

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

PAPER MARKED

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Report of	OFFICE OF THE CHIEF CONSTABLE AND OFFICE OF THE POLICE AND CRIME COMMISSIONER
Subject	INTERNAL AUDIT Progress Report 2023/2024
Date	WEDNESDAY 17 <sup>th</sup> APRIL 2024
Author :	SARAH KNOWLES, MAZARS

## **Purpose of Report**

1. This report seeks to update members of the Joint Audit, Risk and Assurance Panel (JARAP) on the progress of Internal Audits 2023-2024.

## **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 2023/2024

## **Background Papers**

None

## **Officer to Contact**

Kira Hughes - Chief Finance Officer: Office of Police and Crime Commissioner for Leicestershire – kira.hughes@leics.pcc.police.uk



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

**JARAP – 17 April 2024**  
**Internal Audit Progress Report**

Date Prepared: April 2024

**mazars**

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## Disclaimer

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## Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2023/24 Internal Audit Plan.

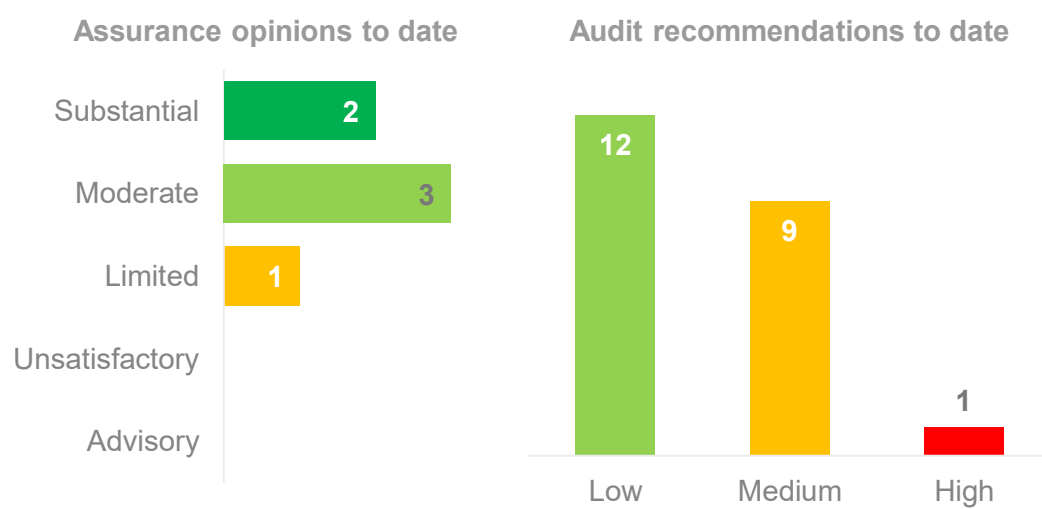




**JARAP decisions needed**

**RAG status of delivery of plan to timetable**

On Track



**Key updates**

Since the last update provided to the committee, we have issued final reports for the Risk Management, Payroll, Procurement and Core Financials audits. Additionally, fieldwork has been concluded for the Asset Management, IT Strategy, Counter Fraud, MTFP and OPCC Communication audits, with fieldwork ongoing for the Staff Retention, Portfolio Management and Occupational Health audits.

An overview of the Internal Audit Plan can be found in Section 2.

Since the last update, the final report for the EMSOU Capital Programme audit has been issued, the fieldwork for EMSOU Workforce Planning audit has concluded and the fieldwork for EMSOU HMICFRS Action Plan audit is ongoing..

An overview of the Internal Audit Plan can be found in Section 3.

## Overview of Internal Audit Plan 2023/24

The table below lists the status of all reviews within the 2023/24 Plan.

Review	Original Days	Revised Days	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
Estates Management	8	8	Final Report	03-May-23	Oct-23	Moderate	2	-	1	1
Vetting	8	8	Final Report	23-Oct-23	Jan-24	Moderate	5	-	1	4
Risk Management	8	8	Final Report	30-Oct-23	Apr-24	Limited	5	1	2	2
Payroll	5	5	Final Report	06-Nov-23	Apr-24	Substantial	2	-	-	2
Procurement	10	10	Final Report	09-Nov-23	Apr-24	Moderate	7	-	5	2
Core Financials	10	10	Final Report	13-Nov-23	Apr-24	Substantial	1	-	-	1
IT Strategy and Operating Model	10	10	In Review	15-Jan-24			-			
Asset Management/Stock Control	8	8	In Review	22-Jan-24			-			
Counter Fraud	8	8	In Review	19-Feb-24			-			
MTFP/Budget Control	8	8	In Review	04-Mar-24			-			
OPCC Communication/ Community E	8	8	In Review	19-Mar-24			-			
Staff Retention	8	8	Fieldwork	08-Apr-24			-			
Portfolio Management	10	10	Fieldwork	08-Apr-24			-			
Occupational Health Unit	5	5	Fieldwork	15-Apr-24			-			
<b>Totals</b>	<b>114</b>	<b>114</b>				<b>Totals</b>	<b>22</b>	<b>1</b>	<b>9</b>	<b>12</b>

