



CHIEF CONSTABLE OF CLEVELAND POLICE

Annual Governance Assurance Assessment

FINAL

Internal Audit Report: 14.16/17

16 February 2017

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Final report issued	16 February 2017	Client sponsor	Graeme Slaughter, Chief Finance Officer
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1 EXECUTIVE SUMMARY

1.1 Background

We undertook a review of the annual governance assurance assessment process at the Force as part of the approved internal audit plan for 2016/17. There are 10 heads of service required to complete an annual governance assurance assessment for their service area. The assessment pro-forma for the year ending 31 March 2016 included 18 areas of assurance, and heads of service were required to state if each area was being achieved, partially achieved, or not achieved.

As part of our review, we interviewed five heads of service to determine if there was appropriate evidence in place to support their conclusions given in their annual governance assurance assessments, and if they had any improvement plans in place where there were any assurance areas that had been partially or not achieved.

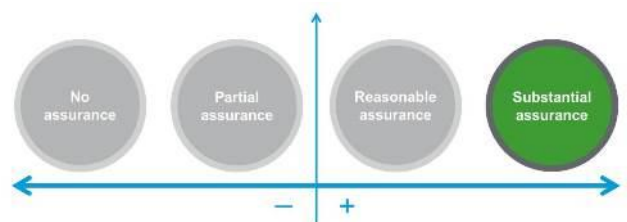
The areas of assurance detailed in the questionnaire are detailed in Appendix C of this report.

1.2 Conclusion

We confirmed through interview with the heads of service that they had sufficient knowledge of each assurance area and appropriate evidence to support their conclusions and comments for the sample of assurance areas we selected. However for three annual governance assurance assessments with none / partial achievement of areas of assurance, we found that although the heads of service knew the reasons for a 'not achieved' status, they did not have an improvement plan in place for any of these areas. As a result we have raised one low priority management action.

Internal Audit Opinion:

Taking account of the issues identified, the Chief Constable can take **substantial assurance** that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.



1.3 Key findings

Following discussions held with key staff and in conjunction with sample testing, we found that the following controls upon which the Chief Constable relies to manage the area were suitably designed and operating effectively:

- We confirmed for a sample of 18 areas of assurance that there was appropriate evidence to support the conclusions and comments the heads of service had made in their annual governance assurance assessments. Some of the areas of assurance in our sample included the partnership arrangements for each service area, effective service planning and delivery and the communication of roles and responsibilities, as well as others detailed in Appendix C of this report.
- Discussions with the heads of service found they were all confident that governance arrangements were embedded in their service areas. This was achieved through the meeting structures, promoting core values and codes of ethics downwards from strategic to operational levels and aligning objectives of personal development reviews.
- Where relevant, completion of the annual governance assurance assessments had included other relevant stakeholders within their area; however, four of the five heads of service had completed the assessments themselves and demonstrated in our interviews that they had sufficient knowledge to do so.

As part of the review, we agreed a low priority management action in relation to the following:

- Where annual governance assurance assessments had areas of assurance that were not achieved or were partially achieved no improvement plans had been implemented by the heads of service.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Assurance assessments	1 (4)	0 (4)	1	0	0
Total			1	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 ACTION PLAN

Categorisation of internal audit findings

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

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

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
Area: Assurance assessments					
1	When the completed annual governance assurance assessments had been received those areas identifying none or partial achievements were not followed up. As a result the heads of service had not produced an improvement plan to address these areas of none / partial achievement.	Low	Any common themes of none / partial achievement will be pulled out of the assessments to be addressed appropriately. Following receipt of the completed AGAS forms a quarterly prompt will be issued requesting an update on progress.	30 th June 2017 30 th September 2017	Executive Staff Officer Executive Staff Officer

3 DETAILED FINDINGS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
Area: Assurance assessments						
1	Improvement plans are in place to support none or partial achievement of the area of assurance identified in the annual governance assurance assessments.	No	-	<p>Annual governance assurance assessments for three of the heads of service that we interviewed had at least one none or partially achieved area of assurance. The service areas these related to were for the Business Transformation Unit, Finance and Neighbourhood Policing Command.</p> <p>Some of the 'none / partial achievement' of areas of assurance were Force wide issues. For example, the Force staffing levels or lack of a central inventory of capital assets, so an action plan produced by the heads of service would not have had an impact on the issue. For the staffing / resource level issue we confirmed through review of a staff e-newsletter that the Force had developed a local policing model to address this issue.</p> <p>Where there had been none / partial achievement of an area that was specific to a service area. We found the heads of service were aware of what the issues were and why the 'no / partial achievement' had occurred however they had not produced an improvement plan for the implementation of these actions.</p> <p>Discussions with the heads of service, and the Chief Finance Officer, found that when the annual governance assurance assessments had been received, those areas identifying none or partial achievements were not followed up.</p>	Low	<p>Any common themes of none / partial achievement will be pulled out of the assessments to be addressed appropriately.</p> <p>Following receipt of the completed AGAS forms a quarterly prompt will be issued requesting an update on progress.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
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By not following up areas of none or partial achievement with the heads of service there is a risk that appropriate remedial actions will not be implemented, which could ultimately impact on the governance statement if the none achievement became a significant issue.

