



POLICE AND CRIME COMMISSIONER FOR CAMBRIDGESHIRE AND CAMBRIDGESHIRE CONSTABULARY

Annual internal audit report 2020/21

21 April 2021

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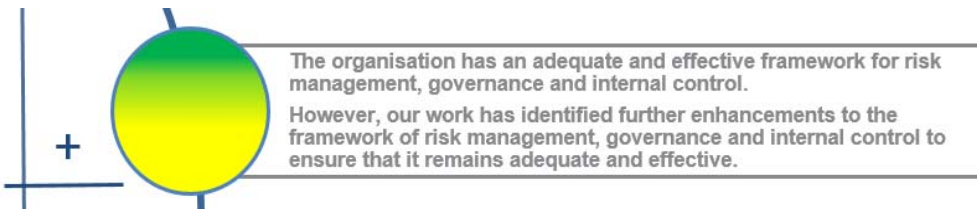
THE ANNUAL INTERNAL AUDIT OPINIONS

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

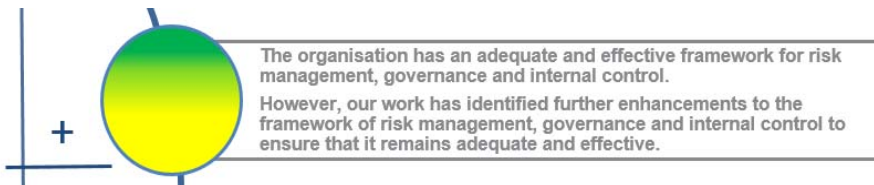
Police and Crime Commissioner for Cambridgeshire

For the 12 months ended 31 March 2021, 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 2021, 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.

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.

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 (JAC), 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 assurance framework. The assurance framework is 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 2020/21 has been undertaken through the substantial operational disruptions caused by the Covid-19 pandemic. In undertaking our audit work, we recognise that there has been a significant impact on both the operations of the organisation and its risk profile, and our annual opinion should be read in this context.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINIONS

Our Governance opinions have been informed specifically through our work around Business Planning & Project Management and the governance aspects of our work including Ethics and Culture. Our Risk Management opinions have specifically been informed by our risk-based audit approach whereby within individual audit assignments we review how effectively risks are being managed. The Bedfordshire, Cambridgeshire, Cambridgeshire (BCH) Risk Management review also informed our risk management opinions. We have also relied upon our attendance at all JAC meetings where risk registers and risk management issues are regularly discussed and presented.

Cambridgeshire Only

We issued three reports where we concluded that the organisations could take **substantial assurance**. These were:-

- **General Ledger**
- **Business Planning and Project Management**
- **Ethics and Culture**

The following reports we concluded the organisation could take **reasonable assurance**:

- **Cash, Bank & Treasury Management**
- **Payments and Creditors**
- **Payroll**

Collaborative Reports

We issued two collaborative reports where we concluded that the organisations could take substantial or reasonable assurance. These were:-

- **Health & Safety – Key Controls including Follow Up (Substantial Assurance)**
- **Procurement – 7 Force (Reasonable Assurance)**

We issued the following report where we concluded that the organisations had made poor progress (negative opinion) in implementing previously agreed actions:

Procurement BCH Follow up – Poor Progress

In our opinion the organisations had demonstrated **poor progress** in implementing the agreed management actions at the time of the audit. Although we noted progress within the new 7 Force service in implementing actions we were not able to perform any sample testing of transactions below the £50k threshold which are the responsibility of local teams, as systems were not in place to enable the monitoring of these contracts and thereby check compliance against the Financial Regulations.

Further to the above we completed advisory work in the following areas:

Risk Management (Advisory)

We found the systems and process to manage risk across BCH were robust and that each JAC, with the exception of Bedfordshire is receiving assurance on BCH risks and could take assurance on the process within each BCH collaborated portfolio. However, we did raise a concern on the reporting of risks relating to 7 Force collaboration. We also raised a concern in regard to assurances received by each JAC on 7 Force project and business as usual risks. Although reporting existed, there was a variable amount of information received by each JAC and therefore the reporting framework was not consistent.

