular meeting will also be set up to ensure that IM risks are reviewed and identified regularly with appropriate management plans in place.</p>
Timescale	<p>December 2022 – all risks will not only be graded but improved management of these risks at a local departmental level will have been embedded also.</p>



## Collaboration: EMSOU Wellbeing 21/22

Overall Assurance Opinion	Limited
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Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	4
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. A change of approach was made in 2018/19 when thematic reviews were carried out by audit and were carried out across a sample of regional collaboration units. The approach for 2021/22 has been for more targeted audits within each collaboration unit. Through review of each unit's risk register a focused risk-based approach to the Collaboration audits has been planned.

As part of this review, we have carried out an audit of the process in place within the East Midlands Special Operations Unit (EMSOU) in respect of Wellbeing. The specific areas that formed part of this review included: Governance, Strategy & Policies, Implementation Plans, Feedback & Monitoring and Lessons Learned.

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

### Governance

- Governance arrangements for Wellbeing are clearly defined, including roles and responsibilities, risk management processes, decision making and reporting arrangements.
- There is consistency and a clear line of reporting between the Forces' and the collaboration unit.

### Strategy and Policies

- The Wellbeing Strategy is aligned to the Forces Strategic aims and is regularly reviewed and updated.
- The collaboration unit has appropriate Policies and Procedures with regards to Wellbeing that are aligned to the Forces', which provide clear direction as to the processes to be followed.

### Implementation Plans

- The collaboration unit has robust implementation plans that are aligned to strategic objective and future needs.

### Feedback and Monitoring

- There are robust monitoring processes in place to ensure that the collaboration unit has up to date and accurate Wellbeing data in place.
- Training needs analysis performed by the unit captures Wellbeing related data for Officers and Staff.
- The unit identify high risk business areas where Staff / Officer Wellbeing is most impacted and have developed plans to address this.
- Actions to address areas of weakness are set, monitored and reviewed to confirm the weaknesses have been addressed. These are incorporated within action plans, to support the achievement of short / medium / long term Wellbeing targets.
- Regular Management / Performance Information reports are produced in relation to Wellbeing and are shared at appropriate governance meetings, including alignment to the Forces'.

### Lessons Learned

- Where issues are identified in projects / works for Wellbeing, evaluation of the issues takes place and improvements are made to existing processes so that the issues are not repeated in future Wellbeing projects / works.

The objectives of our audit were to evaluate the adequacy and effectiveness of the Wellbeing processes at EMSOU with a view to providing an opinion on the extent to which risks in this area are managed. In giving

this assessment it should be noted that assurance cannot be absolute. The most an Internal Audit Service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. We are only able to provide an overall assessment on those aspects of the Wellbeing process at EMSOU that we have tested or reviewed. Testing has been performed on a sample basis, and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.

We raised four priority 2 (significant) recommendations and the detailed recommendation, finding and management response are provided below:

Recommendation 1 (Priority 2)	The Unit should update the Wellbeing Board Terms of Reference and Wellbeing Strategy to include details of the roles, responsibilities, risk management processes, decision making processes and reporting arrangements relevant to Wellbeing.
Finding	<p>Audit has reviewed the Unit’s Wellbeing Board Terms of Reference and the Unit’s Wellbeing Strategy; noting that neither documents include information regarding the roles, responsibilities, risk management processes, decision making processes and reporting arrangements relevant to Wellbeing.</p> <p><i>Risk:</i> The Wellbeing governance bodies cannot properly execute their functions as roles, responsibilities and processes are not clearly defined.</p>
Response	The roles and responsibilities of people involved haven’t been clearly defined as there isn’t a dedicated resource and these people are volunteers alongside their day job. Also EMSOU employees also have a lead force employment model and forces ask us to use that resource rather than creating our own internal roles. It was also felt formalising this may detract people from volunteering. However, It is recognised as a risk and a hybrid model though the current HR review is proposed to address this. The plan is to move HR resources around to provide a dedicated lead that covers HR and Wellbeing. There will also be a THEMATIC lead appointed from our SLT management team to lead in Wellbeing (Management Away day actions can be provided to show this has been progressed at the last two SLT away days). Both these roles will then feed into the Senior HR advisor in EMSOU HR as the strategic lead and link into command. Once finalised a structure chart can be produced that will clearly outlines roles and governance.
Responsibility / Timescale	<p>May 22</p> <p>Director of Corporate, Forensic and Technical Services</p>

