



# POLICE AND CRIME COMMISSIONER FOR CAMBRIDGESHIRE

Internal Audit Progress Report

4 February 2025

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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# CONTENTS

Key messages..... 3

1 Final reports 2024/25 ..... 5

## Appendices

Appendix A: Other matters ..... 7

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## KEY MESSAGES

The internal audit plan for 2024/25 was approved by the Joint Audit Committee at the April 2024 meeting. This report provides an update on progress against that plan and summarises the results of our work to date.



### **Internal Audit Plan 2024/25**

#### Cambridgeshire Only:

Four final audit reports have been issued from the Cambridgeshire Only plan, of which two have been issued since the last meeting, Budgetary Control and Income and Debtors.

The remaining audit for the year, Follow Up, is planned to start in March 2025.

#### BCH Plan:

One report has been issued in final with another in draft (Innovation Framework) to date for the BCH plan.

Two further reviews are in progress, Payroll and Expenses and Corporate Review – Value for Money, with one more planned to start later in February 2025.

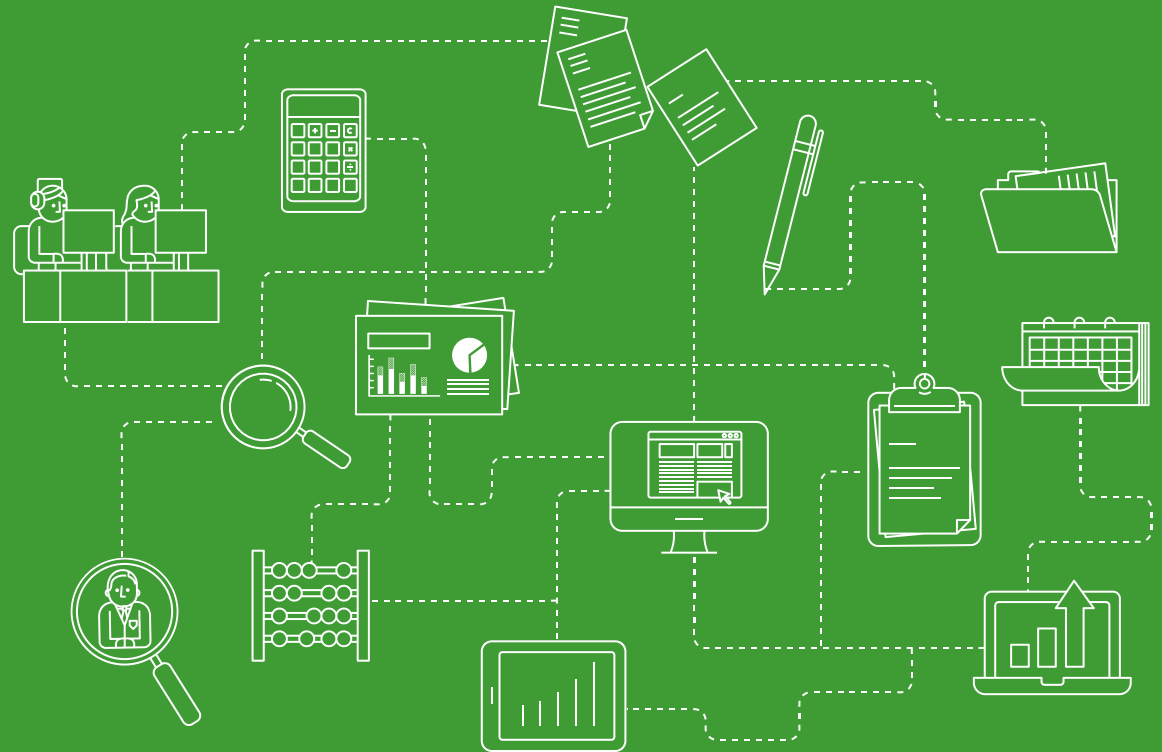
Detail of the progress made against the internal audit plan is included in Section 1 as well as a summary of opinions and actions to date. [\[To discuss and note\]](#)

### **Client Briefings**

We have issued a number of client briefings since the last meeting, these have been shared with members of the Committee and Officers for information.