APPENDIX A: SCOPE

Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. The scope was planned to provide assurance on the controls and mitigations in place relating to the following area:

Objective of the area under review

To ensure annual governance assurance assessments completed by heads of service are accurate and include improvement plans for areas of none or partial achievement.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

The heads of service are responsible for contributing to the effectiveness of the governance framework on annual basis through completion of an annual governance assurance assessment. Our review considered the following:

- Review of a sample of annual governance assurance assessment to confirm:
 - Appropriate evidence was in place to support the conclusions made by the heads of service.
 - Improvement plans were in place to support none or partial achievement of the area of assurance.
 - We interviewed the heads of service to ensure governance arrangements were embedded at the organisation.
 - Completion of the annual governance assurance assessment has included other relevant stakeholders other than the heads of service.

Limitations to the scope of the audit assignment:

- We did not review the Force's annual governance statement for appropriateness.
- We did not review the Force's corporate governance framework.
- We have not confirmed the annual governance assurance assessment includes all relevant questions.
- Testing was completed on a sample basis, so we have not commented on the quality of all returns made.
- Testing to source documentation was completed on a sample basis so we have not validated the accuracy of comments made.
- We have not confirmed improvement plans detailed in the heads of service annual governance assurance assessment will achieve the desired outcome.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Graeme Slaughter, Chief Finance Officer
- Peter McPhilips, Detective Chief Superintendent, Crime and Justice Command
- Mark Thornton, Superintendent, Business Transformation Unit
- Gordon Lang, Chief Superintendent, Neighbourhood Policing Command
- Joanne Gleeson, Head of Finance, Procurement & Fleet
- Brian Thomas, Head of Business Transformation Unit

Documentation reviewed during the audit:

- Annual governance assurance assessments
- Annual governance statement
- Cleveland and Durham Specialist Operations Unit Strategic Management open session meeting minutes
- Cleveland Police pension Management Board open session meeting minutes
- Tees Strategic Vulnerable, Exploited, Missing, Trafficked (VEMT) Group open session meeting minutes
- Prosecution Team Performance Management open session meeting minutes

APPENDIX C: AREAS OF ASSURANCE

1. Processes are in place to ensure there is compliance with the Joint Corporate Governance Framework.
2. Delegated roles and responsibilities are appropriately communicated within the department.
3. Processes are in place to ensure there is effective service planning with resources targeted to the Force's priorities.
4. Processes are in place to ensure there is effective management of service delivery.
5. Processes are in place to ensure stakeholder involvement and that internal / external customer feedback is sought and acted upon as appropriate.
6. There are effective performance management processes with accurate performance information generated, reported to relevant parties on a timely basis, with appropriate action taken to address performance issues.
7. There are well defined reporting arrangements to provide assurance to the Force Executive that the Force's priorities are being delivered and that key risks are being managed.
8. Management and staffing structures are clearly defined and controlled, and responsibilities including job descriptions are clearly established.
9. There is a workforce of sufficient number and competence to deliver the service.
10. Processes are in place to deter, prevent, detect, and therefore reduce the risk, of fraud and corruption.
11. There are effective financial planning and budgetary control procedures in place.
12. All expenditure transactions for your area of responsibility are made via approved processes and systems and properly authorised.
13. All income for your area of responsibility is properly collected, recorded, banked and monitored, with fees and charges etc. reviewed for appropriateness on a regular basis with levels properly approved.
14. Assets / equipment in your area of responsibility are recorded and safeguarded to protect against loss or unauthorised use.
15. Partnership arrangements for your area of responsibility are clearly defined and documented with appropriate governance arrangements and monitored for effectiveness.
16. ICT systems used by your area of responsibility are secure and satisfactory for their purpose.
17. Service continuity arrangements for your area of responsibility are in place and routinely reviewed and tested.
18. Risk management arrangements for your area of responsibility are in place and risk registers are routinely reviewed and updated.

FOR FURTHER INFORMATION CONTACT

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