



POLICE AND CRIME COMMISSIONER FOR
CAMBRIDGESHIRE AND
CAMBRIDGESHIRE CONSTABULARY

Internal Audit Strategy 2017/18

**Presented at the Joint Audit Committee
meeting of: 28 March 2017**

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.





CONTENTS

1 Introduction.....	2
2 Developing the internal audit strategy.....	3
3 Your Internal Audit service	6
4 Joint Audit committee requirements.....	7
Appendix A: Internal audit plan 2017/18	8
Appendix B: Internal audit strategy 2017/18 – 2019/20	13
Appendix C: Internal audit charter.....	19
Appendix D: Our client care standards	22
For further information contact	23

1 INTRODUCTION

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting Police and Crime Commissioner for Cambridgeshire and Cambridgeshire Constabulary in the year ahead, including changes within the sector.

Aims

Deliver a victim first approach
Reduce re-offending
Support safer and stronger communities
Ensure value for money for tax payers now and in the future

Bedfordshire, Cambridgeshire and Hertfordshire Police and Offices of the Police and Crime Commissioners collaborate across many areas across Joint Protective Services, Joint Operational Support and Joint Organisational Support. The level of collaboration is continuing to increase and as a general principle it has been agreed that where possible, and appropriate, audits will be undertaken in collaboration (joint audits). This will include units that are already collaborated, but also where possible those where collaboration is planned (inter-related audits) and our coverage is therefore likely to be more advisory in nature for some reviews as new systems and processes are being discussed and developed. In addition, we will include targeted local aspects to each audit plan which will be based on the local risk register for the Force and OPCC.

2 DEVELOPING THE INTERNAL AUDIT STRATEGY

We use your objectives as the starting point in the development of your internal audit plan.

2.1 Internal Audit Requirement

The Internal Audit requirement as per the Financial Management Code of Practice for the Police Forces of England and Wales is as follows:

'The PCC and the Chief Constable are required to maintain effective internal audit of their affairs by the Accounts and Audit (England) Regulations 2011 and the Accounts and Audit (Wales) Regulations 2005.

The Head of Internal Audit should draw up the audit plan in consultation with the PCC and the force for consideration by the Audit Committee.'

2.2 Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the following people:

- Chief Finance Officer - OPCC;
- Chief Finance Officer - Force;
- Bedfordshire, Cambridgeshire and Hertfordshire Collaborative Team;
- Joint meeting of CFOs across Bedfordshire, Cambridgeshire and Hertfordshire;
- Joint meeting of Audit Committees across Bedfordshire, Cambridgeshire and Hertfordshire.

Based on our understanding of the organisation, the information provided to us by the stakeholders above, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (**see appendix A and B for full details**).

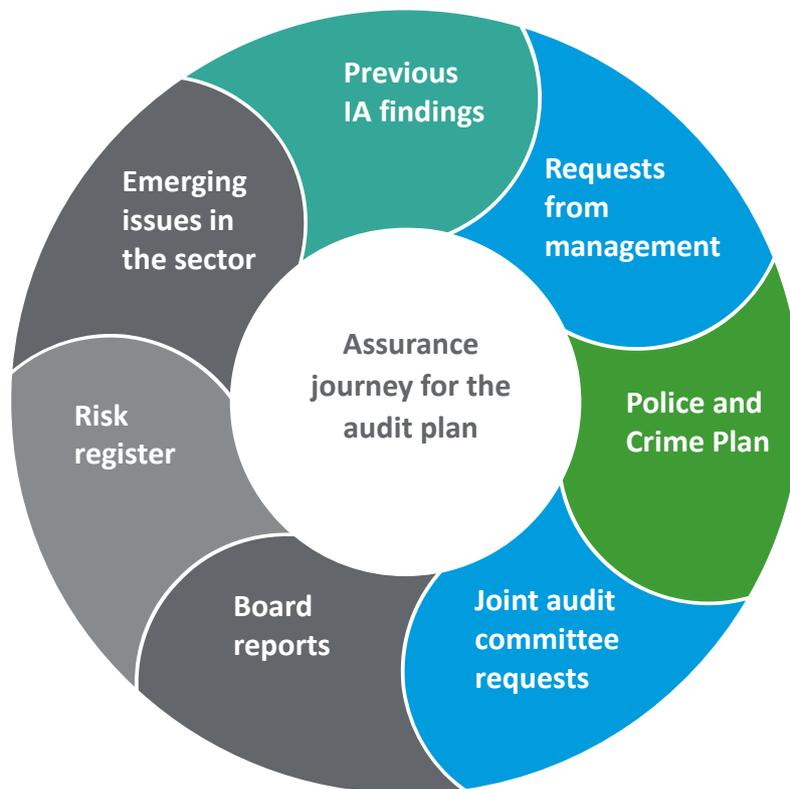


Figure A: Sources considered when developing the internal audit strategy

2.3 Key areas within the Strategy

Each of the reviews that we propose to undertake is detailed in the internal audit plan and strategy within appendices A and B. In the table below we bring to your attention particular key audit areas and discuss the rationale for their inclusion or exclusion within the strategy.

