



# The Police and Crime Commissioner for Cleveland and the Chief Constable of Cleveland

## Internal Audit Progress Report

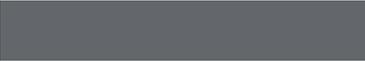
**27 June 2024**

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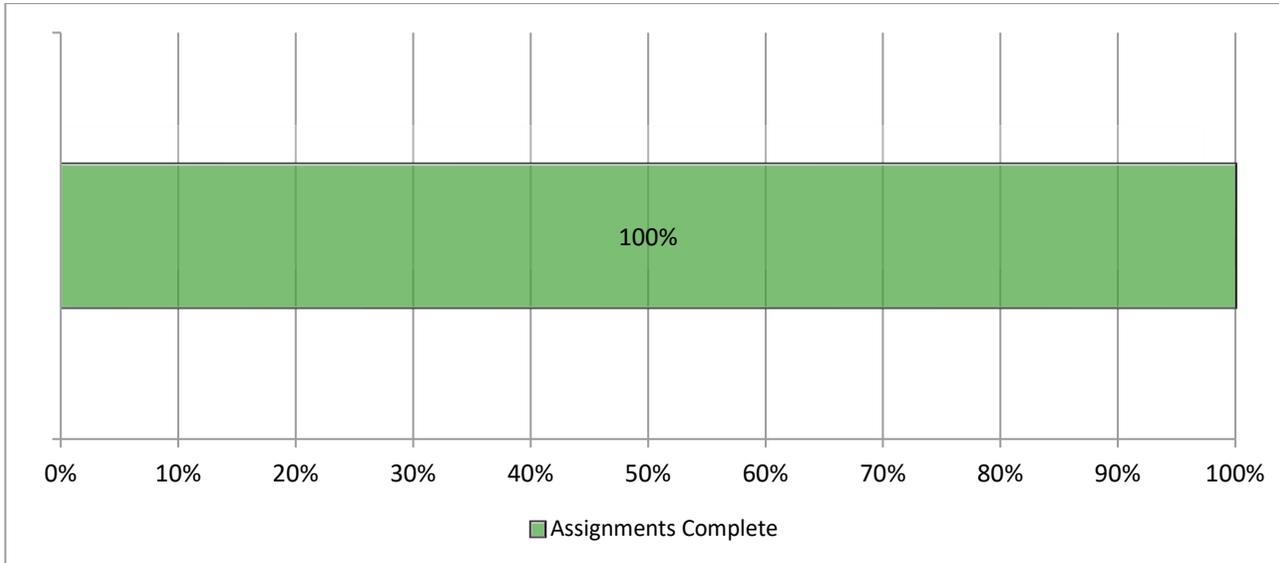
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# 1 Introduction

The internal audit plan for 2023/24 was approved by the Joint Audit Committee (JAC) at the 30 March 2023 meeting. We have worked closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs.

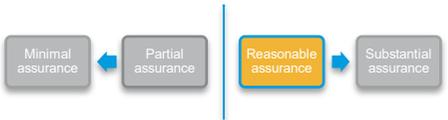
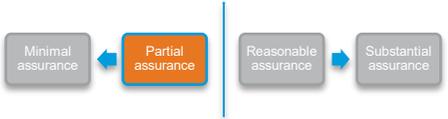
This report provides an update on progress against that plan and summarises the results of our work to date. The graphic below provides a summary update of the progress against the 2023/24 plan.



## 2 Reports

### 2.1 Summary of final reports being presented to this committee

This section summarises the reports that have been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p><b><u>Select Key IT Security Controls</u></b></p> <p><i>Risk reference: 1685</i></p> <p><u>Objective:</u> To provide assurance that the processes in place to manage cyber security risk are effective.</p>	<p><b>Reasonable Assurance</b></p> 	3	4	0
<p><b><u>Performance and Capability Management</u></b></p> <p><u>Objective:</u> To provide assurance on how the Force manages its performance management and capability management processes for officers, ensuring that processes adhere to the College of Policing guidance.</p>	<p><b>Partial Assurance</b></p> 	0	8	0

