



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

Draft Annual internal audit report for the year ended 31 March 2026

5 June 2026

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

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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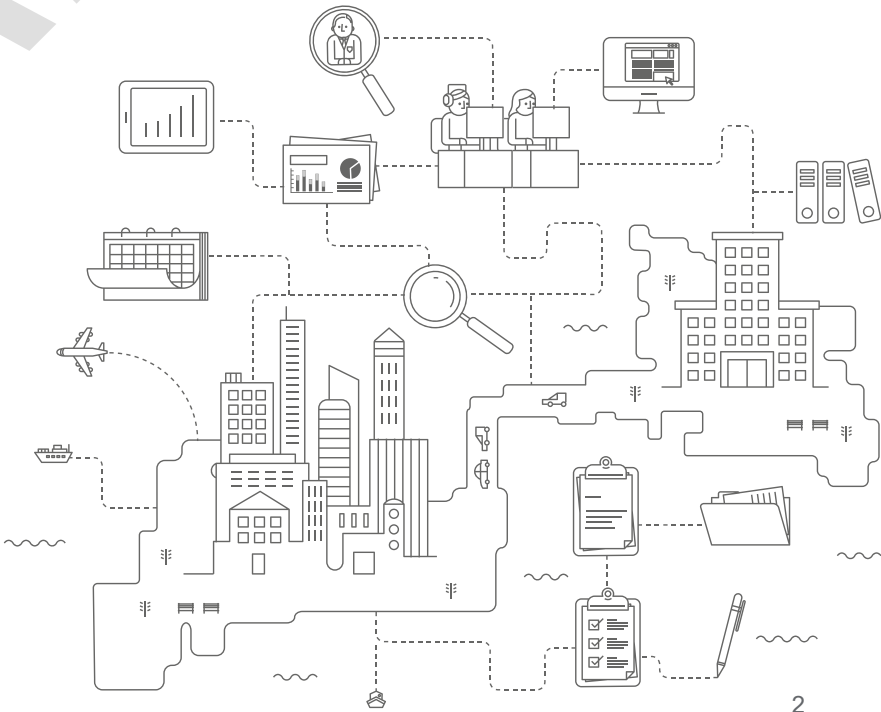
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THE DRAFT ANNUAL INTERNAL AUDIT OPINIONS

The annual internal audit opinions are based upon, and limited to, the work performed on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. For the year ended 31 March 2026, the head of internal audit opinion for Police and Crime Commissioner for Cleveland is:

Annual opinion

Factors influencing our opinion



The organisation does not have an adequate framework of governance, risk management or internal control.



There are weaknesses in the framework of governance, risk management and internal control such that it could become inadequate and ineffective.



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.

