



POLICE AND CRIME COMMISSIONER FOR CAMBRIDGESHIRE AND CAMBRIDGESHIRE CONSTABULARY

Internal Audit Progress Report

Joint Audit Committee

29 September 2016

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.

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RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

1 INTRODUCTION

The Internal Audit Plan for 2016/17 was approved by the Joint Audit Committee in March 2016. 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 JOINT 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.

We have finalised one Cambridgeshire only report and one collaborative report since the last meeting, these are shown in **bold** in the tables below.

We have issued a further two collaborative reports in draft and we are currently waiting on management responses.

2016/17 - Cambridgeshire only

Assignments	Planned (As per Audit Plan)	Status (Planned start date)	Opinion issued	Actions agreed		
				H	M	L
Commission, Communication and Partnership Working	Q1	(23 February 2017)	Delayed at management request*			
Capital Programme (1.16/17)	Q2	Final Report	Reasonable Assurance	0	1	4
Victim satisfaction and victim / witness care	Q2	(27 October 2016)	Delayed at management request*			
Payroll and Expenses	Q3	(20 October 2016)				
Income and Debtors	Q3	(24 October 2016)				
Cash, Bank and Treasury Management	Q3	(25 October 2016)				
Governance	Q4	(17 January 2017)				
Follow up	Q4	(27 February 2017)				
Risk Management	Q4	(27 February 2017)				

*please see change control below

2016/17 - Bedfordshire, Cambridgeshire and Hertfordshire Collaborative

Assignments	Lead (Planned as per Audit Plan)	Status (Planned start date)	Opinion issued	Actions agreed		
				H	M	L
Health and Safety (1.16/17)	Cambridgeshire (Q1)	Final	Partial Assurance	0	5	0
Information Management (2.16/17)	Cambridgeshire (carry forward from 2015/16)	Draft report issued 04 August 2016				
Armed Policing & Roads Policing (5.16/17)	Bedfordshire (Q1)	Draft report issued 01 September 2016				
Financials / Cost Savings / MTFP	Hertfordshire (Q2)	In Quality Assurance				
Firearms Licensing	Bedfordshire (Q3/4)	In Quality Assurance				
Governance (including change management and benefit realisation)	Cambridgeshire (Q2)	Fieldwork In Progress				
Human Resources	Cambridgeshire (Q3)	06 December 2016				
Risk Management and Assurance Framework	Cambridgeshire (Q4)	06 February 2017				
Preparedness for Athena	Cambridgeshire (Q1)	February 2017	Delayed at management request**			
ICT	Cambridgeshire (Q2/3)	March 2017				
Professional Standards	Cambridgeshire (Q3)	March 2017** (TBC)	Change in coverage**			
Public Contact	Hertfordshire (Q2)	N/A	Delayed to 2017/18**			

** Please see change control below

2 OTHER MATTERS

2.1 Annual Opinion 2016/17

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 issued one final report with a partial assurance opinion but this will not in isolation negatively impact our year end opinions for either the Constabulary or the OPCC.

2.2 Changes to the 2016/17 audit plan

*Cambridgeshire only audit plan

These changes were reported at the last meeting, include the date the change was reported. No further changes have been agreed since the last Committee

Audit (date change requested shown in brackets)	Detail
Victims Satisfaction – (April 2016)	This audit has been delayed at the request of management from Q1 to Q3, due to an HMIC review and recent department merger.
Commissioning, Communication and Partnership– (April 2016)	We have been asked to delay the fieldwork due to holidays and to allow time for the new PCC and any changes in priorities, so this has been moved from Q1 to Q3.

**Bedfordshire, Cambridgeshire and Hertfordshire Police audit plan

These changes were reported at the last meeting including the date the change was reported.

Audit (including date changed)	Detail
Public Contact - (April 2016)	<p>Public Contact implementation has been delayed and therefore the proposed coverage in the 2016/17 audit plan has been deferred to the 2017/18 plan. A new implementation date for public contact is dependent on the implementation of Athena.</p> <p>To replace this review, we were originally requested to complete a second audit on the Preparedness for Athena. It was agreed that this would be a review of the project management and work stream arrangements within June 2016, followed up in September 2016 prior to implementation. However, please see below for further details on the Athena reviews.</p>
Athena – Preparedness – (May 2016)	Following an independent technical review of Athena, our associated reviews of this area have been delayed. The timing of these reviews will be further followed up within the Tri-Force Committee meeting.

