



THE POLICE AND CRIME COMMISSIONER FOR CLEVELAND

Commissioning

FINAL Internal Audit Report: 5.24/25

18 December 2024

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AUDIT OUTCOME OVERVIEW

In line with our scope, the overview of our findings is detailed below.

Background / Why we did the audit

As part of the approved internal audit plan for 2024/25, we have undertaken a review of the commissioning process which is based in the Office of the Police and Crime Commissioner (OPCC). The objective was to determine whether the OPCC has an appropriate and effective control framework in place to manage the commissioning process from the initial selection of partners all the way through to the monitoring of services provided against the grant agreement. We have also considered whether the control framework allows for the OPCC to determine whether commissioned services are achieving value for money and meeting agreed objectives.

An audit of the commissioning process was undertaken as part of the 2022/23 internal audit plan, resulting in a minimal assurance opinion and the agreement of four high, four medium and two low priority management actions. Given this, our audit has considered whether these actions have been implemented and whether improvements have been made to the commissioning process.

Commissioning is the responsibility of the OPCC and is has been led by the Temporary Head of Policy, Partnerships and Delivery between 5 February 2024 until 13 January 2025 when the Head of Policy, Partnerships and Delivery returns from Maternity Leave.

Conclusion: Our audit has identified that improvements have been made since the previous commissioning audit undertaken in 2022/23, though a small number of recurring discrepancies were identified that have not been resolved. We verified that governance documents (including a Commissioning Toolkit) are in place and clear reporting arrangements have been implemented. Monitoring of existing commissioning activities, including expenditure, is embedded and discussed on a regular basis at Contract and Grant Management meetings. A clear process for identifying and selecting providers has been implemented and is known by staff. However, our sample testing identified instances in which documentation (such as insurance documents and credit checks) were not on file and could pose a financial, reputational or legal risk. This was also an issue identified during the previous commissioning audit, though discrepancies identified during the 2024/25 commissioning audit were not as significant or widespread. As a result of our review, we have agreed **three medium** and **four low** priority management actions. It should be noted that two of the low priority management actions agreed are due to timing after the election of the new Commissioner in May 2024 and the creation of a new Police and Crime Plan.

Internal
audit
opinion:



¹ The term 'board' within the graphic above uses the terminology from the Global Internal Audit Standards.

Audit themes:

Our review identified the following issue resulting in the agreement of **three medium priority management actions**:

Insurance and safeguarding documentation

Our audit identified one instance of missing safeguarding documentation, and one instance of missing insurance documentation. We also noted that where insurance documentation was available (in 10 instances), the length of the insurance arrangements does not cover the full term of the contract for five samples. This could mean that insurance documentation on file for commissioned providers is out of date. In the instance of a claim against a provider, this could cause financial loss or legal risks or difficulties to the OPCC. **(Medium)**

Performance monitoring

For our sample of 15, we noted two instances in which performance reporting was not in place. If such documentation is not available and reviewed on a regular basis, there is a risk that underperformance could go unnoticed and undetected. **(Medium)**

Grant agreements

From our sample testing of 15 providers we identified three instances where the grant agreement on file had not been signed by all parties, and a further five instances where all parties had signed, but at least one had signed after the start date. If grant agreements are not up to date and signed by all parties prior to the start date, there is a risk that this could financial loss or legal difficulties in the event of a dispute. **(Medium)**

Details of the low priority management action agreed can be found under section two of this report.

We noted the following controls to be adequately designed and operating effectively:

Commissioning principles

We confirmed five commissioning principles are recorded within the Commissioning Toolkit, with a series of 10 principles included within the Commissioning Strategy covering 2022/23 – 2023/24). All principles align to the Police and Crime Plan's priorities, with a section within the Police and Crime Plan specifically covering commissioning and grants.

Commissioning Toolkit

We verified that a Commissioning Toolkit is in place and acts as the overarching policy for commissioning. We noted that this has been clearly communicated to staff involved in the commissioning process and was presented to the Senior Management Team at their monthly meeting in February 2024. The Commissioning Toolkit sets out the various processes and procedures as well as the roles and responsibilities for relevant staff.

Roles and responsibilities

The job profile for the Head of Policy, Partnerships and Delivery, the Policy, Partnerships and Delivery Manager and the Policy, Partnerships and Delivery Officer clearly state the responsibilities with respect to commissioning, and these align with details included within the Commissioning Toolkit. We identified no instances during our audit in which it was unclear on who was responsible for a certain process or area.

