

THE POWER OF BEING UNDERSTOOD

POLICE AND CRIME COMMISSIONER FOR CAMBRIDGESHIRE AND CAMBRIDGESHIRE CONSTABULARY

Internal Audit Progress Report

Joint Audit Committee

10 December 2015



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1 INTRODUCTION

The Internal Audit Plan for 2015/16 was approved by the Joint Audit Committee in March 2015. This report provides a summary update on progress against that plan and summarises the results of our work to date.

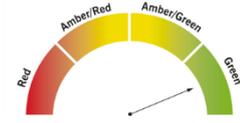
2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

This table informs of the audit assignments that have been completed and finalised and the impacts of those findings since the last Joint Audit Committee. The Executive Summary and Key Findings of the assignments below are attached to this progress report.

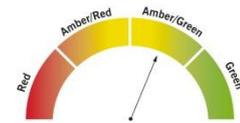
Appendix A also details of the full history of the audits completed in 2015/16

We have finalised two reports since the last meeting and have two further reports in draft.

Cambridgeshire only (executive summary and action plan attached for consideration)

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Budgetary Control	FINAL		0	0	0

Bedfordshire, Cambridgeshire and Hertfordshire Collaborative (executive summary and action plan attached for information)

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Collaboration – Dogs Unit (Beds 4.15/16)	FINAL (Bedfordshire)		0	3	1

2 LOOKING AHEAD

Office of the Police and Crime Commissioner for Cambridgeshire and Cambridgeshire Constabulary

Assignment area	Timing per approved IA plan 2015/16	Status
Delivery of the Police and Crime Plan (4.15/16)	Q2	Draft issued 1 December 2015
Medium Term Financial Plan	Q3	Planned - 01/02/16
General Ledger	Q3	Planned - 19/01/16
Payroll & Expenses	Q3	Planned - 05/01/16
Payments & Creditors	Q3	Planned - 26/01/16
Governance	Q3	Planned - 07/03/16
Fleet Management	Q3	Planned - 15/02/16
Risk Management	Q4	Planned - 04/01/16
Follow up	Q4	Planned - 07/03/16

Bedfordshire, Cambridgeshire and Hertfordshire Collaborative Audit Plans

Assignment area	Lead	Timing per approved IA plan 2015/16	Status	Notes
ERSOU – Proceeds of Crime Act including Cash Seizures	Bedfordshire	Was Q1, now Q3	Draft issued 21/10/15	Responses in discussion with management
ICT – Athena	Cambridgeshire	TBC	Fieldwork in Progress	In QA. Joint review of governance arrangements across the founding Forces (lead Kent OPCC)
BCH Arrangements Financial /Cost Savings / MTFP	Hertfordshire	Q3	Started 22.11.15. Fieldwork in Progress	
Procurement	Cambridgeshire	Q4	Planned – 22/02/16	
Operational Planning	Bedfordshire	Was Q1, now Q4	Planned – 14/03/16	Delayed at management requested to refine scope of work and allow completion of Dogs review
Information Management / Assurance	Cambridgeshire	Q4	Planned February 2016	
ICT	Cambridgeshire	Q4	Planned January 2016	

3 OTHER MATTERS

3.1 Changes to the audit plan

There have been no changes to the audit plan since the last Committee.

The JAC should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular the JAC should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion. We have not issued any reports to date that will negatively impact our year end opinions for either the Force or the OPCC.

No common weaknesses have been identified within our reports so far for 2015/16.

3.2 Added value work

As reported previously, we have undertaken the following surveys amongst our Police clients and shared the results with Cambridge Police:

Area	Information shared
National Police Procurement Hub	We asked our Police clients how much they were using the National Police Procurement Hub, and shared the responses we received.
Chief Officers Allowances	In response to a query from another client we asked all of our Police clients about their approach to Chief Officers Allowances and shared the results.
Internal Audit Benchmarking	We issued benchmarking data to provide a comparison against the numbers of recommendations made, and the assurance opinions provided, in similar audits performed across the sector in our client base

Additionally we previously shared the following:

Area	Information shared
CIPFA event for Police Audit Committee Members	We shared the slides from this event which we attended.