<p>Athena – Preparedness – (September 2016)</p>	<p>We are working closely with BCH management on the implementation of Athena and the timing of our work to support this project. At the time of writing this paper, it is anticipated that preparedness for Athena review in February 2017 would be of most benefit, but this will be under ongoing review and discussions with management and progress reported back through the Committee.</p>
<p>Professional Standards – (September 2016)</p>	<p>As part of our scoping meeting we have been requested to undertake three reviews in this area.</p> <ul style="list-style-type: none"> • Follow up of HMIC and Peer Review, as they will start in September this will be Q4. • Review of the Vetting Unit around compliance with the new code when it is finalised, so this also Q4 • Complaints based on revised mandatory and discretionary responsibilities for the PCC due in 2018, and the options the three PCCs are considering taking in advance of that, also Q4. <p>It has been requested that time available from the Public Contact above is used to complete the increased coverage of the three reviews.</p>

2.3 Added value work

We have issued the following since the last Joint Audit Committee:

- Police – Benchmarking of Internal Audit Findings 2015/16

As part of our internal audit service, we provide benchmarking data to our clients within our internal audit assignment reports. This briefing provides a benchmark for our individual clients to self-assess themselves against all of our police clients in terms of the numbers of actions agreed, and the assurance opinions provided in similar audits performed across the sector.

- Emergency Services New Briefing – September

Published on 12 September, this included briefings on the following topics:

- Police numbers and crime figures
- Proceeds of crime
- Police diversity
- Hate crime action plan
- What next for Fire reform?
- Fire and rescue national framework
- Joint Emergency Services Interoperability Principles
- Policing and Crime Bill update

FOR FURTHER INFORMATION CONTACT

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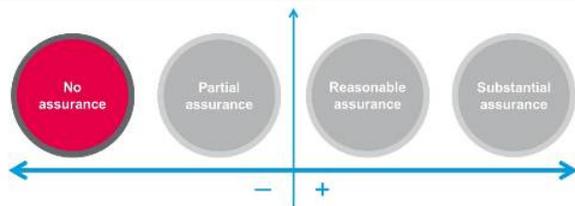
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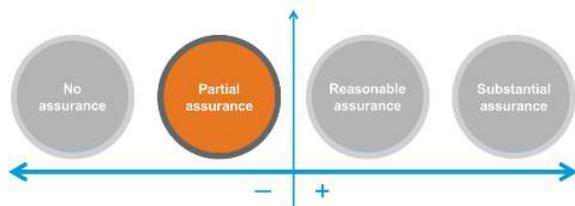
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APPENDIX A - : CLASSIFICATION OF OPINIONS

We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the board can take:



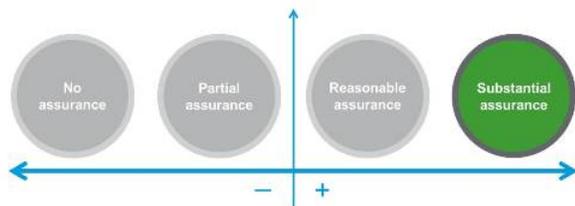
Taking account of the issues identified, the organisation cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the organisation can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the organisation can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



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

APPENDIX B - : EXECUTIVE SUMMARIES AND ACTION PLANS FROM FINALISED REPORTS

CAPITAL PROGRAMME - EXECUTIVE SUMMARY

1.1 Background

An audit of the Capital Programme was undertaken as part of the approved internal audit plan for 2016/17.

The Police and Crime Commissioner for Cambridgeshire and Cambridgeshire Constabulary have approved their capital programme for the 2016/17 financial year to a value of £5.218m. The forecasted capital programme expenditure for the following three financial years, as part of the medium term financial plan is approved by the Business Coordination Board, is as follows:

- 2017/18 - £3.031m;
- 2018/19 - £3.028m; and
- 2019/20 - £2.786m.