Recommendation 2 (Priority 2)	The Unit to consider using implementation plans for wellbeing projects to allow tracking of actions, issues and benefits; as well as ensuring appropriate governance structures are in place.
Finding	<p>Discussion with the HR Business Partner indicated that implementation plans are not used for wellbeing projects within EMOU as there are so few wellbeing projects initiated from within EMSOU. Projects that affect EMSOU that are initiated from Home Forces (mainly Leicestershire) do include implementation plans.</p> <p>Audit subsequently reviewed documentation and communication regarding several Wellbeing projects to confirm that these have taken place. From this review and subsequent discussion with the HR Business Partner, we have confirmed that formalised implementation plans were/are not in place.</p> <p><i>Risk:</i> Wellbeing projects are not completed effectively as actions, issues and benefits are not appropriately monitored/delivered.</p>
Response	Although we don’t have dedicated Wellbeing implementation plans, we do have Project initiation Documents that we are promoting for the use of projects throughout the fabric of EMSOU. It is felt to have a universal form will promote

	people to use it for a multitude of reasons and become familiar with it. With the new structure proposal we will do some further communication to launch these
Responsibility / Timescale	Immediate Director of Corporate, Forensic and Technical Services

Recommendation 3 (Priority 2)	The Unit should utilise workforce analysis, specifically regarding any required support, Training Needs and High-Risk Business Areas, to identify training and interventions that may be most helpful.
Finding	<p>The Unit has a diverse range of roles with impacts on the wellbeing of staff coming in varying degrees from the role and from non-work related factors. Therefore, understanding the wellbeing needs of the unit is important to delivering an effective and efficient wellbeing provision.</p> <p>Following discussion with the HR Business Partner, it was noted that the unit does not carry out analysis of departments/divisions to identify those at high risk of poor wellbeing and/or any required/requested training needs.</p> <p><i>Risk:</i> Wellbeing projects do not deliver value for money as they are not targeted towards the needs of the workforce.</p>
Response	In EMSOU we have worked with the Institute for Public Safety, Crime and Justice at the University of Northampton on staff surveys as well as the College of Policing conducting a peer review. We did the original one a few years ago and have been waiting for the effects of COVID to reduce so we can benchmark against the original to see if there are any improvements or new areas of risks. These can be provided and are very in-depth with a lot of analysis completed by them and fed into the EMSOU delivery plan.
Responsibility / Timescale	May 22 Director of Corporate, Forensic and Technical Services

Recommendation 4 (Priority 2)	The Unit to utilise data from available systems and external service providers to identify trends related to wellbeing and assess the effectiveness of wellbeing projects and/or actions.
Finding	<p>It is good practice to utilise necessary data when considering Wellbeing issues, trends and opportunities. This data is usually already collected as part of other Human Resources processes, e.g. reasons for being absent/taking sick leave. Additionally, this information can be collected by external service providers (i.e. employee assistance programmes) and be reported within management information.</p> <p>However, a review of the Unit's governance body's agendas and minutes indicated that this information was not presented to the Wellbeing Board and that Wellbeing management information had not been provided to the Unit.</p> <p>Audit noted from the reviews of the Home Force's Wellbeing processes that Wellbeing data can be and is produced for presentation at governance bodies, including information provided by external suppliers.</p> <p><i>Risk:</i> Initiatives and actions recommended by Wellbeing Board are not guided by the latest data and are not effective.</p>
Response	We have a performance project and team that is building a data lake to provide One Single Version of the truth for our data and then to be produced into Power Bi dashboards that can be analysed for trends and issues etc. HR and Wellbeing



data is to form part of this so we can have accurate HR info into our data lake that we can then present and interpret.