Area	Reason for inclusion or exclusion in the audit plan/strategy
Collaboration audits	<p>A consulting review is currently being undertaken in the area of Governance, the scope of our audit working within 2017/18 will depend on the outcome of this review.</p> <p>BCH HR are currently completing a project on recruitment and succession planning, we have included a review within the audit plan for 2017/18 to understand how this has progressed and the control framework in place.</p> <p>Our review of Professional Standards was delayed from 2016/17 and has now been included in 2017/18, this will focus on the changes in the department, as well as follow up on the HMIC recommendations.</p>
Governance	<p>The Policing and Crime Bill received Royal Assent on the 31 January 2017, this included the provision for collaboration between emergency services. As part of our governance review we may include coverage of how the Police and Crime Commissioner is ensuring he is discharging his duty in this area. This review may depend on the actual timing of any changes to the Governance arrangements for the Fire Service.</p>

Area	Reason for inclusion or exclusion in the audit plan/strategy
Finance Systems	Cambridgeshire have now gone live of the new system. With the implementation of the new finance system, we will review our approach to ensure that where possible the audit testing is combined to reduce any duplication. This methodology will continue to be reviewed throughout the audit strategy.
Medium Term Financial Planning	The delivery of the Medium Term Financial Plan is a key area of concern for the Police and Crime Commissioner and Chief Constable, our review will ensure that the accuracy of the information reported and evidence basis of assumptions.
Delivery of the Police and Crime Plan	The Police and Crime Commissioner has reviewed the Police and Crime Plan and summarised this into a 'Plan on a page'. The delivery of the plan is key for the Police and Crime Commissioner, as such we have included an audit of the monitoring and reporting of the new Police and Crime Plan.
Athena	Athena has a 'go live' date of January 2018. We have included a review of the Preparedness of Athena in 2017/18, which was delayed from the 2016/17 Internal Audit Plan in line with the delay of the project.
General Data Protection Regulation (GDPR) and Police Directive	An allocation of resource has been assigned to a collaborative Information Management Audit. Coverage in this area could measure the organisation's readiness for the implementation of the GDPR and Police Directive in May 2018. High-levels of personal data are processed by the Force for operational purposes and the potential fines for non-compliance have increased significantly. This is an area of significant change and assurance is therefore required that the Force updated the procedures and policies and has provided awareness training on the key changes to officers and staff.
Emergency Service Network	As part of the national rollout, the Emergency Services Network will be implemented throughout Bedfordshire, Cambridgeshire and Hertfordshire as a replacement for Airwaves, we have included a project management audit of this in 2018/19 in relation to the implementation plans.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation. Full details of these can be found in appendices A and B.

The table above highlights where internal audit coverage may be of benefit but is not currently included in the strategy. In light of this we consider it prudent to inform you of other reviews that are taking place across the sector and tools that RSM can offer to aid in your assurance framework.

2.4 Working with other assurance providers

The joint audit committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised and a suitable breadth of assurance obtained.

3 YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Daniel Harris, supported by Suzanne Lane as your senior manager.

3.1 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

3.2 Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

4 JOINT AUDIT COMMITTEE REQUIREMENTS

In considering the internal audit strategy, the committee is asked to reflect on the following:

- Is the joint audit committee satisfied that sufficient assurances are being received within our annual plan (as set out at appendix A) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out at appendix B) cover the organisation's key risks as they are recognised by the joint audit committee?
- Are the areas selected for coverage this coming year appropriate?
- Is the joint audit committee content that the standards within the charter in appendix C are appropriate to monitor the performance of internal audit?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management approve any amendments to this plan and these are reported to the joint audit committee throughout the year.