Cloud Security (Advisory)

It was noted that whilst BCH had only recently started to adopt Cloud-based technologies, there were controls in place designed to reduce the risk that configurations and processes were inadequately set up. These included controls to benchmark against the NCSC's Cloud Security Guidelines by the Information Assurance Unit and segregation of duties for access controls.

However, we did identify opportunities for controls improvement. Whilst it should be noted that the focus of this audit was on Office 365 and Foreign Nationals system specifically, the actions highlighted in the report should be applied to new systems hosted in the Cloud (if applicable) as well to ensure that best practices are applied across all Cloud environments.

Occupational Health (Advisory)

Our review confirmed there was an effective governance structure at local and BCH levels with clear plans and a strategy. We also noted there was a clear team structure, policies and procedures and reporting of key performance indicators through the scorecard. In addition, we received positive responses to the questionnaire issued. We did however find a weakness in relation to reconciling performance data, due to the manual systems used to calculate performance and the lack of retained information supporting those calculations.

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 controls we consider that the issues identified above with collaborative BCH Procurement arrangements should be considered for inclusion in the annual governance statements.

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 2020/21.

Implementation of internal audit management actions

Taking account of the issues identified in our work, in our opinion Cambridgeshire Police and Crime Commissioner and Cambridgeshire Constabulary has demonstrated **reasonable** progress in implementing agreed management actions.

Of the 14 management actions raised, we identified:

- 11 management actions had been completed.
- Two were identified by management as in progress due to an upcoming change in the Victim Code of Practice requirements and we have agreed further actions in our report to complete these.
- One was identified as not implemented due to HR transformation, Uplift and PEQF, we have agreed an amended action.

The follow up report is currently in draft and subject to change prior to finalisation.

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 BCH 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 organisations where possible.
Webinar invitations	Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates. Examples include VAT, Employment Tax and Change Management.
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.
Emergency Services - benchmarking of internal audit findings 2019/20	We provided management with our annual Emergency Services - benchmarking of internal audit findings 2019/20, 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).
Issue of Emergency Services Briefings	The sector briefings provide both Management and JAC Members with an insight of key risks, issues and an update of any changes in sector requirements.
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) and Assurance Map 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. We also provide risk management software to the Constabulary.

All of the above work has been completed under a separate Letters of Engagement and has been independently undertaken by separate management teams and Partners, independent of the internal audit team. Therefore, we do not consider any conflicts of interests 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.

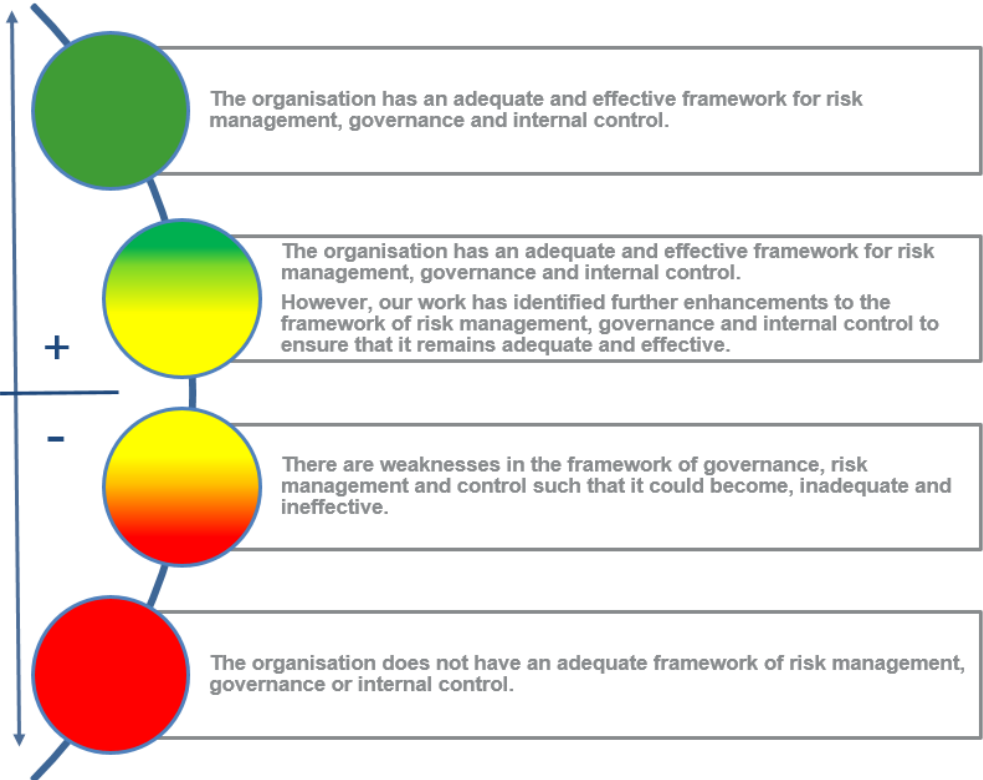
Quality assurance and continual improvement