EMERGENCY SERVICES NEWS BRIEFING – DEC 2015

RSM's latest news briefing providing an update on recent key publications and issues affecting the emergency services sector

Police

Spending review and autumn statement

Despite the rumours of cuts, the Chancellor has confirmed in the budget statement and spending review that police force spending will be protected in real terms with a further boost being delivered through investment in 4g communication networks. This is forecast by the government to save the taxpayer up to £1m per day by freeing up police officer time and improving efficiency. The Chancellor has also confirmed that police forces are to continue to make efficiency savings, particularly through collaborations, shared services and sharing resources. In addition, greater flexibilities will be given to PCCs to increase their income from council tax. Those police forces with the lowest levels of council tax bills will be able to increase their income from council tax by £5, rather than two per cent as is currently the case. This may allow an additional income of £12m each year.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf

Report into firearms licensing

This inspection report by Her Majesty's Inspectorate of Constabulary (HMIC) looks into the process of firearms licensing detailing the effectiveness, efficiency and risk of the licensing procedure. Some of the key findings in the report are: HMIC is concerned that only four out of the 11 forces it studied had effective monitoring and auditing arrangements; that many forces have backlogs in renewals; and the lack of requirement for general practitioners to provide to the police, medical information about licence holders and applicants. HMIC praises forces for their policies of unannounced visits and also supported forces that had implemented systems to alert officers responding to calls related to people with a firearm licence.

<https://www.justiceinspectorates.gov.uk/hmic/wp-content/uploads/firearms-licensing-targeting-the-risk.pdf>

Police funding - special grant guidance

This guidance note by the Home Office details how commissioners can apply for special funding should they be forced to deal with an event that raises expenditure. In the guidance the Home Office confirms its right to refuse applications which in the first instance, will only be considered if sent by the police and crime commissioner. The Home Office also states that forces are required to demonstrate financial governance upon inspection.

<https://www.gov.uk/government/publications/police-funding-special-grant-guidance/special-grant-guidance>

Police efficiency report 2015

Her Majesty's Inspectorate of Constabulary (HMIC) has published the annual review of police efficiency. The report notes a decline in police forces attaining a 'good' rating with more now receiving a 'requires improvement' marker. HMIC finds that the better forces are now looking to longer term improvement and change processes in order to reduce their costs. The inspectorate has called on all forces to better understand demand, particularly future demand, whilst also expressing concern at various forces ICT infrastructure which is considered to be 'weak' and 'ageing'.

<https://www.justiceinspectorates.gov.uk/hmic/wp-content/uploads/peel-police-efficiency-2015.pdf>

Access to the police complaints service system

The Independent Police Complaints Commission (IPCC) has published the outcomes its investigation, repeating an audit of police force websites originally completed in 2010. The IPCC find that the service has improved but only 'marginally' with access quality varying across forces, with 11 forces in fact being classed less accessible. The IPCC also expressed concerns at how complaints were being dealt with differently between forces. Amongst the suggestions put forward by the IPCC include forces increasing their use of social media to explain how the complaints system works. The IPCC also includes a framework for forces to utilise and which is designed to improve access for all.

http://www.ipcc.gov.uk/sites/default/files/Documents/research_stats/Access_to_the_police_complaints_system.pdf

Delay to the policing funding formula

In July the government consulted on proposed changes to the policing funding formula. Since the completion of the consultation exercise in September, it has been confirmed that a statistical error was made meaning that funding formula changes proposed for 2016-17 will be delayed. Police Minister Mike Penning confirmed this outcome to parliament on the 9 November 2015, noting the issue 'caused great concern to police forces around this country'.

