

MOPAC

MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

DIRECTORATE OF AUDIT, RISK AND ASSURANCE
Internal Auditors to the National Police Chiefs'
Council (NPCC)

Annual Report 2023/24



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Executive Summary

Introduction

1. This report contains the Head of Internal Audit's annual opinion on the effectiveness of the National Police Chiefs' Council's (NPCC) risk and internal control environment. It also summarises the activities and performance of Internal Audit in delivery of the 2023/24 internal audit plan. The Mayor's Office for Policing and Crime (MOPAC) Directorate of Audit Risk and Assurance (DARA) provides the NPCC internal audit service, with the current arrangement in place since April 2021.
2. The Head of Internal Audit is required to give an opinion, at least annually, on the effectiveness of the risk and control environment. This is based on an assessment of the systems of governance, including risk management and the adequacy of the internal control framework. The evaluation of the adequacy of control is obtained from risk and assurance reviews, advisory and compliance work, together with the results of any investigations.
3. The internal audit programme evaluates and concludes on the effectiveness of the control environment including the internal control mechanisms that are in place to mitigate risks that could impact upon the achievement of the NPCC's strategic aims and objectives.

Annual Assurance

4. The Head of Internal Audit's overall opinion for 2023/24 is that:

The NPCC has an adequate control framework in place to manage its central operations. Risks are generally managed effectively, although some improvement in the application of controls is required to be fully effective in supporting the achievement of objectives.

Building on the existing governance, capability, risk management and oversight framework, alongside planned Coordination Committee review to assure strategic alignment and effectiveness of devolved activity, should help to further guide, coordinate, prioritise, sustain, and monitor delivery and achievement of objectives. This will be key in view of increased demand on NPCC resource, financial uncertainty, and Police Reform work.

Overall conclusions to support opinion:

5. Governance arrangements are continuing to develop and embed within the NPCC. The onboarding of additional national programmes / functions into the already complex strategic and operational landscape continues, which requires clarity of roles and responsibilities between existing and new oversight and decision-making groups, to ensure they work together cohesively with clear purpose and outputs. The role of the Strategic Hub remains key in supporting Chief Constables' Council, coordinating cross-cutting activities, and bringing a structured approach to facilitate high level oversight of delivery. It is also important that the Coordination Committee framework is sufficiently robust to ensure that individual portfolios/workstreams are necessary, operating effectively and achieving objectives.
6. Increasing maturity around risk management and assurance provision remains a key focus and is required to provide an effective and integrated framework that supports the delivery of objectives. Work to develop a corporate risk appetite has commenced and

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clearly articulating risk appetite with tolerances, demonstrating how this informs key decision making and aligning this fully with assurance and performance management activity will provide greater clarity and insight, ensuring subsequent activity is focused and understood.

7. Development of appropriate policies and procedures which clearly define roles, responsibilities, and accountabilities, including identification and dissemination of applicable Host Force guidance, has continued throughout the year. The ongoing rollout of financial management training is strengthening the finance control environment by ensuring appropriate focus on internal controls, financial accountability, and value for money. Finalising the development of an information security policy framework, supported by appropriate training, will strengthen the cyber security control framework.
8. Controls over the management of ICT, finance and other support services provided by the Host Force and other third-party organisations have been strengthened. Continued development of appropriate performance metrics, service levels and effective contract monitoring, together with more clearly defined assurance arrangements is key to ensuring supporting infrastructure operates effectively, risks are mitigated and value for money is achieved.

Governance Framework

Audit and Assurance Board

9. The purpose of the Audit and Assurance Board (AAB), as set out in the S22A agreement, is to seek assurance that NPCC business is conducted in accordance with the law and proper standards in an open and transparent way, ensuring that public money is safeguarded and properly accounted for and that resources are managed effectively in achieving NPCC objectives. The AAB helps management to discharge its responsibility for maintaining a sound system of internal control, risk management and governance. It also provides independent oversight and challenge and is a key mechanism for demonstrating openness and transparency within the NPCC.
10. The AAB met regularly during 2023/4 and received assurance reports from management and other key assurance providers including the Risk Management function, Communications function, Finance, Internal Audit, Data Protection Officer, and third-party assurance letters. These reports aim to provide assurance on the effectiveness of the control environment and the mechanisms in place for managing the key risks facing the organisation. Reporting to AAB has been refreshed to focus on strategic risks and issues and the Board intends to further review and define its assurance needs to ensure that it is effectively discharging its role.

