



THE POLICE, FIRE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE AND THE CHIEF CONSTABLE OF NORTH YORKSHIRE

Annual internal audit report 2019/2020

23 June 2020

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.





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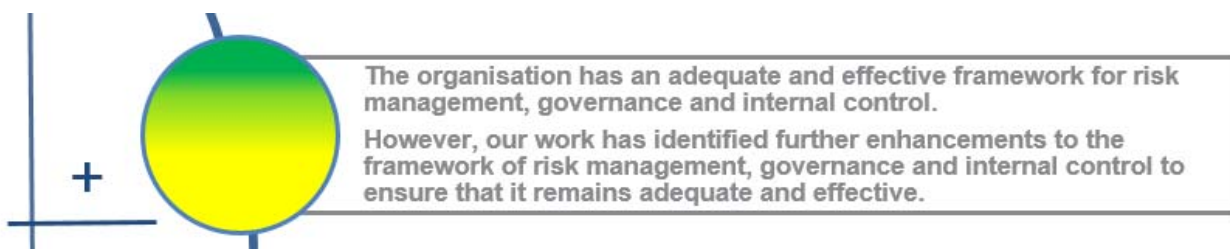
1 THE HEAD OF INTERNAL AUDIT OPINIONS

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide annual opinions, 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

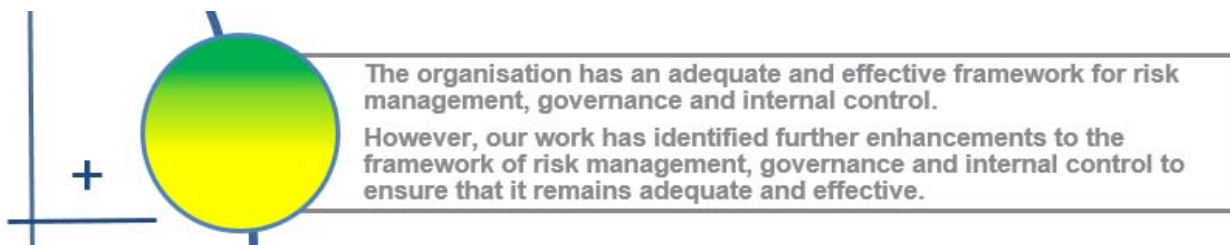
For the 12 months ended 31 March 2020, the Head of Internal Audit opinion for the Police, Fire and Crime Commissioner for North Yorkshire is as follows:

Head of internal audit opinion 2019/2020



For the 12 months ended 31 March 2020, the Head of Internal Audit opinion for the Chief Constable of North Yorkshire is as follows:

Head of internal audit opinion 2019/2020



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

1.2 Scope and limitations of our work

The formation of our opinions is achieved through a risk-based plan of work, agreed with management and approved by the Joint Independent Audit Committee (JIAC), our opinions are subject to inherent limitations, as detailed below:

- the opinions does 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. As such, the assurance framework is one component that the JIAC takes into account in making its annual governance statement (AGS);
- the opinions are based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management / lead individual;
- the opinions are based on the testing we have undertaken, which was limited to the area being audited, as detailed in the agreed audit scope;
- 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;
- it remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be seen as a substitute for management responsibility around the design and effective operation of these systems; and
- our internal audit work for 2019/2020 was completed prior to the advent of the substantial operational disruptions caused by the Covid-19 pandemic. As such our audit work and annual opinions does not reflect the situation which has arisen in the final weeks of the year. We do, however, recognise that there has been a significant impact on both the operations of the organisations and its risk profile.

1.3 Factors and findings which have informed our opinion

Based on the work we have undertaken on the systems of internal control, governance and risk management across the organisations, our opinions on governance, risk management and control have been informed by the following:

Governance

We did not perform a specific governance review at the organisations, however we confirmed sufficient reporting had been undertaken in the following areas: Vetting, Misconduct and Disciplinary Process, Positive Action Plan and Criminal Disclosure. Our review of Risk Management also identified appropriate reporting arrangements were in place, with the exception of information not reported to Executive Board level. However, the organisation had established a newly formed Risk Performance Group in June 2019 that would provide greater oversight.

We concluded that the governance arrangements in place, for both the Police, Fire and Crime Commissioner and the Chief Constable, were adequate and effective.

Risk Management

We reviewed the Police, Fire and Crime Commissioner's and the Chief Constable's risk management arrangements and concluded that **reasonable assurance** could be taken. During our review we identified the Risk Performance Group had recently been formed to take on responsibility for the monitoring of the organisations' risk management arrangements. In addition, as a result of the T2020 initiative, there was an expectation that the changes in organisational structure and staffing will have an impact upon the departmental level risk management process for identifying and evaluating the impact of risks.

Our risk management opinions were also informed by the assessment of the risk mitigation procedures undertaken in the areas covered by our risk-based reviews in the following areas:

- Service Operations;
- Criminal Disclosure; and
- Seized Exhibits: Temporary Stores.

