



# POLICE AND CRIME COMMISSIONER FOR CAMBRIDGESHIRE AND CAMBRIDGESHIRE CONSTABULARY

Annual internal audit report 2019/20

Final

16 July 2020

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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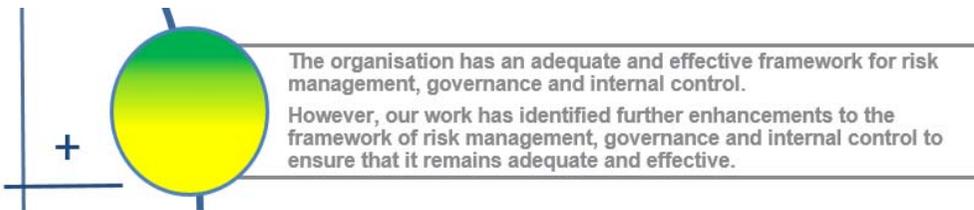
# THE ANNUAL INTERNAL AUDIT OPINIONS

This report provides the annual internal audit opinions, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisations' risk management, control and governance processes. The opinions should contribute to the organisations' annual governance reporting.

## The opinions

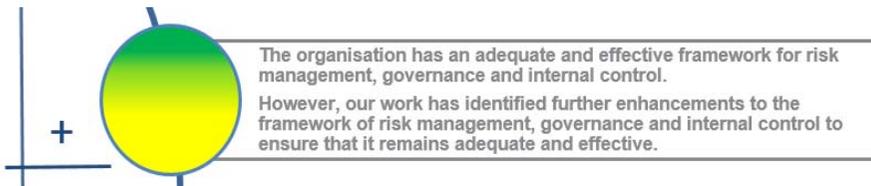
### Police and Crime Commissioner for Cambridgeshire

For the 12 months ended 31 March 2020, the head of internal audit opinion for the Police and Crime Commissioner for Cambridgeshire is as follows:



### Cambridgeshire Chief Constable

For the 12 months ended 31 March 2020, the head of internal audit opinion for Cambridgeshire Chief Constable is as follows:



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

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*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 a substitute for management responsibility around the design and effective operation of these systems.*

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## Scope and limitations of our work

The formation of our opinions are 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:

- internal audit has not 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. The risk management and assurance framework are one component that the Police and Crime Commissioner and Chief Constable takes into account in making their annual governance statements (AGSs);
- the opinions are based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management;

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- 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 our attention; and
  - Our internal audit work for 2019/20 was completed prior to the advent of the substantial operational disruptions caused by the Covid-19 pandemic. As such our audit work and annual opinions do not reflect the situation which has arisen in the final weeks of the year. We do, however, recognise that there has been a significant impact on both the operations of the organisation and it's risk profile.

# FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINIONS

Our Governance opinions have been informed specifically through our work around Constabulary Governance – Structure and Process and the Capital Programme work which included specific governance coverage. Our Risk Management opinions have been informed by our Risk Management review, in addition to a risk-based approach within our individual assignments, a number of which were driven from the Constabulary, Police and Crime Commissioner for Cambridgeshire and Bedfordshire, Cambridgeshire and Hertfordshire risk registers.

## **Cambridgeshire Only**

We issued seven reports where we concluded that the organisations could take either substantial and reasonable assurance (all positive opinions). These were:

- **Budgetary Control**
- **Capital Programme**
- **Income & Debtors**
- **Payroll & Expenses**
- **Constabulary Governance – Structure and Process**
- **Risk Management**
- **Victim Satisfaction**

## **Bedfordshire, Cambridgeshire and Hertfordshire**

We issued one reports where we concluded that the organisations could take reasonable assurance. This was:-

- **Business Continuity Plan and IT Disaster Recovery**

We issued the following reports where we concluded that the organisations could take either no assurance or partial assurance (negative opinions). These were:

### **Health and Safety (No Assurance)**

Our review found significant weaknesses in the design of the control framework. Whilst we appreciate that there were resource constraints in relation to the number of health and safety advisors in post at the time of the review, improvements were required in key areas such as the delivery of health and safety audits, formalisation of training and risk assessment arrangements and consistency in the level of detail and challenge of performance information throughout the governance structure. Without this, there was a greater chance of issues materialising which may lead to avoidable injury and harm.

We undertook a follow up review of the agreed Health and Safety actions to confirm progress made by February 2020, we found that the organisations had demonstrated progress in implementing the agreed management actions at that points in time, further work was also in progress to complete the implementation of the outstanding actions where due dates had not yet been reached. We identified the following:

- Five actions were schedule for completion in October and December 2019, two medium and three low priority actions, and we confirmed each of these had been fully implemented.
- Seven actions were due for completion in April and June 2020, one high, four medium and two low priorities. Although the completion dates had not yet been reached at the time of the follow up, we did confirm:
  - One medium and one low action had been completed;
  - One high and two medium actions were in progress;
  - One medium and one low priority action; no progress had yet been made as these were dependent on the completion of one of the actions currently in progress.