# Final Reports – 2024/25

# 01



# 1 FINAL REPORTS 2024/25

## 1.1 Summary of progress to date – Cambridgeshire Only

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

Assignment	Status / Opinion issued	Actions agreed			Target start date (As per Audit Plan)
		Low	Medium	High	
Governance	Reasonable Assurance	6	1	0	Q1
Medium-term Financial Plans	Substantial Assurance	1	0	0	Q2
<b>Budgetary Control</b>	<b>Reasonable Assurance</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>Q3</b>
<b>Income and Debtors</b>	<b>Substantial Assurance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Q3</b>
Follow Up	Planned March 2025				Q4

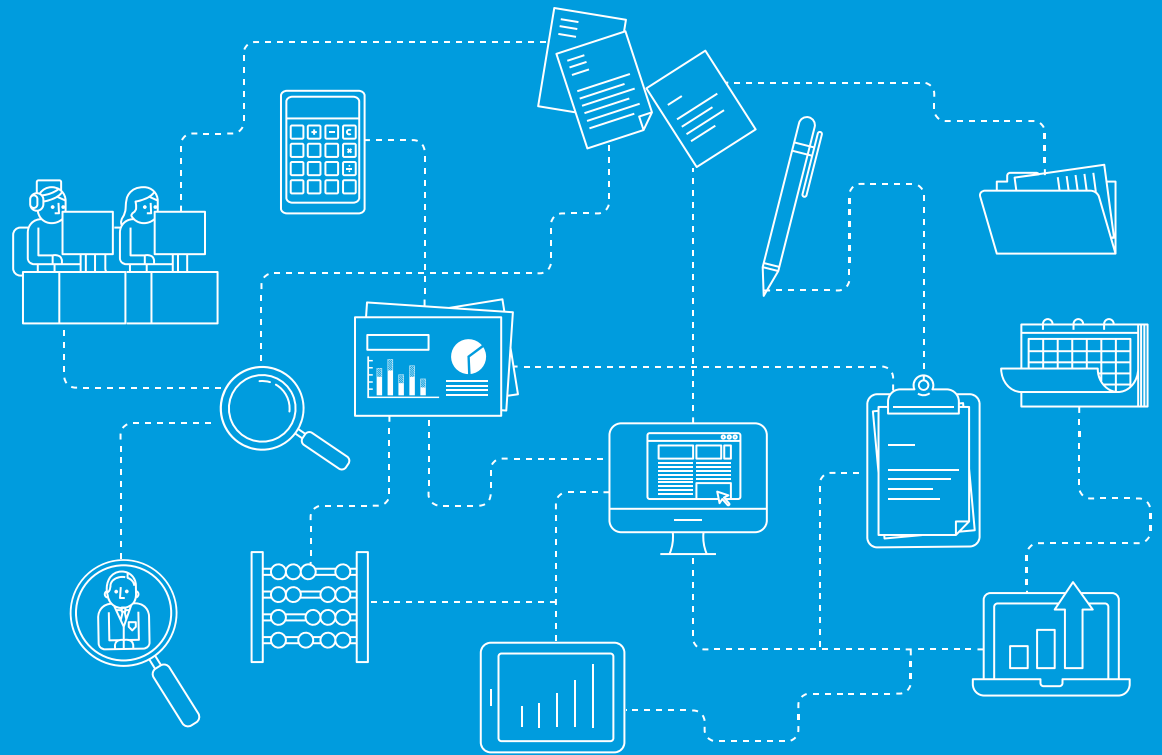
## 1.2 Summary of progress to date – Bedfordshire, Cambridgeshire and Hertfordshire Collaborative

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

Assignment and Organisational Lead		Status / Opinion issued	Actions agreed			Target start date (As per Audit Plan)
			Low	Medium	High	
BCH Planning Process and Accounting Support	Cambridgeshire	Planning Process: Partial Assurance Accounting Support: Substantial Assurance	1	2	1	Q1
Innovation Framework	Hertfordshire	Draft (6 December 2024)				Q4
Payroll and Expenses	Cambridgeshire	In progress				Q3
Corporate Review – Value for Money	Bedfordshire	In progress				Q4
Learning Needs Analysis and Accreditation	Cambridgeshire	Planned February 2025				Q4

# Appendices

# 02



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## APPENDIX A: OTHER MATTERS

### Detailed below are the requested changes to the audit plan in 2024/25:

There have been no changes to the 2024/25 internal audit plan.

### Head of Internal Audit opinions 2024/25

The JAC should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular the JAC should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinions.

We have four positive opinions and one negative opinion to date. The negative opinion was in relation to a BCH review which will impact but will not in isolation qualify the opinions. Further updates will be provided to the CFOs as reports get finalised ahead of the year end.

### Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit 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 being used to inform the training needs of our audit teams. The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

### Added value work

We have issued the following client briefings since the last Joint Audit Committee.

- Emergency Services News Briefing (November 2024)
- Global Internal Audit Standards – Application Note (January 2025)

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## Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Following the completion of each product, we include a link to a brief survey in each report we issue.

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Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete.

We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each review (current option).
- Monthly / quarterly / annual feedback request.
- Executive lead only, or executive lead and key team members.

## 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 Cambridgeshire, 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.

RSM UK 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.

