



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

Internal Audit Annual Report 2022-2023

Prepared by: Mazars LLP

Date: July 2023

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### Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of The Office of the Police & Crime Commissioner for Leicestershire & Leicestershire Police 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 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 2022/23, the scope and outcome of work completed, and incorporates our annual statement on internal controls assurance.

The Police & Crime Commissioner for Leicestershire & Leicestershire Police retained a full scope internal audit service for 2022/23 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 2022/23 was considered and approved by the JARAP on 27<sup>th</sup> April 2022. In total the Plan was for 156.5 days. This included provision for nine contingency days in the Plan, should these days be required.

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 2022/23 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 once instance with the change made to the internal audit plan summarised below:-

- Asset Management – deferred into 23/24 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, additionally 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 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.

## Internal Audit Opinion

On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is **Moderate** in its overall adequacy and effectiveness. This opinion is provided on the basis that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk and management and control.

Certain weaknesses and exceptions were highlighted by our internal audit work, in particular limited assurance opinions were provided during the period in respect of Contract Management, Partnerships, OPCC Recruitment and Firearms Licensing.

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 Section 04.

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

### **Corporate Governance**

In respect of Corporate Governance, while not directly assessed as part of the Plan, this was informed by consideration of this area through our individual assignments including where relevant. Audit noted issues with respect to governance controls within the Commissioning audit, where it was highlighted that an outdated governance framework and governance meetings were not minuted. Furthermore, we did note across the audits delivered that updating relevant policies, procedures and guidance recommendations were made in a number of instances.

### **Risk Management**

In respect of Risk management, 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.

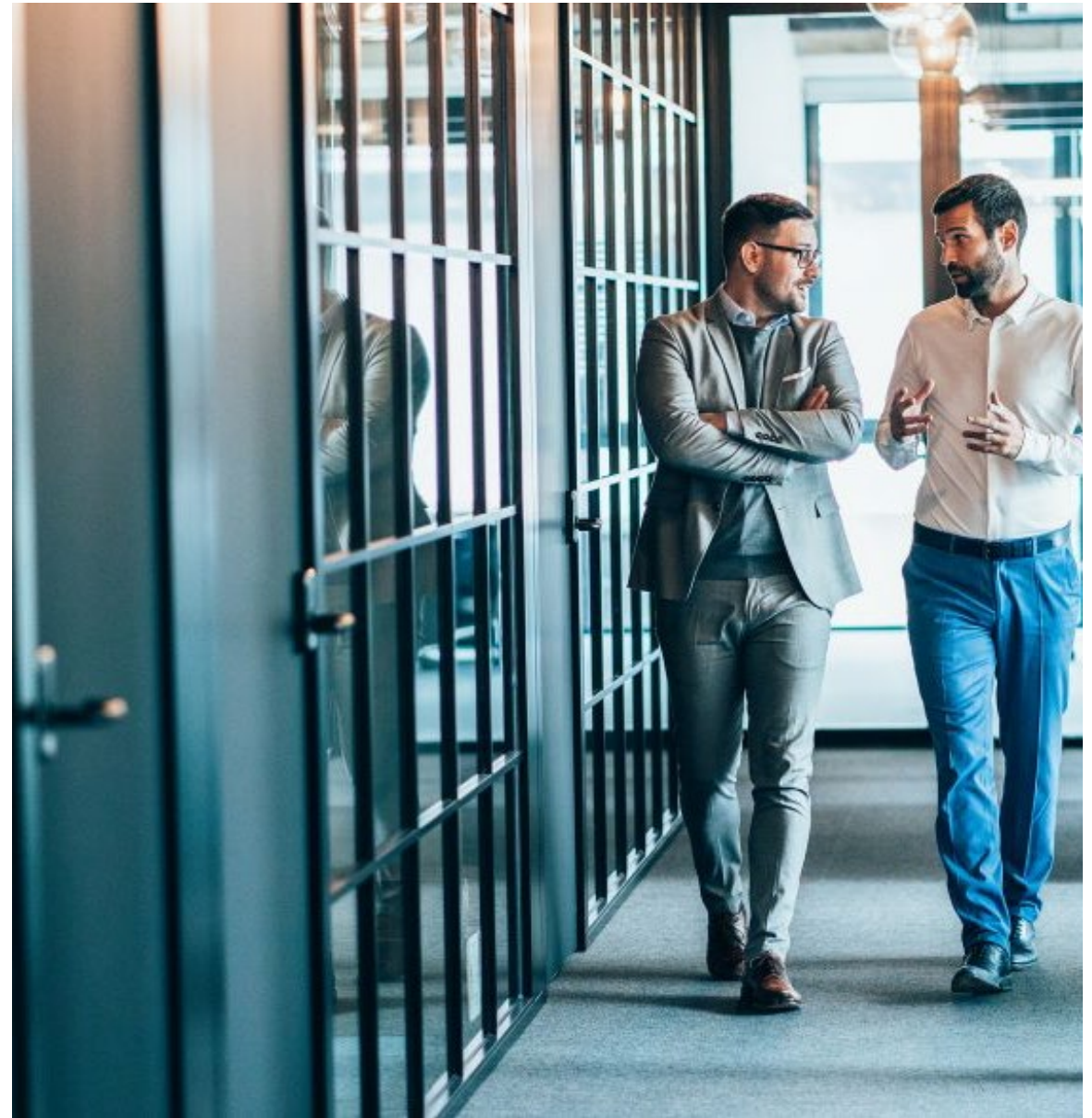
During the course of delivering the 2022/23 audit programme, a key element of each audit scope was to evaluate the control environment and, in particular, how key risks were being managed. As summarised in the 'Internal Control' section below, we were able to place reliance on the systems of internal control and the manner in which risks were being managed by the Force and OPCC.

