



# POLICE AND CRIME COMMISSIONER FOR CAMBRIDGESHIRE AND CAMBRIDGESHIRE CONSTABULARY

**Annual Internal Audit Report 2016/17**

**May 2017**

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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. Management actions for improvements should be assessed by you for their full impact before they are implemented. 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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RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

# 1 THE HEAD OF INTERNAL AUDIT OPINIONS

In accordance with Public Sector Internal Audit Standards, the head of internal audit is required to provide annual opinions to the Police and Crime Commissioner and Chief Constable, 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 statements.

## 1.1 The opinions

### Police and Crime Commissioner

For the 12 months ended 31 March 2017, the head of internal audit opinion for Cambridgeshire Police and Crime Commissioner is as follows:

#### Police and Crime Commissioner Head of internal audit opinion 2016/17

**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.**

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### Chief Constable

For the 12 months ended 31 March 2017, the head of internal audit opinion for the Cambridgeshire Police Chief Constable is as follows:

#### Chief Constable Head of internal audit opinion 2016/17

**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.**

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

## 1.2 Scope of our work

The formation of our opinions are achieved through a risk-based plan of work, agreed with management and approved by the Joint Audit Committee (JAC), which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinions do not imply that internal audit has 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 and risk register. As such, the assurance framework and risk register are just one component that the Corporations Sole takes into account in making their annual governance statements (AGS).

## **1.3 Factors and findings which have informed our opinions**

### **Governance**

Our Cambridgeshire only review of governance focused on Compliance with the Delivering Governance in Local Government Framework within the Office of the Police and Crime Commissioner (OPCC) and the Force and we concluded with a substantial assurance opinion to both the OPCC and the Force.

Our Bedfordshire, Cambridgeshire and Hertfordshire (BCH) collaborative governance review focused on the governance structures in place including arrangements for change management and benefits realisation. This review concluded with a partial assurance opinion over the arrangements in place and identified a number of actions for improvement. Following our review management also commissioned a further review by an External Consultant to take this area forward.

### **Risk Management**

Our audits of Risk Management within the OPCC and Force included a review of the Risk Register update, review, monitoring and reporting. These both concluded with a substantial assurance opinion.

In addition, we undertook a review of the BCH collaboration risk management arrangements and this audit concluded with a substantial assurance opinion.

### **Control**

We have undertaken seven Cambridgeshire specific assurance reviews (excluding governance and risk management), that contributed to the control opinions. Four of these audits concluded with substantial assurance opinions and three concluded with reasonable assurance.

Eight further reviews were also undertaken in relation to Collaboration activity across BCH, of these two concluded with substantial assurance, four with reasonable assurance and one with partial assurance. The partial assurance opinion was in the area of Health and Safety, and weaknesses included non-compliance within the individual Forces in relation to completion and evidence of risk assessments, inspections, investigation of potential health and safety incidents, annual reporting and the clarity of the governance arrangements.

Our follow up of the actions agreed to address previous years' internal audit findings shows that the organisations had made reasonable progress in implementing the agreed actions. However, our Collaborative Follow Up review identified that Little Progress had been made to implement the agreed actions across Bedfordshire, Cambridgeshire and Hertfordshire.

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

## **1.4 Topics judged relevant for consideration as part of the annual governance statements**

The OPCC and Cambridgeshire Constabulary should consider the areas set out above whereby partial assurance was given over the control framework for the BCH reviews on Governance and Health and Safety when completing their annual governance statements and also any subsequent action taken by management to address the weaknesses identified.

In addition, further sector reviews have found weaknesses across other Police forces on collaborative assurances, and assurance around wider collaboration is another area for consideration for the annual governance statements.