## Overview of Collaboration Plan 2023/24

The table below lists the status of all reviews within the 2023/24 Collaboration Plan.

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
EMSOU Capital Programme	7	7	Jon Peatling (Derbyshire)	Final Report	04-Sep-23	Apr-24	Moderate	2	-	2	-
EMSOU Workforce Planning	7	7	Paul Dawkins (Leicestershire)	In Review	27-Nov-23			-	-	-	-
EMSOU HMICFRS Action Plan	7	7	Andrew Dale (Derbyshire)	Fieldwork	19-Feb-24			-	-	-	-
<b>Totals</b>	<b>21</b>	<b>21</b>					<b>Totals</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>

## Key Performance Indicators

1	Annual report provided to the JARAC	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JARAC	As agreed with the Client Officer	Achieved
3	Progress report to the JARAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	50% (3 / 6) *
5	Issue of final report	Within 5 working days of agreement of responses.	50% (3 / 6) ^
6	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	93% (13 / 14)
7	Customer satisfaction (measured by survey) “Overall evaluation of the delivery, quality and usefulness of the audit” – Very Poor, Poor, Satisfactory, Good, Very Good.	85% average satisfactory or above	N/A †

• 13, 26 and 25 days. This was due to annual leave between end of audit and quality review process.

^ 11, 31 and 37 days. This was due to annual leave when management responses were received.

† Responses have not been received for the two satisfaction surveys issued.

## Key Performance Indicators (Cont.)

Audit	Date of ToR	Start of Fieldwork	Days Notice (10)	Exit Meeting	Draft Report	Time from Close to Draft Report (10)	Management Comments Received	Time to Receive Comments (15)	Final Report Issued	Time Taken to issue Final (5)
Estates Management	19-Apr-23	03-May-23	10	13-Jun-23	27-Jun-23	10	06-Jul-23	7	10-Jul-23	2
Vetting	23-Jun-23	23-Oct-23	86	24-Nov-23	13-Dec-23	13	05-Jan-24	17	11-Jan-24	4
Risk Management	23-Jun-23	30-Oct-23	91	02-Feb-24	05-Feb-24	1	15-Feb-24	8	08-Apr-24	37
Payroll	12-Oct-23	06-Nov-23	17	12-Dec-23	17-Jan-24	26	20-Feb-24	24	06-Mar-24	11
Procurement	17-Oct-23	09-Nov-23	17	22-Dec-23	24-Jan-24	23	13-Feb-24	14	15-Feb-24	2
Core Financials	09-Oct-23	13-Nov-23	25	14-Feb-24	15-Feb-24	1	23-Feb-24	6	08-Apr-24	31
IT Strategy and Operating Model	18-Dec-23	15-Jan-24	20							
Asset Management/Stock Control	12-Oct-23	22-Jan-24	72							
Counter Fraud	16-Jan-24	19-Feb-24	24							
MTFP/Budget Control	23-Jun-23	04-Mar-24	181							
OPCC Communication/Community Engagement	14-Mar-24	19-Mar-24	3							
Staff Retention	17-Oct-23	08-Apr-24	124							
Portfolio Management	08-Jun-23	08-Apr-24	217							
Occupational Health Unit	22-Nov-23	15-Apr-24	103							



## Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	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 Assurance	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.

Definitions of Recommendations		
High	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

# A1

Final Reports Issued



# Risk Management 23-24

## Your One Page Summary

Audit Objective: assess the design and effectiveness of the control framework for Risk Management.

### Audit rationale

**Why the Audit is in Your 2023/24 Plan**

A cyclical audit to provide assurance that the Force has a robust Risk Management Framework in place.