### **Internal Control**

Of the 11 audits undertaken to date, where a formal assurance level was provided, two received a significant level of assurance and five received a satisfactory level of assurance. Four audits have been issued with a limited level of assurance.

We have made a total of 37 new recommendations during the year at the Force and OPCC, with five categorised as Priority 1 and 18 categorised as Priority 2. The total number of recommendations has increased by over 50% since compared to 2021/2022, where 24 recommendations were raised.

The number and priority of recommendations raised across the audit plan supports the overall assessment that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk and management and control



## 03 Internal Audit Work Undertaken in 2022/23

The Internal Audit Plan was for a total of 156.5 days. 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 Leicestershire internal audit plan, we undertook 12 in-depth audit reviews,. The results of this work (to date) are summarised below:

Ref	Audit Area	Assurance Level	Recommendations				Accepted	Not Accepted
			F	S	H	Total		
01.22/23	Core Financials	Significant	-	-	3	3	3	-
02.22/23	Payroll	Significant	-	1	2	3	3	-
03.22/23	Payroll Provider	Satisfactory	-	2	1	3	3	-
04.22/23	Commissioning	Satisfactory	-	2	-	2	2	-
05.22/23	Environmental Strategy Review	n/a*	-	2	4	6	6	-
06.22/23	Complaints Management	Satisfactory	-	2	-	2	2	-
07.22/23	Workforce Planning	Satisfactory	-	1	1	2	2	-
08.22/23	Contract Management	Limited	1	1	-	2	2	-
09.22/23	Partnerships	Limited	2	2	-	4	4	-
10.22/23	OPCC Recruitment	Limited	1	2	1	4	4	-
11.22/23	Firearms Licensing	Limited	1	1	1	3	3	-
12.22/23	IT: Digital Transformation Strategy	Satisfactory	-	2	1	3	3	-
	<b>Total</b>		<b>5</b>	<b>18</b>	<b>14</b>	<b>37</b>	<b>37</b>	<b>-</b>

