

# 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 ANNUAL PLAN 2023/2024
Date	THURSDAY 1 <sup>ST</sup> AUGUST 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 Internal Audit Annual Report 2023/2024.

## **Recommendation**

2. The Panel is recommended to discuss the contents of the report.

## **Background**

3. 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 Operational Plan 2024/25 and Charter

## **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



**Police & Crime Commissioner for Leicestershire & Leicestershire Police  
Joint Audit, Risk & Assurance Panel  
Internal Audit Annual Report 2023/24**

Prepared by: Forvis Mazars  
Date: July 2024

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## Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of the Office of the Police & Crime Commissioner (OPCC) for Leicestershire & Leicestershire Police (Force) 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 OPCC and Force and to the fullest extent permitted by law Forvis 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, re-interpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, re-interpretation, 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

Forvis Mazars LLP are the appointed internal auditors to the Office of the Police & Crime Commissioner (OPCC) for Leicestershire & Leicestershire Police (Force). This report summarises the internal audit work undertaken by Forvis Mazars in 2023/24, 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 2023/24 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 OPCC and Force and not provided to any third party without prior written permission by Forvis Mazars.

## Scope and purpose of internal audit

The purpose of internal audit is to provide 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 OPCC and Force's agreed objectives. It also has an independent and objective advisory role to help line managers improve governance, risk management and internal control.

This opinion forms part of the framework of assurances that is received by the OPCC and Force. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control. Our professional responsibilities as internal auditors are set out within the Chartered Institute of Internal Auditors (CIIA) and the Internal Audit Charter.

Responsibility for a sound system of internal control rests with the Board 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.

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 2023/24 was considered and approved by the JARAP on 17th April 2023. In total the Plan was for 140 days, including 18 days of Audit Management. There was also provision for 3 contingency days included in the Plan, should these days be required.

The move to remote auditing has been well established between the Force & auditors with both parties working hard to ensure the audits could be completed in a timely manner. We 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 2023/24 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.

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.

# 01 Introduction (Cont.)

## Acknowledgements

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

## Sampling Methodology

As part of our auditing methodology, we use a range of sampling techniques to provide a robust basis for our audit opinions. Where possible we favour conducting whole data set testing.

## 02 Audit Opinion

### Our opinion

On the basis of our 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 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 Risk Management, IT Identity Access Management, Counter Fraud and Portfolio Management.

These matters have been discussed with management, to whom we have made recommendations, several of which are categorised as 'High' and 'Medium'. All of these have been, or are in the process of being addressed, as detailed in our individual reports, and summarised in Section 04.

A 'Substantial' assurance opinion was provided for five internal audits; Payroll, MTPF/Budget Controls, Core Financials, Asset Management/Stock Control and Occupational Health Unit.

### Scope of 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 the OPCC and Force is a reasonable assurance that there are no major weaknesses in 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 'High' or 'Medium' 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.

### Reliance Placed on Third Parties

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

## 02 Audit Opinion (Cont.)

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

### Corporate Governance

The purpose of internal audit is to provide 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 OPCC and Force's agreed objectives. It also has an independent and objective advisory role to help line managers improve governance, risk management and internal control.

### Risk Management

Audit completed a specific review with respect to 'Risk Management' during the year and issued a 'Limited' assurance opinion which included a total of one 'High', two 'Medium' and two 'Low' priority recommendations. Overall, Audit testing highlighted that there are weaknesses in the control framework such that it could become inadequate or ineffective.

During the course of delivering the 2023/24 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 14 audits undertaken, where a formal assurance level has been provided, five received a substantial level of assurance and five audits received a moderate level of assurance. A limited level of assurance has been awarded in four instances.

We have made a total of 45 new recommendations during the year at the Force and OPCC, with three categorised as 'High', 21 as 'Medium' and 21 as 'Low'.

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 management and control.

## 03 Internal Audit Work Undertaken in 2023/24

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.

We undertook four in-depth audit reviews covering a number of important control systems, processes, and risks. The results of this work are summarised below. We also completed two follow up reviews of implementation of recommendations. The results of which are included in **Appendix A1**.