We also agreed one revised management action where a refinement to the original action was required.

### **Procurement – Contract Management (Partial Assurance)**

Our review identified a number of weaknesses. Improvement was required in areas such as approval of direct awards, procurement planning, compliance with quotation processes, due diligence and payment approval to ensure that the organisations can mitigate the risks of not achieving value for money and to ensure compliance with the Combined Financial Regulations.

In addition to the above assurance work we also completed advisory work in the following areas:

#### **Fraud & Bribery Risk Register : Advisory**

A fraud and bribery risk register was developed as an outcome of the assessment to enable each force to evaluate, manage and monitor themselves and their risks arising from fraud and bribery.

#### **Benefits Realisation (Advisory)**

From our review of the Benefits Realisation Management Strategy and Framework we found that it set out a clear and comprehensive approach to the management of project benefits and their realisation moving forward. We identified some improvements which would ensure that the process covers all appropriate areas and can be consistently applied.

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

## **Topics judged relevant for consideration as part of the annual governance statements**

Based on the work we have undertaken on the system of internal control, we consider that the issues identified above within the collaborative Health and Safety and Procurement reviews should be considered for inclusion in the Annual Governance Statements.

In relation to the Health and Safety audit, we also undertook an initial follow up of the agreed actions in February 2020 and found that progress had been made at the time of our review, however, the risks remains until the actions are fully implemented.

# THE BASIS OF OUR INTERNAL AUDIT OPINIONS

As well as those headlines previously discussed, 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.

## Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2019/20.

## Implementation of internal audit management actions

We considered 11 management actions as part of this review comprised Medium priority actions. The focus of this review was, to confirm that all actions previously agreed have been adequately implemented:

- Seven management actions had been completed and evidence provide to verify this.
- Two were identified by management as in progress and we have agreed further actions in our report to complete these.
- One was identified by management as completed, however, we have not been provided with the evidence to support implementation therefore we were unable to provide independent assurance on the implementation.
- For the remaining one, we were not provided with a sufficient update on the implementation status of this action, therefore we have not recorded the status of implementation.

The details of each have been included in section 2 below. We noted the current COVID-19 global pandemic and priorities of management may have been an attributing factor to this. In agreement with management, we will follow the outstanding actions up during 2020/21.

## Working with other assurance providers

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

# OUR PERFORMANCE

## Wider value adding delivery

Area of work	How has this added value?
BCH Collaborative audit plan	The Collaborative audit plan has been developed across Bedfordshire, Cambridgeshire & Hertfordshire to maximise the assurance across the organisations and reduce duplication of efforts in auditing as these are completed once rather than across each of the three organisation where possible.
Issue of Emergency Services Briefings	The sector briefings provide both Management and Joint Audit Committee Members with an insight of key risks, issues and an update of any changes in sector requirements.
Webinar invitations	Various invitations have been sent to CFO's to attend webinars to inform of any sector and wider sector updates. Examples include VAT, Employment Tax and COVID-19.
Off-payroll working / IR35	We have provided Emergency Services clients with updates in relation to the Off-payroll working / IR35 rules, following the launch of the Government review into the implementation of the changes to the off payroll working rules that will aim to determine if any further steps can be taken to ensure the 'smooth and successful implementation' of the reforms from 6 April 2020.
Trust in the boardroom	We have provided Emergency Services clients with our Trust in the boardroom thought leadership publication. With Boardrooms increasingly in the spotlight - effective corporate governance should be used as a passport to success to earn the trust of stakeholders and secure a more sustainable future. Recent corporate governance failings show us that the fallout of poor decision making, and inadequate control measures can be far reaching. Organisations and Boards not only need to be prioritising corporate governance, but also need to be analysing how effective they are in cementing that sustainable thinking.
RSM's 'Catch 22: Digital transformation and its impact on cybersecurity'	RSM's 'Catch 22: Digital transformation and its impact on cybersecurity' report comprises responses to a range of questions posed to 597 companies in 33 European countries, spanning multiple industries and sizes. RSM provided a number of insights and also a range of 'Cyber Security Top Tips'.
Emergency Services - benchmarking of internal audit findings 2018/19	We provided management with our annual Emergency Services - benchmarking of internal audit findings 2018/19, which compares the numbers of actions agreed and the assurance opinions provided across the sector in our client base.
Coronavirus: Various briefings and webinars	RSM have delivered a number of webinars and client briefings in relation to Coronavirus (ranging from Government financial support for employers, fraud briefings, HR and Legal Support etc).
Joint Audit Committee attendance	We have attended all Joint Audit Committees and where appropriate contributed to the wider agenda.

## **Conflicts of interest**

We have undertaken work to support the Police and Crime Commissioner and Chief Constable in updating the latest Annual Governance Statements (AGSs) for the Constabulary and for the Office of the Police and Crime Commissioner, based on the evidence provided and discussions with a number of key individuals. In addition, RSM continues to provide Insight 4GRC – 4Risk annual hosting, maintenance and support to the Constabulary.

