



**POLICE AND CRIME COMMISSIONER
FOR NORTH YORKSHIRE AND CHIEF
CONSTABLE OF NORTH YORKSHIRE**

Internal Audit Progress Report

21 March 2017

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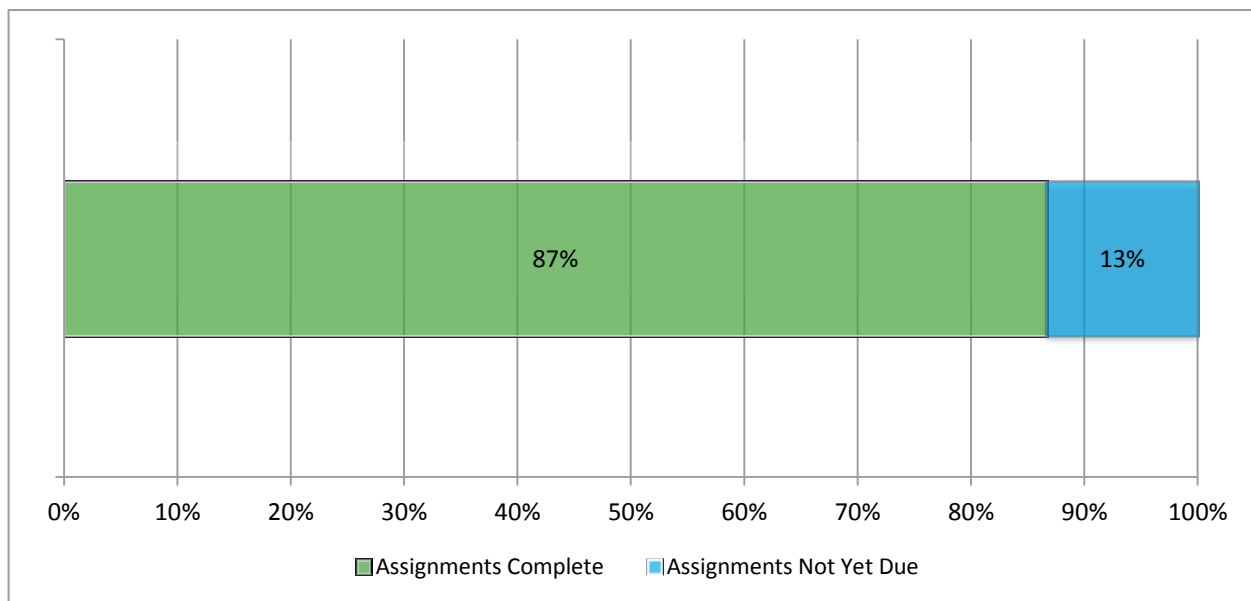
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RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

1 INTRODUCTION

The internal audit plan for 2016/17 was approved by the Joint Independent Audit Committee on 15th March 2016.

Please see the chart below for current progress against the plan.


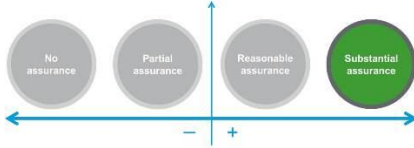
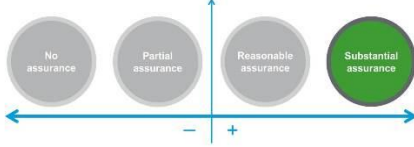

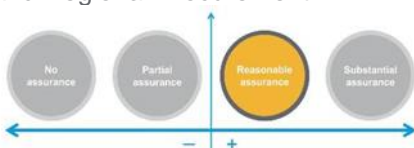


2 REPORTS CONSIDERED AT THIS JOINT INDEPENDENT AUDIT COMMITTEE

This table informs of the audit assignments that have been completed and the impacts of those findings since the last Joint Independent Audit Committee held.

We have finalised six reports since the previous meeting and these are shown in the table below.

Appendix A also details of the full history of the audits completed in 2016/17.

Assignments	Status	Final Opinion issued	Actions agreed		
			L	M	H
Commissioning	Final	Advisory	1	4	0
Complaints	Final		0	4	0
Key Financial Controls: Creditors, Debtors, Cash & Bank and Investments	Final		3	1	0
Annual Petty Cash Check	Final		1	3	0
Follow Up of Previous Internal Audit and HMIC Recommendations	Final	Good Progress	0	0	0
Collaborations	Final	Odyssey	0	1	1
					
		Regional Scientific Support Services and Regional Procurement	1	1	0
					

2.1 Impact of findings to date

The JIAC should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular, the JIAC 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 opinion.

We have issued two final reports with a partial assurance opinion in 2016/17. These reports will impact but will not qualify our year end opinions for either the Chief Constable or Police and Crime Commissioner.