### Summary of our opinion

**Limited Opinion**  
See Appendix A1 for definitions



**Summary of Recommendations**

<b>Priority 1 (High)</b>	1	<b>Actions agreed by you</b>	<b>TBC</b>
<b>Priority 2 (Medium)</b>	2	<b>High Priority Completion</b>	TBC
<b>Priority 3 (Low)</b>	2	<b>Overall completion</b>	TBC

### Summary of findings

**Examples of good practice**

- ✓ The Force has a Strategic Risk Register and Departmental Risk Registers in place
- ✓ The Organisational Risk Board (ORB) oversees risk management and business continuity at the Force and meets on a quarterly basis
- ✓ Risk reports are presented to the ORB on a quarterly basis detailing newly added risks

**Highest Priority Findings**

- The SSR unit is currently understaffed leading to limited capacity to deal with risk management.
- The SSR unit is responsible for updating and maintaining the Strategic Risk Register as well as all Departmental Risk Register risks, rather than departments managing their own risk registers
- We noted some inconsistencies in risk scoring and that some risks do not include an adequate description of what mitigations are in place

**Key root causes**

- Lack of capacity within the SSR unit due to low number of staff



# Risk Management 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	<p>The Force’s Safety, Sustainability and Risk (SSR) unit is located within the Specialist Support Department and is currently led by the acting Head of Safety, Sustainability and Risk. The SSR unit provides advice and support on sustainability, business continuity, risk management and health and safety.</p> <p>The previous Head of SSR left the Force in September 2023 and an acting Head of SSR has taken up the role. In 2022, a staff member seconded to another department and in April 2023 another staff member left the Force. Due to this, the SSR unit currently consists of two members of staff, the Head of SSR and a staff member who is new to the unit and not yet qualified to undertake the role, and this means that capacity within the SSR unit is limited.</p> <p>From review of the Strategic Risk Register, we found that this has recently been included as a strategic risk and it is also noted that the unit is currently only able to undertake accident investigation and provide health and safety advice due to limited capacity. The Head of SSR has also recently drafted a Risk Officer job specification, however, this specification has not yet been approved.</p> <p><b>The Risk Officer job specification should be</b></p>	<p style="text-align: center; color: white; font-weight: bold;">High</p>	<p>Since the audit fieldwork, we had a restricted police officer join us and this helped with capacity, as well as mitigating the strategic risk concerning capacity in the SSR team. Whilst happy to accept this recommendation, the duties of the risk officer will be transferred to new and current team members. There has already been a start date given to a new Sustainability Officer, who will assist with team capacity.</p> <p><b>Matt Jones – T/Head of Safety, Sustainability and Risk</b></p>	<p style="text-align: center;">01 April 2024</p>



# Risk Management 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	completed, approved and the role advertised promptly as a priority; or, the roles of the Risk Officer should be delegated amongst the SSR team.	High		01 April 2024
2	<p>The Force’s Risk Management Framework consists of a Strategic Risk Register (SRR) and Departmental Risk Registers (DRRs). The risks associated with the SRR and DRRs are all retained centrally on the Keto system which is currently managed by the Head of SSR. Departments hold regular Senior Management Team meetings where risks should be raised and discussed, and upon a risk being identified this should be raised to the Head of SSR who records it onto Keto. If the risk is potentially strategic, it is then discussed at the Operational Risk Board (ORB) where a decision is made to include it on the SRR.</p> <p>In comparison to other Forces that we have reviewed, Leicestershire’s Risk Management Framework is more centralised. As with other Forces, the SRR is managed and reviewed centrally, however, DRRs are also managed and maintained centrally at Leicestershire. With the current approach, where there is limited capacity in the SSR unit, this can limit the risk management across the whole Force (see Recommendation 1).</p>	Medium	<p>We have found the centralised process of DRRs of benefit. It has enabled us to ensure risks are kept up to date, and that risks are archived when no longer an issue. It also allows us to monitor trends across departments and link in to processes such as STRA, FMS and the Layer Boards. Given the support of the force with a restricted officer, the capacity issues are less of a problem and has actually improved risk management across the force. Happy to keep this recommendation as we can highlight how this approach will continue to be of benefit.</p> <p>There are some inaccuracies in the second paragraph. Department do have their own DRRs, they just share them with the central team to keep a central record for the above mentioned benefits. The owners of DRRs do also have access to KETO. It is just that the central team offer a high level of support to ensure consistency of risk recording. If an owner wishes to update KETO directly, they</p>	N/A



