



# THE POLICE AND CRIME COMMISSIONER FOR CLEVELAND AND THE CHIEF CONSTABLE OF CLEVELAND

[Annual internal audit report](#)

7 June 2021

This report is solely for the use of the persons to whom it is addressed.

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# THE ANNUAL INTERNAL AUDIT OPINIONS

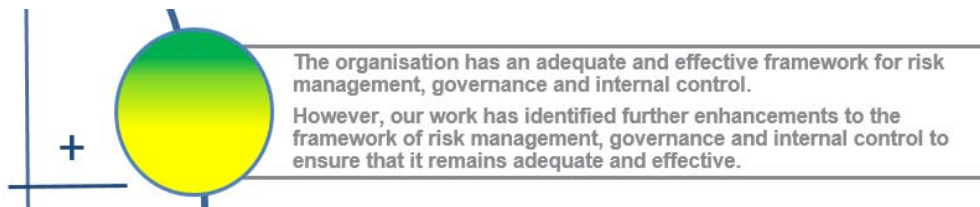
This report provides annual internal audit opinions, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisations' risk management, control and governance processes. The opinions should contribute to the organisations' annual governance reporting.

## The opinions

For the 12 months ended 31 March 2021, the Head of Internal Audit opinion for the Police and Crime Commissioner for Cleveland is as follows:



For the 12 months ended 31 March 2021, the Head of Internal Audit opinion for the Chief Constable of Cleveland is as follows:



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

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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 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:

- 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 Joint Audit Committee takes into account in making its 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 / lead individuals;
- 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 organisations and its risk profile, and our annual opinions should be read in this context.

# FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINIONS

Based on the work we have undertaken on the systems of governance, risk management and internal control across the organisations, our opinions on governance, risk management and control have been informed by the following:

## Governance

We did not perform a specific governance review at the organisations, our coverage in a number of audits considered various aspects of the governance frameworks in place, including the sufficiency of reporting for the following areas: Business Continuity Planning; Subject Access Requests; and HMICFRS: Recommendation Tracking. Each of the above reviews received a positive assurance opinion. We have therefore concluded that the governance arrangements in place, for the organisations, were adequate and effective.

## Risk

We reviewed the organisations' risk management arrangements and concluded that the Police and Crime Commissioner and Chief Constable can take **reasonable assurance** on this area. We confirmed the organisations have well-established control frameworks in place for risk management, but we agreed a number of management actions to strengthen the application of these controls.

In addition, our risk management opinions are also informed by the assessment of the risk mitigation procedures in place covered by our risk-based reviews in the following areas:

- Human Resources: Wellbeing (*Chief Constable's risk register, ref: 1439*);
- Commissioning (*Police and Crime Commissioner's risk register, ref: 1487*);
- Subject Access Requests (*Chief Constable's risk register, ref: 1552*); and
- Domestic Abuse (*Chief Constable's risk register, ref: 1569*).

The specific reviews (above) which are directly linked to the Police and Crime Commissioner's risk register and the Chief Constable's strategic / HMICFRS risk registers resulted in **three reasonable** assurance opinions (positive) and **one no assurance** opinion (negative).

We have also attended all Joint Audit Committee meetings throughout the year and confirmed the organisations' risk management arrangements continued to operate effectively and were adequately reported and scrutinised by committee members; with regular updates provided and the risk register shared and reviewed, with appropriate oversight.

## Control

We undertook 15 audits (including the four risk driven reviews mentioned above) of the control environment that resulted in formal assurance opinions. These 15 reviews concluded that **one no assurance** (negative) opinion, **two partial** (negative) **assurance** opinions, **seven reasonable** (positive) and **five substantial** (positive) **assurance** opinions could be taken by the Police and Crime Commissioner and / or the Chief Constable. The control framework needed to be strengthened significantly in the areas of Domestic Abuse, Overtime and ICT: Asset Management.

### Domestic Abuse Review (No Assurance)

Our review focussed on the ability of the Force to identify, at the first point of contact, victims of domestic abuse and ensure effective recording and a timely and effective response to the incident. This review was designed to include some of the findings from the Preventing Vulnerable People Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review. Our review identified four high and one medium priority actions to strengthen the control framework in place. It should be noted that following the RSM review, an Integrated Vulnerability Inspection review was undertaken by HMICFRS that confirmed some of the actions raised by the RSM review had been implemented; however, concerns in relation to safeguarding and vulnerability were raised, specifically in relation to children.

### Overtime (Partial Assurance)

Our review was undertaken as part of a wider 'Operation Sandy' review, which was being used to identify means to improve the quality, efficiency and the overall control level of the overtime framework. Our review highlighted the existing control framework required improvement, with both missing or partially missing controls identified. In addition to this, we identified that deviations from the stated controls that we considered were adequately designed. Our review identified six medium and two low priority actions to both strengthen the design and application of the organisation's control framework.