Tracker

A Commissioning Tracker is in place and used to track all current, completed and rejected commissioned activities. Details within the tracker include the total amount of funding for each activity, the start and end date for agreements and the due diligence work undertaken.

Decision Record Form (DRF)

DRFs are published online on the OPCC website and set out the details of the agreement. This includes the amount of funding and rationale for selecting the specific partner. Sample testing identified only two instances in which a DRF was not on file, though we have confirmed a full procurement exercise was undertaken instead. For the remaining DRFs that were completed, we confirmed all had been signed by a representative from the OPCC and the third-party provider.

Reporting

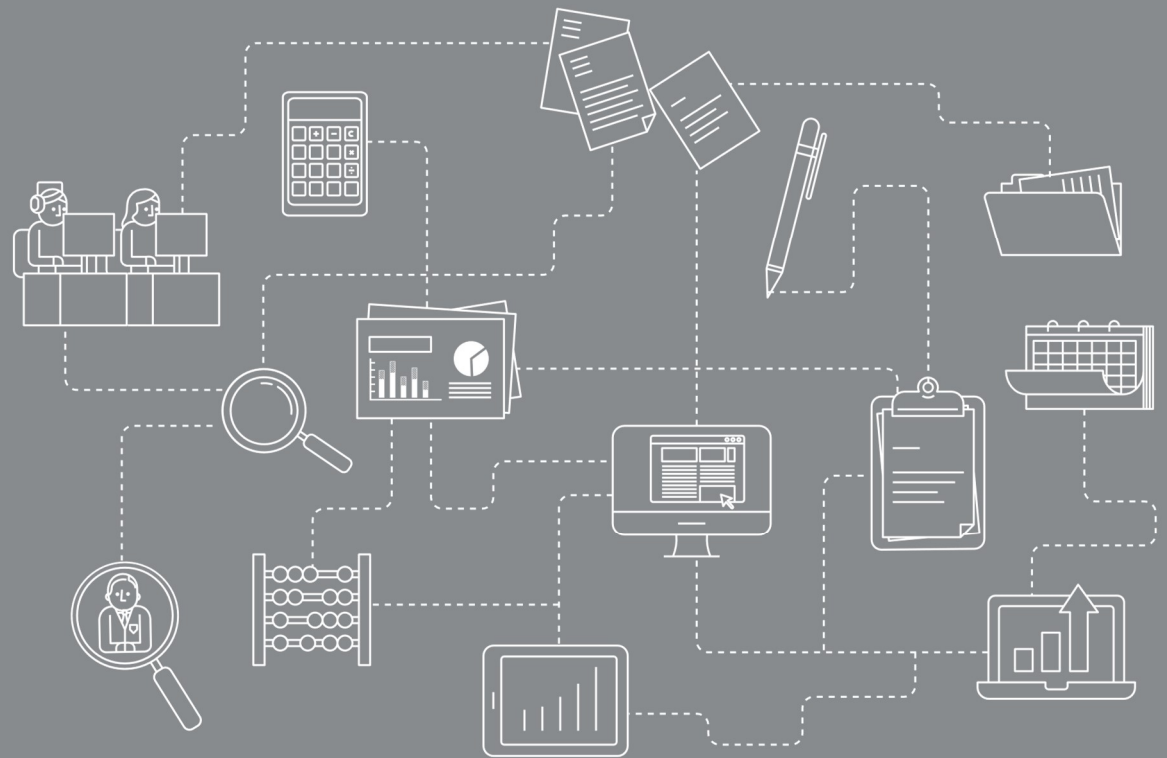
A quarterly Contract and Grant Management meeting is in place, chaired by the Temporary Head of Policy, Partnerships and Delivery, and attended by all staff involved within the commissioning process. Review of the agenda for the last three meetings confirmed discussion regarding commissioning is undertaken and involves all staff. We verified that a written update is provided to the PCC by the Temporary Head of Policy, Partnerships and Delivery following these meetings, though due to the recent election and the timings of the quarterly meeting, this has only been undertaken once.

Financial monitoring

Monthly meetings are in place between those responsible for the commissioning process and members of the Finance Team. A number of reports are provided by the Finance Team and discussed during these meetings, to ensure expenditure is fully monitored and any issues flagged.

Summary of Actions for Management

01



SUMMARY OF MANAGEMENT ACTIONS

The action priorities are defined as*:

High

Immediate management attention is necessary.

Medium

Timely management attention is necessary.

Low

There is scope for enhancing control or improving efficiency.

