



POLICE AND CRIME COMMISSIONER FOR CAMBRIDGESHIRE AND CAMBRIDGESHIRE CONSTABULARY

Annual Internal Audit Report 2018/2019

10 July 2019

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.





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1 THE HEAD OF INTERNAL AUDIT OPINION

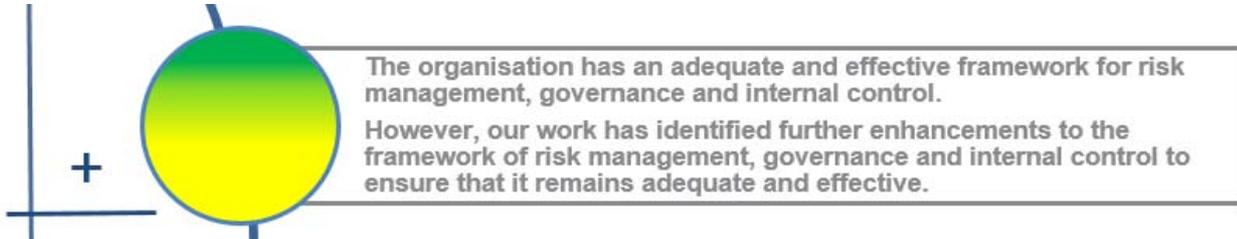
In accordance with Public Sector Internal Audit Standards, the head of internal audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation’s risk management, control and governance processes. The opinions should contribute to the Police and Crime Commissioner’s and Chief Constable’s annual governance statements.

1.1 The opinion

Police and Crime Commissioner for Cambridgeshire

For the 12 months ended 31 March 2019, the head of internal audit opinion for the Police and Crime Commissioner for Cambridgeshire is as follows:

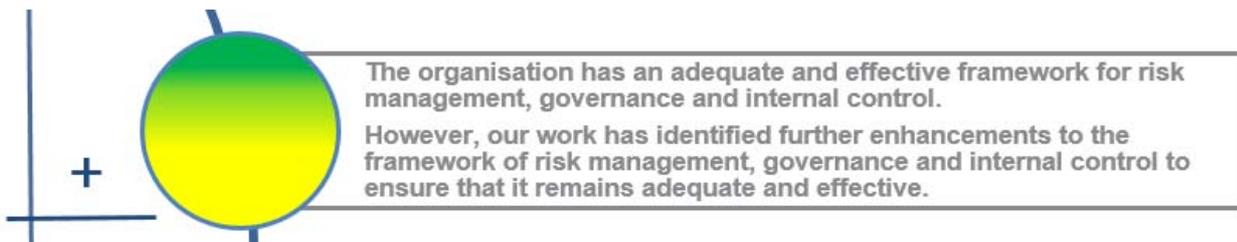
Head of internal audit opinion 2018/19



Cambridgeshire Constabulary

For the 12 months ended 31 March 2019, the head of internal audit opinion for the Chief Constable is as follows:

Head of internal audit opinion 2018/19



Please see appendix A for the full range of annual opinions available to us in preparing this report and opinions.

1.2 Scope and limitations of our work

The formation of our opinions is achieved through a risk-based plan of work, agreed with management and approved by the joint audit committee, our opinions are subject to inherent limitations, as detailed below:

- the opinions do not imply that internal audit has reviewed all risks and assurances relating to the organisations;
- the opinions are substantially derived from the conduct of risk-based plans generated from a robust and organisation-led risk management framework. As such, the risk management framework is one component that the Corporations Sole takes into account in making their annual governance statement (AGS);
- the opinions are based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management;
- the opinions are based on the testing we have undertaken, which was limited to the area being audited, as detailed in the agreed audit scope;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to attention; and
- it remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be seen as a substitute for management responsibility around the design and effective operation of these systems.

1.3 Factors and findings which have informed our opinion

Governance

Our Cambridgeshire only reviews of governance have included the arrangements for Business Planning & Force Management Statements (Reasonable Assurance), Communication Strategy – Constabulary (Reasonable Assurance) and Governance – Delivery of Major Projects (Partial Assurance). Within the Governance – Delivery of Major Projects report we found that the controls expected to be in place to manage a change programme were broadly in place, however, compliance of these controls needed to be more robust for future major projects. The actions agreed were across each stage of the project management process from setup through to closure and benefits realisation, and the project governance structure.

We have not undertaken any specific reviews of the Bedfordshire, Cambridgeshire and Hertfordshire Collaborative governance arrangements within 2018/19, however, aspects have been covered within each of our collaborative reviews as detailed in appendix B.

Risk Management

Our audits of Risk Management within the OPCC and Constabulary included a review of the Risk Register update, review, monitoring and reporting where the organisations could take reasonable assurance on the arrangements in place.

Control

For our Cambridgeshire only reports, we have issued in total three reports where the organisations can take substantial assurance, seven where the organisations can take reasonable assurance and one where the organisation can take partial assurance (Governance – Major Projects). We have not issued any no assurance opinions in 2018/19.