\* Environmental Strategy Review was an advisory piece of work

## 04 Audits with Fundamental Recommendations 2022/23

Audit Area	Assurance Level	Summary of Key Findings
Contract Management	Limited	<p><u>Priority 1 Recommendation:</u></p> <p>1 – The OPCC should ensure Contracts are put in place before the commencement of services. The OPCC should ensure monitoring schedules and agreed KPI's are in place prior to the award of contracts.</p>
Partnerships	Limited	<p><u>Priority 1 Recommendations:</u></p> <p>1 - The OPCC should ensure that, as laid out in the Commissioning Strategy 2021-2024, a final exit/lessons learned stage is conducted for expiring contracts. This should involve consideration of the effectiveness of the provider in achieving the objectives of the partnership, the performance of the provider in relation to general procurement criteria, and lessons learned assessment. An effective audit trail should be maintained for this process, including a final decision regarding any decisions to re-commission the incumbent provider.</p> <p>2 - The OPCC should ensure that for all Partnerships the governance arrangements are formally agreed. This should include but not limited to:</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities of all the partners</li> <li>• Decision making powers</li> <li>• Funding arrangements</li> <li>• Regularity of partnership meetings</li> <li>• Performance measures for the partnership</li> </ul>
OPCC Recruitment	Limited	<p><u>Priority 1 Recommendations:</u></p> <p>1 - The OPCC should ensure that all interview forms are completed and uploaded to E-Recruitment before a candidate is processed through to pre-employment checks. Where interview panel members are listed on E-Recruitment, mandatory upload fields should be generated that must be filled before a candidate can be processed through from the interview stage to pre-employment checks. The OPCC should generate a standardised template for interview panel members, which includes a field for their name.</p>
Firearms Licensing	Limited	<p><u>Priority 1 Recommendation:</u></p> <p>1 - The Force should ensure that:</p> <ul style="list-style-type: none"> <li>• The risk assessments process is reviewed to include clearer and more consistent criteria.</li> <li>• A risk assessment and management procedure is produced.</li> <li>• FEOs receive further training on undertaking risk assessments and the importance of fully documenting why a particular risk rating was provided.</li> <li>• The cases identified in the recommendation should be re-assessed.</li> </ul>



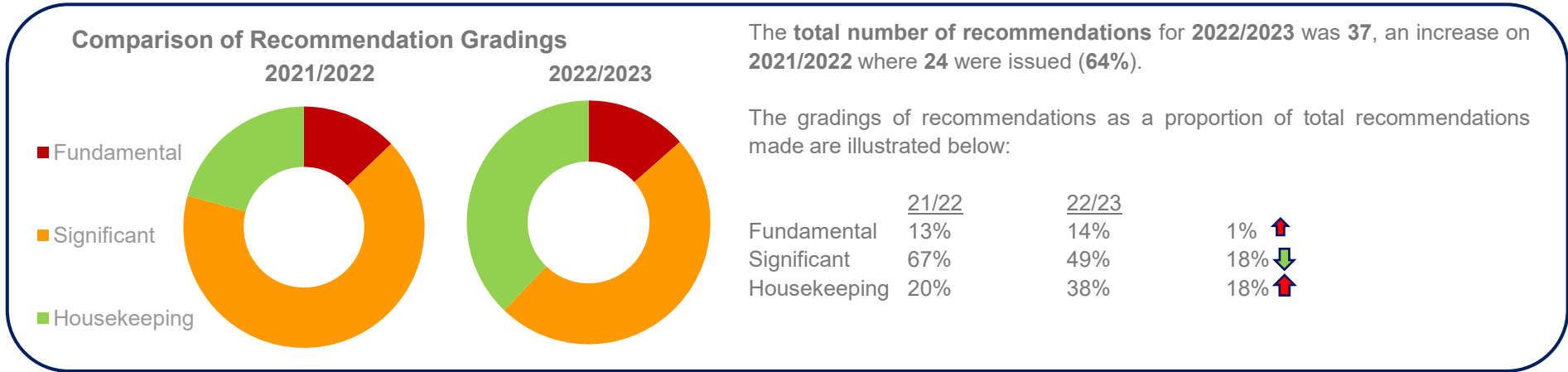
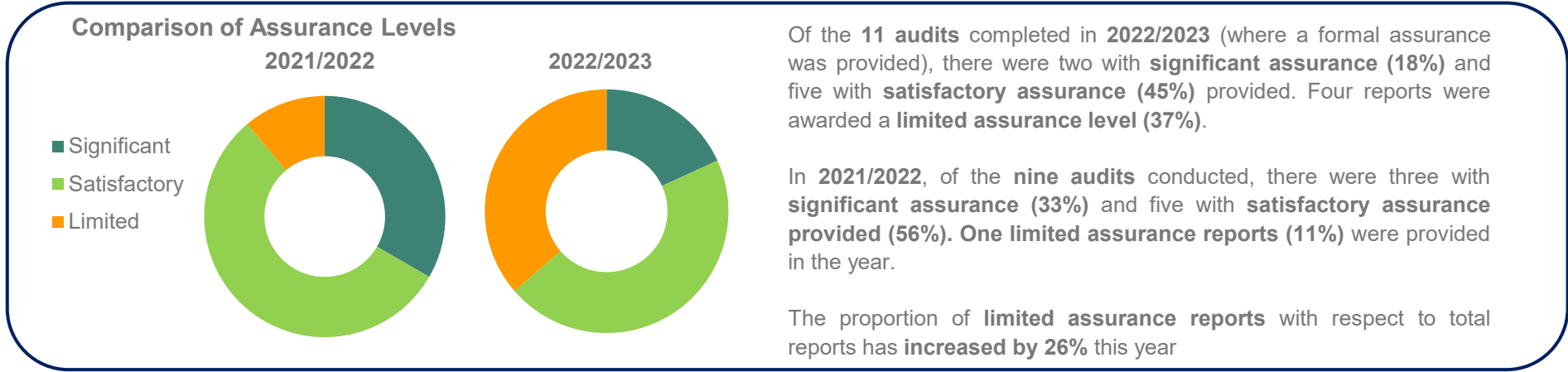
## 05 Internal Audit Plan 2022/23 vs Actual