Ref	Action	Priority	Responsible Owner	Date
1	The updated Commissioning Strategy will be finalised, approved and published online.	Low	Head of Policy, Partnerships and Delivery	30 June 2025
2	An updated Delivery Plan and Performance Framework will be created and maintained following the approval of the new Police and Crime Plan.	Low	Head of Policy, Partnerships and Delivery	30 June 2025
3	Credit checks will be undertaken at a more regular frequency to allow for financial issues to be identified at an earlier stage. Alongside this, the CreditSafe system will be reviewed to determine whether automated updates can be provided.	Low	Head of Policy, Partnerships and Delivery	31 May 2025
4	Insurance documentation and safeguarding documentation will be retained on file for all required commissioned providers. The Commissioning Toolkit will be updated to set out any exceptions to due diligence checks such as insurance and safeguarding requirements. As well as this, Policy, Partnerships and Delivery Officers and CURV Partnership and Delivery Officers will be reminded that insurance documentation should be monitored on a regular basis, with any expired or due to expire queried with the provider to ensure up to date documentation is collected.	Medium	Head of Policy, Partnerships and Delivery	30 June 2025
5	Staff will be reminded that performance monitoring is required to be obtained and saved in a central location. Regular checks will be undertaken to identify any instances of non-compliance.	Medium	Head of Policy, Partnerships and Delivery	31 May 2025
6	Staff will be reminded that all grant agreements must be signed and saved centrally prior to the beginning of any services. All grant agreements that have not been signed will be located and any still outstanding will be signed.	Medium	Head of Policy, Partnerships and Delivery	31 May 2025
7	The updated approved signatories list will be located and saved centrally.	Low	Head of Policy, Partnerships and Delivery	31 May 2025

* Refer to Appendix A for more detail

Detailed Findings and Actions

02



DETAILED FINDINGS AND ACTIONS

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 audit testing undertaken.

Risk Reference: 1487 (PCC)

Control	<p>A Commissioning Strategy is in place setting out the approach to managing commissioning arrangements and how this should be governed.</p> <p>The Commissioning Strategy is reviewed on an annual basis and made available online to the public.</p>	<p>Assessment:</p> <p>Design ✓</p> <p>Compliance ×</p>
Findings / Implications	<p>We confirmed a Commissioning Strategy is in place although this only covered the 2022/23 - 2023/24 period. The Temporary Head of Policy, Partnerships and Delivery confirmed that an updated Commissioning Strategy is currently in the process of being produced, though this has been on hold due to the election of a new Police and Crime Commissioner in May 2024 and the creation of the Commissioner's Police and Crime Plan and as such the team are working with the previous strategy. As commissioning is based on the content and objectives set out within the Police and Crime Plan, an updated Commissioning Strategy cannot be produced until the plan has been approved and published.</p> <p>The Temporary Head of Policy, Partnerships and Delivery confirmed that the updated Police and Crime Plan is in draft though will be presented to the Police and Crime Panel in November 2024 where it can be formally approved. Once complete, the updated Commissioning Strategy can then be produced, approved and published.</p> <p>As an updated Commissioning Strategy is not yet in place, our testing has used a combination of the existing Commissioning Strategy (covering the 2022/23 - 2023/24 period) and the updated, draft Commissioning Strategy. However, if an updated Commissioning Strategy is not in place, there is a risk that commissioning may not be undertaken in-line with the Police and Crime Plan and objectives set by the new Police and Crime Commissioner.</p> <p>From review of the existing Commissioning Strategy (covering the 2022/23 - 2023/24 period), we confirmed that, amongst other areas, this sets out:</p> <ul style="list-style-type: none"> the goals and objectives of commissioning services; the funding available for commissioning services; the principles and processes to identify appropriate services; and the commissioning priorities for the period. <p>We confirmed the Commissioning Strategy is available online on the Police and Crime Commissioner's website and is therefore available to staff and the public.</p>	
Management Action 1	The updated Commissioning Strategy will be finalised, approved and published online.	<p>Responsible Owner: Head of Policy, Partnerships and Delivery</p> <p>Date: 30 June 2025</p> <p>Priority: Low</p>

Risk Reference: 1487 (PCC)