Our review of Service Operations concluded that **partial assurance** could be taken on the operations of the organisation's service desk, specifically in relation to incident and problem management, utilisation and continual service improvement. We identified a number of controls that were not in place and agreed management actions to ensure the control framework is strengthened.

Our review of Criminal Disclosure concluded that **reasonable assurance** could be taken and that a well-designed control framework was in place. We identified some issues with the application of this control framework in relation to training and inconsistent completion of key forms, but also found a number of well-designed and suitably complied with controls.

Our review of the Seized Exhibits: Temporary Stores concluded that **partial assurance** could be taken, and a number of actions were agreed to improve the application of the established control framework. Our review highlighted discrepancies between the information held on the primary system and the exhibits held in stores.

We have also attended all JIAC meetings throughout the year and confirmed the organisations' risk management arrangements continued to operate effectively and were adequately reported and scrutinised by committee members, with regular updates provided and copies of risk registers shared and reviewed, with appropriate challenge and oversight.

Control

We undertook 12 audits (including the four risk driven reviews mentioned above) of the control environment that resulted in formal assurance opinions. These 12 reviews concluded that six partial (negative) assurance opinions, four reasonable (positive) assurance and two substantial (positive) opinions could be taken. We identified the organisations had established control frameworks in place for a number of the audits undertaken, however improvements in their application was required in a number of areas.

Furthermore, the implementation of agreed management actions agreed during the course of the year are an important contributing factor when assessing the overall opinions on control. We have performed two Follow Up reviews during the year which concluded in **little and reasonable progress** being made towards the implementation of those actions agreed in 2018/19. Furthermore, through attendance at the JIAC we confirmed the organisations' progress against the implementation of internal audit actions is reported and scrutinised.

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

We issued a total of six partial (negative) assurance opinions in 2019/2020. The organisations should therefore consider the **partial assurance** opinions given for Human Resources: Wellbeing, Integrated Offender Management, Service Operations, Seized Exhibits: Temporary Stores, Business Continuity Planning and Policies and Procedures when completing their annual governance statements, together with any actions already taken and action planned by management to address the actions agreed.

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

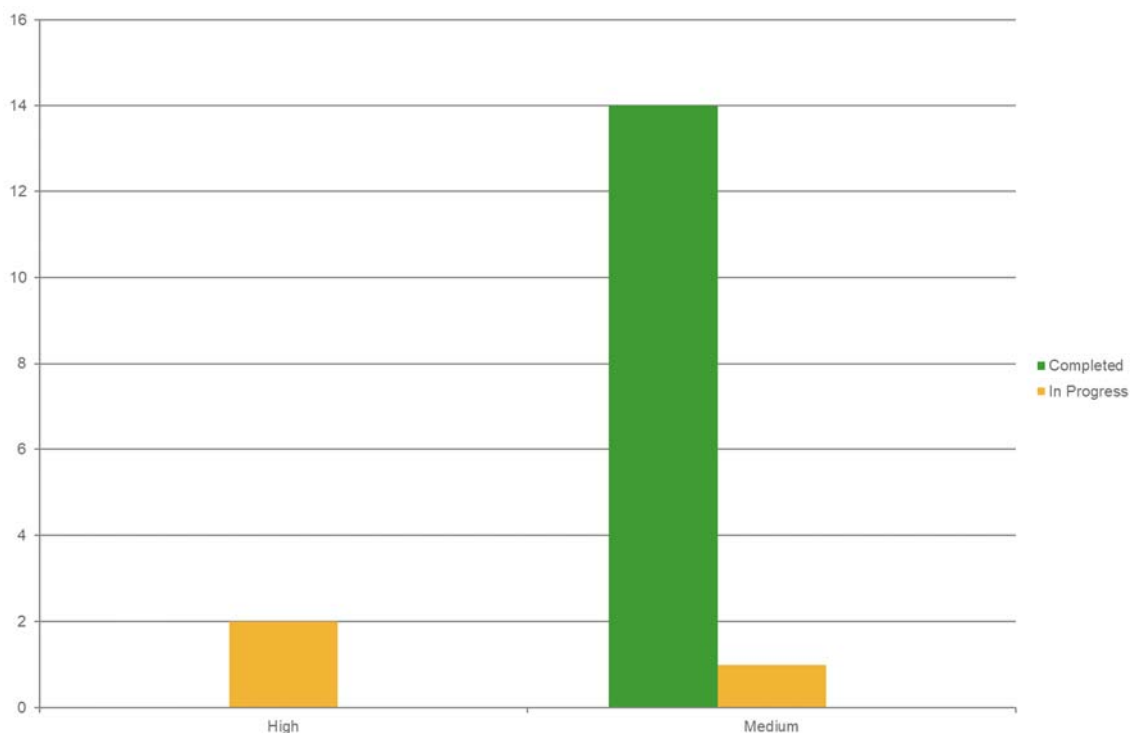
2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2019/2020.