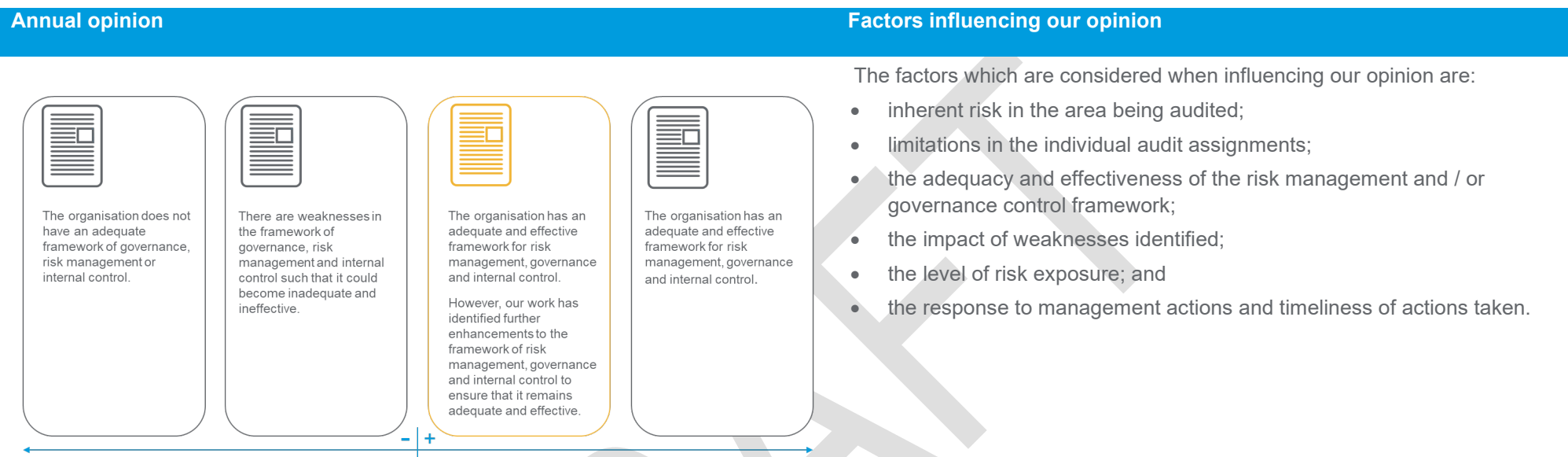


The organisation has an adequate and effective framework for risk management, governance and internal control.

The factors which are considered when influencing our opinion are:

- 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 weaknesses identified;
- the level of risk exposure; and
- the response to management actions and timeliness of actions taken.

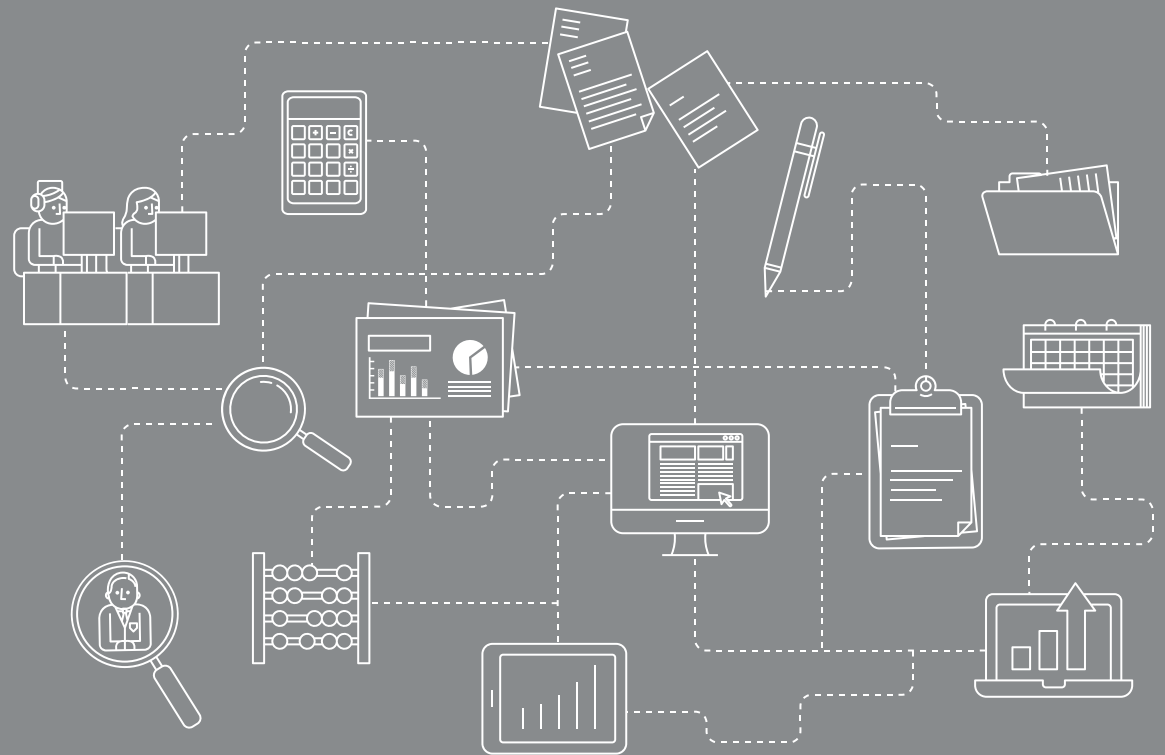
For the year ended 31 March 2026 the head of internal audit opinion for the Chief Constable of Cleveland is as follows:



It remains management's responsibility to develop and maintain a sound system of risk management, internal control, governance and for the prevention and detection of errors, loss or fraud. The work of internal audit is not and should not be seen as a substitute for management responsibility around the design and effective operation of these systems.

Scope and Limitations

01



1 SCOPE AND LIMITATIONS OF OUR WORK

The formation of our draft 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 frameworks are one component that the corporations sole take into account in preparing the annual governance statements (AGS).
- The opinions are based on the findings and conclusions of the agreed work which was limited to the area under review and agreed with management / lead individual(s).
- 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.
- The matters highlighted in this report represent only the issues we encountered during our work. It is not an exhaustive list of all weaknesses or potential improvements. Management remains responsible for maintaining a robust system of internal controls, and our work should not be the sole basis for identifying all strengths and weaknesses.
- This report is prepared solely for the use of the accountable officer and senior management of the Police and Crime Commissioner for Cleveland, Cleveland Police and the JAC.
- At the beginning of the year, we have in recent years agreed an internal audit plan which is over-subscribed with ideas for internal audit reviews. We have agreed a half year review (and as needed throughout the year) to formally consider the audit priorities, any emerging risks, HMICFRS inspection results etc with the Chief Finance Officer (Commissioner) and Director of Finance and Assets (Force) to ensure the remaining audits still reflect the risk profile of the organisations.

Informing Our Opinions

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2 FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINIONS

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

Governance	Risk Management	Internal Control
We did not perform a specific governance review at the organisations in 2025/26. However, we have covered elements of the governance frameworks in place for a number of our reviews and have used this work to support our governance opinions, notably for: • Equality & Diversity; • Financial Planning; • Human Resources; • Legal Litigation; and • Vulnerability.	We performed a specific risk management review at the Force in 2025/26 for which substantial assurance could be taken. Additionally, our risk management opinions were informed by the assessment of the risk mitigation controls and compliance with those controls in our risk-based reviews, driven from your risk registers, in the following areas: • Financial Planning (risk SR9 and 1632) • Vetting (risk SR43) • Human Resources (risk SR42) • Firearms Licensing (risk SR45) • Management of IT Assets / Licensing (risk SR38) • Fraud Arrangements (risk 1628), specifically on the OPCC. We have also attended all JAC meetings throughout the year and confirmed both organisation's risk management arrangements continued to operate effectively and were adequately reported to and scrutinised by committee members; with regular updates provided and the risk register shared, reviewed and challenged where appropriate, with appropriate oversight.	We have undertaken 15 audits (including the risk driven reviews mentioned) of the control environment, with 11 resulting in formal assurance opinions. These reviews concluded that the organisations could take: • one partial assurance (negative), • four reasonable assurance (positive), and; • six substantial assurance (positive) opinions. Furthermore, we also undertook two follow up reviews which assessed how well the organisations have implemented previously agreed management actions from our work. We issued two good progress opinions in relation to our Follow Up visits. We also undertook two advisory reviews (Fraud Arrangements and Vulnerability). These reviews did identify a number of issues and resulted in the agreement of three high, five medium and five low priority management actions.

As well as the headline findings discussed above, the following areas have helped to inform our opinions. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix A.

Culture, including Engagement with Internal Audit - During the year there has been a positive level of engagement by management and staff. Prior to and during our reviews, management have been engaged and proactive and we have held regular catch ups. Responses to our audit queries, along with documentation, have mostly been provided in a timely manner. In addition, management have continued to ensure that we have been able to undertake and complete our work through onsite/remote working mechanisms where necessary.