# AUDIT OUTCOME OVERVIEW – BUDGETARY CONTROL

## Background and reason for the audit:

An audit of budgetary control was completed as part of the approved Internal Audit Plan for 2024/25, to enable the OPCC and Constabulary to take assurance that budget management and control processes were in place and operating effectively, to monitor the effective use of funds and the achievement of financial targets.

The OPCC and the Constabulary utilise the Advanced e-Financials system to manage budgets, and responsibility for the Constabulary’s revenue budget lies with the Chief Constable. There are 21 Budget Managers in place, who have devolved responsibility for the management of budget areas, with support provided by the Management Accounts Team. The key responsibilities of Budget Managers are defined within the Force Financial Instructions (FFIs).





The revenue budget for the 2024/25 financial year was set at £188.6m, which was agreed by the Business Coordination Board (BCB) in February 2024. Monthly reports of expenditure against budget are provided to the Force Executive Board (FEB) and BCB. As of the end of October 2024, the overall forecast year end position was £188.2m versus revised budget of £188.7m, giving an underspend of £500k.

## Conclusion:

Overall, we found controls in relation to Budgetary control were primarily well designed and complied with. This included comprehensive Financial Instructions which provided step by step guidance on the budget setting process and ongoing monitoring of the budget, detailed financial packs, and the timely completion of monthly reconciliations. We also found training materials had been developed and were being delivered to staff, and there were regular meetings between budget holders and finance business partners. Additionally, the reporting and scrutiny of budgets and any action plans to address areas of concern were well documented within the minutes of the FEB and BCB.

However, we have identified some areas that require attention which included the documentation of segregation of duties being applied on reconciliations, supporting narrative against variances not being documented within the monthly finance packs, and the sign off of virements in a more timely manner.

## Internal audit opinion:

			
Minimal Assurance	Partial Assurance	Reasonable Assurance	Substantial 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).

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**Audit themes:** **Lack of Segregation of Duties**

We reviewed three sets of trial balance spreadsheets between August to September 2024 and confirmed that the value of the balance sheet reconciled to zero on each occasion. However, we noted that the trial balance sheet did not document who had completed the reconciliation and subsequently who had reviewed the reconciliation. **(Medium)**

**Management or Performance Information**

Through our sample testing of the finance packs issued to budget holders, we confirmed that whilst the packs documented the variances that had occurred on a month by month and yearly basis, we noted that there were multiple instances where supporting narrative was not documented. **(Low)**

Additionally, through sample testing of 20 virements between May to October 2024, we confirmed that there were compliance issues which included approval of the virement not being documented in four cases. Further sample testing also identified there were issues with the timeliness of actioning virements. **(Medium and Low)**

**Financial Procedures**

The FFIs were dated 2024/25, held on the Force intranet and had been approved by the Chief Constable and Chief Finance Officer. They documented budget management responsibilities for key staff which included the Police and Crime Commissioners Chief Finance Officer, Chief Constable, Chief Constable's Chief Finance Officer, FEB and Budget Managers. They also provided guidance on key areas of budgetary control including budget management principles, budget setting and management processes, and use of virements.

**Budget Reconciliation to Ledger and Reporting**

Through review of the BCB February 2024 minutes and the MTFS 2024/25 that was presented, we confirmed that the budget totalling £188.7m was approved. We noted that this was consistent with the ledger output at the time of the audit and reported to the FEB up to October 2024.

**Budget Management Arrangements**

For a sample of 10 budget holders, we confirmed that budget holders were presented with letters by the Principal Management Accountant which documented their budgets for 2024/25. In each case the Budget Holder acknowledged and approved the budget allocation.

**Training**

A training pack is redeveloped each year for new budget holders – the latest was for 2024/25. It contained the roles and responsibilities for Finance and budget holders, information in regard to a monthly finance pack that is issued to Budget Holders and other key information such as the budget setting, year end and reporting processes. Additionally, through review of calendar invites, we noted that monthly meetings were scheduled between budget holders and the finance business partners. Support and training for existing budget holders is provided through the same monthly meetings with finance business partners, where needed.

**Communication**

From our sample testing of 10 budget holders across August to October 2024, in all but three occasions monthly finance packs were issued to budget holders. In these three occasions, the related finance business partner had taken emergency leave and adjustments to the process were made to ensure the Finance team had sufficient information for forecasting purposes. As this had not re-occurred in subsequent months (and was a one-off situation) in our sample, we have not agreed a management action.

**Month End Timetable**

We confirmed that the Finance Department had a month end timetable in place which detailed key tasks and the dates that were required to be completed, and the task owners. We noted that the tasks included month end general ledger closure, forecasts submitted, budget holder reports (including reconciliation to the ledger), meetings and forecasts.