Ref	Audit area	Assurance level	Recommendations				Accepted	Not accepted
			High (Priority 1)	Medium (Priority 2)	Low (Priority 3)	Total		
03.23/24	Payroll	Substantial	-	-	2	2	2	-
06.23/24	Core Financials	Substantial	-	-	1	1	1	-
08.23/24	Asset Management	Substantial	-	-	1	1	1	-
09.23/24	Medium Term Financial Planning	Substantial	-	-	2	2	2	-
12.23/24	Occupational Health Unit	Substantial	-	-	2	2	2	-
01.23/4	Estates Management	Moderate	-	1	1	2	2	-
02.23/24	Vetting	Moderate	-	1	4	5	5	-
04.23/24	Procurement	Moderate	-	5	2	7	7	-
13.23/24	Staff Retention	Moderate	-	1	1	2	2	-
14.23/24	OPCC Communication / Community Engagement	Moderate	-	1	2	3	3	-
05.23/24	Risk Management	Limited	1	2	2	5	4	1
07.23/24	IT Identity Access Management	Limited	1	2	-	3	3	-



### 03 Internal Audit Work Undertaken in 2023/24 (Cont.)

Ref	Audit area	Assurance level	Recommendations				Accepted	Not accepted
			High (Priority 1)	Medium (Priority 2)	Low (Priority 3)	Total		
10.23/24	Portfolio Management	Limited	-	5	1	6	6	-
11.23/24	Counter Fraud	Limited	1	3	-	4	4	-
<b>Total</b>			<b>3</b>	<b>21</b>	<b>21</b>	<b>45</b>	<b>44</b>	<b>1</b>

## 04 Audits with High Priority Recommendations 2023/24

Audit Area	Assurance Level	Summary of Key Findings
Risk Management	Limited	<p><u>One High Recommendation</u></p> <p>1 – The Risk Officer job specification should be completed, approved and the role advertised as a priority.</p>
IT Identify Access Management	Limited	<p><u>One High Recommendation</u></p> <p>1 – (a) Management should review the policy and approach to granting privileged access so that it follows a principle of least privilege, limiting privileges by scope, function and time restrictions as required.</p> <p>(b) Review the individuals with privileged access and adjust this in line with revised policy.</p> <p>(c) Train individuals assigning privileged access to avoid elevated privileges being granted to inappropriate users.</p>
Counter Fraud	Limited	<p><u>One High Recommendation</u></p> <p>1 – (a) The Force should carry out a training needs analysis to establish which areas of the organisation have a higher risk and fraud and need specific / tailored training.</p> <p>(b) The Force should ensure that there is an appropriate provision of training to meet the needs of the organisation highlighted from the training needs analysis.</p> <p>(c) The delivery of all training should be monitored centrally for its effectiveness and completion rates and regularly reviewed to ensure it is meeting the needs of the organisation.</p>

## 05 Internal Audit Plan 2023/24 vs Budget

The Internal Audit Plan for 2023/24 was for a total of 140 days.

Audit area	Planned days	Actual Days	Difference	Status
Estates Management	8	8	-	Final Report
Vetting	8	8	-	Final Report
Payroll	5	5	-	Final Report
Procurement	10	10	-	Final Report
Risk Management	8	8	-	Final Report
Core Financials	10	10	-	Final Report
IT Identity Access Management	10	10	-	Draft Report
Asset Management	8	8	-	Draft Report
Medium Term Financial Planning	8	8	-	Final Report
Portfolio Management	10	10	-	Final Report
Counter Fraud	8	8	-	Final Report
Occupational Health Unit	5	5	-	Final Report
Staff Retention	8	8	-	Draft Report
OPCC Communication / Community Engagement	8	8	-	Draft Report
Collaboration	5	5	-	-

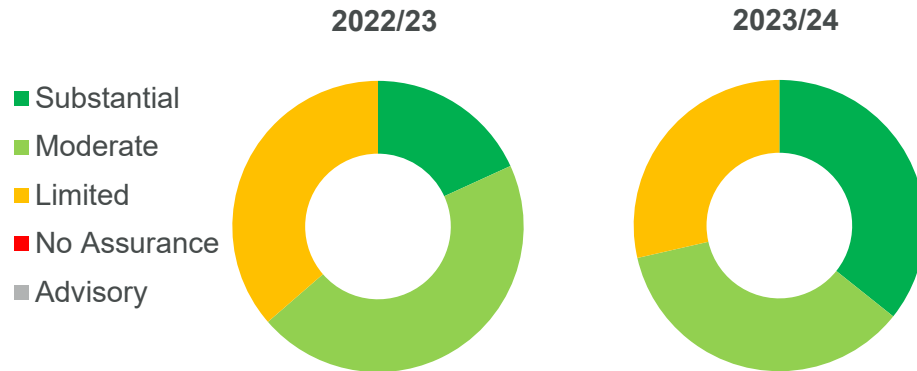
# 05 Internal Audit Plan 2023/24 vs Budget (Cont.)