Partial Assurance reviews

Management of IT Assets / Licensing

Our review has found that the Force has implemented some key controls in the management of IT assets and licensing. The Force demonstrates a structured approach to asset planning, aligned with strategic objectives and supported by the Digital Policing Strategy and Asset Management Process. Planning documentation incorporates lifecycle management, governance frameworks, and stakeholder engagement. Asset procurement and management activities are governed by formal structures, including oversight from the Force Change and Innovation Board. These processes are conducted in accordance with the Financial Regulations outlined in the Corporate Governance Framework 2025, which define delegated limits, approval thresholds, and procedures for procurement and contract management.

However, we have identified several areas requiring improvement to strengthen the Force's management of IT assets and licensing. Specifically, there is no defined procedure and policy documentation for managing software, licences, and digital assets. We found 365 mobile devices that were non-compliant within Microsoft Intune. We noted there are incomplete data assets within both the hardware and software asset registers, and there is also missing ownership information. In addition, whilst operational processes are in place for issuing and retrieving IT assets for new starters and leavers, such as the use of starters and leavers checklists, the Force does not have a documented joiners and movers procedure or a formal asset disposal policy despite disposal procedures being in place, including data sanitisation, physical destruction, and recycling. There is also no formalised process for monitoring licence usage and compliance. As a result, we have agreed, six medium, and two low priority actions.

Advisory reviews

We also undertook two advisory audits which did identify some high priority findings and actions. The reviews were on Fraud Arrangements and Vulnerability, and resulted in the agreement of three high, five medium and five low priority management actions.

Failure to Prevent Fraud Review (3 high, 2 medium and four low priority management actions)

The objective of this review was to work with the Force to provide a high-level action plan of the steps needed to progress the fraud risk framework currently in place to meet the requirements of the new corporate liability offence of Failure to Prevent Fraud (FTPF) within the Economic Crime and Corporate Transparency Act 2023 (ECCTA). As this is a relatively new legislation, this advisory review was providing support on establishing greater governance, risk management and internal control in this area. Key themes where we agreed actions were in the top level commitment, a fraud risk assessment (two high actions), and communications and monitoring.

Vulnerability (one high, three medium and one low priority management actions)

The Force were part way through implementing a number of previous actions/changes and only a handful of plans being developed were up and running. Therefore, this review was agreed to provide direction and input on the implementation and embedding of these plans. Key themes where we agreed actions were the use of Power BI dashboards (the one high action, to give greater trend analysis), agreeing the remainder of the plans and strengthening responsibilities.

As well as the headline findings discussed above, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix A.



Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2025/26. Three reports remain in draft.



Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place. During the year progress has been reported to the Joint Audit Committee, with the validation of the action status confirmed by internal audit.

Our two follow up visits, covering the actions agreed to address previous years' internal audit findings shows that the organisations had made **good progress** in implementing the agreed actions.