# Risk Management 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
2	<p>We found that departments do not hold their own copies of DRRs and instead discuss and submit risks to the Head of SSR. Additionally, departments do not have access to update the Keto system themselves whereas at other Forces we have found that the Risk Management System can be accessed and updated by departments. We also noted that a formal programme of training is not in place for all staff with risk management responsibilities.</p> <p><b>The Force should restructure current risk management processes, such as by having departments maintain their own risk registers which are then reviewed centrally on a regular basis e.g. quarterly.</b></p> <p><b>The Force should provide access to the Keto system to owners of DRRs.</b></p> <p><b>A formal and structured programme of risk management training should be provided to staff with risk management responsibilities.</b></p>	Medium	<p>can. Indeed, CAID have a good example of this that we can share. There is also a formal programme of training – through the Health and Safety Managers Course, but we can add more detail to this.</p> <p><b>Not Accepted</b></p>	N/A
3	<p>The Force uses a likelihood and impact system when scoring risks. Risks are rated in terms of likelihood and impact from 1-4 and then multiplied together to produce an overall risk rating, with a score of 9-16 considered as high.</p> <p>From review of a sample of 10 strategic and departmental risks, we have identified some areas</p>	Medium	<p>This is not accurate. There is no rating of £200,000 on our risk matrix. A medium impact can be anything from £11,000 for a business area to £250,000 for a cost to the force. This is clear in our matrix. That said, CAID0373 does not have a financial impact assigned to it. It is medium on impact due to its significant</p>	01 April 2024



# Risk Management 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
3	<p>of potential inconsistencies in scoring:</p> <ul style="list-style-type: none"> <li>CAID0373 - The financial impact of the departmental risk was assessed at £200,000 however the risk impact has been rated as medium, whereas the risk scoring methodology notes that a financial impact of &gt;£150,000 in a business area could be considered as a very high impact.</li> <li>STR0386 – The risk impact is rated as very high and likelihood high however only a limited description is provided to justify the risk score.</li> </ul> <p>We also reviewed a sample of 20 risks including the above to determine whether an appropriate action plan is in place for each risk, and in 3 out of 20 cases we found that limited detail was included to show how the risk is planned to be mitigated (or an action plan) with only a description of the risk included. We also noted that while the majority of risks in the risk register have some indication of what mitigation is in place, there is often no deadline or target date set for when planned mitigations should be implemented by.</p> <p><b>Risks should include justification for why they have been rated at a certain impact and likelihood.</b></p> <p><b>Action plans and mitigation strategies should be included for all risks and should also include a deadline or target date to be implemented by.</b></p>	<p style="text-align: center;"><b>Medium</b></p>	<p>impact of strategic direction and service delivery.</p> <p>Furthermore, a risk may have a low impact, but have a very high impact for one of the other impact areas. We would choose the highest score overall, which is a common approach to risk management.</p> <p>STR0386 has since been archived, but the scoring matrix is very detailed and does provide additional information on why a risk has been given then risk score. In this case it was a loss of a key member of staff and therefore this was sufficient to give the ‘serious’ impact score.</p> <p>We use the pending controls section as our action plan and are satisfied with this approach. We are happy to review the 20 sample risks again if these can be provided. Happy to accept the recommendation to have a target date as KETO does have this function, but note that this will increase demand on the SSR unit, contradicting recommendation 1 to some extent. It can be implemented however if needed.</p> <p><b>Matt Jones -T/Head of Safety, Sustainability and Risk</b></p>	<p>01 April 2024</p>



## Risk Management 23-24 (Cont.)

We have also raised two Low priority recommendations regarding:

- The Force should review the identified risks and condense them into a single strategic risk related to staffing.
- The Risk Management Policy and Procedure should be reviewed and updated as a priority.



# Payroll 23-24

## Your One Page Summary

Audit Objective: To provide assurance that the risks associated with the Payroll element of the Core Financial systems are being appropriately managed.

### Audit rationale

**Why the Audit is in Your 2023/24 Plan**  
 A key part of assurance for the Force & OPCC in regard to its payroll controls.

**Your Strategic Risk**  
 URN: OPCC030 – Failure by a single service provider to deliver on service provision.

### Summary of our opinion

**Substantial Opinion**  
 See Appendix A1 for definitions

#### Summary of Recommendations

High	-
Medium	-
Low	2

Actions agreed by you	100%
High Priority completion	N/A
Overall completion	February 2024



### Summary of findings

#### Examples of good practice

- ✓ For our sample of 20 leavers, we noted that all possessed completed and approved leaver forms, with all outstanding commitments accurately paid including correctly pro-rated final salary payments.
- ✓ For our sample of 12 voluntary deductions, we noted that all were processed accurately and in a timely manner with evidence of secondary review.