This is inclusive of Cambridgeshire specific and collaborated capital projects with the equivalent OPCC's and Police Force of Bedfordshire and Hertfordshire. Additions to the capital programme can be made throughout the year via approval through the Finance Sub-Group or the Business Co-ordination Board dependent on where authorised individuals sit. The Finance Sub-Group can agree additions to the capital programme which are above £100,000, however ultimate approval is required through the Business Coordination Board before a decision notice is issued by the OPCC.

A significant majority of the Cambridgeshire PCC and the Constabulary capital programme refers to rolling programmes such as fleet and vehicles maintenance; where business cases were approved in previous years.

The Chief Finance Officer for Cambridgeshire Constabulary identified concerns with us around the approval process for collaborated capital projects. There were a number of instances where management were not aware of collaborated capital projects being agreed. This raised questions as to whether authorised individuals (with approval rights to authorise capital expenditure) were in attendance at collaborated management boards to approve collaborated capital projects on behalf of the Cambridgeshire PCC and Constabulary, and thus consider whether there was budgetary resource to commit and contribute.

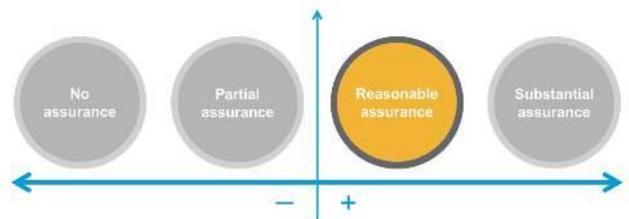
Testing on these areas could not be carried out as part of the audit work due to information not being provided. As such, concerns regarding the collaborated approval processes for collaborated capital programmes will be covered as part of the 2016/17 collaborated governance internal audit review.

1.2 Conclusion

Internal Audit Opinion:

Taking account of the issues identified, the OPCC & Constabulary 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 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:

- The Constabulary and OPCC's Financial Regulations provide information on the roles and responsibilities of the Police and Crime Commissioner, Chief Constable, and Chief Finance Officer's for the development, approval and monitoring of the capital programme. Also covered in this document are the delegated approval limits imposed on key senior management personnel.
- The medium term financial plan and the capital programme for the period 2016/17 to 2019/20 had been reviewed and approved through the Governance structure. It was evidenced that the proposed budget and precept for the 2016/17 financial year onwards was reviewed by the Police and Crime Panel, with the increase in the precept being agreed.
- Testing undertaken on a sample of collaborated capital projects identified that the 'fair apportionment' basis is used to allocate individual Constabulary contributions. This includes use of the net realisable expenditure (NRE) apportionment model.
- Testing carried out on the single Cambridgeshire Constabulary and OPCC capital project which was not a rolling project identified that business case approval was retained on file; and that approval of the business case had been made by an authorised individual.
- Capital expenditure reports are prepared for Cambridgeshire specific and Collaborated capital projects which provide details on the following: underspends brought forward; virements; scheme total; actuals to date; commitments to date; total spend to date; and remaining budget (overspend) to month end. Transaction reports are also provided to allow for project lead officers to analyse individual expenditure claims.
- Testing on reporting of capital expenditure related information through the Finance Sub-Group, Force Executive Board, and the Business Co-ordination Board identified that capital monitoring reports are provided which detail: revised capital budgets, subject to amendments; actual and committed expenditure; and expected outturn positions. Furthermore, it was identified that amendments to the capital programme, including additional projects, are subject to appropriate approval at the respective group where an officer with the appropriate approval limits sit.

Through completion of the audit fieldwork, we concluded that an appropriate control framework was in place which requires some improvements to ensure consistency in operations. As such, one medium priority management action and four low priority management actions were agreed. These have been documented in Section 2: Action Plan.

The one medium priority action relates to the following area:

- Testing identified that monthly capital reports are not reported on by project managers to the Management Accounts department for all capital projects being undertaken by Cambridgeshire OPCC and Constabulary or through a collaborated function. We identified that the relatively short-term capital projects tend to not have monthly capital reports as a requirement.