Control	The Police and Crime Plan sets out priorities and objectives. The Police and Crime Plan Performance Framework is used to track commissioning work undertaken for each objective and priority, as well as the performance measures for each piece of commissioned work.	Assessment:		
	A Delivery Plan is used to track commissioning activities against Police and Crime Plan objectives.	Design	✓	
		Compliance	✕	
Findings / Implications	We confirmed that a Police and Crime Plan - Delivery Plan document is in place covering April 2023 - June 2024. An up to date version has not yet been created as explained above. As such, we have only tested objectives and deliverables against the existing plan. If an updated Delivery Plan is not in place, there is a risk that commissioning may not align with the Police and Crime Plan.			
	We confirmed that there are 10 tabs within the Delivery Plan, with each directly aligning to the 10-point plan within the current Police and Crime Plan. Each tab within the Delivery Plan sets out the work undertaken (including any commissioning work) that supports the point, with quarterly updates provided for each. We reviewed each tab and confirmed that there are at least six areas for each, with reference to commissioning activities clearly recorded.			
	We confirmed a Police and Crime Plan Performance Framework is in place, though noted that this primarily focuses more on Force performance metrics rather than commissioning activities. Similarly to the Delivery Plan, we identified that an updated version will be produced following the approval of the new Police and Crime Plan.			
	We verified that an Annual Report has been produced covering the 2023-2024 financial year, and outlines the work undertaken (with a focus on the commissioning activities) to meet the priorities and objectives set out within the Police and Crime Plan.			
Management Action 2	An updated Delivery Plan and Performance Framework will be created and maintained following the approval of the new Police and Crime Plan.	Responsible Owner: Head of Policy, Partnerships and Delivery	Date: 30 June 2025	Priority: Low

Risk Reference: 1487 (PCC)

Control	Due diligence checks are completed for all commissioning partners.	Assessment:	
	Due diligence checks involve a credit check, recording and maintaining insurance documentation and completion of safeguarding documents (where appropriate).	Design	✓
		Compliance	×
Findings / Implications	Credit checks		
	From our sample of 15 providers, we identified:		
	<ul style="list-style-type: none">evidence of credit checks were on file for six;evidence was not provided for three sets of commissioned services; and		

Risk Reference: 1487 (PCC)

- for the remaining six providers, we identified that credit checks were not required as the provider was a Government entity or local authority, with three of the six samples covering one-off payments.

For the six instances where credit checks were on file, we confirmed they had been completed prior to the start date of the contract, though five were dated more than a year ago. All five of these commissioned services are currently still live and are due to expire in December 2024 or March 2025, meaning that ongoing credit checks have not been completed. The Temporary Head of Policy, Partnerships and Delivery noted that whilst credit checks are completed at the onset of the grant agreement or contract, they are not undertaken on a recurring and regular basis. However, it was noted that funding is paid out three months in arrears, meaning providers are not paid until work is completed. Furthermore, performance reporting is also used to ensure organisations are completing the contracted work and, if there were any issues with the financial stability of a provider, this would be identified by Policy, Partnerships and Delivery Officers. If ongoing credit checks are not undertaken, there is a risk that organisations that receive funding could enter into financial difficulties which the OPCC may not be aware of. This could result in funding not providing value for money or commissioned services expected by the OPCC.

Insurance documentation

From our sample of 15 providers, we identified:

- evidence of insurance was on file in 10 instances;
- evidence was not provided for one commissioned service;
- in one instance we confirmed that insurance was not available as the third party has self-insured. We verified that an email trail confirming this is available and includes review by both a Risk and Insurance Manager and a Solicitor employed by the Force; and
- for the remaining three, insurance documentation was not required as these were one-off payments to a Government entity.

For the 10 instances in which insurance is available, we did note that the length of the insurance does not cover the full term of the contract in five instances. For example, one of our samples has an end date of December 2024 but insurance on file expired in March 2024. As such, insurance documentation on file is out of date. If insurance documentation is not on file or it is not in-date, there is a risk of financial loss if providers do not have valid insurance and a claim is made.

Safeguarding documentation

From our sample of 15 providers, we identified:

- evidence of safeguarding arrangements (such as a Safeguarding Policy) was on file in nine instances;
- evidence was not provided for one commissioned service; and
- in the remaining five instances, safeguarding documentation was not required due to the nature of services provided.

If safeguarding documentation is not on file for commissioned services, there is a risk that third parties receiving funding may not have the appropriate governance and safeguarding arrangements in place to effectively deal with a safeguarding incident. This could cause reputational or financial damage in a scenario in which a funded provider fails to deal with a safeguarding problem effectively.

Risk Reference: 1487 (PCC)**Commissioning Toolkit**

We noted that within the Commissioning Toolkit, there are no exceptions listed for due diligence checks other than credit checks not required for expenditure less than £5,000. However, our sample testing identified numerous instances in which credit checks, insurance documents and safeguarding documents were not on file and an appropriate rationale was provided. For instance, credit checks were not required for Government entities.