## 2 THE BASIS OF OUR INTERNAL AUDIT OPINIONS

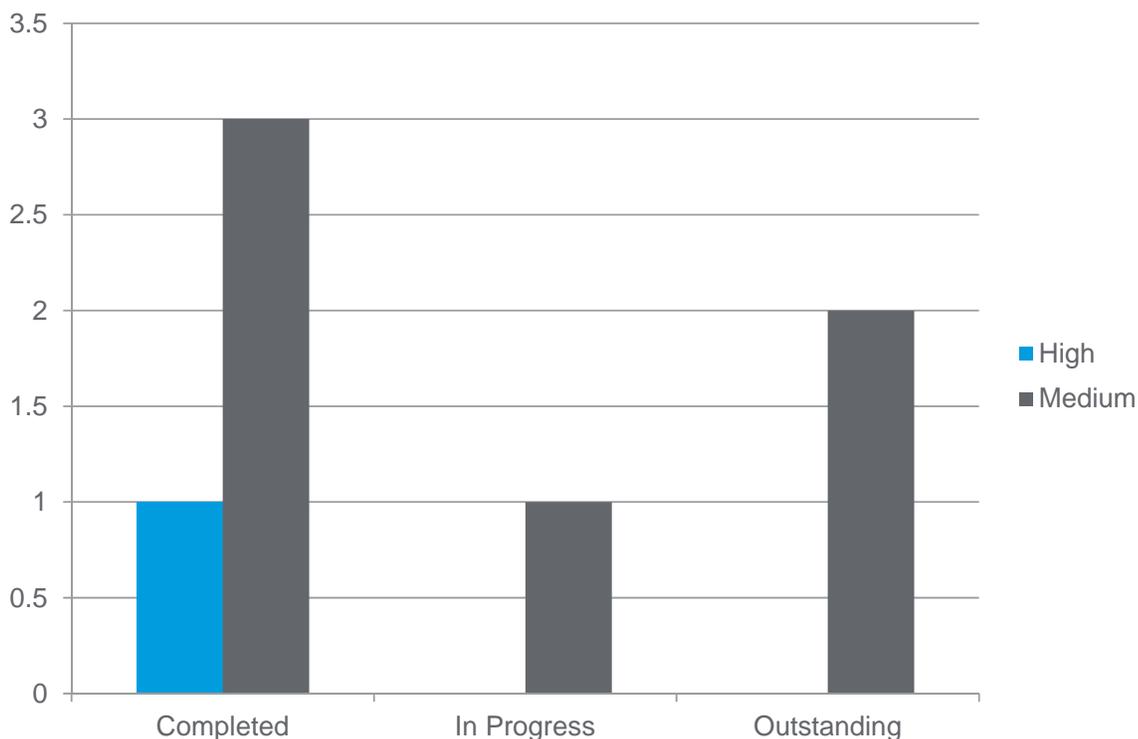
As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinions. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

### 2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2016/17.

### 2.2 Implementation of internal audit management actions

Our follow up of the actions agreed to address previous years' internal audit findings shows that the organisations had made reasonable progress in implementing the agreed actions.



### 2.3 Working with other assurance providers

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

## 3 OUR PERFORMANCE

### 3.1 Wider value adding delivery

As part of our client service commitment, during 2016/17 we have issued four briefings relating to the sector within our progress reports presented to the JAC. We will continue to share our briefings with you during 2017/18.

We have developed a collaborative audit plan across BCH Police and delivered collaborative reports to the JAC.

We have provided benchmarking within our reports where possible on the number and category of actions and assurance opinions across organisations similar to yourself.

We have made suggestions throughout our audit reports based on our knowledge and experience in the public sector to provide areas for consideration.

We have attended and contributed to both the Cambridgeshire JAC and also the BCH JAC meetings.

### 3.2 Conflicts of interest

RSM provides 4Risk software to the Constabulary, this was provided by a separate LLP and we do not consider this a conflict.

### 3.3 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.

# 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 opinions.

## Annual opinions

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

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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.