Working with other assurance providers

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



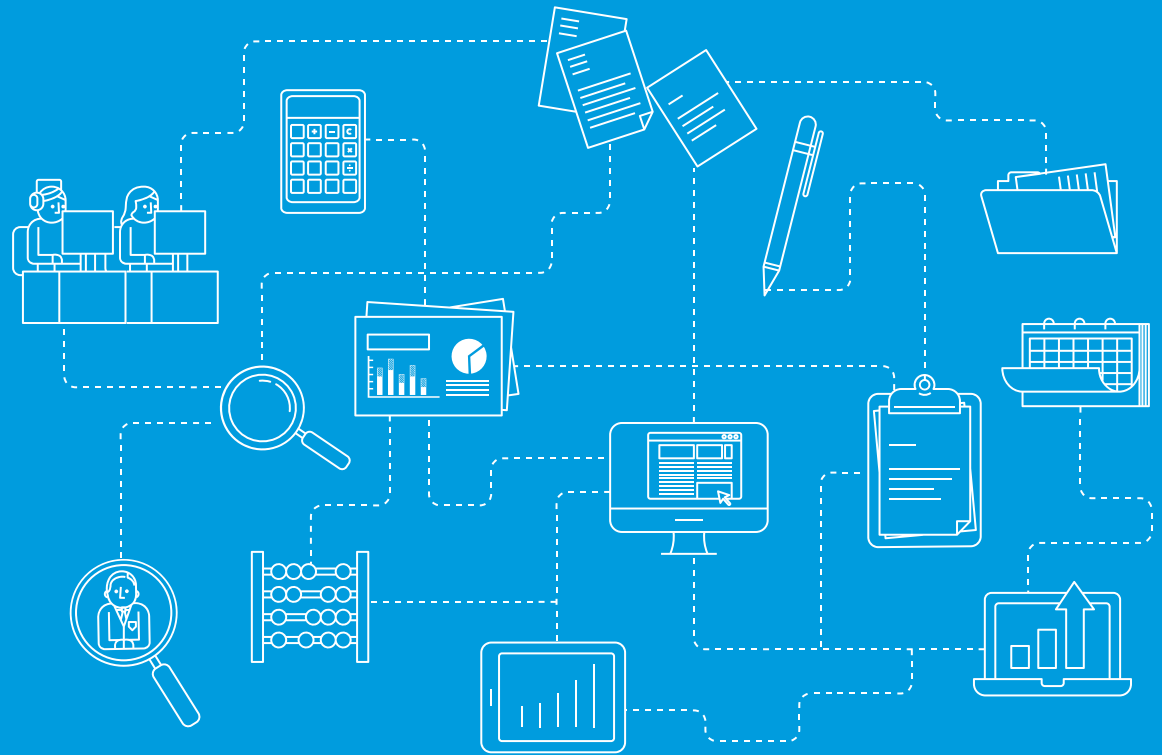
Topics judged relevant for consideration as part of the annual governance statement

We have issued one partial assurance (negative) opinion in 2025/26. The organisations should therefore consider the partial assurance opinion for the Management of IT Assets / Licensing, when completing their annual governance statements, together with any actions already taken and action planned by management to address the actions agreed.

In addition, emerging Local Government Reform presents a future risk with potential implications for governance structures, accountability arrangements and partnership working. Whilst this does not directly affect the 2025/26 head of internal audit opinions, it will require proactive oversight and clear transition planning to manage governance complexity and maintain effective controls as reforms progress.

Our Performance

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3.1 Wider value adding delivery

We have used subject matter experts to deliver some of our work in 2025/26 (for example, Management of IT Assets / Licensing and Fraud Arrangements). We will continue to use subject matter experts when appropriate to ensure true value is added to the organisations. Further examples of added value are shown below:

Area of work	How has this added value?
Emergency Services benchmarking of internal audit findings 2024/25	This paper provided a benchmark for our individual clients, allowing for self-assessment against all of our emergency services clients. At the assignment level, benchmarking provided: • a comparison against the numbers of actions agreed; • the assurance opinions provided across the sector in our client base; • a summary of the key areas where high internal audit management actions were agreed; and • a comparison of Head of Internal Audit (HOIA) opinions.
Issue of Emergency Services and general briefings	In our regular news briefings, we drew attention to some of the key developments and publications in the sector, such as the government white paper on police reform; police misconduct; police workforce statistics; the annual assessment of policing and other key topical areas.
Driving value from Artificial Intelligence (AI)	This briefing outlined a business value-driven approach to AI, emphasising the development of responsible AI principles, data governance, and AI use case prioritisation. It highlighted the importance of AI governance, including policies, standards, and risk management, to ensure AI systems are fair, transparent, and ethical.
Employment Rights Bill	We provided an update on the Government's amendments to the Employment Rights Bill which has passed through the House of Commons and at the time was awaiting the final stage of scrutiny from the House of Lords.
Procurement Act Briefing	We have circulated a paper which provided key information on the new Procurement Act and how organisations can ensure that they are ready for the new Act.
Failure to Prevent Fraud Briefing	This briefing provided guidance on the government issued guidance on the new corporate offence of failure to prevent fraud.
The NED Network	The role of the Non-Executive Director is crucial. Whilst not typically involved in the day-to-day operations of a firm, they should be influencing policy, culture and accountability. RSM launched The NED network to help non-executive directors stay abreast of key issues, networking with peers and share ideas. Non-executive directors are invited to join free of charge. We have delivered an annual programme of events, along with supporting insights, articles and blogs designed specifically for our NED community.
Police Audit Group Conference	Members of the internal audit team attended the annual Police Audit Group Conference and ad-hoc meetings throughout the year to share knowledge and best practice, including audit planning processes and key risks facing the sector such as AI.
Sector Experience	We have also made suggestions throughout our audit reports based on our knowledge and experience in the emergency services sector to provide areas for consideration.
Emerging Risk Radar	The emerging risk radar is based on 129 survey responses from board members and professional advisors from across all industries and highlights key emerging risks and emerging risk considerations. This is provided on a biannual basis.
Attendance at JAC	We have attended every JAC throughout the year to present our papers and contribute to the wider agenda items as required.