Updating the Commissioning Toolkit to set out any exceptions would allow for a clear process to be undertaken and remove any doubt from those responsible for due diligence checks as to whether they are required. If this process is not clear, there is the risk that a consistent approach may not be in place and due diligence checks may not have been completed where required.

Management Action 3	Credit checks will be undertaken at a more regular frequency to allow for financial issues to be identified at an earlier stage. Alongside this, the CreditSafe system will be reviewed to determine whether automated updates can be provided.	Responsible Owner: Head of Policy, Partnerships and Delivery	Date: 31 May 2025	Priority: Low
Management Action 4	Insurance documentation and safeguarding documentation will be retained on file for all required commissioned providers. The Commissioning Toolkit will be updated to set out any exceptions to due diligence checks such as insurance and safeguarding requirements. As well as this, Policy, Partnerships and Delivery Officers and CURV Partnership and Delivery Officers will be reminded that insurance documentation should be monitored on a regular basis, with any expired or due to expire queried with the provider to ensure up to date documentation is collected.	Responsible Owner: Head of Policy, Partnerships and Delivery	Date: 30 June 2025	Priority: Medium

Risk Reference: 1487 (PCC)

Control	Performance reporting is set out within contracts and grant agreements. This reporting is undertaken by the provider and reviewed by the Policy, Partnerships and Delivery Officers. Any areas of non-compliance are flagged with the service provider before being discussed internally.	Assessment: Design ✓ Compliance ×
Findings / Implications	We confirmed that grant agreements clearly specify the reporting arrangements that are required to be adhered to including the frequency and any specific metrics. For our sample of 15 commissioned activities, we identified: <ul style="list-style-type: none"> performance monitoring is in place for 11 providers and we confirmed this aligned with the requirements set out within the grant agreement; for two providers reporting was not yet due as they are relatively new agreements; and for two providers performance reporting could not be located. 	

Risk Reference: 1487 (PCC)

If regular reporting is not on file when required, there is a risk that underperformance could go unnoticed resulting in a lack of value for money and failure to achieve commissioning goals and objectives.

We confirmed that performance reporting is the main method used to track provider alignment against the grant agreement outcomes and objectives, with any instances of underperformance or non-compliance discussed directly with the partner contact. An example was provided whereby underperformance has been monitored and raised with the commissioned partner, and we confirmed that significant contact was made to rectify the issue including additional performance meetings and even a staff member shadowing the services being provided.

Management Action 5	Staff will be reminded that performance monitoring is required to be obtained and saved in a central location. Regular checks will be undertaken to identify any instances of non-compliance.	Responsible Owner: Head of Policy, Partnerships and Delivery	Date: 31 May 2025	Priority: Medium
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Risk Reference: 1487 (PCC)

Control	All contracts and grant agreements are signed prior to the start date and funding payments made. Agreements valued at less than £50,000 are signed by the Temporary Head of Policy, Partnerships and Delivery. Agreements exceeding £50,000 are signed by the CFO (OPCC).	Assessment: Design ✓ Compliance ×
Findings / Implications	For a sample of 15 providers, we confirmed a contract or grant agreement was in place for all but one sample. For the remaining provider, we noted this was for a payment to Crimestoppers, a national scheme, and is covered by the OPCC's annual budget. Upon review of the 14 contracts or grant agreements on file, we identified all but one had been signed. The Temporary Head of Policy, Partnerships and Delivery was unable to locate the signed copy of this final grant agreement, though a number of emails have been provided showing management were aware of and approved the grant agreement, albeit a signed copy is not available. For the 14 contracts or grant agreements, we also noted that two were not signed by the third party receiving the funding. If grant agreements are not signed, there is a risk that this could cause financial loss or legal problems in the event of a dispute. We confirmed all 13 had been signed by either the: <ul style="list-style-type: none">• Head of Policy, Partnerships and Delivery;• Temporary Head of Policy, Partnerships and Delivery;• OPCC CFO; or• the Commissioning and Procurement Manager.	

Risk Reference: 1487 (PCC)

The Temporary Head of Policy, Partnerships and Delivery explained that the PCC is not required to sign the grant agreements and contracts as they are required to approve the decision record form (DRF) prior to the contract. As such, signing of contracts has been delegated to the Head of Policy, Partnerships and Delivery and the OPCC CFO.