Responsibility /  
Timescale

May 22

Director of Corporate, Forensic and Technical Services

## A4 Collaboration Audit Plan 21/22 Progress

Audit area	Forces	Status
EMSOT Risk Management	Leics, Lincs, Northants	As noted in section 02 EMSOT audits to be adapted and deferred into 22/23
ESMOT Business Plan	Leics, Lincs, Northants	As noted in section 02 EMSOT audits to be adapted and deferred into 22/23
EMSLDH Governance	Derby, Leics, Northants, Notts	Deferred into 22/23 Plan. Scheduled for May 22
EMCJS Performance Management	Leics, Lincs, Northants, Notts	Cancelled
EMSOU - Business Continuity	Five Force	Deferred into 22/23 Plan. Scheduled for May 22
EMSOU - Wellbeing	Five Forces	Final Report
EMSOU Risk Management	Five Forces	Deferred into 22/23 Plan. Scheduled for May 22
Asset Management (EMCJS)	Leics, Lincs, Northants, Notts	Cancelled

## Collaboration Audit Plan 2022/23 Progress

Audit area	Forces	Status
EMSOT Closedown	Leics, Lincs, Northants	Scheduled for August
EMSLDH Governance	Derby, Leics, Northants, Notts	Draft Report Issued.
EMSOU - Business Continuity	Five Force	Fieldwork Completed
EMSOU Risk Management	Five Forces	Fieldwork Completed
Collaboration Performance Management	Five Forces	Scheduled for early October
Digital Currency	Five Forces	Scheduled for August

## 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.

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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 on any part of the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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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.

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Police & Crime Commissioner for  
Leicestershire & Leicestershire Police  
Joint Audit, Risk & Assurance Panel

DRAFT - Internal Audit Annual Report

Prepared by: Mazars LLP

Date: July 2022



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### Disclaimer

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The Report was prepared solely for the use and benefit of The Office of the Police & Crime Commissioner for Leicestershire & Leicestershire Police 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 this report for further information about responsibilities, limitations and confidentiality.





# 01 Introduction

Mazars LLP are the appointed internal auditors to the Police & Crime Commissioner for Leicestershire & Leicestershire Police. This report summarises the internal audit work undertaken by Mazars in 2020/21, the scope and outcome of work completed, and incorporates our annual statement on internal controls assurance. Please note this report is draft and subject to change following the finalisation of outstanding audit reports.

Despite the restrictions imposed as a result of Covid-19, the Police & Crime Commissioner for Leicestershire & Leicestershire Police retained a full scope internal audit service for 2021/22 which, based on the work we have undertaken, enabled us to provide the enclosed Annual Opinion on the Police & Crime Commissioner for Leicestershire & Leicestershire Police arrangements for risk management, control and governance.

The report should be considered confidential to the Police & Crime Commissioner for Leicestershire & Leicestershire Police and not provided to any third party without prior written permission by Mazars.

## Scope and purpose of internal audit

The purpose of internal audit is to provide the Police & Crime Commissioner for Leicestershire & Leicestershire Police, through the Joint Audit, Risk & Assurance Panel (JARAP), with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving Police & Crime Commissioner for Leicestershire & Leicestershire Police's statutory objectives and strategic aims.

Internal audit provides the Police & 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.

Our work is conducted in accordance with Public Sector Internal Audit Standards (PSIAS).

The report summarises the internal audit activity and, therefore, does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to the JARAP during the course of the year.



## Performance against the Internal Audit Plan

The Plan for 2021/22 was considered and approved by the JARAP on 27<sup>th</sup> April 2021. In total the Plan was for 143 days, including 15 days of Audit Management. There was also provision for 9 contingency days included in the Plan, should these days be required.

There was a small knock on impact of the Covid-19 lockdown(s) that posed some challenges to the internal audit process and but the move to remote auditing has been well established between the Force & Mazars with both parties working hard to ensure the audits could be completed in a timely manner. Mazars have regularly communicated with the Force and OPCC, which has enabled us to make good progress in delivering the annual plan.

As noted in the 2021/22 Internal Audit Plan, the approach is a flexible one and where risks emerge, change or are effectively mitigated the internal audit plan will be reviewed and changes therefore may occur during the year. This occurred in a number of instances and the changes made to the internal audit plan are summarised below:-

- Crime Data Integrity– was no longer required, due to Force receiving other assurance in this area.
- Commissioning – deferred into 22/23 IA Plan
- Payroll Provider – deferred into 22/23 IA Plan

Moreover, the collaboration audit plan that sits alongside the OPFCC and Force Plan as regularly been presented to JARAP and has also had a number of amendments resulting in a number of the audit days assigned to this pan being deferred into 22/23 IA Plan.

The audit findings in respect of each of our finalised reviews, together with our recommendations for action and the management response, were set out in our detailed reports, which have been presented to the JARAP over the course of the year. In addition, we have presented a summary of our reports and progress against the Plan within our Progress Reports to each JARAP.