## Appendix A: Progress against the internal audit plan 2023/24

Assignment	Status / Opinion issued	Actions agreed			Target Joint Audit Committee	Actual Joint Audit Committee
		L	M	H		
<b>Final reports</b>						
Follow Up of Previous Internal Audit Management Actions: Visit 1	Reasonable progress [●]	2	2	0	September 2023	September 2023
Sickness Absence	Reasonable Assurance [●]	1	2	0	September 2023	September 2023
Overtime	Reasonable Assurance [●]	6	1	0	September 2023	September 2023
Vetting	Reasonable Assurance [●]	0	3	0	December 2023	December 2023
Police and Crime Plan	Reasonable Assurance [●]	3	3	0	December 2023	December 2023
HR - Training	Partial Assurance [●]	10	4	1	December 2023	December 2023
Ethical Standards	Substantial Assurance [●]	1	0	0	March 2024	March 2024
Victims' Code	Partial Assurance [●]	1	4	2	March 2024	March 2024
Data Quality: Monitor and Audit Compliance Against NCRS and HOCR	Substantial Assurance [●]	1	1	0	March 2024	March 2024
Seized Exhibits: Firearms and Bladed Articles	Minimal Assurance [●]	1	6	5	March 2024	March 2024



Assignment	Status / Opinion issued	Actions agreed			Target Joint Audit Committee	Actual Joint Audit Committee
		L	M	H		
Health and Safety	<b>Partial Assurance</b> [●]	5	0	2	March 2024	March 2024
Follow Up of Previous Internal Audit Management Actions: Visit 2	<b>Good progress</b> [●]	1	0	0	March 2024	March 2024
Selected Key IT Security Controls	<b>Reasonable Assurance</b> [●]	3	4	0	June 2024	June 2024
Performance and Capability Management	<b>Partial Assurance</b> [●]	0	8	0	June 2024	June 2024

## Appendix B: Progress against the internal audit plan 2024/25 <sup>1</sup>

Assignment	Status	Actions agreed			Target Joint Audit Committee	Actual Joint Audit Committee
		L	M	H		
Follow Up of Previous Internal Audit Management Actions: Visit 1	<b>Fieldwork complete</b>	-	-	-	September 2024	-
Complaints	<b>Fieldwork complete</b>	-	-	-	September 2024	-
Data Protection	Scheduled for week commencing 30 September 2024	-	-	-	December 2024	-
Key Financial Controls	Scheduled for week commencing 21 October 2024	-	-	-	December 2024	-
Business Continuity Planning	Scheduled for week commencing 21 October 2024	-	-	-	December 2024	-
Commissioning	Scheduled for week commencing 4 November 2024	-	-	-	March 2025	-
Contract Management	Scheduled for week commencing 9 December 2024	-	-	-	March 2025	-
Evidence Based Prosecution	Scheduled for week commencing 13 January 2025	-	-	-	March 2025	-

<sup>1</sup> The progress against the internal audit plan 2024/25 is accurate at the time of reporting on 21 June 2024.

Assignment	Status	Actions agreed			Target Joint Audit Committee	Actual Joint Audit Committee
		L	M	H		
Data Quality	Scheduled for week commencing 20 January 2025	-	-	-	March 2025	-
Follow Up of Previous Internal Audit Management Actions: Visit 2	Scheduled for week commencing 27 January 2025	-	-	-	March 2025	-
Seized Exhibits	Scheduled for week commencing 3 February 2025	-	-	-	June 2025	-
Vulnerability	Scheduled for week commencing 3 February 2025	-	-	-	June 2025	-
HR: Wellbeing Framework / Medical Retirement	Scheduled for week commencing 10 March 2025	-	-	-	June 2025	-
Out of Court Resolutions / Prevention Orders	Scheduled for week commencing 10 March 2025	-	-	-	June 2025	-
Integrated Offender Management (IOM)	Scheduled for week commencing 24 March 2025	-	-	-	June 2025	-

## Appendix C: Other matters

### Changes to the audit plan

We will work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in the current circumstances. Detailed below are the changes previously agreed (no further changes since the last meeting) to the audit plan:

Note	Auditable area	Reason for change
1	Seized Exhibits: Firearms and Bladed Articles ( <b>Reported to the JAC in June 2023</b> )	At the request of management, the review was deferred from the 2022/23 internal audit plan and instead included as part of the 2023/24 plan. The review was originally scheduled for week commencing 19 June 2023, with the target of being presented at the September 2023 JAC meeting. Management requested that the review will be moved to a later date.
2	HMICFRS: Recommendation Tracking ( <b>Reported to the JAC in December 2023</b> )	At the request of management, this review has been removed from the 2023/24 Internal Audit Plan.
3	Complaints ( <b>Reported to the JAC in December 2023</b> )	At the request of management, this review has been removed from the 2023/24 Internal Audit Plan.

### Head of Internal Audit Opinions 2023/24

The JAC should note that the assurances given in our audit assignments are included within our Annual Assurance report. The committee should note that any negative assurance opinions or advisory reviews with significant weaknesses will need to be noted in the annual reports and may result in qualified / negative annual opinions.

Please refer to our Annual Report on the agenda at today's meeting for our opinions for 2023/24.