### ICT: Asset Management (Partial Assurance)

Our review was undertaken to provide assurance over the processes and controls in place for managing IT assets across the organisation. Our review highlighted the existing control framework required improvement, with both missing or partially missing controls identified. Our review identified one high, six medium and one low priority action to both strengthen the design and application of the organisation's control framework.

Furthermore, the implementation of agreed management actions agreed during the course of the year are an important contributing factor when assessing the overall opinion on control. We have performed two Follow Up reviews during the year which concluded **good progress** had been made towards the implementation of those actions agreed.

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 statement

We issued three partial (negative) assurance opinions in 2020/2021. The organisations should therefore consider the **no assurance** and **partial assurance** opinions given for Domestic Abuse, Overtime and ICT: Asset Management when completing their annual governance statements, together with any actions already taken and action planned by management to address the actions agreed.

During the delivery of the internal audit plan for 2020/21, the organisations were subject to a Integrated Vulnerability Inspection from the HMICFRS which identified the Force had made improvements in most areas relating to the protection of vulnerable people, including supporting victims of domestic abuse; however, vulnerability and safeguarding concerns were raised in relation to children. These concerns should also be considered when formulating the AGS.

The current COVID19 pandemic and its impact on the operations of the Force and PCC will also obviously need reflecting in the AGS.

# THE BASIS OF OUR INTERNAL AUDIT OPINIONS

As well as those headlines previously discussed, the following areas have helped to inform our opinion. 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

We have performed two follow up reviews to determine the organisations implementation of internal audit findings and we have reported that **good progress** had been made in implementing the agreed actions.

### Follow Up of Previous Internal Audit Recommendations: Visit 1

We followed up 22 actions reviewed, there were four medium and one low category agreed through RSM reports. We considered six Priority 2 and 11 Priority 3 actions raised by the previous internal audit provider. From the 22 actions considered as part of this review we have categorised 21 as implemented and one as superseded

We confirmed the organisations had demonstrated **good progress** towards implementing agreed management actions

### Follow Up of Previous Internal Audit Recommendations: Visit 2

We followed up 12 management actions as part of this review, the two management actions agreed with the previous provider were categorised as Priority 1 and 3. Of the remaining ten management actions agreed with RSM, these comprised of six medium and four low priority management actions. Through substantive testing, we confirmed 11 management actions had been fully implemented and one management action had been superseded

We confirmed the organisations had demonstrated **good progress** towards implementing agreed management actions.

## Working with other assurance providers

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

# OUR PERFORMANCE

## Wider value adding delivery

We have used subject matter experts to review the organisations arrangements for **Commissioning, Domestic Abuse** and **ICT: Asset Management**. We will continue to use subject matter experts when appropriate to ensure true value is added to the organisations.

As part of our client service commitment, during 2020/2021, we have issued two emergency services sector briefings within our progress reports presented to the JAC, detailed below. We will continue to share our briefings with you during 2021/2022.

Publication	Areas covered
Emergency Services – Sector Update: September 2020	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provide further insight into the following areas:</p> <ul style="list-style-type: none"><li>• Police to police collaborations;</li><li>• Police workforce statistics;</li><li>• State of policing;</li><li>• Police funding statistics; and</li><li>• An inspection of road policing.</li></ul>
Emergency Services – Sector Update: March 2021	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provide further insight into the following areas:</p> <ul style="list-style-type: none"><li>• Police supported with 6,620 extra officers and funding;</li><li>• An inspection of the effectiveness of the Regional Organised Crime Units;</li><li>• Police grants in England and Wales: 2021 to 2022;</li><li>• Police to receive £60m to support Covid-19 response;</li><li>• APCC business plan 2020/22; and</li><li>• Home Office evidence to the Police Remuneration Review Body.</li></ul>
Webinar invitations	<p>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.</p>

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.
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).
Managing risks in a changing environment - Analysis of Police Risk Registers	We have analysed 31 strategic risk registers, examining 461 individual risks in total. Our analysis is made up of risk registers from police forces, offices of the police and crime commissioner (OPCC) and police, fire and crime commissioners (PFCC). Our latest review identifies some persistent challenges, together with some new and emerging risk areas, particularly in relation to demand management, workforce planning and responding to the pandemic.

## Conflicts of interest

We provide the risk management software (Insight), to the Police and Crime Commissioner and the Chief Constable. We were also requested by the Police and Crime Commissioner to carry out a separate review of a commissioned service provider. All of this work has been completed under 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.