For Bedfordshire, Cambridgeshire and Hertfordshire Police joint reports, we have issued in total one report where the organisations can take substantial assurance, five where the organisations can take reasonable assurance and four advisory reviews where no formal opinion was provided.

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

1.4 Topics judged relevant for consideration as part of the annual governance statement

Based on the work we have undertaken on the Police and Crime Commissioner and Constabulary's system on internal control, we do not consider that within these areas there are any issues that need to be flagged as significant control issues within the Annual Governance Statements (AGSs). However, we would expect the Police and Crime Commissioner and Constabulary to consider in the formulation of the AGSs, the internal control weaknesses identified within our partial assurance opinion summarised above, along with the actions being taken to address the issues identified.

2 THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinions. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

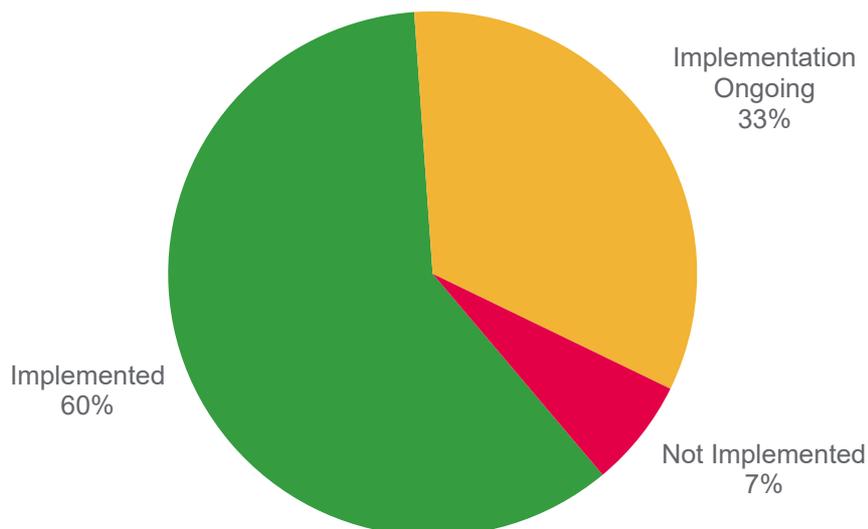
2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2018/19.

2.2 Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place. During the year progress has been reported to the joint audit committee, with the validation of the action status confirmed by internal audit at year end.

Our follow up of the actions agreed to address previous years' internal audit findings shows that the organisation had made reasonable progress in implementing the agreed actions.



2.3 Working with other assurance providers

In forming our opinions, we have not placed any direct reliance on other assurance providers.

3 OUR PERFORMANCE

3.1 Wider value adding delivery

As part of our client service commitment, during 2018/19 we have issued three briefings relating to the sector within our progress reports presented to the Joint Audit Committee. In addition, to gain a deeper understanding of the challenges facing the sector, we have again examined the content of the strategic risk registers drawing comparisons with our work in 2016 and 2014, enabling you to compare your organisation's risk profile with that of others. This enables you to consider 'how do our risks compare?' and 'are we missing any significant risks?'. We will continue to share our briefings with you during 2019/20.

We have developed a collaborative audit plan across BCH Police and delivered collaborative reports to the Joint Audit Committee.

We have provided benchmarking within our reports where possible on the number and category of actions and assurance opinions across organisations similar to yourself.

We have attended and contributed to the Cambridgeshire Joint Audit Committee throughout the year.

3.2 Conflicts of interest

RSM continues to provide Insight 4GRC – 4Risk annual hosting, maintenance and support to the Constabulary, this is completed through a separate letter of engagement and by an independent team, therefore we do not consider there to be any conflict of interest.

3.3 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.