Internal Audit Arrangements

11. MOPAC (DARA) has provided an internal audit service to the NPCC during 2023/24 in accordance with the principles set out in the Internal Audit Charter. There have not been any impairments on the independence or objectivity of DARA during the financial year 2023/24.
12. DARA undertake internal audit work in line with the PSIAS and were found to be fully compliant with these standards following an external quality assessment (EQA) by the Chartered Institute of Public Finance and Accountancy (CIPFA) in March 2019. DARA's internal quality assurance programme continues to ensure that these standards are maintained across the client base.

Corporate Governance and Decision Making

National Arrangements

13. NPCC governance arrangements are defined in the Section 22A Collaboration Agreement between Chief Constables, Police and Crime Commissioners, non-Home Office Force equivalents, the College of Policing, and the National Crime Agency. Work carried out by the Strategic Hub during 2023/24 to update this agreement has been put on hold in view of the national Policing Reform activity. The Chief Constables' Council (CCC) operates as the key decision-making forum for operationally independent Chief Constables to meet and agree common approaches and coordinate national policing responses, as well as directing the NPCC's strategic approach. During the year the Strategic Hub supported a review of CCC processes to strengthen efficiency and transparency of decision making. Oversight of ethical standards, conduct and integrity and performance in relation to the Chair is exercised by the Sub-Performance Committee.

Strategic Approach

14. The NPCC's strategic aims are currently defined in its 2021-2025 Strategic Plan, which sets out the approach to delivering on the three high level objectives of Co-ordination, Collaboration and Communication. Development of strategy and vision going forward is being shaped by the challenging funding environment, combined with increased demand

Governance Framework

for central support from a reduced NPCC headcount. Management recognises the need for continuity whilst national policing reform is ongoing, and the importance of effectively communicating the value that the NPCC provides to national policing delivery. To support this, a 2023/24 Impact Report has been prepared for publication. The NPCC Hub have also launched an NPCC Benefits Framework and Strategy which aims to develop a proactive benefits management culture by providing a structured, consistent, and straightforward approach.

Operational Delivery and Oversight

15. Executive level oversight of programmes and delivery is exercised through the Committee Chairs' Meeting (previously Strategic Planning and Coordination Board), which brings together the 13 Coordination Committee Chairs and Vice Chairs and provides a forum to review threats, risks, issues, and mitigations and development of capabilities in support of achievement of objectives. Separately, the NPCC Chair obtains assurance over the effective delivery of programmes and projects through the Change and Improvement Board, together with boards specific to national programmes/functions, including the Police Race Action Plan and NPoCC.
16. At a tactical level, the NPCC Strategic Hub is responsible for planning, prioritising, and recording NPCC activity and ensuring there is a coordinated approach through the committees, aligned to strategic objectives. This responsibility is discharged through the Strategic Hub Senior Leadership Team (SLT), accountable to the NPCC Chair, and is operationally managed through a delivery plan approach coordinated by the Hub's Strategic Planning and Performance Team. Delivery groups for People and Development and Digital, Data and Technology (DDaT) have been established to oversee activity in these areas.
17. Work is underway to review the Coordination Committees to ensure they are fit for purpose. The national portfolios and supporting workstreams which sit under these are managed by NPCC Leads from local forces across the country, each with their own host force governance and business support arrangements outside the central NPCC's direct control. In view of the complex delivery landscape, continued development of a risk-based approach to central oversight with clearly defined assurance requirements, will be key to the effective prioritisation and resourcing of activity, together with monitoring of performance and achievement of objectives.

Risk Management Framework

18. Risk management is used to guide strategy, implement policing objectives, and make the best use of resources while acting properly and transparently. It is therefore important that it is properly aligned and focussed on the risks that affect, or are created by, strategy and priorities. Embedding a recently established 'Strategic Risk Approach' will ensure that there is a comprehensive overview of prioritised national policing risks to be considered by Chief Constables' Council, aiming to facilitate effective risk discussions focussing on control and mitigation.
19. The NPCC Risk Management Framework adopted by the Strategic Hub continues to be rolled out more widely to Coordination Committees, allowing for a consistent approach to the management and strategic oversight of risks to delivery of NPCC objectives. It is important that the ongoing review of Coordination Committees considers management of risks at Committee, Portfolio and Working Group levels to ensure a cohesive approach aligned to delivery objectives, with appropriate monitoring and escalation routes also in place.