A summary of the reports we have issued is included in section 03. In addition appendix A1 describes the levels of assurance we have used in assessing the control environment and effectiveness of controls and the classification of our recommendations.

## Acknowledgements

We are grateful to all members of the JARAP, the OPCC Chief Executive, the Chief Officers of both the Force and the OPCC and other staff throughout Leicestershire Police for the assistance provided to us during the year.



# 02 Audit Opinion

## Scope of the Internal Audit Opinion

In giving our internal audit opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to Leicestershire is a reasonable assurance that there are no major weaknesses in governance, risk management and internal control processes.

The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

- The results of all audits undertaken as part of the plan;
- Whether or not any 'Critical', 'Highly Important' or 'Significant' recommendations raised have not been accepted by Management and the consequent risks;
- The extent to which recommendations raised previously, and accepted, have been implemented;
- The effects of any material changes in Leicestershire's objectives or activities;
- Matters arising from previous reports to Leicestershire;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of Leicestershire; and
- The proportion of Leicestershire's internal audit needs have been covered to date.

Further detail on the definitions of our opinions raised in our reports can be found in Appendix A1.

Internal audit has not placed any reliance on third parties in order to assess the controls operated by OPCC for Leicestershire & Leicestershire Police. Our opinion solely relies on the work we have performed and the results of the controls testing we have undertaken.

During the year, we have consulted and informed management through regular liaison with the Force & OPCC CFO's and the Joint Audit, Risk & Assurance Panel (JARAP) about changes to the plan and internal audit reviews to take account of the impact of Covid-19 on the organisation and the changing risk landscape. There was an impact on our ability to conduct a number of audits in the Plan over the period, as highlighted above.

## Internal Audit Opinion

On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is **Significant** in its overall adequacy and effectiveness. This opinion is provided on the basis that The framework of governance, risk management and control is adequate and effective.

Certain weaknesses and exceptions were highlighted by our internal audit work, in particular a fundamental recommendation raised in regard to recruitment.

These matters have been discussed with management, to whom we have made recommendations, several of which are categorised as Priority 1 and Priority 2. All of these have been, or are in the process of being addressed, as detailed in our individual reports, and summarised in Sections 03 & 04.



In reaching this opinion the following factors were taken into particular consideration:

### **Corporate Governance**

In respect of Corporate Governance this was informed by consideration of this area through our individual assignments as well as the specific audit completed in this area. This received a satisfactory audit opinion indicating there is a basically sound system of internal control. It is noted that across the audits delivered some common recommendations related to review and update of policy, procedures or strategies a further common recommendation was developing performance indicators to ensure effective governance and oversight of areas takes place.

### **Risk Management**

In respect of Risk while not directly assessed as part of the Plan, this was informed by consideration of this area through our individual assignments including where relevant. In addition to this our opinion was informed by consideration of risk management aspects through our individual assignments including reporting within our 'risk management' thematic as well as observing reports and discussion around the Force's and OPCC's Risk Management including the Risk Register at each JARAP meeting with no significant issues arising.

During the course of delivering the 2021/22 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**

Of the 6 audits undertaken to date, where a formal assurance level was provided, 2 received a significant level of assurance and 4 audits received a satisfactory level of assurance. However, 3 audits are still to be finalised at time of writing.

To date we have made a total of 15 new recommendations during the year at the Force and OPCC, 1 recommendation was categorised as Priority 1 with 11 recommendations categorised as Priority 2 and 3 were Priority 3.



## 03 Internal Audit Work Undertaken in 2021/22

The Internal Audit Plan was for a total of 143 days, with all Leicestershire specific reviews able to be completed. The audit findings in respect of each review, together with our recommendations for action and the management responses are set out in our detailed reports. In accordance with the approach set out within the internal audit plan, we undertook nine specific audit reviews, including an IT audit reviews and a collaboration audit review. The results of this work (to date) are summarised below:

Ref	Audit area	Assurance level	Recommendations				Accepted	Not Accepted
			F	S	H	Total		
01.21/22	Recruitment	Satisfactory	1	1	-	2	2	-
02.21/22	Fleet Management	Satisfactory	-	4	1	5	5	-
03.21/22	Core Financials	Significant	-	1	1	2	2	-
04.21/22	Seized Property	Satisfactory	-	3	-	3	3	-
05.21/22	Counter Fraud	In Progress	-	-	-	-	-	-
06.21/22	Payroll	Significant	-	-	-	-	-	-
07.21/22	Health & Safety	In Progress	-	-	-	-	-	-
08.21/22	Governance	Satisfactory	-	2	1	3	3	-
09.21/22	IT Risk Management	In Progress	-	-	-	-	-	-
	<b>Total</b>		<b>1</b>	<b>11</b>	<b>3</b>	<b>15</b>	<b>15</b>	<b>-</b>