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### **System Access**

Through sample testing of 15 current users across the Force, we confirmed that in all cases the users were set up on the finance system, that they had the appropriate system access, authorisation level and access rights were limited to their role. Additionally, we reviewed three months of HR leavers spreadsheets between August to October 2024 which compared access to the finance system with staff on the leavers lists showing that access for staff, who had left the organisations employment, had been revoked.

### **Governance**

From a review of papers and minutes for meetings between June and September 2024 we noted that the FEB (monthly) and the BCB (quarterly) received oversight and reports on the Forces budget, areas of concern and necessary actions to address any under or overspends.

Additionally, the Chief Finance Officer presented a Budget Monitoring Report in the FEB meetings, which included a revenue budget update, and summarised forecast variance by expenditure category. The summarised forecast included key information such as revenue split, the budget, outturn and any variance. We confirmed that variances below £50k were being reported and included detail on their impact and actions taken to date.

## 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	We will create a standardised template for trial balance sheets that includes a dedicated section for reconciliation documentation. Additionally, all future trial balance sheets will comply with segregation of duties.	Medium	Head of Finance	Implemented
3	We will ensure that all virements are approved prior to the changes being actioned with this confirmed in writing.	Medium	Principal Management Accountant	Implemented

# AUDIT OUTCOME OVERVIEW – INCOME AND DEBTORS


**Background:** As part of our annual internal audit plan for 2024/25, we conducted a review of Income and Debtors. The objective of this audit was to evaluate the controls related to income and debtors, including the raising and authorisation of invoices, credit note arrangements, chasing of outstanding debts and debt write-offs.

Sales invoices are generated through the Finance Process Manager (FPM) system, which includes a built-in workflow to ensure appropriate approvals are obtained before the Finance Officer can issue the invoice. Invoices are issued as promptly as possible, and no later than ten working days after the debt is identified, of which £7m had been raised in 2024/25, so far. Credit notes are issued only after receiving the necessary approvals for credit note requests within the FPM system, of which £71.8k had been raised in 2024/25 at the time of the audit (December 2024).

Debt write-offs require authorisation according to the approved limits before a debt can be written off, of which there had been £1k so far in 2024/25. Aged debts are monitored and reported to the Force Executive Board (FEB) – at the time of the audit there were £291k aged debts.

**Conclusion:** Our review noted that the Force has established a robust process for developing, managing and updating financial procedures, including clear objectives, KPIs, and a governance structure outlined in the 2024-25 Force Financial Instructions (FFIs). Regular reviews and updates of departmental procedure notes, along with the maintenance of a KPI spreadsheet and aged debt reports, ensure that financial transactions are accurately recorded and monitored. The Force also tracks financial risks and reports them to the FEB for oversight. No exceptions were identified from our testing and we have not therefore agreed any management actions.

**Internal audit opinion:**

			
<b>Minimal Assurance</b>	<b>Partial Assurance</b>	<b>Reasonable Assurance</b>	<b>Substantial Assurance</b>

Taking account of the issues identified, the Force 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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**Audit themes:** **Policies and procedures:**

The FFIs for 2024-25 provide clear guidance on procedures for raising sales invoices, cancelling invoices, and raising credit notes. The document, approved by the CFO and Chief Constable, was reviewed in September 2024. Additionally, the Force maintains separate departmental procedure notes on raising income, raising and approving sales invoices, raising credit notes, sending reminder letters for overdue debts, and generating aged debt reports, all of which are available on the departmental shared drive.

**Sales Invoices:**

The Force maintains a KPI spreadsheet for 2024-25, detailing all invoices raised and sales income received which is used to ensure invoices are raised for all relevant debtors. A sample review of 20 invoices raised on FPM since April 2024 confirmed they were correctly and timely issued, authorised, and processed in FPM.

**Credit Notes:**

A report from the FPM of all credit notes raised since April 2024 showed that nine credit notes had been issued. Our review confirmed they were adequately approved and processed by the Finance Officer and raised in a timely manner upon approval.

**Monitoring of Aged debts:**

We selected a sample of 10 aged debts from the December 2024 aged debt report. The review confirmed that invoices were in place for all aged debts and sufficient action was being taken to recover the debts or write them off, where appropriate.

**Reporting of Aged Debts:**

The reports to the FEB in August, September, and October 2024 noted that aged debtor levels were reported in all cases. Debts aged over 30 days as of August were £43k. In September 2024, aged debt over 30 days increased by £228k to £275k. This increase is mainly due to two NHS England invoices totalling £199k and a Mayor's Office for Policing and Crime invoice for £33k.

**Debt Write Offs:**

Debt write offs had been approved in line with the FFIs with reasons recorded justifying why they had been written off. None were significant for 2024/25 and therefore reporting to the FEB was not required.