<http://www.publications.parliament.uk/pa/cm201516/cmhansrd/cm151109/debtext/151109-0001.htm>

Fire

Funding reductions on the fire and rescue services

The National Audit Office (NAO) has published two reports analysing how fire and rescue services have coped with funding cuts and how well providers are organised for future cuts expected in the governments autumn spending review. The twin reports by NAO find that fire and rescue services are coping well with funding impacts and that financial reserves have increased, but the NAO warns there are signs that with further funding reductions some forces capability of handling major incidents will be affected.

<https://www.nao.org.uk/report/financial-sustainability-of-fire-and-rescue-services/>

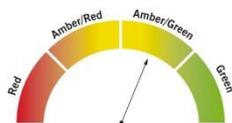
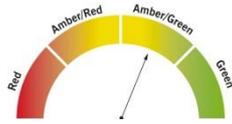
National coordination and advisory framework for England

The Department for Communities and Local Government (DCLG) has released an updated framework for Fire and Rescue services. The updated framework is designed to provide a 'robust and flexible' response for services dealing with major incidents. DCLG stresses that the frameworks effectiveness is reliant on each authority deploying when needed.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464024/150918_NCAF.pdf

APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Reports previously seen by the Audit Committee and included for information purposes only:

Assignment	Opinion issued	Actions agreed		
		L	M	H
Estates Management (1.15/16)		2	5	0
Communications Strategy (2.15/16)		2	0	1

APPENDIX B: BUDGETARY CONTROL - EXECUTIVE SUMMARY

Attached for Consideration

1 EXECUTIVE SUMMARY

1.1 Background

An audit of Budgetary Control was undertaken as part of the approved internal audit periodic plan for 2015/16.

The revenue budget for the 2015/16 financial year of £129.1m was approved and agreed to by the Police Crime Commissioners Business Coordination Board and reported to the Cambridgeshire Police and Crime Panel respectively in February 2015 and March 2015.

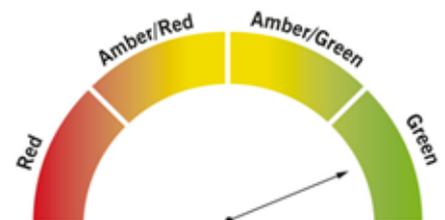
The budget setting process is managed centrally by the team of Management Accountants who all have assigned departments that they are responsible for. Budget Holders and Business Managers liaise with their assigned departmental Management Accountant as part of the budget preparation process to budget for the non-pay and personnel (staff and officers) elements. Regular meetings are held between the Management Accountants and Business Managers to review the financial position for each department, discuss variances, and re-forecast to year-end if required.

The budgetary control processes are likely to change once the tri-force integration between Cambridgeshire, Hertfordshire, and Bedfordshire Police Force's comes into full effect, this area is kept under ongoing review.

1.2 Conclusion

Internal Audit Opinion:

Taking account of the issues identified, the organisation can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and operating effectively.



1.3 Key findings

We did not identify any areas of weakness that have resulted in recommendations being made. We confirmed that the control framework is designed and is being applied effectively; with clear lines of responsibility for budgetary control embedded within the process and a clear and transparent governance process.

The key findings from the review are as follows:

- A clear budget setting process is in place which is timetabled. Evidence is maintained to evidence the preparation process for each department.
- Budget Holders and Business Managers are involved in budget preparation from the offset and are provided with their budget at the start of each financial year to review and confirm acceptance, a process that was also confirmed in discussion with three budget holders and from our review.
- The Finance department have developed the budget for 2015/16 based on the previous year's budget trends and actual expenditure. This also incorporates any savings targets and was aligned to the Medium Term Financial Plan
- The budget for 2015/16 has been based on appropriate and reasonable assumptions including; savings, grant reductions, pay awards and inflation.