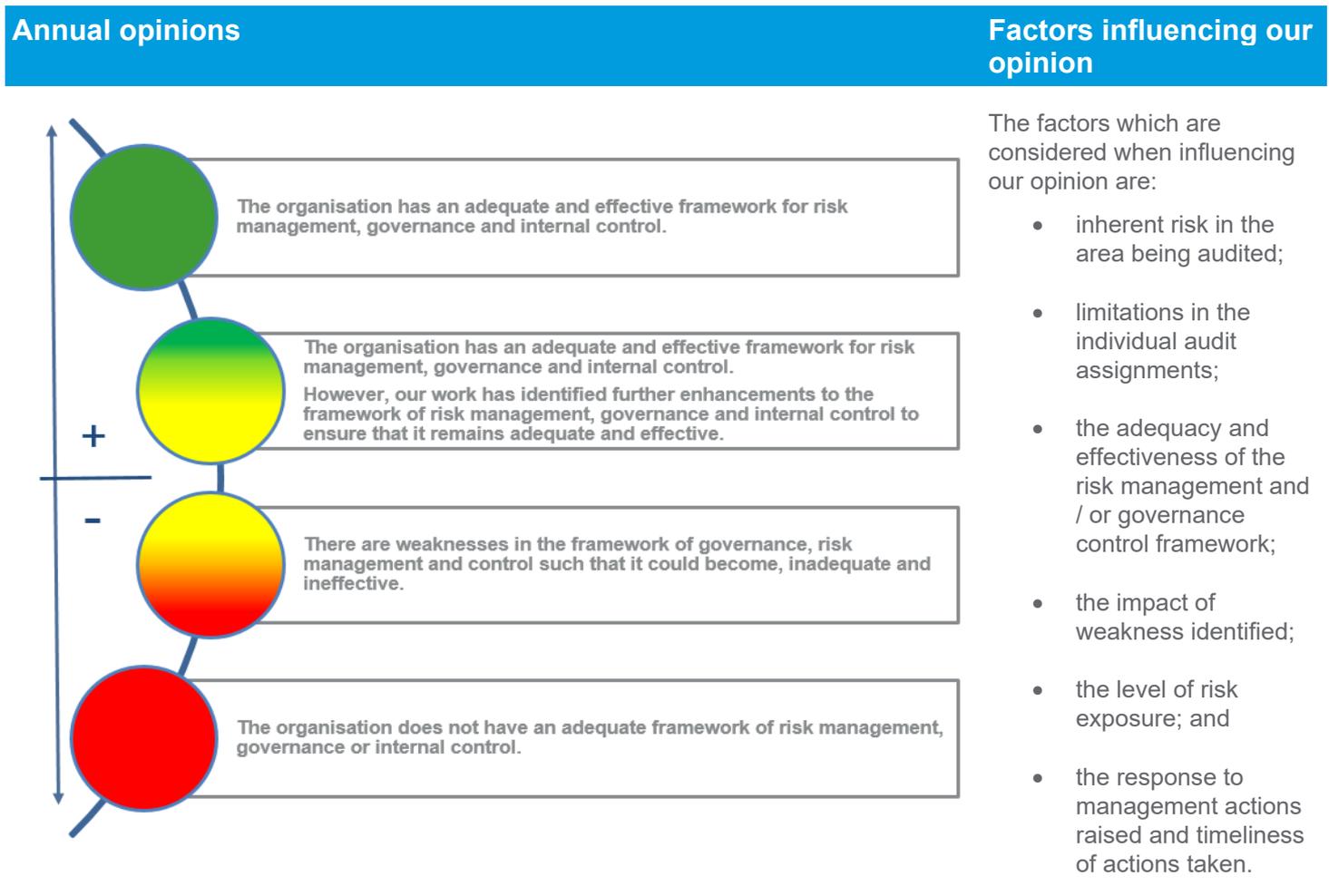
3.4 Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.



APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2018/2019

Cambridgeshire only

Assignments	Opinion issued	Actions agreed		
		H	M	L
Communication Strategy – Constabulary	Reasonable assurance	0	2	1
Estates Management	Reasonable assurance	0	4	1
Seized Property and Controlled Drugs – Follow Up	Reasonable assurance	0	1	1
General Ledger	Substantial assurance	0	0	1
Budgetary Control	Substantial assurance	0	1	0
Payroll and Expenses	Substantial assurance	0	0	1
Partnership Working (Community Safety)	Reasonable assurance	0	1	5
Payments and Creditors	Reasonable assurance	0	0	0
Governance – Delivery of Major Projects	Partial assurance	0	9	0
Business Planning & Force Management Statements	Reasonable assurance	0	2	0
Risk Management	Reasonable assurance	0	1	2
<i>Follow up (Draft)</i>	<i>Reasonable progress</i>	<i>0</i>	<i>3</i>	<i>3</i>

Bedfordshire, Cambridgeshire and Hertfordshire Collaboration

Assignments	Opinion issued	Actions agreed		
		H	M	L
Lead - Bedfordshire				
JPS 2020 – Benefits Realisation	Advisory	0	11	2
Dealing with BCH Audits	Advisory	7 actions not categorised		
Serious and Organised Crime (ERSOU)	Substantial assurance	0	0	4
Lead - Cambridgeshire				
Custody – including Health & Safety incidents	Reasonable assurance	0	1	2
Human Resources (new system implementation)	Reasonable assurance	0	5	0
Information Management (GDPR)	Advisory	11 actions not categorised		
ICT - Infrastructure Architecture	Reasonable assurance	0	4	1
Collaborative Uniform & Equipment Stores	Reasonable assurance	0	2	1
Lead - Hertfordshire				
Criminal Justice	Advisory	0	8	0
<i>Performance Management (draft)</i>	<i>Reasonable assurance</i>	<i>0</i>	<i>3</i>	<i>1</i>

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual Assignment Report.

We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the Police and Crime Commissioner and Constabulary can take:

	<p>Taking account of the issues identified, the Police and Crime Commissioner and Constabulary 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).</p>
	<p>Taking account of the issues identified, the Police and Crime Commissioner and Constabulary 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).</p>
	<p>Taking account of the issues identified, the Police and Crime Commissioner and Constabulary 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).</p>
	<p>Taking account of the issues identified, the Police and Crime Commissioner and Constabulary 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.</p>

FOR FURTHER INFORMATION CONTACT

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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. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of the Police and Crime Commissioner for Cambridgeshire and Cambridgeshire Constabulary, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. 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 and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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