We requested a copy of the approved signatories list to confirm those authorised to approve. This was also an action agreed during our previous audit. However, whilst there was confirmation that the signatories list had been updated, a copy of this could not be located.

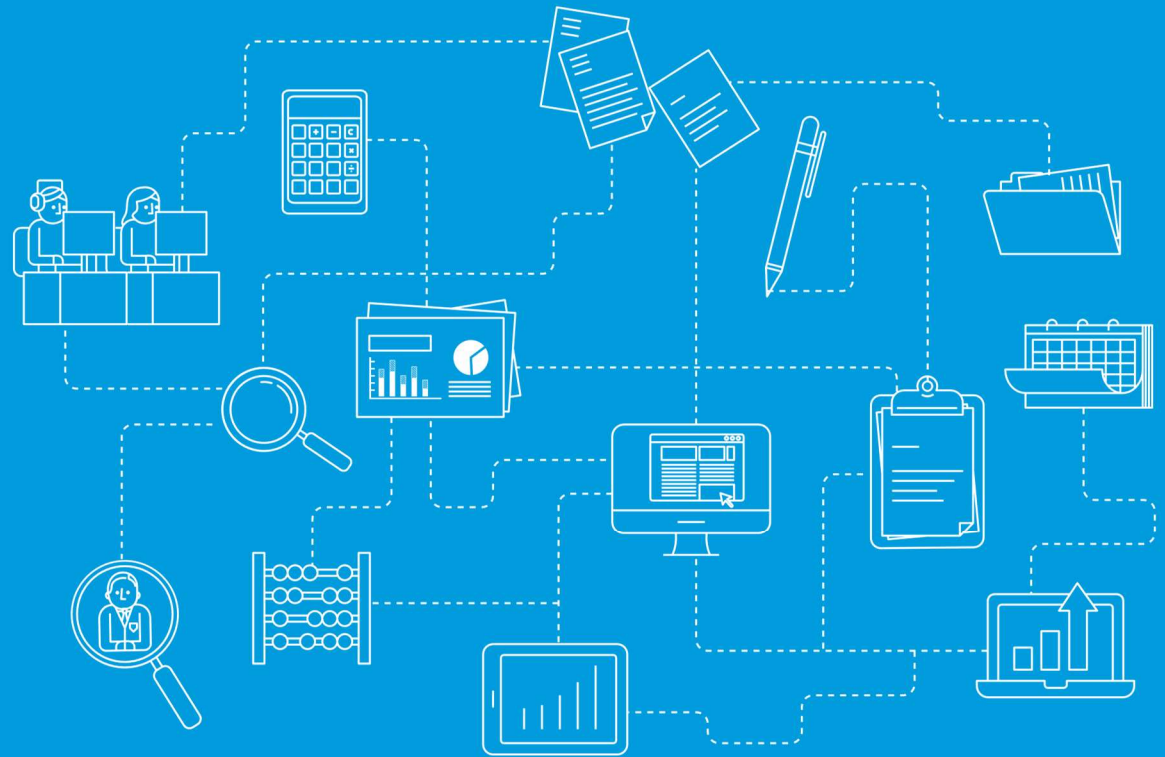
From review of the dates for when the contract or grant agreement was signed for each of the 14 samples, we noted:

- five were signed by both parties before the start date;
- one was signed by both parties on the same day as the start date;
- two had been signed by both parties after the start date;
- two had been signed by the third party after the start date;
- one had been signed by the OPCC after the start date;
- two were signed by the OPCC after the start date and had not been signed by the third party; and
- one had not been signed by the OPCC.

Management Action 6	Staff will be reminded that all grant agreements must be signed and saved centrally prior to the beginning of any services. All grant agreements that have not been signed will be located and any still outstanding will be signed.	Responsible Owner: Head of Policy, Partnerships and Delivery	Date: 31 May 2025	Priority: Medium
Management Action 7	The updated approved signatories list will be located and saved centrally.	Responsible Owner: Head of Policy, Partnerships and Delivery	Date: 31 May 2025	Priority: Low

Appendices

03



APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Low

There is scope for enhancing control or improving efficiency.

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 following table highlights the number and categories of management actions made as a result of this audit.

Risk	Control design not effective*	Non-compliance with controls*	Agreed actions		
			Low	Medium	High
Risk Reference: 1487: Commissioning of services	0 (15)	5** (15)	4	3	0
Total			4	3	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.

** More than one management action raised against one control.

Debrief held 28 November 2024
Draft report issued 4 December 2024
Responses received 18 December 2024

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Final report issued 18 December 2024

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