Both pieces of work have been completed under separate Letters of Engagement and have been independently undertaken by separate management teams and Partners, independent of the internal audit team. Therefore, we do not consider any conflicts of interests exist and need to be declared.

## **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.

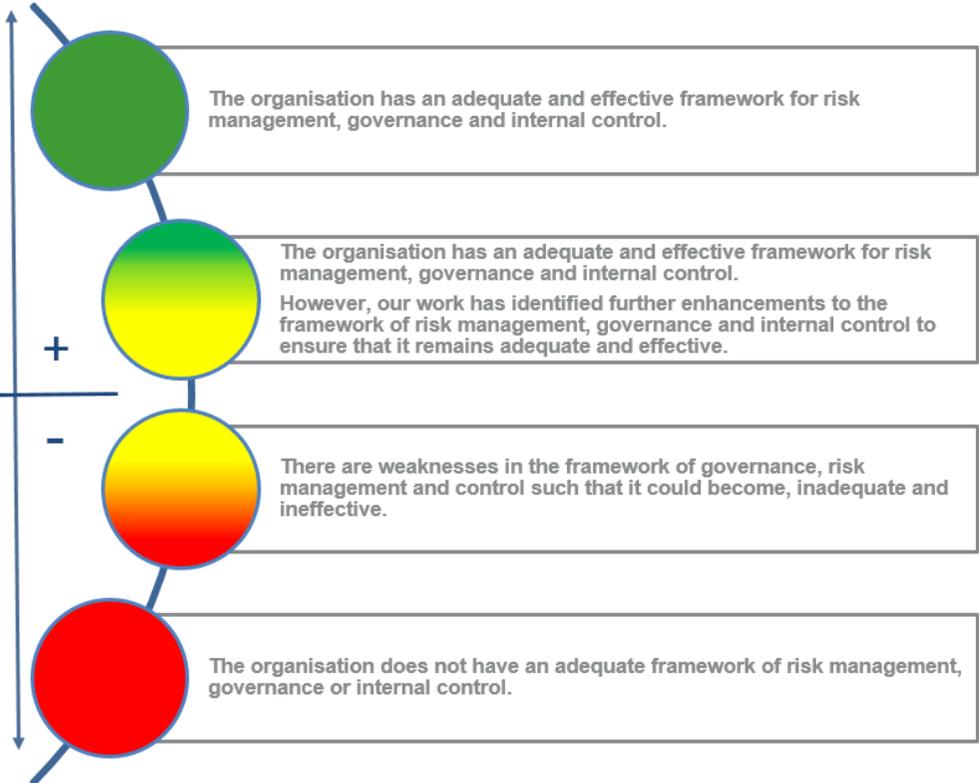
## **Quality assurance and continual improvement**

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 opinions.

Annual opinions	Factors influencing our opinions
 <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <p>The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.</p> <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p>	<p>The factors which are considered when influencing our opinions are:</p> <ul style="list-style-type: none"> <li>• inherent risk in the area being audited;</li> <li>• limitations in the individual audit assignments;</li> <li>• the adequacy and effectiveness of the risk management and / or governance control framework;</li> <li>• the impact of weakness identified;</li> <li>• the level of risk exposure; and</li> <li>• the response to management actions raised and timeliness of actions taken.</li> </ul>

## APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK 2019/20

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.

Assignment – Cambridgeshire only	Assurance level	Actions agreed		
		L	M	H
Payroll & Expenses	Reasonable Assurance [●]	0	3	0
Constabulary Governance – Structure and Process	Reasonable Assurance [●]	1	2	0
Victim Satisfaction	Reasonable Assurance [●]	0	2	0
Budgetary Control	Substantial Assurance [●]	2	1	0
Capital Programme	Substantial Assurance [●]	1	0	0
Income & Debtors	Substantial Assurance [●]	0	1	0
Risk Management	Substantial Assurance [●]	0	0	0
Follow up	Follow up to confirm progress [●]	0	2	0

Assignment – Bedfordshire, Cambridgeshire & Hertfordshire	Assurance level	Actions agreed		
		L	M	H
Health and Safety (Lead Cambridgeshire)	No Assurance [●]	5	6	1
Procurement – Contract Management (Lead Cambridgeshire)	Partial Assurance [●]	1	6	1
Business Continuity Plan and IT Disaster Recovery (Lead Hertfordshire)	Reasonable Assurance [●]	0	4	0
Fraud Risk Assessment (Lead Hertfordshire)	Advisory [●]	No formal actions		
Health and Safety Follow Up (Lead Cambridgeshire)	Follow up to confirm progress [●]	1 added		
Benefits Realisation (Lead Bedfordshire)	Advisory [●]	0	1	0

# APPENDIX C: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the police and crime commissioner and chief constable can take:

	<p>Taking account of the issues identified, the police and crime commissioner and chief constable cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>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 chief constable can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>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 chief constable can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p> <p>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>

Taking account of the issues identified, the police and crime commissioner and chief constable can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

# YOUR INTERNAL AUDIT TEAM

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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 Office 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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