- The financial position of the Constabulary and the Office of the Police Crime Commissioner is managed on a monthly basis through:
 - Regular budget monitoring meetings held between Management Accountants and Business Managers, as confirmed in discussion with three budget holders and from our review;
 - Monthly review of the revenue financial position by the Force Executive Board and the Finance Sub-Group.
- Budget Holders and Business Managers have the facility to access Integra (the finance system) and review their budgets and variances online, which was also confirmed in discussion with three budget holders.
- Budgetary information accuracy is maintained through the regular reviews of non-pay expenditure, staff and officer data; with appropriate amendments made to forecasts when required.
- From a sample of 8 budget account lines from the revenue budget monitoring report of the financial position as at September 2015 for issue to the November meeting of the Force Executive Board we confirmed in all instances, the trial balance figures reconciled to those on the budget monitoring report, including full year budget; year to date budget, actuals and variance.
- Sample testing of 5 departments found that accruals are managed and administered by the team of Financial Accountants on an annual basis as part of the year-end closedown process; with authorised journals and work-books maintained on file to evidence the audit trail.
- Variance analysis is undertaken on a monthly basis by the Principal Management Accountant and the Chief Finance Officer. Variances are reported to the Force Executive Board and the Finance Sub-Group as part of the revenue budget monitoring reports circulated.
- Sample testing of 8 virements found that they were consistently authorised by a delegated authority as per the Force's Financial Instructions and accurately entered into the finance system, Integra.
- The Cashflow forecast is updated on a daily basis for actual cash inflow and outflow by the Treasury department as well as for any possible movement of funds required to cover the cash requirements of the coming day. On a monthly basis, the Finance Sub-Group receives a Cashflow Summary Board Report for review.
- The Force Executive Board is comprised of departmental heads; the Chief finance Officer, and Chief Constables. This Board meets on a monthly basis to review the Revenue Budget Monitoring report prepared by the Chief Finance Officer and the Principal Management Accountant, which provides an update on the budgetary position.
- Review also takes place through the Finance Sub-Group comprising of the Deputy Police and Crime Commissioner; the Director of Finance & Resources; the Chief Finance Officer for the Force; the Chief Finance Officer for the Police Crime Commissioner; and the Deputy Chief Constable. This group reports to the Business Coordination Board comprising of the Police and Crime Commissioner; the Deputy Police and Crime Commissioner; the Chief Constables; and the Chief Finance Officer.

1.4 Additional information to support our conclusion

Risk	Control design*	Non-compliance with controls*	Agreed actions		
			Low	Medium	High
To effectively manage the finances of the organisations with the approved budget	0 (9)	0 (9)	0	0	0
Total			0	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

1.5 Progress made with previous audit findings

Date of previous audit	Low	Medium	High
Number of actions agreed during previous audit	0	1	0
Number of actions implemented/ superseded	0	1	0
Actions not yet fully implemented:	0	0	0

APPENDIX C: - COLLABORATION DOG UNIT - EXECUTIVE SUMMARY AND ACTION PLAN

Attached for your information

1 Executive summary

1.1 Background

An audit of Collaboration – Dogs Unit was undertaken as part of the approved internal audit periodic plan for 2015/16.

The audit was set up to provide assurance on how the Police and Crime Commissioner for Bedfordshire and Bedfordshire Police Force, being the designated Lead Force, manage the area and that the collaborative unit meets the performance targets established within the Section 22a Agreement.

Joint Protective Services is a collaborative section of the Bedfordshire, Cambridgeshire and Hertfordshire Police and Crime Commissioners and Forces and their operation is covered by the Section 22a Agreement. Within this agreement is included the Police Dog Section. The agreement was drawn up and signed by the respective parties in December 2013.

The Collaborative Dog Unit provides services as defined by the National Police Dog Strategy 2011 – 2014 with guidance provided by the ACPO Police Working Dog Group, and is set out in the Police Dog Manual of Guidance. The service provides daily deployment of General Purpose Dog Teams across the alliance and the identification and deployment of specialist dog support resources for operations such as:

- Armed incidents;
- Locating and apprehension of criminals;
- Missing person searches;
- Warrants; and
- Specialist search requirements in support of other business areas.