APPENDIX A: INTERNAL AUDIT PLAN 2017/18

Police and Crime Commissioner for Cambridgeshire and Cambridgeshire Constabulary

Audit	Internal audit coverage	Days	Timing
Risk Based Assurance			
Medium Term Financial Planning / Savings Assurance	Review of the processes for developing and monitoring the Medium Term Financial Plan including the link to achieving the Police and Crime Plan. This will include consideration of the robustness of the plans, evidence basis of assumptions, evidence of progress made and if the Force is achieving the savings identified.	8	Q2
Governance including transition	Review of the Governance arrangements for the Police and Crime Commissioner, as part of the scoping of our review we will potentially include the processes in place for discharging the duty to collaborate. In addition, a business case is currently being developed for potential amendments to the governance structure for the Fire Service, if this is progressed we could include a coverage of the preparedness for the changing governance arrangements to ensure these are transparent and operating in practice.	8	Q3
Delivery of the Police and Crime Plan	Following the change in PCC, a revised Police and Crime Plan has been put in place and interpreted into a plan on a page to assist in stakeholder understanding. As part of our review we will assess the monitoring and reporting of the new Police and Crime Plan.	10	Q4
Core Assurance			
Risk Management	Annual Review for both the Force and OPCC including a 'deep dive' into a sample of risks on the registers. This will include interviews with risk owners and involve a 'critical friend' challenge into the controls documented that mitigate and manage the risk, the risk score, any updates to the register and the assurances available to provide comfort that the residual risk score is reasonable.	8	Q4
Financial Management			

Audit	Internal audit coverage	Days	Timing
General Ledger	Potential joint review of the design of the control framework across the BCH Collaboration, the application of the controls will then be tested individually. To include testing on journals, control accounts reconciliations, access rights.	6	Q2
Payroll and Expenses	A review of a number of key controls on the payroll system including <ul style="list-style-type: none"> ▪ Starters & Leavers; ▪ Changes to contract details; ▪ Pension contributions; ▪ Expenses; ▪ Payment authorisation & run; ▪ Reporting. 	10	Q2
Payments and Creditors	A review of a number of key controls on the payroll system including: <ul style="list-style-type: none"> ▪ Placing of orders; ▪ Confirmation of goods being received; ▪ Authorisation of Invoices; ▪ Processing of credit notes; ▪ Preparation and authorisation of payment runs. 	8	Q2
Capital Accounting and Fixed Assets	With the implementation of the new Asset Management system there have been significant changes in this area. As part of our review we will ensure compliance with policies and procedures and accuracy of the system.	10	Q3
Other internal audit activity			
Equality & Diversity	Compliance with the established equality and diversity policies and procedures and monitoring of compliance through the Strategic Equalities Board.	8	Q1
Seized Property and Controlled Drugs	Review of the controls in place to manage the storage and disposal of seized property and controlled drugs. This will include the use of the property management system to initially log the items, record movement, location and disposal. In addition, as part of our review we will audit compliance against policies and procedures for the disposal of property and drugs. We will not include the POCA controls as part of our review.	10	Q1
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	6	Q4

Audit	Internal audit coverage	Days	Timing
Management	This will include: <ul style="list-style-type: none"> • Annual planning • Preparation for, and attendance at, Joint Audit Committee • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual opinions 	15	Throughout the year
Total		107	

Bedfordshire, Cambridgeshire and Hertfordshire Collaborative Audit Plan

Proposed area for coverage	Scope	Days	Timing
BCH Arrangements			
Governance including change management and benefit realisation	Scope of the work to be agreed, will follow up on the Concerto recommendations	25	Q4
Bedfordshire – Joint Protective Services			
Major Crime	Review of the Performance framework including governance, performance management and budget monitoring.	15	Q1
Camera, Ticket and Collisions	Compliance with policies and procedures in relation to the Camera, Ticket and Collisions department.	15	Q3/4
Cambridgeshire – Joint Organisational Support			
Human Resources – Recruitment and Succession Planning	Review of the recruitment & succession planning with the collaborative Forces, this will include how the Forces identify demand against the Medium Term Financial Plan. Our review will focus on how the Forces identify and plan for recruitment, then HRs support in recruiting the numbers identified.	25	Q4
Professional Standards	A significant amount of change has taken place within PSD, the scope of the work will be agreed by management but will include anti-fraud and corruption and a follow up of the issued identified by HMIC.	20	Q1
Information Management	Following the collaboration of the department, scope of the review to be agreed with management prior to the start. This may include compliance with the General Data Protection Regulations as part of our review.	20	Q4
Information and Communications Technology	ICT Strategy – scope to be agreed. This may include a review of how the ICT Strategy has been developed and how this links to the three Police and Crime Plans, or implementation of the IT Strategy and how this links to the Policing Vision 2025. This will include the link to the integration with the Digital Capabilities Board.	30	Q3
Hertfordshire – Joint Operational Support			

Proposed area for coverage	Scope	Days	Timing
Preparedness for Athena	Review of the Tri-Force arrangements for the preparedness for the implementation of Athena. This will include a review of the Athena Implementation Plan and monitoring of the plan, in addition we will review the training identification and monitoring of delivery..	30	Q2/Q3
Criminal Justice	Post implementation of Phase 2 of Criminal Justice collaboration following the go live of further services within June 2017.	20	Q4
Total		200	

*Split across Bedfordshire (24.55%, 49 days), Cambridgeshire (31.22%, 62 days) and Hertfordshire Police (44.23%, 89 days) in line with the cost sharing.