This increases the risk of senior management not being aware of early indications of overspend compared to the agreed budgets; or of problems experienced with the capital project as highlighted in the 'progress report log' which forms a section of these monthly capital reports.

Due to a number of issues in the availability of information for the purposes of the audit, two areas of the scope could not be covered. These areas have been put forward for coverage in the 2016/17 Collaborated Governance review. The areas not covered as part of this review include:

- The approval of a sample of collaborated capital projects through appropriate collaborated governance boards; and
- The completion of project management highlight reports for Cambridgeshire specific and collaborated capital projects.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Capital Budget Planning and Approval	0 (3)	0 (3)	0	0	0
Project Development and Monitoring	4 (10)	1 (10)	4	1	0
Total			4	1	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.

2 ACTION PLAN

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may, lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

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

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
Project development and Monitoring					
1.2	Capital reports are not prepared or received consistently for all capital projects being carried out across Cambridgeshire or through a collaborated function. The requirements on such reporting have not been documented.	Medium	Where updates on capital monitoring are deemed to be not required (due to nature or size of project) or obtained from an alternative source (such as operational updates to the Chief Officers Group or a collaborated governance function); this will be documented within the respective report.	October 2016	Senior Financial Accountant

COLLABORATION - HEALTH AND SAFETY - EXECUTIVE SUMMARY

1.1 Background

An audit of the Collaborated BCH (Bedfordshire, Cambridgeshire, and Hertfordshire) Health and Safety function was undertaken as part of the approved internal audit plan for 2016/17.

Health and Safety and Wellbeing became a collaborated function as part of Human Resources from December 2015. Some aspects of this are currently in development with policies and procedures being updated and structures being reviewed.

A BCH (Bedfordshire, Cambridgeshire & Hertfordshire) H&S (Health and Safety) Board has recently been formed as the principal body across the three forces and had their first meeting in April 2016. Health and Safety sits under the Occupational Health structure, and there is a Health and Safety Advisor for each Force respectively. The Tri-force is currently identifying individuals in each Force who will be the single point of contact for Health and Safety. Once this exercise has been completed, a training needs analysis will take place.

During the course of the audit, we noted that a joint Health and Safety Policy is in place and the collaborated service is currently undertaking an exercise to combine and align the procedures. In order to bring the partner Forces together and improve consistency, a new system is due to come into place which will be used across all three Forces. This is in the early stages of development and only the general requirements of the system have been set.

Our review involved sample testing risk assessments and incident reporting throughout the three Forces, identifying whether the processes followed those documented in the procedures. As part of our testing, we reviewed whether a health and safety audit programme was in place, and how health and safety issues are monitored and escalated through each Force.

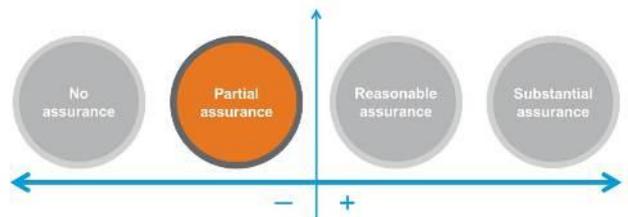
As the collaborative service is new with areas still under development this review concentrated on the compliance with key areas of health and safety within individual Forces for any issues to be taken forward for action by the new service. Therefore the assurance given does not reflect on the new Tri-Force Occupational Health, Safety and Wellbeing Team, it has been impacted by compliance issues in relation to completion and evidence of risk assessments, inspections, investigation of potential health and safety incidents, annual reporting and the clarity of the governance arrangements.

1.2 Conclusion

Internal Audit Opinion:

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

Action is needed to strengthen the control framework to ensure this area is effectively managed.



1.3 Key findings

The key findings from this review are as follows:

- A BCH H&S policy and procedures have been drafted for approval together with other HR policies and procedures as part of the establishment of the new collaborative service. In the interim each Force has its own policies and procedures which remain in force until the new procedures are published.
- A governance structure for HR which includes an H&S Board is in place, however there are differences between partner Force's as to if there should be a local H&S group. As a result there is a lack of clarity and potential inconsistency as to what is being managed locally and what is being escalated to the H&S Board.