#### Highest Priority Findings

- From our sample of ten variations, three were applied either incorrectly or in a untimely manner, resulting in two instances of overpayment and one of underpayment.

#### Key root causes

- Payroll administrators are unaware of the support available to them and/or the Test environment available for testing the application of complex cases.
- There is a lack of staff awareness around the requirement to update the Checking Schedule Report.

### Direction of travel

#### Previous Audit

2022/2023

#### Direction of Travel

↔ Previous opinion: Substantial Assurance

#### Recurring Findings

None



## Payroll 23-24 (Cont.)

We have raised two Low priority recommendations regarding:

- The Force should remind payroll staff that a Test Environment can be used to ensure that complex changes will be applied correctly and that support is available from Payroll Management to assist in complex cases.  
  
The Force should engage with the HR Service Centre Employee Services Manager to ensure that PIM forms and amendments are submitted clearly to allow for timely and accurate input.
- The Force should ensure that Management consistently monitor the progress of the checking schedule. This includes checking whether each Payroll Administrator is conducting reviews in a timely manner and following up on any areas of non-compliance.

# Procurement 23-24

## Your One Page Summary

Audit Objective: To provide assurance that the risks associated with the Procurement of goods and services are being appropriately managed.

### Audit rationale

Why the Audit is in Your 2023/24 Plan	Your Strategic Risk	Your Strategic Objective
To provide assurance that value for money is being achieved in the procurement function and a robust control framework is in place.	OPCC029 – Pressures on the Commissioning and Procurement Teams.	Achieve value for money and keep collaboration opportunities for policing under review.

### Summary of our opinion

**Moderate Opinion**  
See Appendix A1 for definitions



Summary of Recommendations	
<b>High (Priority 1)</b>	-
<b>Medium (Priority 2)</b>	5
<b>Low (Priority 3)</b>	2

<b>Actions agreed by you</b>	<b>100%</b>
<b>High Priority completion</b>	N/A
<b>Overall completion</b>	March 2024

### Summary of findings

Examples of good practice	Highest Priority Findings	Key root causes
<ul style="list-style-type: none"> <li>✓ Deviations from standard practices are controlled and approved</li> <li>✓ Appropriate use of quotes, tenders and frameworks</li> </ul>	<ul style="list-style-type: none"> <li>• Out-of-date Corporate Framework</li> <li>• Lack of annual declarations of interest</li> <li>• Contracts not published on Contract Finder</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of regular reviews of processes against updated thresholds.</li> <li>• Lack of risk considerations in procurement activities</li> </ul>

### Direction of travel

Previous Audit	Direction of Travel	Recurring Findings
August 2020	Previous opinion: Substantial Assurance	<ul style="list-style-type: none"> <li>• Signing of Contracts</li> </ul>



# Procurement 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	<p>We reviewed the Corporate Governance Framework, which includes the Force's Contract Standing Orders, and noted that the document made reference to the EU Procurement Directives, including the related OJEU thresholds of £189,330 for supplies and service contracts and £4,733,252 for works contracts.</p> <p>However, as per The Public Procurement (Agreement on Government Procurement) (Thresholds) (Amendment) Regulations 2021, whilst this legislation is still relevant, it does not include the appropriate thresholds relevant to UK public bodies, with the updated policy note restating the thresholds as £213,477 for supplies and services and £5,336,937 for works (Inclusive of Tax). This was enacted from 1 January 2022</p> <p>We do note that the Force's own Procurement Policy appropriately includes the updated thresholds.</p> <p>In addition, the Corporate Governance Framework was last reviewed 1st November 2020, due to be reviewed November 2021. This has not occurred.</p> <p><b>The Force and OPCC should conduct a review of the Corporate Governance Framework and ensure that the Contract Standing Orders and other procurement related areas are up to date</b></p>	Medium	<p>This has been updated by the OPCC and agreed at the PCC's Corporate Governance Board on 22 November 2023. Given the Corporate Governance Framework and Contract Standing Orders are not documents under the control of the Procurement Department; it is felt inappropriate to down score the Procurement Department when updating these documents as it is out of Procurement's control.</p> <p>Procurement does assist in the updating of these documents when this takes place, and the appropriate thresholds are included.</p> <p>It is also noted that in the findings you note that the 'Force's own Procurement Policy' contains the appropriate thresholds.</p> <p><b>OPCC Chief Executive Officer</b></p>	30 November 2023