## 04 Audits with Fundamental Recommendations 2021/22

Audit area	Assurance level	Summary of Key Findings
Recruitment	Satisfactory	<p>1 x Fundamental Recommendation:</p> <p><i>Recommendation:</i> 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> <p><i>Observation:</i> During testing, audit became aware of an instance where an individual by-passed the interview stage in the recruitment process. 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. Reputational damage to the Force.</p> <p><i>Management Response:</i> Supported. 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. It is agreed that on reflection an interview/recorded discussion should have taken place to confirm motivation and ongoing competence.</p>

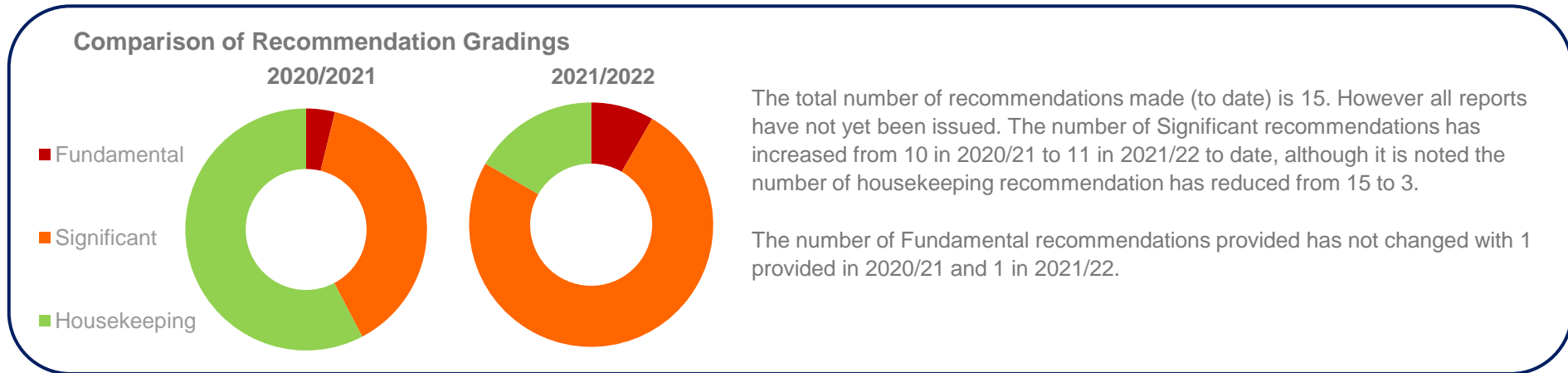
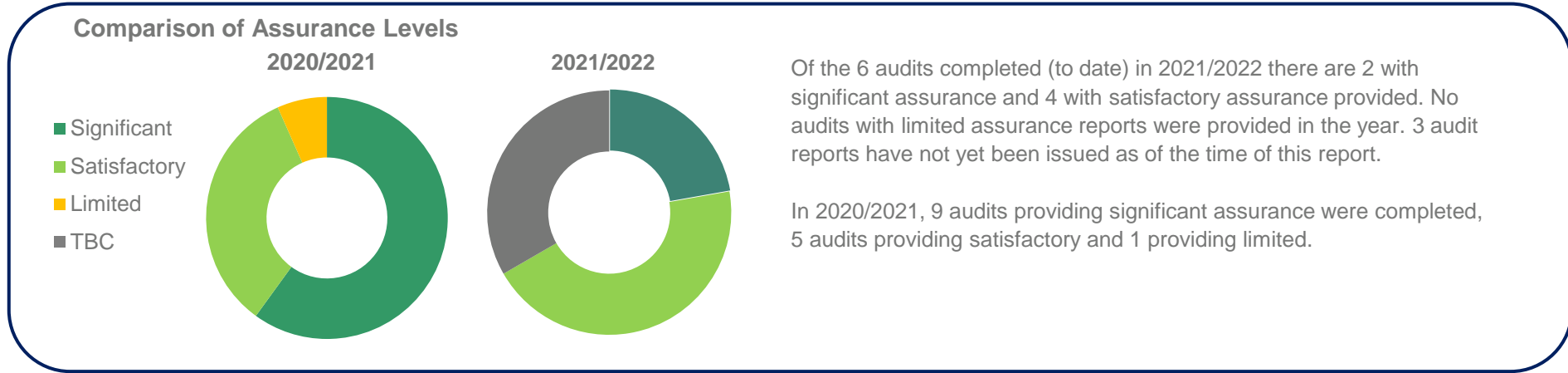
## 05 Internal Audit Plan 2021/22 vs Actual