Governance Framework

20. Internal Audit work alongside staff to provide independent assurance and advice on the effectiveness of risk management and the control mechanisms that are in place to mitigate identified risks. Any risk issues identified through our work are considered and included within the NPCC risk management process. Given the complex and fragmented operating environment, development of an assurance framework would be useful to provide senior leadership with assurance that risk mitigations are working as intended and help to identify potential gaps.

Audit and Other Assurance Providers

21. For 2023/24, the Metropolitan Police Service (MPS) Director of Financial Accounting and Operations provided an assurance letter to the NPCC covering the effectiveness of finance processes and systems operated by the MPS on behalf of the NPCC, largely drawing on assurance MPS has gained from its own outsourced provider of business support services (SSCL). The letter concluded that the assurances provided throughout the year relating to the internal controls within SSCL and the MPS have identified some areas that need to be improved, however the overall controls are operating effectively, and the control deficiencies identified would not have a significant impact on the financial control environment of NPCC.

22. For 23/24 the MPS have also provided assurance letters to the NPCC covering the following elements of the Host Force arrangements: health and safety, liability insurance, environmental management, professional standards and equality and diversity. These letters did not highlight any issues of concern for NPCC management.

23. Police Digital Services (PDS) is contracted to supply and manage IT services for NPCC. The Annual Assurance statement received from PDS is more comprehensive than in previous years, covering data protection, information management and cyber security, supply chain management and audit arrangements. PDS is currently certified to the ISO/IEC 27001:2013 standard, a globally recognised benchmark of good practice achieved through an independent review of all organisational, physical, and technical controls involved in information risk management. PDS has completed the Security Assessment for Policing (SyAP), which is used to assess the information security maturity of an organisation and continues to meet the baseline for average maturity as well as the baseline set for connection into National Policing solutions.

Internal Control Environment

Internal Audit Reviews

24. Internal Audit have assessed the internal control framework primarily through completion of the risk and assurance, advisory and follow-up reviews detailed below. There has been a continued shift towards advisory reviews as the level of change continues at pace.

Review Area	Review Type
Financial Management	Assurance (adequate rating)
Programme Governance & Delivery	Advisory - ongoing
Business Continuity Planning	Advisory
Cyber Security Governance	Follow Up
Draft S22A Agreement Review	Advisory

25. The assurance criteria used can be found in **Annex A**. In the paragraphs that follow we have provided detail of our risk and assurance and advisory review findings across key strategic themes. A risk and control framework for these themes can be found in the table at **Annex B**.

Accountability

26. To support staff and officers in doing the right thing there needs to be clearly defined, understood and cohesive governance frameworks providing appropriate direction and control with clarity around roles and responsibilities. We advised that some aspects within the draft s22A required clarification, in particular the Chair's role in relation to AAB and the responsibilities of the Host Force. The Financial Management audit confirmed that roles and responsibilities were clear for current budget owners, but this should also be ensured for new functions coming into the NPCC.

Strategy Definition

27. Our follow up work on Cyber Security Governance confirmed that the strategic approach in this area will be driven by a National Cyber Strategy for Policing. A DDaT delivery group is in place within the Strategic Hub to oversee delivery of this work for the NPCC. The ongoing review of Programme Governance and Delivery has identified that controls are in place to ensure that activity funded from the NPCC Operating Budget is aligned to NPCC strategic objectives.

Risk Management

28. A desktop advisory review of the draft Business Continuity Plan confirmed that it is fit for purpose, and appropriately covers expected areas to manage business continuity risks. We suggested improvements to better align the draft plan with best practice, use consistent language with the Business Continuity Strategy, consider testing of the plan and disseminate lessons learnt.
29. We concluded that through completion of the SyAP, considerable progress has been made in understanding and documenting the NPCC cyber security risk and control environment. Working with PDS to develop an appropriately resourced and prioritised action plan remains key to ensuring that cyber security risks are being effectively managed.

Policy and Process

30. Policies and procedures play a key role in supporting staff to do the right thing in the right way. The Financial Management audit recommended that the next review of the Scheme of Devolved Financial Management and supporting financial instructions accurately reflected the current structure and remit of the organisation, with clear definition of

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roles/responsibilities of all budget holders, including those not directly managed by the NPCC Central Office. Following the SyAP assessment, work has progressed to develop a full range of information and data security policies and procedures to be communicated to staff / officers.

Capability and Capacity

31. In the review of Financial Management, we recommended the continued rollout of finance training, along with the introduction of processes to ensure all new starters receive appropriate induction / training in financial matters and know how to access guidance.
32. The previous cyber security recommendations highlighted the need for plans to be appropriately resourced and a temporary Information Security Manager has been appointed. Development of an effective cyber security awareness training programme is being progressed through the SyAP Action Plan.