3 LOOKING AHEAD

Assignment area	Status	Target JIAC per the IA Plan 2016/17
Chief Officer Salaries, Allowances and Expenses	Fieldwork planned for week commencing 27 th March 2017 Planning approved by the lead executive	June 2017
Digital Forensic Unit Quality and ISO17025 Internal Audit Compliance	Fieldwork planned for week commencing 27 th March 2017 Planning approved by the lead executive	June 2017

4 OTHER MATTERS

4.1 Changes to the audit plan

Auditable area	Reason for change
Risk Management: Assurance Framework	The Risk Management, Seized Cash Spot Check and Proceeds of Crime – Management of Sensitive Property audits have been replaced by a review of the Chief Officer Salaries, Allowances and Expenses and Digital Forensic Unit Quality and ISO17025 Internal Audit Compliance.
Seized Cash Spot Checks	
Proceeds of Crime – Management of Sensitive Property	
	The Risk Management and Seized Cash Spot Checks audits have been included in the 2017/18 internal audit plan.

4.2 Added value work

Compliance with Public Sector Internal Audit Standards:

It is a requirement of our contract with the PCC 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, completed by the IIA, 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.” The IIA further concluded that “RSM was found to have an excellent level of conformance with the IIA’s professional standards”.

Emergency Services sector update – December 2016

Since the last meeting Joint Independent Audit Committee meeting we have also issued the regular quarterly Emergency Services client briefing:

Police

Spending review and autumn statement

Despite the rumours of cuts, the Chancellor has confirmed in the budget statement and spending review that police force spending will be protected in real terms with a further boost being delivered through investment in 4g communication networks. This is forecast by the government to save the taxpayer up to £1m per day by freeing up police officer time and improving efficiency. The Chancellor has also confirmed that police forces are to continue to make efficiency savings, particularly through collaborations, shared services and sharing resources. In addition, greater flexibilities will be given to PCCs to increase their income from council tax. Those police forces with the lowest

levels of council tax bills will be able to increase their income from council tax by £5, rather than two per cent as is currently the case. This may allow an additional income of £12m each year.

Report into firearms licensing

This inspection report by Her Majesty's Inspectorate of Constabulary (HMIC) looks into the process of firearms licensing detailing the effectiveness, efficiency and risk of the licensing procedure. Some of the key findings in the report are: HMIC is concerned that only four out of the 11 forces it studied had effective monitoring and auditing arrangements; that many forces have backlogs in renewals; and the lack of requirement for general practitioners to provide to the police, medical information about licence holders and applicants. HMIC praises forces for their policies of unannounced visits and also supported forces that had implemented systems to alert officers responding to calls related to people with a firearm licence.

Police funding - special grant guidance

This guidance note by the Home Office details how commissioners can apply for special funding should they be forced to deal with an event that raises expenditure. In the guidance the Home Office confirms its right to refuse applications which in the first instance, will only be considered if sent by the police and crime commissioner. The Home Office also states that forces are required to demonstrate financial governance upon inspection.

Police efficiency report 2015

Her Majesty's Inspectorate of Constabulary (HMIC) has published the annual review of police efficiency. The report notes a decline in police forces attaining a 'good' rating with more now receiving a 'requires improvement' marker. HMIC finds that the better forces are now looking to longer term improvement and change processes in order to reduce their costs. The inspectorate has called on all forces to better understand demand, particularly future demand, whilst also expressing concern at various forces ICT infrastructure which is considered to be 'weak' and 'ageing'.

Access to the police complaints service system

The Independent Police Complaints Commission (IPCC) has published the outcomes its investigation, repeating an audit of police force websites originally completed in 2010. The IPCC find that the service has improved but only 'marginally' with access quality varying across forces, with 11 forces in fact being classed less accessible. The IPCC also expressed concerns at how complaints were being dealt with differently between forces. Amongst the suggestions put forward by the IPCC include forces increasing their use of social media to explain how the complaints system works. The IPCC also includes a framework for forces to utilise and which is designed to improve access for all.

Delay to the policing funding formula

In July the government consulted on proposed changes to the policing funding formula. Since the completion of the consultation exercise in September, it has been confirmed that a statistical error was made meaning that funding formula changes proposed for 2016-17 will be delayed. Police Minister Mike Penning confirmed this outcome to parliament on the 9 November 2015, noting the issue 'caused great concern to police forces around this country'.

Fire

Funding reductions on the fire and rescue services

The National Audit Office (NAO) has published two reports analysing how fire and rescue services have coped with funding cuts and how well providers are organised for future cuts expected in the governments autumn spending review. The twin reports by NAO find that fire and rescue services are coping well with funding impacts and that financial reserves have increased, but the NAO warns there are signs that with further funding reductions some forces capability of handling major incidents will be affected.

National coordination and advisory framework for England

The Department for Communities and Local Government (DCLG) has released an updated framework for Fire and Rescue services. The updated framework is designed to provide a 'robust and flexible' response for services dealing with major incidents. DCLG stresses that the frameworks effectiveness is reliant on each authority deploying when needed.