Audit area	Planned days	Actual Days	Difference	Status
Core Financials	19	19	-	
Payroll	4	4	-	
Payroll Provider	5	-	-5	Rolled forward into 22/23 IA Plan
Recruitment	8	8	-	
Fleet Management	8	8	-	
Seized Property	10	10	-	
Governance	8	8	-	
Health & Safety	8	8	-	
Counter Fraud / Risk Management	8	78	-	
Commissioning	10	-	-10	Rolled forward into 22/23 IA Plan
Crime Data Integrity	8	-	-8	Cancelled
IT: Cybersecurity	10	10	-	
Collaboration	13	4.5	-8.5	Rolled forward into 22/23 IA Plan
Contingency	9	-	-9	Not required
Management	15	15		
<b>Total</b>	<b>143</b>	<b>104.5</b>	<b>-38.5</b>	



# 05 Benchmarking

This section compares the Assurance Levels (where given) and categorisation of recommendations made at Leicestershire Police.



# 07 Performance of Internal Audit

We have provided some details below outlining our scorecard approach to our internal performance measures, which supports our overall annual opinion.

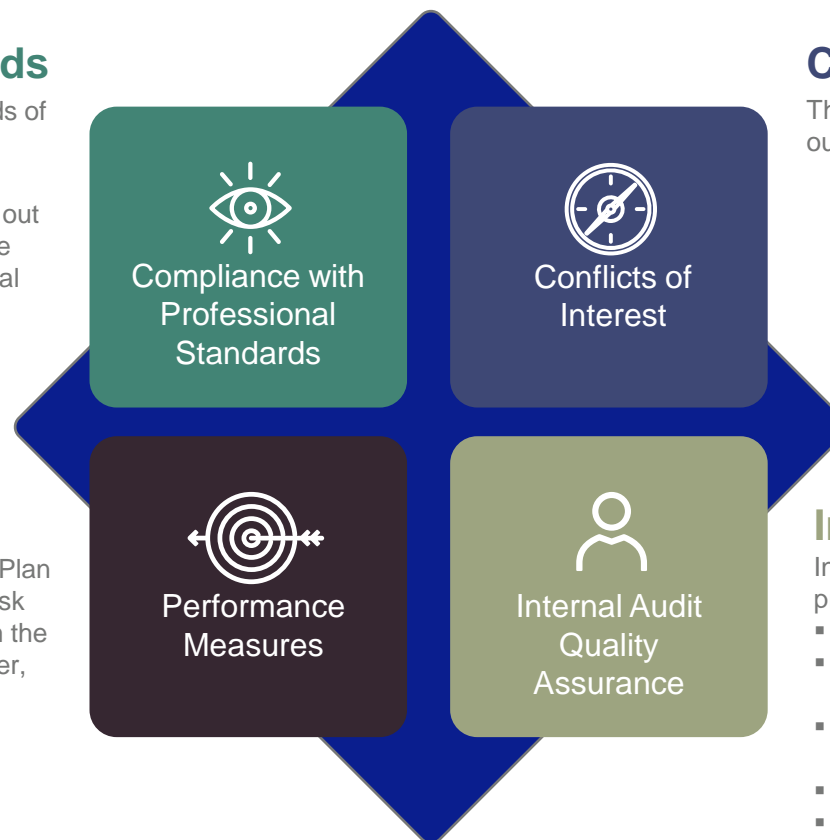
## Compliance with Professional Standards

We employed a risk-based approach to determining the audit needs of the Force & OPCC at the start of the year and use a risk-based methodology in planning and conducting our audit assignments.

In fulfilling our role, we abide by the three mandatory elements set out by the Institute of Internal Auditors. Namely, the Code of Ethics, the Definition of Internal Auditing and the Standards for the Professional Practice of Internal Auditing.