Assurance

33. The Financial Management audit noted that as the NPCC's remit continues to widen, bringing with it increased central management of financial resources across multiple national workstreams/programmes, a review of the financial reporting and assurance framework would help demonstrate that it is delivering on its objectives to foster a culture of robust financial management ensuring accountability and value for money in the use of public funds.
34. The Cyber Security Governance follow up found that arrangements to obtain assurance over security of data and systems from the NPCC's ICT service provider have been strengthened.

Management Oversight and Reporting

35. To ensure that management oversight is fully effective, reporting needs to be complete and accurate as well as timely. There is robust financial oversight of programmes and functions, though in some cases this could be better aligned to reporting on achievement of outcomes to provide a more holistic view of delivery performance.
36. The Programme Governance and Delivery work has highlighted that the volume and breadth of work covered by each Coordination Committee, alongside the devolved nature of delivery, increases the risk that activity mismanagement, and/or failure to deliver against objectives is not identified or escalated to the NPCC. This was also evident from the financial compliance review referred to below.

Implementation of Recommendations

37. Progress towards closure of Internal Audit agreed actions is tracked by the Business Support Team and reported quarterly to the AAB. This does not though include an assessment of the implementation of the actions, which is carried out by DARA through the follow up review process. For the actions arising from the 2022/23 Cyber Security Governance Advisory review, we confirmed that these were adequately covered by findings from NPCC's SyAP assessment and could be amalgamated into the SyAP Action Plan currently being developed.

Counter Fraud

38. DARA's investigation team carried out a financial compliance review of a devolved workstream falling under the remit of NPCC Operations Coordination Committee. The

Internal Control Environment

review made recommendations to strengthen the governance and financial oversight arrangements in the area concerned which are being taken forward by the Portfolio Lead.

39. The MPS is required under the Local Audit and Accountability Act 2014 to participate in the statutory biennial National Fraud Initiative's (NFI) data matching exercises, run by the Cabinet Office, to detect and correct error and prevent fraud. Under the Host Force arrangement, NPCC data that is held within MPS's payroll, pensions and creditor systems is also subject to these checks. The 2022/23 review of matches returned by the NFI was completed by DARA's Counter Fraud team and did not identify anything relating to central NPCC operations.

Internal Audit Performance

Strategic Approach

40. We used a risk-based approach to our annual planning cycle, linked, where possible, to the NPCC's Strategic Hub risks and changing operational environment. As part of this process, we discussed and agreed with the NPCC Chair, Head of Strategic Hub and senior management, the broad areas upon which NPCC requires objective assurance. We used this flexible approach during our assignment planning and delivery, making sure that our work focussed primarily upon reviewing key risks and areas that were identified as material to achieving its objectives. This approach is designed to meet the requirement for an annual opinion on the adequacy and effectiveness of the NPCC internal control environment, whilst recognising that this continues to be a time of change within the organisation's operational processes and governance arrangements.
41. The 2023/24 annual audit plan included a total of 50 days. Completion of the 2023/24 annual plan has enabled the Head of Internal Audit to provide an opinion on the effectiveness of the control environment. We have worked in consultation with management, striking the appropriate balance between providing assurance, challenge, and advisory work. Where applicable we also look to report on opportunities for improving efficiency and value for money in all aspects of our work.

Planning and Delivery

42. The approved 50 budgeted days have been delivered as planned through the completion of audit reviews, follow ups and other assurance support. There has been some need to reprioritise work and review individual audit budgets throughout the year to ensure that the 2023/24 plan delivered against the NPCC's key strategic objectives, reflecting the changing nature of the operating environment. Continued oversight in this area has allowed Internal Audit to complete all reviews within budgets, subject to these authorised revisions. We have engaged regularly with the NPCC Strategic Hub through attendance at SLT meetings to review priorities and update on audit progress.

Working in Partnership

Host Force

43. Internal Audit has an effective working relationship with the MPS, and we work in liaison with them to optimise the use of resources and avoid duplication.

Audit Forums

44. The MOPAC Director of Audit, Risk and Assurance is a panel member of the CIPFA Better Governance Forum. We also contribute to the London Audit Group and sub-groups set up to exchange best practice on auditing procurement, major contracts, and ICT. Our involvement ensures we keep at the forefront of professional developments and provide a responsive audit service.