3.2 Conflicts of interest

We provide the risk management software (Insight), to the Police and Crime Commissioner and the Chief Constable. Our 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. Internal audit remains independent and there have been no threats to our independence when delivering the audit plan during 2025/26.

3.3 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Global Internal Audit Standards in the UK Public Sector. Our next external quality assessment (EQA) will take place in 2026.

Under the Standards, internal audit services are required to have an EQA every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

3.4 Quality assurance and continual improvement

To ensure that RSM remains compliant with the GIAS 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.

As part of the Quality Assessment and Improvement Programme, none of your files were selected for Internal Quality Monitoring programme during 2025/26. From the results of the reviews undertaken across our client base, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

3.5 Performance indicators

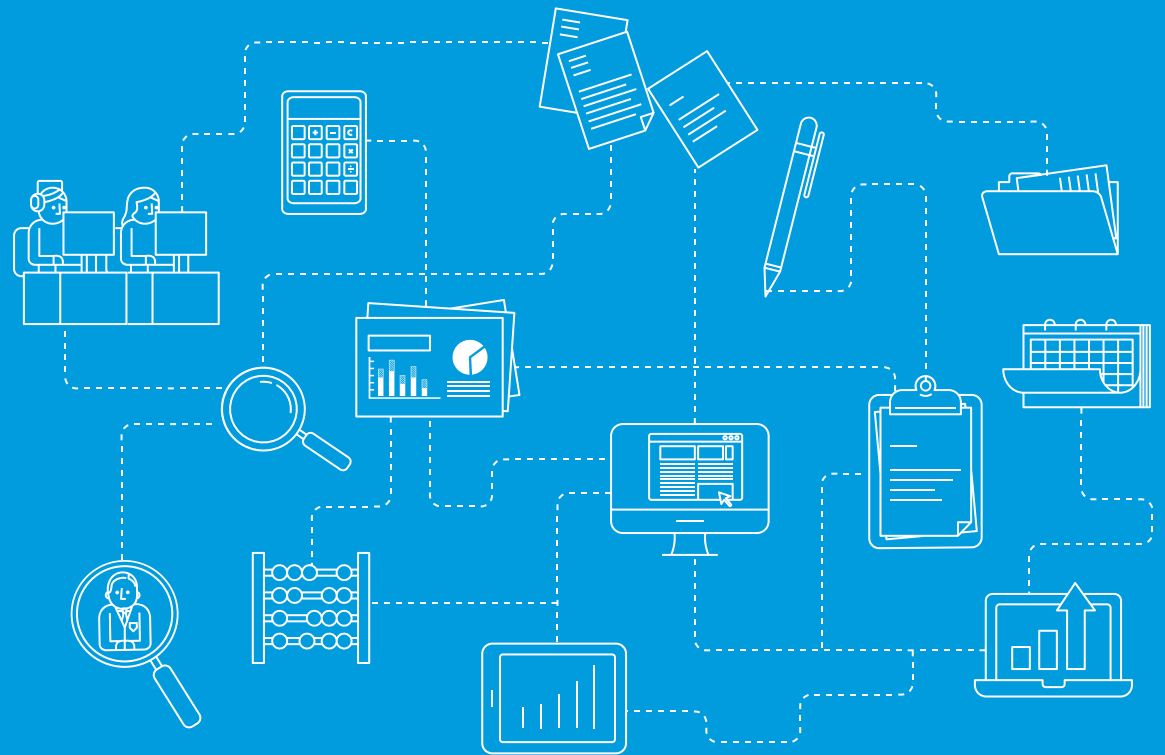
	Delivery				Quality		
	Target	Actual	Notes*		Target	Actual	Notes*
Audits commenced in line with original timescales*	Yes	Yes		Conformance with the Global Internal Audit Standards in the UK Public Sector	Yes	Yes	
Draft reports issued within 10 days of debrief meeting	10 days	10.6 days average		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes	
Final report issued within 3 days of management response	3 days	1.7 days average		Response time for all general enquiries for assistance	2 working days	2 working days	
				Response for emergencies and potential fraud	1 working day	1 working day	