## Appendix D: Key performance indicators (KPIs)

	Delivery		Quality		Target	Actual
	Target	Actual	Target	Actual		
Draft reports issued within 10 working days of debrief meeting	10 working days	11 working days (average)	Conformance with PSIAS and 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	Yes - as and when required	
Final report issued within working days of management response	3 working days	1 working 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	Not required to date in 23/24	



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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.

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# Global Internal Audit Standards

Key stakeholder requirements

May 2024

# Global Internal Audit Standards – key stakeholder requirements

The new Global Internal Audit Standards, at Domain III Governing the Internal Audit Function, sets out important ‘essential conditions’ for the board (or audit committee) and senior management. The essential conditions, when implemented enable the internal audit function to be effective. In this briefing, we look at the role of internal audit’s key stakeholders, the requirements of Domain III, and consider some key questions stakeholders should consider asking.

In line with the Standards, the head of internal audit (HoIA)<sup>1</sup> must meet with the board / audit committee<sup>2</sup> and senior management. Whilst the frequency and scope of meetings may vary to some degree, the discussion will focus on:

- the purpose of internal audit, as set out in Domain I of the Standards. The HoIA will communicate internal audit’s role in providing ‘independent, risk-based, objective assurance, advice, insight, and foresight’;
- informing the board / audit committee and senior management of their responsibilities, equipping them with the information needed to fulfil the essential conditions within Domain III; and
- the possible impact on internal audit’s effectiveness, and ability to undertake its role, should the support set out in the essential conditions not be provided.

Whilst the ‘requirements’ within Domain III are the responsibility of the HoIA, the essential conditions for boards / audit committees and senior management illustrate the need for effective communication. Internal audit has always needed the support of its key stakeholders, to ensure it is positioned independently, is sighted on key emerging risks and organisational challenges and can provide assurance where it is most needed and adds value. With Domain III the role of key stakeholders is now clearer in the Standards, which can only help to further the effectiveness of internal audit services.

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<sup>1</sup> Referred to as the chief audit executive (CAE) in the Standards.

<sup>2</sup> As the highest-level governing body with the responsibility to direct and/or oversee the organisation’s activities and hold management accountable, ‘Board’ refers to the audit committee (or equivalent), to which the governing body has delegated certain functions.

## Requirements and essential conditions for effective internal audit

Domain III encompassing Principles 6 to 8, includes nine Standards. These standards set the requirements for how the HoIA must support the board and senior management in performing oversight responsibilities that enable internal audit to be effective. It emphasises the board / audit committee’s critical activities, including establishing the internal audit function, ensuring it is positioned independently and overseeing performance. The HoIA’s communications with senior management is crucial for supporting the board to deliver its responsibilities and of course, provides internal audit with unique insight into the organisation.

### Domain III – Summary of key HoIA requirements and essential conditions for board / audit committee and senior management

Principle 6 Authorised by the board	Key requirements	Essential conditions	
<b>Standards</b> <ul style="list-style-type: none"> <li>6.1 Internal audit mandate</li> <li>6.2 Internal audit charter</li> <li>6.3 Board and senior management support</li> </ul>	<b>HoIA</b>  <ul style="list-style-type: none"> <li>Provide the board and senior management with information to establish the internal audit mandate, included in the charter.</li> <li>Develop, maintain and discuss the internal audit charter with the board and senior management.</li> <li>Coordinate communications and provide information to allow the board and senior management to support and promote internal audit within the organisation.</li> </ul>	<b>Board (audit committee)</b>  <ul style="list-style-type: none"> <li>Discuss internal audit’s role, authority and responsibilities.</li> <li>Discuss, review and approve the charter, including the mandate.</li> <li>Support and champion the mandate of internal audit, enabling it to fulfil its objectives, and working with senior management, enable unrestricted access to information and records.</li> <li>Support the HoIA through direct and regular communications.</li> </ul>	<b>Senior management</b>  <ul style="list-style-type: none"> <li>Share expectations of internal audit with the board as it approves the mandate. Senior management should support the mandate and promote the authority given to internal audit.</li> <li>Communicate management’s expectations to be considered for inclusion within the charter.</li> <li>Working with the board and management, enable internal audit to have unrestricted access.</li> </ul>

## Domain III – Summary of key HoIA requirements and essential conditions for board / audit committee and senior management