The Internal Audit Plan was for a total of 156.5 days, with all reviews in the plan except one being completed during the period, resulting in 135 days of the plan being delivered.

Audit Area	Planned Days	Actual Days	Difference	Status
Core Financials	20	20	-	
Payroll	5	5	-	
Payroll Provider	10	10	-	
Commissioning	10	10	-	
Environmental Management	5	5	-	
Asset Management	8	-	-8	Deferred into 23/24
Complaints Management	8	8	-	
Workforce Planning	10	10	-	
Contract Management	8	8	-	
Partnerships	8	8	-	
OPCC Recruitment	5	5	-	
Firearms Licensing	8	8	-	
IT: Digital Transformation Strategy	10	10	-	
Collaboration	16.5	12	-4.5	Reduction to agreed Collaboration Plan
Contingency	9	-	-9	
Management	16	16	-	
<b>Total</b>	<b>156.5</b>	<b>135</b>	<b>-21.5</b>	

# 06 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.

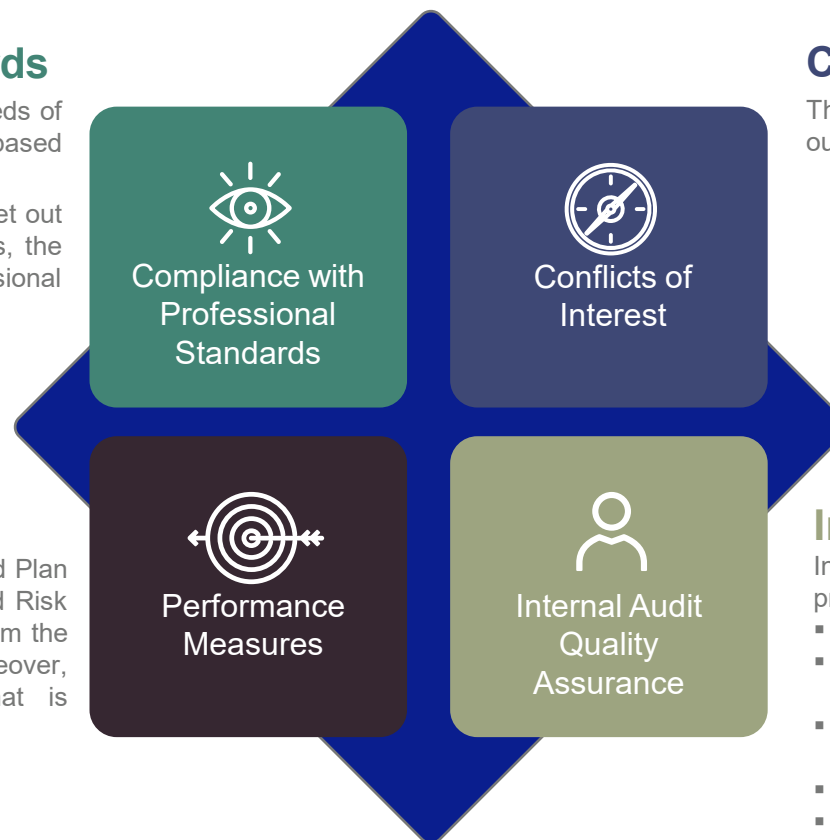
## Compliance with Professional Standards

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
<b>Significant</b>	The framework of governance, risk management and control is adequate and effective.
<b>Moderate</b>	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
<b>Limited</b>	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
<b>Unsatisfactory</b>	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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We take responsibility to The Office of the Police & Crime Commissioner for Leicestershire & Leicestershire Police 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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