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 opinion are:</p> <ul style="list-style-type: none"> • inherent risk in the area being audited; • limitations in the individual audit assignments; • the adequacy and effectiveness of the risk management and / or governance control framework; • the impact of weakness identified; • the level of risk exposure; and • the response to management actions raised and timeliness of actions taken.

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2020/21

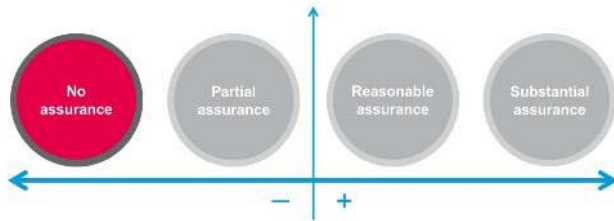
All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment – Cambridgeshire only	Assurance level	Actions agreed		
		L	M	H
Payments & Creditors	Reasonable Assurance [●]	0	1	0
Payroll	Reasonable Assurance [●]	4	3	0
Cash, Banking & Treasury Management	Reasonable Assurance [●]	4	2	0
Follow Up	Reasonable Progress [●]	0	3	0
Business Planning & Project Management	Substantial Assurance [●]	0	1	0
Ethics & Culture	Substantial Assurance [●]	0	1	0
General Ledger	Substantial Assurance [●]	0	0	0

Assignment – Collaborative including BCH	Assurance level	Actions agreed		
		L	M	H
Procurement – BCH (Lead Cambridgeshire)	Poor Progress [●]	1	3	1
Procurement – 7Force (Lead Essex)	Reasonable Assurance [●]	8	4	0
Health & Safety (Lead Bedfordshire)	Substantial Assurance [●]	4	0	0
Cloud Security (Lead Cambridgeshire)	Advisory [●]	2	5	0
Occupational Health (Lead Cambridgeshire)	Advisory [●]	0	1	0
Risk Management (Lead Bedfordshire)	Advisory [●]	2	5	0

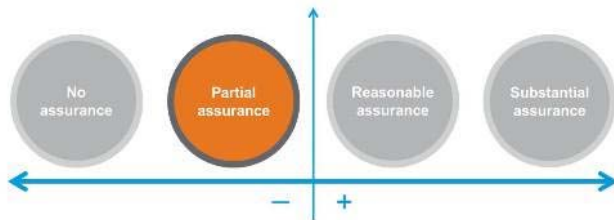
APPENDIX C: OPINION CLASSIFICATION

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:



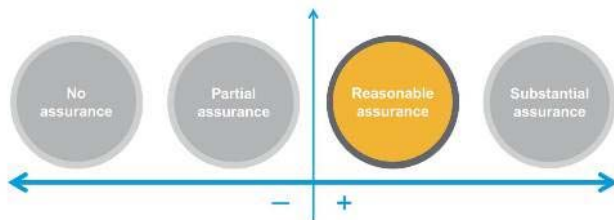
Taking account of the issues identified, the police and crime commissioner and chief constable cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



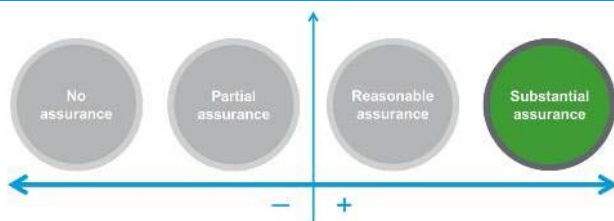
Taking account of the issues identified, the police and crime commissioner and chief constable can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



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.

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 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 Police and Crime Commissioner for Cambridgeshire and Cambridgeshire Chief Constable, 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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