APPENDIX B: INTERNAL AUDIT STRATEGY 2017/18 – 2019/20

Police and Crime Commissioner for Cambridgeshire and Cambridgeshire Constabulary

Proposed area for coverage	Scope and Associated risk Area	2017/18	2018/19	2019/20
Risk based assurance				
Medium Term Financial Planning / Savings Assurance	<p>There is a risk that the Commissioner and Chief Constable fail to manage finances effectively. (SR 3.1)</p> <p>There is a risk that the Commissioner and Chief Constable fail to enter into or achieve benefits of collaboration. (SR3.3)</p>	✓	✓	Included in BCH plan
Commissioning Communication and Partnership Working	<p>There is a risk that the Commissioner and Chief Constable fail to work effectively in partnership with community safety and CJ partners and objectives of Police and Crime Plan are not delivered. (SR3.4)</p>			✓
Governance	<p>There is a risk that the Commissioner and Chief Constable fail to work together effectively. (SR3.2)</p> <p>There is a risk that the Commissioner fails to ensure effective arrangements for appointment, support and challenge for DPCC, CE and CFO, and fails to provide necessary resources to CE to carry out duties. (SR3.5)</p> <p>There is a risk that the Commissioner fails to ensure effective arrangements to recruit, support and challenge and if necessary remove from office the Chief Constable. (SR3.6)</p> <p>There is a risk that the Commissioner and Chief Constable fail to apply and demonstrate good governance and fail to deliver statutory duties. (SR4.1)</p>	✓	✓	✓

Proposed area for coverage	Scope and Associated risk Area	2017/18	2018/19	2019/20
Delivery of the Police and Crime Plan	<p>There is a risk that the Commissioner fails to set clear direction in Police and Crime and objectives and manifesto commitments are not delivered. (SR2.1)</p> <p>There is a risk that the Chief Constable fails to deploy staff to deliver policing objectives in Police & Crime Plan. The Commissioner fails to establish mechanisms to hold the Chief Constable to account. (SR4.2)</p> <p>There is a risk that the Commissioner fails to meet requirements of Police and Crime Plan and performance as scrutinised by Police and Crime Panel. (SR4.3)</p>	✓	✓	
Communication Strategy	There is a potential risk of failure to achieve benefits of the link between police and communities and Chief Constable fails to explain actions of Constabulary. (SR1.1)		✓	
Health and Safety				Included in BCH plan
Collaboration	<p>There is a risk that Collaboration ventures could expose Cambridgeshire to reputational risk. (SR1.2)</p> <p>There is a risk that the Commissioner and Chief Constable are unable to influence national, regional or strategic alliance policies. (SR2.3)</p> <p>There is a risk that the Commissioner and Chief Constable fail to enter into or achieve benefits of collaboration. (SR3.3)</p> <p>There is a risk that the Chief Constable fails to safeguard the welfare of all officers, staff and members of the public. (SR4.4)</p> <p>There is a risk that the Commissioner fails to establish mechanisms to hold the Chief Constable to account for exercise of their duty in safeguarding the welfare of officers, staff and Members of the Public. (SR4.5)</p>	See Collaboration section below		
Core Assurance				
Governance	Annual review of the governance framework.	See Risk Based (above)		
Risk Management	Annual review of the Police and OPCC's risk management processes. This may be a collaborative in future years in the plan.	✓	✓	✓
Budgetary Control	To provide assurance over the core finance systems.		✓	✓
General Ledger		✓	✓	✓

Proposed area for coverage	Scope and Associated risk Area	2017/18	2018/19	2019/20
Payroll and Expenses	In future years, potentially 2017/18, the finance audits may be undertaken as collaborative reviews. This will be reviewed each year at the planning stage to determine the possibility.	✓	✓	✓
Payments and Creditors		✓	✓	
Income and Debtors				✓
Cash, Banking and Treasury Management				✓
Capital Accounting and Fixed Assets		✓		
Other Internal Audit Activity				
Equality & Diversity	Chief Constable and Police and Crime Commissioner Compliance with the established equality and diversity policies and procedures and monitoring of compliance.	✓		
Victim Satisfaction	Chief Constable and Police and Crime Commissioner Review of processes in place to ensure victim satisfaction is adequately understood, monitored and where required improved.			✓
Human Resources	Chief Constable This could include areas such as Training, Development, Performance Management and Absence Management.		See Collaboration below	
Estates Management	Chief Constable To ensure that adequate programmes are in place for the maintenance and upkeep of the organisation's buildings.		✓	
Seized/Lost Property and Controlled Drugs	Chief Constable To ensure that property in Police possession is adequately recorded and stored so it is not lost, stolen or does not deteriorate.	✓		
Capital Programme	Chief Constable To ensure that an adequate capital programme is in place including submission of business cases, identification of benefits, approval process, reporting and monitoring of benefits achieved.			✓