We have also issued the following briefing which is appended to the bottom of this report:

Gender Pay Gap Reporting

4.3 Key performance indicators (KPIs)

Delivery	Delivery		Quality	Quality	
	Target	Actual		Target	Actual
Audits commenced in line with original timescales	Yes	No ¹	Conformance with PSIAS and IIA Standards	Yes	Yes
Draft reports issued within 10 days of debrief meeting	10 days	11 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	As and when required.
Management responses received within 3 days of draft report	3 days	1 day (average)	% of staff with CCAB/CMIIA qualifications	>50%	67% ytd
			Turnover rate of staff	<10%	No turnover of staff
Audit reports presented to agreed Joint Independent Audit Committee meetings	Yes	No ¹	Response time for all general enquiries for assistance	2 working days	2 working days
% of High & Medium recommendations followed up	Yes	Yes	Response for emergencies and potential fraud	1 working days	N/A

Notes

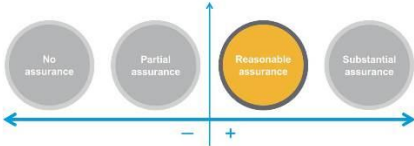
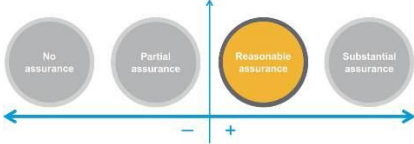


¹The Overtime, Bonus and Honorarium Payments audit was scheduled to take place in May 2016. However, discussions with the executive lead and due to the minimum number of transactions available for review at the start of the financial year the decision was agreed to perform the audit in August 2016. This was reported to the Joint Independent Audit Committee at the June 2016 meeting.

The Commissioning and Collaboration reviews were due to be presented to the JIAC in December 2016. Both reports have been issued in draft.

Note: The above was reported to the JIAC at its previous meetings.

APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Reports previously presented to the Joint Audit Independent Committee:

Assignment	Opinion issued	Actions agreed		
		L	M	H
HR Training		0	3	0
IT Network Security and Disaster Recovery		2	2	0
Follow Up of Previous Internal Audit and HIMC Recommendations	Reasonable progress	2	2	0
Overtime, Bonus and Honorarium Payments		1	2	0
Seized Cash Spot Checks		0	3	0
Data Quality (including Governance)		1	2	1
Management of Police Information (MoPI) MMI Project		1	1	0

FOR FURTHER INFORMATION CONTACT

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GENDER PAY GAP REPORTING

New regulations planned to be effective by 6 April 2017 will require employers with 250 or more relevant employees in an individual entity on a snapshot date each year to publish within 12 months details of their employees' gender pay and bonus differentials.

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 will apply to private and voluntary sector organisations. The Equality Act (Specific Duties and Public Authorities) Regulations 2017 are planned to be effective from 31 March 2017 and will apply to English public authority employers. The public sector reporting model is very similar to the private sector one.

What is the gender pay gap in the UK workforce?

Men's average pay is greater than that for women. The Office for National Statistics says that over the last 20 years the median gender pay gap has narrowed from 27.5 per cent to 9.4 per cent for full-time employees.

What are employers affected required to do?

To publish annually for employees in scope a report on:

- overall gender pay gap figures calculated using both the mean and median average hourly pay between genders;
- the numbers of male and female employees in each of four pay bands (quartiles), based on the employer's overall pay range; and
- for a 12 month period, both the difference between male and female's mean and median bonus pay and the proportion of relevant male and female employees who received a bonus.

An explanatory narrative, although not required, is strongly encouraged as is a statement of the actions planned to narrow the gaps.

The annual cycle of gender pay gap reporting



What are the timescales?

A snapshot of employees' pay for private and voluntary sector organisations must be taken on 5 April 2017 and on 5 April in each subsequent year and for public sector bodies on 31 March 2017 and on 31 March in each following year.

The first gender pay private and voluntary sector reports must be published both on the employer's own website and uploaded to a government website no later than 4 April 2018, to include hourly pay rates at 5 April 2017 and bonus payments between 6 April 2016 and 5 April 2017. The data must remain on the employer's website for three years.

Dry runs of data should be prepared now to ensure that any gaps are identified prior to the snapshot date/reporting period closing.

How can RSM help?

RSM has experts in payroll, HR consultancy and legal employment advice to support you in meeting both the requirements and the business opportunities of gender pay gap reporting.

Our services include:

We can analyse your data to determine relevance and to identify and assist in resolving any areas of uncertainty. This can include:

- status and relevance of employees including those working overseas;
- consideration of whether and what data is readily available; and
- analysis of the reportable elements of remuneration packages.

Calculations and narrative

RSM will work with you to collate your data on the required snapshot date to:

- prepare and process all reportable calculations;
- provide the calculations to you in a template statement which can be approved and published;
- guide on the voluntary narrative to support your results and to demonstrate accuracy of data; and
- make initial recommendations on publication dates and ensure that you receive an annual reminder.

Consultancy

RSM can review and analyse your results to create supporting action plans which may include:

- a review of current pay practices and audit of bonus schemes across your organisation;
- identification of skills shortages – recruitment process review;
- facilitation of analysis discussion identifying areas of risk and exposure; and
- formulation of communications plan and benchmarking data (industry/geographic/function) to provide context.

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