Notes

* This takes into account changes agreed by management and the Joint Audit Committee during the year. Through employing an agile or a flexible approach to our service delivery we are able to respond to your assurance needs.

Appendices

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APPENDIX A: SUMMARY OF INTERNAL AUDIT WORK COMPLETED

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

Assignment	Executive lead	Status / Opinion issued	Actions agreed			
			A	L	M	H
Management of Assets / Licensing	Assistant Chief Officer	Partial Assurance	0	2	6	0
Vetting	Assistant Chief Officer	Reasonable Assurance	1	1	2	0
Firearms Licensing	Assistant Chief Constable Crime and Safeguarding, Director of Intelligence	Reasonable Assurance	0	1	1	0
Key Financial Controls – Procurement	Assistant Chief Officer	Reasonable Assurance	0	1	3	0
Out of Court Resolutions	Assistant Chief Officer	Reasonable Assurance*	0	1	2	1
Equality and Diversity	Head of People and Development	Substantial Assurance	2	0	0	0
Financial Planning	Assistant Chief Officer, PCC Chief Finance Officer	Substantial Assurance	0	0	0	0
HMICFRS: Tracking and Monitoring	Assistant Chief Officer	Substantial Assurance	0	0	0	0
Human Resources: Recruitment and Selection including Progression and Promotion	Head of People & Development	Substantial Assurance	1	0	0	0
Legal Litigation	Assistant Chief Officer, PCC Chief Finance Officer	Substantial Assurance	0	3	0	0
Risk Management	Assistant Chief Officer	Substantial Assurance	0	1	0	0
Fraud Arrangements	PCC Chief Finance Officer	Advisory*	0	4	2	3
Vulnerability	Assistant Chief Officer	Advisory	0	1	3	1
Follow Up of Previous Internal Audit Management Actions – Visit 1	Assistant Chief Officer HMIC Liaison Officer	Good Progress	2	1	0	0
Follow Up of Previous Internal Audit Management Actions – Visit 2	Assistant Chief Officer HMIC Liaison Officer	Good Progress*	0	1	0	0
Contract Management	Assistant Chief Officer	Deferred to 2026/27	0	0	0	0

*In draft at the time of issue of this annual report.

APPENDIX B: OPINION CLASSIFICATION

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



Minimal Assurance

Taking account of the issues identified, the board 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).



Partial Assurance

Taking account of the issues identified, the board 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).



Reasonable Assurance

Taking account of the issues identified, the board 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).



Substantial Assurance

Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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FOR FURTHER INFORMATION CONTACT



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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 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 UK 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 UK 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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