Proposed area for coverage	Scope and Associated risk Area	2017/18	2018/19	2019/20
Follow Up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	✓	✓	✓
Management	This will include: <ul style="list-style-type: none"> • Annual planning • Preparation for, and attendance at, Joint Audit Committee • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual opinion 	✓	✓	✓

Bedfordshire, Cambridgeshire and Hertfordshire Collaborative Audit Plan

Proposed area for coverage	2017/18	2018/19	2019/20
BCH Arrangements			
Governance including change management and benefit realisation	✓		✓
Risk Management & Assurance Framework			✓
Financials / Cost Savings / MTFP		✓	✓
Health and Safety		✓	
Bedfordshire – Joint Protective Services			
Major Crime	✓		
Armed Policing			✓
Roads Policing			✓
Scientific Services			✓
Operational Planning		✓	
Dogs		✓	
Serious and Organised Crime		✓	
Camera, Ticket and Collisions	✓		
Cambridgeshire – Joint Organisational Support			
7 Force Collaboration		✓	✓
Procurement		✓	
Fleet		✓	
Human Resources	✓		✓
Training		✓	
Professional Standards	✓		✓
Information Management	✓		✓
ICT	✓	✓	✓

Proposed area for coverage	2017/18	2018/19	2019/20
Stores			✓
Hertfordshire – Joint Operational Support			
Emergency Services Network		✓	
Crime Recording			
Criminal Justice	✓		
Custody		Collaborative timing TBC	
Athena	✓	✓	
Firearms Licensing			✓

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Police and Crime Commissioner for Cambridgeshire and Cambridgeshire Constabulary. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the audit committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. An overview of our client care standards are included at Appendix D of the internal audit strategy plan for 2017/18 – 2019/20.

The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core Principles for the Professional Practice of Internal Auditing
- Definition of internal auditing
- Code of Ethics; and
- The Standards

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner, Daniel Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the Chief Finance Officer OPCC and Chief Finance Officer Force.

The head of internal audit has unrestricted access to the chair of audit committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to the Police and Crime Commissioner for Cambridgeshire and Cambridgeshire Constabulary. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the audit committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the audit

committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the audit committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the audit committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the audit committee to demonstrate the performance of the internal audit service.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the audit committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the audit committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the audit committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide annual opinions on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinions it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Corporations Sole is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinions will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinions, should be used by management and the Corporations Sole to inform the annual governance statements.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Fraud

The audit committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the audit committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the audit committee is also approving the internal audit charter.

APPENDIX D: OUR CLIENT CARE STANDARDS

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date
- The lead auditor to contact the client to confirm logistical arrangements two weeks before the agreed start date.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Two weeks after a debrief meeting a draft report will be issued by RSM to the agreed distribution list.
- Management responses to the draft report should be submitted to RSM.
- Within three days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

FOR FURTHER INFORMATION CONTACT

Daniel Harris

Head of Internal Audit

RSM Risk Assurance Services LLP

The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, MK9 1BP

T: +44 (0)1908 687800 | **M:** +44 (0)7792 948767 | **W:** www.rsmuk.com

Suzanne Lane

Senior Manager

RSM Risk Assurance Services LLP

The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, MK9 1BP

T: +44 (0)1908 687800 | **M:** +44 (0)7720 508148 | **W:** www.rsmuk.com

rsmuk.com

The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

RSM UK Consulting LLP, RSM Corporate Finance LLP, RSM Restructuring Advisory LLP, RSM Risk Assurance Services LLP, RSM Tax and Advisory Services LLP, RSM UK Audit LLP, RSM Employer Services Limited and RSM UK Tax and Accounting Limited are not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities. RSM & Co (UK) Limited is authorised and regulated by the Financial Conduct Authority to conduct a range of investment business activities. Whilst every effort has been made to ensure accuracy, information contained in this communication may not be comprehensive and recipients should not act upon it without seeking professional advice.

© 2015 RSM UK Group LLP, all rights reserved