# Procurement 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	<p>and in line with current practice. This includes ensuring that the Corporate Governance Framework references the correct and up-to-date thresholds.</p>	Medium		30 November 2023
2	<p>Regulation 24 of the Public Contract Regulations 2015 states "Contracting authorities shall take appropriate measures to effectively prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures so as to avoid any distortion of competition and to ensure equal treatment of all economic operators."</p> <p>The guide for Commercial and Procurement Professionals outlines that "for individuals regularly involved in procurements, a declaration should be refreshed annually and after any significant change in circumstances" . This is consistent with similar guidance produced by the National Audit Office. "Declarations should be audited, recorded, stored and monitored in accordance with data protection legislation and those responsible for managing this information should have undergone relevant data protection training."</p> <p>We were advised that the Force do not conduct annual declarations of interest. Instead, for each contract a Contract Status Sheet is used, which requires any declaration to be declared.</p>	Medium	<p>We agree that good practice would be to introduce an annual review of all staff conducting tendering/contract activity in relation to potential conflicts of interest. However, Conflicts of Interest are considered at the commencement of all procurement activity and all staff are aware of raising this issue if required. Therefore, a score medium for this recommendation is considered high.</p> <p><b>Head of Procurement</b></p>	31 March 2024



# Procurement 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
2	<p>Additionally, the Force’s Procurement Policy outlines that any employee should disclose any form of personal interest to their area or departmental manager.</p> <p>Given the cited guidance, we do not believe that this approach is aligned with best practice.</p> <p><b>On an annual basis, the Force should ensure that all staff involved in the procurement of services and goods, or the management of those contracts, conducts a declaration of interest that outlines any potential conflicts that may exist with current or planned contracting bodies.</b></p>	Medium		31 March 2024
3	<p>As per the Public Contracts Regulations 2015, for contracts above £30,000 (VAT incl.) awarded via a framework arrangement or via normal processes, the contract award notice will be issued on Contracts Finder, and for contracts above the UK threshold of £213,477 for services and £5,336,937 for works, these should be published also on Find a Tender.</p> <p>Whilst for direct awards, as well as contracts arranged via a Framework or Call Off agreement the regulations do not require the opportunity to be published, the award itself should be published on Contracts Finder.</p>	Medium	<p>Findings have been taken onboard and have been actioned. It should be noted however that although 4 of the instances where the award notice had not been published, none of these four lead to any kind of challenge of external verification or confirmation from any suppliers or contracting bodies.</p> <p><b>Head of Procurement</b></p>	31 March 2024



# Procurement 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
3	<p>The Public Contracts Regulations 2015 also requires that Sub-central contracting authorities must publish information on Contracts Finder within 90 calendar days after the award date.</p> <p>For a sample of 10 contracts in place at the Force, of which nine are above the £30k threshold, we noted four instances where the award notice had not been published on Contracts Finder. As such, the Force had also not complied with the 90-day requirement to publish information.</p> <p>We were advised by the Procurement Manager that direct awards have historically not been uploaded onto the Contract Finder. However, we were provided with legal advice that had been sought by the Procurement Manager from the East Midlands Police Legal Services department in July 2023 which outlined this requirement.</p> <p>The Procurement Manager confirmed that any direct awards in the future would be uploaded onto the Contracts Finder.</p> <p><b>As planned, the Force should ensure that all contracts are published on the Contract Finder in line with the Public Contracts Regulations 2015.</b></p> <p><b>The Force should consider retrospectively publishing the awards for all live contracts</b></p>	Medium		31 March 2024



# Procurement 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
3	included on the contract register onto Contract Finder.	Medium		31 March 2024
4	<p>The Corporate Governance Framework outlines that an equality impact assessment should be completed for all contracts, and where this is medium or high then the equality policies are assessed by the Force or OPCC.</p> <p>For our sample of 10 contracts, we sought to ensure that an assessment had been completed in all cases. However, in seven instances we noted that no such assessment had been completed.</p> <p>Additionally, we note that no supplier audits are conducted to ensure that the activities of contractors are in line with the ethical requirements laid out in the Force's terms and conditions.</p> <p>The Chartered Institute of Procurement &amp; Supply provides guidance on how to conduct an ethical procurement audit, which the Force may consider using as guidance to support an ethical supply chain.</p> <p><b>The Force should ensure that equality impact assessments are completed for every contract that is entered into by the Force.</b></p> <p>In addition, the Force may consider introducing</p>	Medium	<p>Equality Impact Assessments are to be introduced on all awarded contracts as part of the post award process. The force will also consider as part of the pre contract process supplier audits in relation to ethical supply chain.</p> <p><b>Head of Procurement</b></p>	31 March 2024