There is a risk therefore that there is a discrepancy between roles and responsibilities and reporting requirements across the partner Force's and the BCH structure with H&S issues not being adequately monitored or reviewed. This has resulted in a **Medium** priority management action.

- A Tri-Force training plan is currently not in place. Although the BCH H&S Board has agreed a training model and the Chair of the Board has taken an estimated training budget to each of the Forces for approval.
- Within each Force a list is being constructed of premises and the senior responsible H&S individuals together with an analysis of training needs of those individuals and the training needs of other staff and officers. Once the training needs analysis has been completed and providers identified, a final cost for training will be distributed for approval.
- Risk assessments are required to be completed by each Force. Although there is evidence that risk assessments are performed there is no record of what assessments are required, from whom, and when they are due for review. Consequently this has led to overdue risk assessments, and it could not be determined that the requirements to produce risk assessments had been identified for each Manager. Where risk assessments have not taken place periodically, or have not been followed up and signed off, risks may not be mitigated to a reasonable level and could potentially cause adverse health and safety issues to staff and the public. We have agreed a **Medium** priority action with management.
- Hertfordshire did not have a health and safety audit/inspection programme in place. Similarly to the risk assessments, there is a risk that where inspections do not take place, significant risks may not be identified and mitigated which could be detrimental to staff and police officers. As a result we have agreed a **Medium** priority action with Management.
- Annual Health and Safety reports have not been consistently produced by each of the Forces, as a result there is a risk that where reports are not produced, key trends and issues in data cannot be highlighted and escalated where appropriate. A **Medium** priority action was agreed with Management.
- Through sample testing of five instances of incident reporting from each Force, we noted that Bedfordshire and Hertfordshire could not evidence that investigations had been followed up by line managers. This has resulted in a **Medium** priority action being agreed with Management.

The detail of the management actions agreed is contained within section 2 and section 3 of the report.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Health and Safety	1 (29)	4 (29)	0	5	0
Total			0	5	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.

2 ACTION PLAN

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

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

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
1.	Although there is evidence that risk assessments are performed there is no record of what assessments are required, from whom, and when they are due for review.	Medium	<p>As part of the new collaborative service management will ensure that there is a schedule of assessments by area / department.</p> <p>It will contain evidence that they have been reviewed as adequate and when they are due for review.</p> <p>Risk assessments will be:</p> <ul style="list-style-type: none"> • Dated. • Signed off. • Given an overall rating. • Followed up/ reviewed. 	Stepped process with gaps determined by end Oct 2016 and work progressing to march 2017	<p>Strategic Lead, Health and Wellbeing</p> <p>Occupational Health, Safety & Wellbeing Manager</p>
2	At Hertfordshire there was no record of what health and safety inspections are due or have been completed.	Medium	A health and safety inspection programme will be put in place setting out the sites to be reviewed and when.	Paper to board Sept 2016 with programme provided by end December 2016	<p>Strategic Lead, Health and Wellbeing</p> <p>Occupational Health, Safety & Wellbeing Manager</p>

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
3	From sample testing it was not always clear if further investigation of an incident has been completed or required.	Medium	As part of the development of the tri-force new incident reporting database, there will be an addition to the system specification which requires managers to record if an investigation has been carried out or not, with text to explain the reasons if not.	This will be built into the new system but timescales are still work in progress at present	Strategic Lead, Health and Wellbeing Occupational Health, Safety & Wellbeing Manager
4a	Each Force has not been producing an annual Health and Safety Report.	Medium	Health and Safety Performance reports will be produced on an annual basis for each Force.	March 2017	Strategic Lead, Health and Wellbeing Occupational Health, Safety & Wellbeing Manager
4b	There are differing health and safety governance structures. Bedfordshire and Cambridgeshire are maintaining a local health and safety group, however this is not in place within Hertfordshire.	Medium	The issue of whether there are to be local health and safety groups with exception reporting to the new BCH H&S Board, or if all reports will go to the BCH H&S Board will be resolved between the partner Forces' with terms of reference for each reviewed based on the consensus reached.	August 2016	Strategic Lead, Health and Wellbeing Occupational Health, Safety & Wellbeing Manager