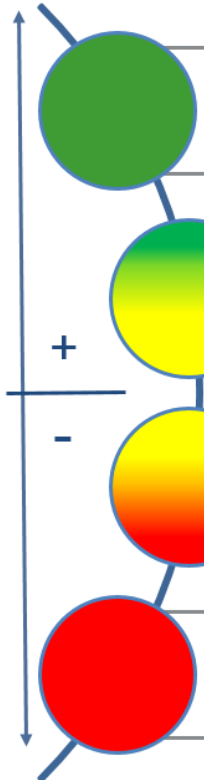
## Performance indicators

### Delivery

	Target	Actual		Target	Actual
Draft reports issued within 10 days of debrief meeting	10 days	9 days (average)	Conformance with IIA Standards	Yes	Yes
			Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	As and when required
Final report issued within 3 days of management response	3 days	1 day (average)	Response time for all general enquiries for assistance	2 working days	2 working days (average)
			Response for emergencies and potential fraud	1 working day	-


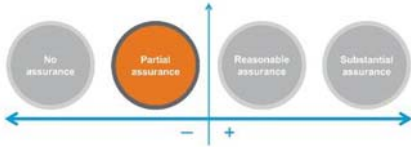
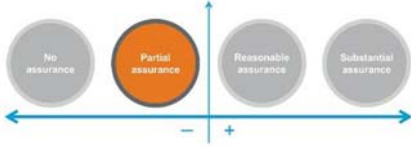


# APPENDIX A: ANNUAL OPINIONS

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.

Annual opinions	Factors influencing our opinions
 <p data-bbox="392 459 1176 587">The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <p data-bbox="392 651 1176 778">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 data-bbox="392 842 1176 970">There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> <p data-bbox="392 1034 1176 1161">The organisation does not have an adequate framework of risk management, governance or internal control.</p>	<p data-bbox="1198 406 2011 470">The factors which are considered when influencing our opinions are:</p> <ul data-bbox="1198 478 2011 798" 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 COMPLETED

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.

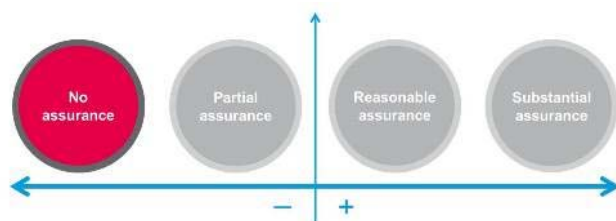
Assignment	Assurance level	Actions agreed		
		L	M	H
Domestic Abuse		0	1	4
Overtime		2	6	0
ICT: Asset Management		1	6	1
Risk Management		2	5	0
Subject Access Requests		0	4	1

Assignment	Assurance level	Actions agreed		
		L	M	H
Commissioning		0	3	0
Human Resources: Wellbeing		3	4	0
Automatic Number Plate Recognition (ANPR)		4	3	0
Positive Action (Workforce Representation, Attraction, Recruitment, Progression and Retention)		4	2	0
HMICFRS: Recommendation Tracking		0	2	0
Business Continuity Planning		3	1	0

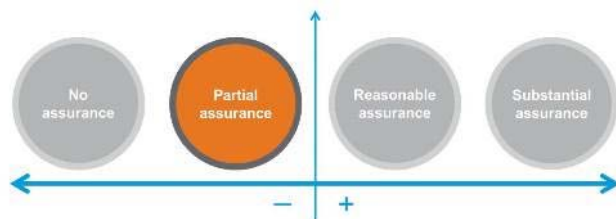
Assignment	Assurance level	Actions agreed		
		L	M	H
Purchases and Credit Cards		3	0	0
Key Financial Controls: General Ledger and Budgetary Control		0	0	0
Seized Exhibits		1	2	0
Payroll		2	0	0
Follow Up of Previous Internal Audit Recommendations: Visit 1	Good Progress	0	0	0
Follow Up of Previous Internal Audit Recommendations: Visit 2	Good Progress	0	0	0

## APPENDIX C: OPINION CLASSIFICATION

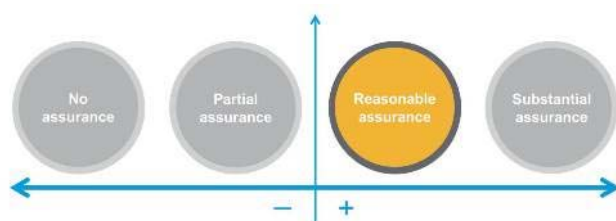
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Joint Audit Committee can take:



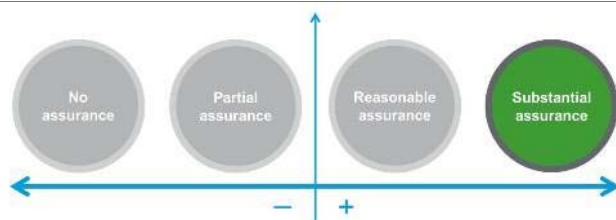
Taking account of the issues identified, the Police and Crime Commissioner for Cleveland and / or the Chief Constable of Cleveland **cannot take assurance** that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk.



Taking account of the issues identified, the Police and Crime Commissioner for Cleveland and / or the Chief Constable of Cleveland can take **partial assurance** that the controls upon which the organisations 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.



Taking account of the issues identified, the Police and Crime Commissioner for Cleveland and / or the Chief Constable of Cleveland can take **reasonable assurance** that the controls upon which the organisations 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.



Taking account of the issues identified, the Police and Crime Commissioner for Cleveland and / or the Chief Constable of Cleveland can take **substantial assurance** that the controls upon which the organisations 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 Cleveland and the Chief Constable of Cleveland**, 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.

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

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