Counter Fraud Groups

45. MOPAC DARA work with other public sector bodies to combat fraud and to develop an effective counter fraud response. We are represented on the steering group of the London Public Sector Counter Fraud Partnership, which brings together over 120 local authority, central government, and NHS bodies to promote counter fraud activity and share good practice. We will use our knowledge and experience in this area to assist our work in the NPCC where appropriate in the coming year.

Internal Audit Performance

46. Data Analytical Groups

Internal Audit have continued to develop use of data analytical software during the year, and this is used where possible to support testing as it enables 100% testing rather than sampling. DARA are a member of the IDEA forum to ensure that we can use the software to its full advantage.

Shared Internal Audit Services

47. DARA is the lead internal audit provider to the Greater London Authority (GLA) group, delivering services to the GLA, London Fire Brigade, Metropolitan Police Service, MOPAC, London Legacy Development Corporation and Old Oak and Park Royal Development Corporation. This provides the opportunity to optimise the use of all available professional and specialist audit skills. We continue to work in partnership with the private sector drawing from a GLA wide framework agreement to meet our specialist ICT audit resource requirements.









Professional Standards

48. All MOPAC DARA work is conducted in line with professional standards and recognised best practice. The Public Sector Internal Audit Standards (PSIAS) provide the benchmark for the delivery of our service, including the requirement for all the audit team to be professionally qualified.

Equalities and Diversity

49. Auditors and investigators receive appropriate training in equality and diversity issues and their performance within the NPCC is monitored as part of our internal quality assurance process. All staff have attended a comprehensive programme of equalities, diversity, and inclusion training. Our work is designed to provide as wide a range of coverage of the NPCC as is possible and practicable.

Assurance Criteria

ASSURANCE RATING	ASSURANCE CRITERIA	BUSINESS IMPACT	CONTROL	
			Design	Application
Substantial Assurance	The control framework is sound and operating effectively to mitigate key system risks.	Risks are managed effectively to provide assurance that business objectives will be achieved.		
Adequate Assurance	The control framework is adequately designed although some controls are not operating effectively to mitigate key system risks.	Risks are generally managed effectively although some improvement in the application of controls is required.		
Limited Assurance	The control framework is not designed adequately and a number of key controls are absent or are not operating effectively to mitigate key system risks.	Risks are not being managed adequately with improvement in the design and application of controls required to achieve business objectives.		
No Assurance	The control framework is not in place and existing controls are not operating effectively to mitigate key system risks.	Risks are not being managed, and significant improvement to the overall control environment is essential to achieve business objectives		

Risk and Control Framework

Accountability	Strategy Definition	Risk Management	Policy and Process	Capability and Capacity	Assurance	Management Oversight and Reporting
<ul style="list-style-type: none"> • Clarity of accountabilities, roles and responsibilities. • Clearly defined delegations and authorities. • Ownership of Strategy and Policies. • Recognising and managing interdependencies/partnerships. • Clearly defined reporting lines. • Appropriate separation of roles/responsibilities and accountabilities. 	<ul style="list-style-type: none"> • Clarity of key strategic objectives in business areas. • Demonstrating link to corporate objectives, risks and business plan. • Definition of frameworks and/or plans to support delivery, change management and/or transformation. • Integrated and cohesive strategies. • Supported by strategic business plan and delivery plans. 	<ul style="list-style-type: none"> • Identification of risks to achieving objectives. • Clearly stated and reviewed risk appetite/tolerance with commensurate control. • Ownership of risk and mitigations. • Management of risk - understanding and focus on internal control. • Regular review and testing of Business Continuity and Disaster Recovery plans. 	<ul style="list-style-type: none"> • Definition of accountabilities, roles and responsibilities. • Up to date and reviewed to keep pace with change. • Sufficient risk and control focus. • Incorporate compliance mechanisms e.g. supervisory controls and review activity. • Accessible and user friendly. • Appropriate system/process integration. 	<ul style="list-style-type: none"> • Workforce plan that defines needs and profile. • Recruitment and people strategies aligned to objectives. • Training needs assessment and guidance. • Training delivered against identified needs. • Effective system design. • OL process that identifies and embeds learning. 	<ul style="list-style-type: none"> • Definition of assurance requirements. • Provision of assurance across areas of strategic importance. • Clear justification and evidence for decision making. • Effective engagement. • Reporting and acting on assurance activity outcomes – to strengthen first line controls. 	<ul style="list-style-type: none"> • Definition of management information requirements. • Quality and accessibility of performance and financial information. • Defining, measuring and reporting on qualitative performance metrics and outcomes. • Effectiveness of Monitoring.