Audit area	Planned days	Actual Days	Difference	Status
Management	18	18	-	-
Contingency	3	3	-	-
<b>Total</b>	<b>140</b>	<b>140</b>	-	

## 06 Benchmarking

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

### Comparison of Assurance Levels

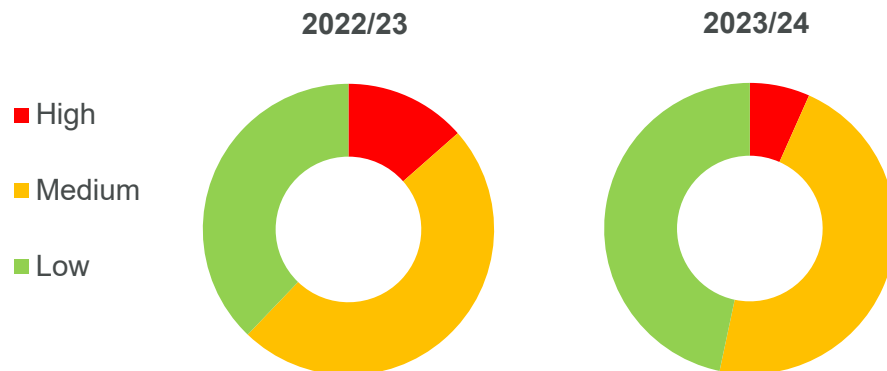


In 2022/23, there were 11 audits completed. Two received 'Substantial' assurance, five received 'Moderate' assurance and four received a 'Limited' opinion.

Of the 14 strategic audits conducted in 2023/24, five received 'Substantial' assurance, five received a 'Moderate' assurance and four received a 'Limited' opinion.

It should be noted though that the areas of review will not typically be the same given the risk-based nature of the Internal Audit Plan year on year and that caution should be exercised in comparing years.

### Comparison of Recommendation Gradings



The total number of recommendations raised in 2022/23 were 37.

The total number of recommendations made in 2023/24 was 45. There have been three High priority recommendations raised this year.

As noted above, the areas of review each year will not typically be the same.

## 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 Leicestershire Police 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 JARAP. We have received positive feedback on our work from the JARAP and staff involved in the audits.

Regular planned discussions on progress against the Audit Plan have taken place with the JARAP.



### 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 next assessment will take place during the summer of 2024. 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:

Level	Description
<b>Substantial</b>	Findings indicate that on the whole, controls are satisfactory, although some good practice enhancements may have been recommended. We may have made some recommendations to improve good practice.
<b>Moderate</b>	While the control framework has been found to be generally well designed, control issues and / or areas for improvement have been identified. Where action is in progress to address these findings and any other issues known to management, these actions will be at too early a stage to allow a 'substantial' assurance audit opinion to be given. The control framework is generally well designed.
<b>Limited</b>	Control weaknesses have been noted that require corrective action if the control framework is to be considered as operating effectively. Where such remedial action has already been identified by management, this will have not yet started at the time of the audit, or is not currently considered to be sufficient, or sufficiently progressing to address the severity of the control weaknesses identified. We found control weaknesses that need to be corrected in order for the control framework to operate effectively.
<b>Unsatisfactory</b>	Findings indicate serious weaknesses in the control framework which could threaten the ability of OPPC and Force to achieve its objectives; or, there is evidence that despite any corrective action already taken, key risks are crystallising in the area under review or have already crystallised. This assurance opinion may also cover the scenario where our audit work was obstructed such that we cannot conclude on the effectiveness of internal controls.

## Recommendation Gradings

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

Priority	Description
<b>High (Priority 1)</b>	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.
<b>Medium (Priority 2)</b>	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
<b>Low (Priority 3)</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.

## Annual Opinion

For annual opinions we use the following classifications within our audit reports:

Opinion	Definition
<b>Substantial</b>	The framework of governance, risk management and control are 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.

# Contact

## Forvis Mazars

### David Hoose

Director

Tel: +4 7552 007 708

david.hoose@mazars.co.uk

### Sarah Knowles

Internal Audit Manager

Tel: +44 7917 084 604

sarah.knowles@mazars.co.uk

We take responsibility to the the Office of the Police & Crime Commissioner (OPCC) for Leicestershire & Leicestershire Police (Force) 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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