Our review covered the:

- Performance against the Section 22 Agreement including a review of the performance matrix and the monitoring and reporting arrangements in place.
 - Establish that a collaborative agreement is in place establishing the joint service, the service to be supplied to each of the partners in the service and the roles and responsibilities of each of the partners.
 - Establish that a business plan was produced as part of the development of the collaborative service and reviewed on a periodic basis, and how the service has been measured against that plan, together with service performance reporting.
 - Review of the operating procedures, and ascertain that a programme with timescales is in place to ensure that operating procedures are standard across the service, are up to date and available to staff.
 - Confirmation that budgets and performance indicators were set as part of the agreement.
 - Review the governance structure established for monitoring actual performance against target and compliance with the Section 22 Agreement.
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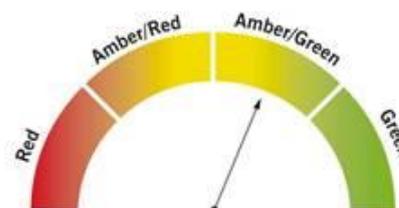
- Review how the data is collected, validated and reported to ensure its accuracy together with sample testing of source performance data.
- Assess the clarity of performance reports including whether it is sufficient for decision making purposes.
- Establish that there are actions and action plans designed to bring performance back into plan where required.

1.2 Conclusion

Internal Audit Opinion:

Taking account of the issues identified, the Strategic Alliance can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing this area.



1.3 Key findings

The key findings from this review are as follows:

- There is a signed Section 22 agreement in place across Bedfordshire, Cambridgeshire and Hertfordshire covering JPS including the Dogs Unit. This sets out the roles and responsibilities of each partner together with service specifications and cost allocations between the partners. However, the agreement does not detail performance indicators for the Unit which has resulted in a **Medium Priority** action.
- The Unit has a set of operational procedures based on national standards and made available to staff via the intranet.
- A Business Plan for 2014 /15 is in place and includes five overarching business objectives (detailed within the body of the report) A new Business Plan is in the process of being completed but at the time of the audit no details had been disclosed..
- Joint Protective Services produce a Quarterly Performance Monitoring report which includes activity and budget performance for the Dogs Unit.
- Activity data is produced by the Dog section from manually maintained log sheets and is collated by the Performances Officer for inclusion within the report. From a review of data for two Officers from performance report back to the spreadsheet these did not agree resulting in a **Medium Priority** action.
- The Unit has a RAG rated improvement action plan in place, however it does not include timescales for the completion of actions, a date when progress was last recorded or how it is reported and monitored. This has resulted in a **Medium Priority** action.
- Joint Protective Services have Senior Management Team meetings. These are reported through the JPS Regional Board to the JPS Governance Board, Bedfordshire Force Executive Board, the OPCC for Bedfordshire Strategic Board and the collective Joint Chief Officers Board. .

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Collaborative- Dog Unit	0 (9)	4 (9)	1	3	0
Total			1	3	0

* Displays the number of controls not adequately designed or complied with. The number in brackets resembles the total number of controls reviewed in this area.

2 Action Plan

The table below sets out the actions agreed by management to address the findings

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
1.2	Although the Section 22a agreement has the service specification for the Dog Section. (Annex 5), the agreement or similar document does not specifically define key performance indicators.	Medium	SMART performance indicators will be agreed to support the specification with the Section 22 agreement.	March 2016	JPS Superintendent Nick Caveney
1.3	We tested base data from two officers back to the section spreadsheet within the quarterly performance reports but could not agree the figures.	Medium	This is an issue around timing that will be resolved when the mobile data solution is rolled out to JPS (expected Winter 2015). Performance data submitted as part of the Quarterly Performance Monitoring report will be subject to independent validation.	April 2016 (mobile data) November 2015 (validation)	JPS Superintendent Nick Caveney Dogs Unit Inspector Mark Farrant,
1.4	We confirmed from review that there is a Dog Unit Action Plan for the period 2015 – 16. However in most cases the plan does not state when the actions were last updated on progress or when the action are planned to be completed. It is also not stated where the plan is reported and reviewed.	Medium	Management will define a monitoring and reporting structure for the unit action plan The plan will also include action plan timelines and dated progress.	March 2016	JPS Superintendent Nick Caveney

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