# Procurement 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
4	<p>supplier audits at the pre-contract stage of procurements for large, or risky activities in order to ensure that the Force has assurance with regards to the ethical compliance of the supplier. These should be based on best practice, such as that produced by the CIPS.</p>	Medium		31 March 2024
5	<p>Through discussions with the Procurement Managers, we were advised that procurement training is delivered when staff members join the procurement team, which involves gaining a familiarity with the relevant systems. However, this is ad hoc and there is no formalised training material or checklist for onboarding.</p> <p>In addition, there is no refresher training relating to the procurement process provided for all staff involved in procurement.</p> <p>Whilst we were advised that weekly meetings take place with the Procurement team, during which issues and queries may be raised by team members, this does not reflect a formal training programme.</p> <p>Based on the other recommendations raised during the audit, in particular those relating to a misalignment with current regulations, we note training as a useful tool to ensure procurement staff remain aware of the most up-to-date regulations.</p>	Medium	<p>Although no procurement specific induction is currently in place for new recruits, there is a requirement that any new staff are qualified to CIPS level 4 as a minimum to ensure knowledge and understanding of procurement activity and the Public Contract Regulations 2015. A formal training and refresher programme will be developed however to support staff in the future.</p> <p><b>Head of Procurement</b></p>	31 March 2024



# Procurement 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
5	<p>The Force should develop a formal training programme for starters, that includes details of the relevant systems, as well as the Force's policy and relevant regulations.</p> <p>In addition, the Force may consider developing formal refresher training, that is mandatory for all staff involved in procurement on a regular basis.</p> <p>A clear and accurate audit trail of training completed by staff should be maintained.</p>	Medium		31 March 2024

We have also raised two Low priority recommendations regarding:

- The Force should ensure that contracts are signed in advance of the contract start date.  
The Force may consider implementing a post signing review of contracts to ensure that the contract is accurate, and the signature is appropriately dated.
- The Force should consider identifying critical points of failure in its supply chain. We consider the CCfAR approach outlined by the Supplier Assurance Framework a best practice approach.

# Core Financials 23-24

## Your One Page Summary

Audit Objective: To provide assurance that the risks associated with Core Financials are being effectively managed by the Force and OPCC.

### Audit rationale

<b>Why the Audit is in Your 2023/24 Plan</b> A key part of assurance for the Force & OPCC in regard to its financial controls.	<b>Your Strategic Risk</b> OPCC022 – Economic impact of the current foreign political unrest
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### Summary of our opinion

**Substantial Opinion**  
See Appendix A1 for definitions



**Summary of Recommendations**

High	-
Medium	-
Low	1

<b>Actions agreed by you</b>	<b>100%</b>
<b>High Priority completion</b>	N/A
<b>Overall completion</b>	31 <sup>st</sup> March 2024

### Summary of findings

<p><b>Examples of good practice</b></p> <ul style="list-style-type: none"> <li>✓ Audit confirmed that income was banked in a timely manner and accurately recorded, with reconciliations carried out against key systems to confirm the accuracy of transaction records.</li> <li>✓ Audit confirmed for a sample of 10 investments that segregation of duties was present, adequate supporting information was retained and investments were made within agreed limits.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Audit reviewed a sample of 10 supplier set ups and 10 supplier amendments and found that they were processed upon receipt of a legitimate request with segregation of duties and fraud checks documented.</li> <li>✓ Urgent payments have been appropriately authorised and payment runs are subject to review prior to authorisation and release.</li> </ul>	<p><b>Highest Priority Findings</b></p> <ul style="list-style-type: none"> <li>• 1/10 non-purchase order invoices sampled were not paid by the due date of the invoice.</li> </ul> <p><b>Key root causes</b></p> <ul style="list-style-type: none"> <li>• Miscommunication's with suppliers has led to delays in the payment of outstanding invoices.</li> </ul>
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### Direction of travel

<b>Previous Audit</b> March 2023	<b>Direction of Travel</b> ⇒ Previous opinion: Significant Assurance	<b>Recurring Findings</b> • Non-purchase order invoices paid late.
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# Core Financials 23-24 (Cont.)

We have raised one Low priority recommendations regarding:

- The Force Finance Clerk's should ensure that current suppliers are reminded to send invoices to the Finance Team's inbox to prevent future delays in the payment of invoices.