## Performance Measures

We have completed our audit work in accordance with the agreed Plan and each of our final reports has been reported to the Audit and Risk Committee. We have received positive feedback on our work from the Audit and Risk Committee and staff involved in the audits. Moreover, we have developed enhanced performance information that is presented during each of our JARAP progress reports.



## Conflicts of Interest

There have been no instances during the year which have impacted on our independence and/or lead us to declare any interest.

## Internal Audit Quality Assurance

In order to ensure the quality of the work we perform; we have a programme of quality measures which includes:

- Supervision of staff conducting audit work;
- Review of files of working papers and reports by Managers and Partners;
- Annual appraisal of audit staff and the development of personal development and training plans;
- Sector specific training for staff involved in the sector;
- Issuance of technical guidance to inform staff and provide instruction regarding technical issues; and
- The maintenance of the firm's Internal Audit Manual.

# 08 Internal Audit Quality Assurance

## **Our commitment on quality and compliance with the IIA's standards**

Mazars is committed to ensuring our work is delivered at the highest quality and compliant with the Global Institute of Internal Auditors' International Professional Practices Framework (IPPF), which includes the International Standards for the Professional Practice of Internal Auditing (Standards). Our public sector work also conforms with the UK Public Sector Internal Audit Standards (PSIAS), which are based on the mandatory elements of the IPPF.

Our quality assurance and quality control requirements are consistent with the Standards and PSIAS. These requirements are set out within our internal audit manual covering internal audit assurance and advisory work and which is structured to ensure our approach/methodology is compliant.

All internal audit staff conduct an annual declaration confirming awareness and compliance with the IPPF and PSIAS.

All work undertaken must have met the requirements of our manual before it can be signed out and issued to a client.

We have agreed delegated authorities that set out the levels at which various client outputs, including deliverables such as internal audit reports, must be reviewed and approved before being issued to our clients.

Our work is structured so that on-site auditors are supervised and are briefed on specifics relating to the client and internal audit work. Each review is overseen by a management team member, responsible for undertaking first-line quality reviews on working papers and reports and ensuring quality service provision by our team.

All reports must be reviewed and signed out by the engagement Partner, in line with the specific requirements set out within our delegated authorities. Evidence of this sign out is retained.

We have a formal system of quality control that our Advisory and Consulting Quality Board leads. There is a specific Mazars methodology for quality review of internal audit work. This is structured to cover the work of all engagement managers, directors, and partners during each year.

Our quality process takes a two-fold approach:

1. In-depth qualitative reviews assess specific audit engagements against all auditable elements of the Standards and many specific Mazars policies.
2. We also undertake quarterly compliance reviews of the work of all engagement managers, directors, and partners, which ensure that critical elements of compliance (such as evidence of report reviews and sign-outs) are present.

The results of our compliance reviews are discussed with the firm's Executive Board, which demonstrates the importance that the firm's partners attach to this exercise. The results of an individual partner's work review are considered in the reward system for equity partners. The central Technical Department is available for more specialist areas and alerts partners and team members to forthcoming technical changes. In this way, we seek to minimise the prospect of problems arising with internal audit files.

## **External quality assessment (EQA)**

As noted above, we can confirm that our internal audit work is undertaken in line with the IPPF and PSIAS. Under this there is a requirement for internal audit services to be subject to an independent EQA every five years. Our most recent assessment took place over the summer of 2019. The review concluded that Mazars "conforms to the requirements of the International Professional Practices Framework for Internal Audit and the Public Sector Internal Audit Standards".

# Appendices

A1 Definitions of Assurance



# A1 Definitions of Assurance

## Assurance Gradings

We use categories to classify our assurance over the processes we examine, and these are defined as follows:

Assurance level	Definition
Significant	There is a sound system of internal control designed to achieve the Organisation's objectives. The control processes tested are being consistently applied.
Satisfactory	While there is a basically sound system of internal control, there are weaknesses which put some of the Organisation's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk. The level of non-compliance puts the Organisation's objectives at risk.
No	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.

## Recommendation Gradings

To assist management in using our reports, we categorise our recommendations according to their level of priority, as follows :

Recommendation Level	Definition
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

### Annual Opinion Gradings

We use categories to classify our assurance over the processes we examine, and these are defined as follows:

Assurance level	Definition
Significant	The framework of governance, risk management and control is adequate and effective.
Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

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