<b>Principle 7</b> Positioned independently	<b>Key requirements</b>	<b>Essential conditions</b>	
	HoIA 	Board (audit committee) 	Senior management 
<b>Standards</b> <ul style="list-style-type: none"> <li>7.1 Organizational independence</li> <li>7.2 Chief audit executive qualifications</li> </ul>	<ul style="list-style-type: none"> <li>At least annually, the HoIA must confirm internal audit's independence, confirming any incidence where independence may have been impaired.</li> <li>Any impairments within the HoIA's current or future proposed roles or responsibilities must also be communicated.</li> <li>Provide information to the board on the qualifications and competences of the internal audit function.</li> </ul>	<ul style="list-style-type: none"> <li>Establish and protect the internal audit function's independence and ensure a direct reporting relationship, allowing the HoIA to discuss sensitive or significant matters with the board without senior management.</li> <li>Engage with senior management to ensure safeguards are in place to ensure internal audit independence is not impaired.</li> <li>Appoint and remove the HoIA and support senior management with performance evaluation.</li> <li>Identify key competencies, experience and qualifications required and appoint a HoIA with the necessary prerequisites.</li> </ul>	<ul style="list-style-type: none"> <li>Position the HoIA at a level within the organisation that enables it to fulfil its role and services.</li> <li>Provide input to the board on appointment and removal of the HoIA and performance evaluation.</li> <li>Liaise with the board to understand the HoIA's qualifications, experience and professional competencies and enable HoIA appointment.</li> </ul>

**Domain III – Summary of key HoIA requirements and essential conditions for board / audit committee and senior management**

<b>Principle 8</b> Overseen by the board	<b>Key requirements</b>	<b>Essential conditions</b>	
	HoIA 	Board (audit committee) 	Senior management 
<b>Standards</b> <ul style="list-style-type: none"> <li>8.1 Board interaction</li> <li>8.2 Resources</li> <li>8.3 Quality</li> <li>8.4 External Quality Assessment</li> </ul>	<ul style="list-style-type: none"> <li>Provide information (including internal audit plan and updates, budget, and results of engagements) enabling the board to undertake its oversight responsibilities.</li> <li>Evaluate if internal audit resources are sufficient to deliver the internal audit plan and mandate. Where they are not, the HoIA communicates the strategy and impacts of insufficient resource to the board.</li> <li>A quality assurance and improvement programme (QAIP) covering external and internal assessments must be in place and the results communicated at least annually.</li> <li>An external quality assessment (EQA) must be discussed and undertaken once every five years.</li> </ul>	<ul style="list-style-type: none"> <li>Communicate with the HoIA to understand how internal audit is fulfilling its mandate and share information on the organisation’s strategies, risks and objectives.</li> <li>Understand the effectiveness of governance, risk management and internal control processes. The board should set the frequency of communications and the criteria for what should be escalated.</li> <li>In collaboration with senior management, ensure internal audit has the resource to fulfil the mandate and internal audit plan. At least annually, discuss with the HoIA whether internal audit resource is sufficient.</li> <li>Discuss the QAIP and assess the efficiency and effectiveness of internal audit, approving its performance objectives at least annually.</li> <li>Discuss the EQA with the HoIA and review results and assessment outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Communicate views on the organisation’s strategies, risks and objectives to help set internal audit priorities.</li> <li>Support the board to understand the effectiveness of the organisation’s governance, risk management and internal control and the process for escalation of significant matters.</li> <li>Engage with the board to provide internal audit with sufficient resources to fulfill the mandate and achieve the internal audit plan.</li> <li>Collaborate with the board on the assessment of internal audit.</li> <li>Review the results of the EQA and assessment outcomes.</li> </ul>



### Key questions client boards / audit committees should ask

- What enhancements are needed to the internal audit charter to incorporate the mandate and to address the changes in the Standards?
- What opportunities are the audit committee providing for the HoIA to report directly, including without senior management present? Is this opportunity provided at least annually?
- How is the audit committee communicating across functions and monitoring internal audit's effectiveness?

### Key questions client senior management should ask

- Has senior management received a resource plan and communication of any resource gaps from the HoIA?
- How is the senior management team communicating its perspective on organisational strategies, objectives, and risks to assist the HoIA when determining internal audit priorities?
- How is senior management working with the audit committee and HoIA to ensure there is a clear process of escalating matters of importance?

### Delivering quality internal audit services

The internal audit charter, which will incorporate the mandate, is included within our internal audit plan. It sets out the authority, role, responsibilities, scope and types of services to be provided by internal audit. Our reporting lines and organisational positioning are also included. The charter is to be approved by the audit committee at least annually. Through this means internal audit is authorised to undertake its work by qualified and competent internal auditors. For more information on internal audit effectiveness please see our Quality Assurance and Improvement Programme (QAIP) paper published in March 2024.

Open and frequent communication is key to effective collaboration and allows internal audit to add the most value. Where there are any changes that warrant discussion with the audit committee or senior management on internal audit's mandate the HoIA will communicate this matter.

Should you have any questions about the authority, role, responsibilities, and internal audit services please get in touch with your usual RSM contact.

## FURTHER INFORMATION

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