The Force should ensure that new suppliers are provided with the correct information for submitting invoices for payment so that these can be processed and paid by the due date for payment.



# EMSOU Capital Programme 23-24

## Your One Page Summary

Audit Objective: provide assurance that the risks associated with Capital Programme are being appropriately managed.

### Audit rationale

#### Why the Audit is in Your 2023/24 Plan

To provide assurance with regards the control framework at the East Midlands Special Operations Unit (EMSOU) to ensure delivery of the capital programme. This included a review of the capital assigned for fleet replacement.

### Summary of our opinion

**Moderate Opinion**  
See Appendix A1 for definitions



#### Summary of Recommendations

High (Priority 1)	-
Medium (Priority 2)	2
Low (Priority 3)	-

Actions agreed by you	100%
Priority 1 completion	N/A
Overall completion	September 2024

### Summary of findings

- Examples of good practice**
- ✓ Effective budget setting and monitoring processes.
  - ✓ Appropriate oversight of EMSOU activity by constituent Forces through the Regional PCC/CC Board and the Regional CFO/FD Board.

- Highest Priority Findings**
- Over-reliance on reserves, including a planned full utilisation by 2024/25.
  - Uncertainty of yearly funding agreement.
  - Complicated process for procurement and replacement of vehicles under multiple fleet management approaches.

- Key root causes**
- Unable to agree three-year funding settlement.
  - Management and funding of Force-managed EMSOU fleet replacement split across all five Forces.



# EMSOU Capital Programme 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	<p>EMSOU produces a Capital Programme each year as part of the budget setting process, which covers the budget for the upcoming year and a forecast budget for the following 3 years. This covers the expenditure from replacement of assets and the funding from grants, reserves and additional revenue contributions. Funding is then agreed at the PCC/CCs meeting, following recommendation from the CFO/FDs Board, as revenue funding from the Force for the upcoming year in their budgets. Audit has reviewed the current Capital Programme and noted that reserves will be fully utilised by 2024/25 and therefore further funding will be required from the Forces.</p> <p>HMICFRS have also found areas of concern in their PEEL 2021/22 review into Serious and Organised Crime. This noted concerns regarding the funding model for EMSOU as the PCC/CCs meeting couldn't agree on a three-year settlement, therefore leaving the Unit with the uncertainty of yearly funding.</p> <p><b>The Forces and Unit should develop an uplifted Capital Programme to ensure that any future deficits in capital funding can be met and the Capital Replacement Reserve can be rebuilt. This should align to HM Treasury's three-year funding formula for serious and organised</b></p>	<p style="text-align: center;"><b>Medium</b></p>	<p>A revised Capital Programme will be produced that reflects the future Target Operating Model for the Unit and updated to include any future replacement costs for covert/control room equipment. The Capital Programme will consider the funding requirement, funding options and guidance on any accounting arrangements – this will be built into funding discussions with CFO/FDs and reported back to the regional CC/PCCs Board.</p> <p><b>EMSOU Head of Finance and Corporate Services</b></p>	<p style="text-align: right;">30 September 2024</p>



# EMSOU Capital Programme 23-24 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
1	<p><b>crime.</b></p> <p>The Unit uses around 150 vehicles, with about half managed by EMSOU while the remainder are managed by one of the five Forces. This has resulted in different procurement and replacement strategies for the Unit's Fleet - a point that has been raised as part of the HMICFRS' review into EMSOU as part of the PEEL 2021/22 regional reviews into serious and organised crime.</p>	Medium	<p>A review of the fleet replacement process will be undertaken to consider any alternative procurement arrangements and whether this would deliver improvement in relation to:</p> <ul style="list-style-type: none"> <li>• Purchase cost of vehicles</li> <li>• Service and maintenance arrangements</li> <li>• Fleet admin processes.</li> </ul>	30 September 2024
2	<p>This identified a cause for concern where it would be more efficient to have a single capital replacement strategy and budget for the Unit, also allowing for savings to be made by adopting a regional approach to the procurement of vehicles and equipment.</p> <p><b>The Unit should adopt a single fleet management approach to procurement and replacement of vehicles.</b></p>	Medium	<p><b>EMSOU Head of Finance and Corporate Services</b></p>	30 September 2024

# Contacts

## David Hoose

Partner, Mazars

david.hoose@mazars.co.uk

## Sarah Knowles

Internal Audit Manager, Mazars

sarah.knowles@mazars.co.uk

## Statement of Responsibility

We take responsibility to the Office of the Police and Crime Commissioner for Leicestershire and 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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