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

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

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## APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2016/17

### Cambridgeshire only

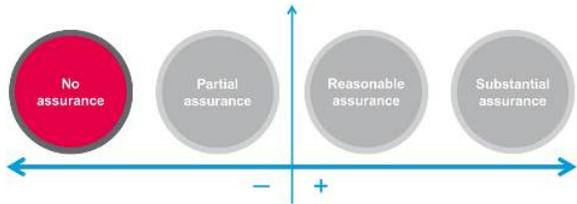
Assignment	Assurance level	Actions agreed		
		H	M	L
Capital Programme (1.16/17)	Reasonable Assurance	0	1	4
Income and Debtors (2.16/17)	Substantial Assurance	0	1	0
Payroll and Expenses (3.16/17)	Substantial Assurance	0	1	2
Cash, Bank and Treasury Management (4.16/17)	Substantial Assurance	0	0	3
Victim satisfaction and victim / witness care (5.16/17)	Substantial Assurance	0	0	2
Risk Management (6.16/17)	OPCC Substantial Assurance	0	3	0
	Constabulary Substantial Assurance			
Compliance with the Delivering Governance in Local Government Framework (7.16/17)	OPCC Substantial Assurance	0	0	0
	Constabulary Substantial Assurance			
Follow up (8.16/17) – Draft Report	Reasonable Progress	0	3	0
CHIS (9.16/17)	Reasonable Assurance	0	3	1

### Bedfordshire, Cambridgeshire and Hertfordshire Collaboration

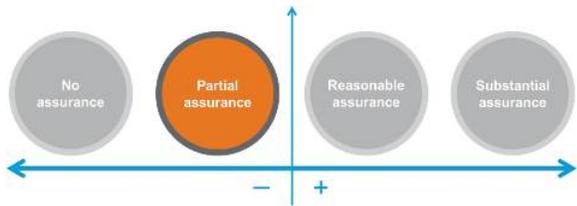
Assignment	Force lead	Assurance level	Actions agreed		
			H	M	L
Health and Safety (1.16/17)	Cambridgeshire	Partial Assurance	0	5	0
Information Management (2.16/17)	Cambridgeshire	Reasonable assurance	0	3	4
Armed Policing & Roads Policing (5.16/17)	Bedfordshire	Substantial Assurance	0	0	3
Recording and reporting of BCH Collaborative Savings (4.16/17)	Hertfordshire	Substantial Assurance	0	0	1
Governance (including change management and benefit realisation) (5.16/17)	Cambridgeshire	Partial Assurance	0	8	2

Assignment	Force lead	Assurance level	Actions agreed		
			H	M	L
Firearms Licensing (6.16/17)	Bedfordshire	Reasonable Assurance	0	0	6
ICT Strategy (7.16/17)	Cambridgeshire	Reasonable Assurance	0	4	0
Human Resources Post Impact Assessment (8.16/17)	Cambridgeshire	Reasonable Assurance	0	2	0
Risk Management and Assurance Framework (9.16/17)	Cambridgeshire	Substantial Assurance	0	1	0
Collaborative Follow Up (10.16/17) – Draft Report	Various	Little Progress	3	4	0

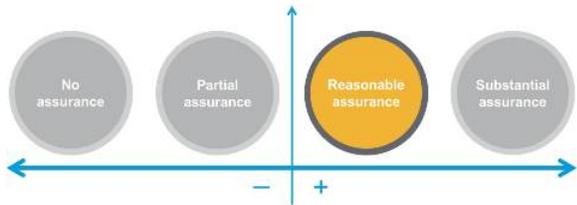
We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the PCC & CC can take:



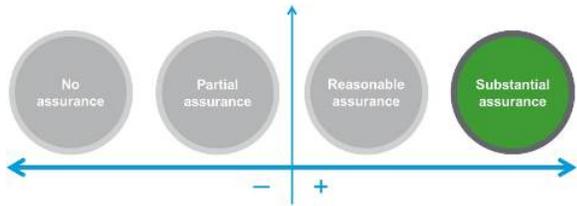
Taking account of the issues identified, the PCC & CC cannot take assurance that the controls upon which the organisations rely to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the PCC & CC can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the PCC & CC can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. 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).



Taking account of the issues identified, the PCC & CC can take substantial assurance that the controls upon which the organisations rely to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.

## FOR FURTHER INFORMATION CONTACT

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