2.2 Implementation of internal audit management actions

We have performed two follow up reviews to determine the organisations implementation of internal audit findings and we have reported **little** and **reasonable** progress had been made in implementing the agreed actions.

Visit 1

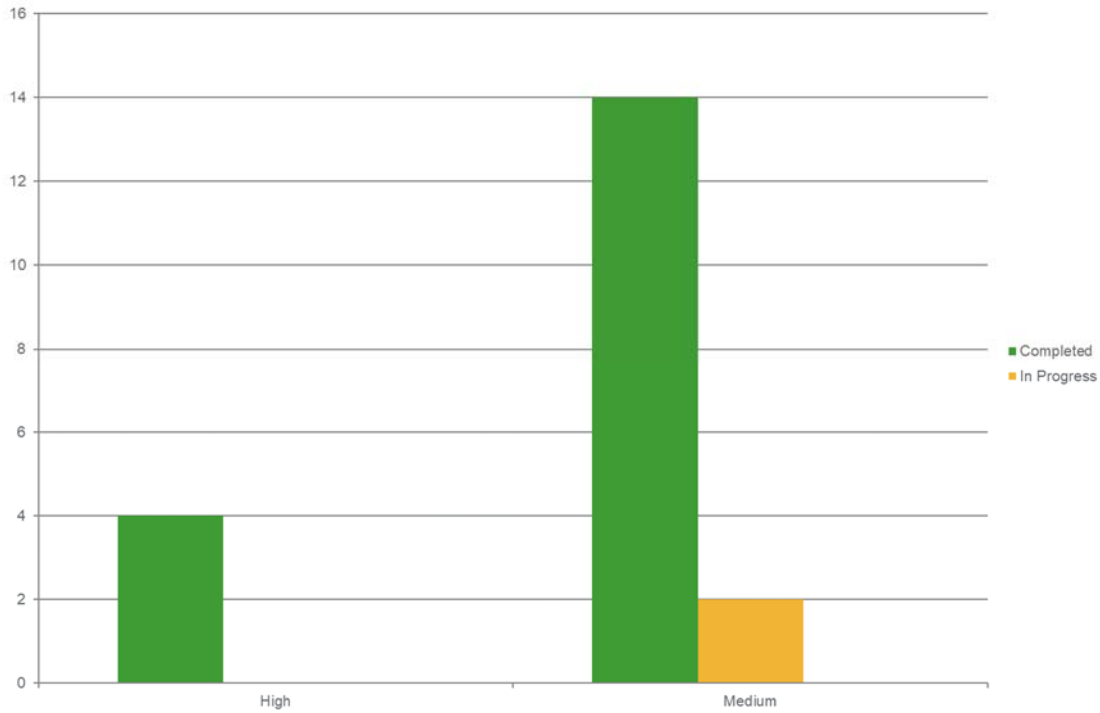


The two high management actions related to the Bail Management review and the following areas:

- All released under investigation cases will be reviewed to ensure that where no further action has been conducted that the suspect has been informed.
- All released under investigation cases will be reviewed to ensure that where the investigation has been concluded that the custody record has been updated and the PNC amended.

As part of the second follow up review, we confirmed these high management actions had been implemented.

Visit 2



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

We have used subject matter experts to review the organisations arrangements for **Integrated Offender Management** and **Service Operations**. We will continue to use subject matter experts when appropriate to ensure true value is added to the organisations.

We have contributed to pre-JIAC meetings where required, and have attended and contributed to all JIAC meetings.

As part of our client service commitment, during 2019/2020, we have issued three emergency services sector briefings within our progress reports presented to the JIAC, detailed below. We will continue to share our briefings with you during 2020/2021.

Publication	Areas covered
Emergency Services – Sector Update: June 2019	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provide further insight into the following areas:</p> <ul style="list-style-type: none">• Wellbeing and mental health support in emergency services;• £100m funding for police to tackle violent crime;• Key findings and recommendations from the IOPC youth panel;• Data – driven policing and public value;• Police workforce statistics;• Home Office approves IOPC guidance and concludes firearms review; and• Police chiefs ask independent police pay body to consider a three-year deal for officer.
Emergency Services – Sector Update: August 2019	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provide further insight into the following areas:</p> <ul style="list-style-type: none">• Progress on delivering the Emergency Services Network;• Time for police to choose how to tackle fraud;• PEEL spotlight report;• State of policing; and• Home Office allocates £35m to police forces for violence reductions units.
Emergency Services – Sector Update: February 2020	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provide further insight into the following areas:</p> <ul style="list-style-type: none">• PEEL spotlight report;• An inspection of the police service’s arrangements for the selection and development of chief officers;• First wave of 20,000 police officer uplift announced;• Serious and organised crime;

Publication	Areas covered
	<ul style="list-style-type: none"> • Home Office funds innovative policing technology to prevent crime; and • Police Board Assurance Framework (BAF) – do you know what you think you know?

3.2 Conflicts of interest

RSM has not undertaken any work or activity during 2019/2020 that would lead us to declare any conflict of interest.

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.

3.4 Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS 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.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

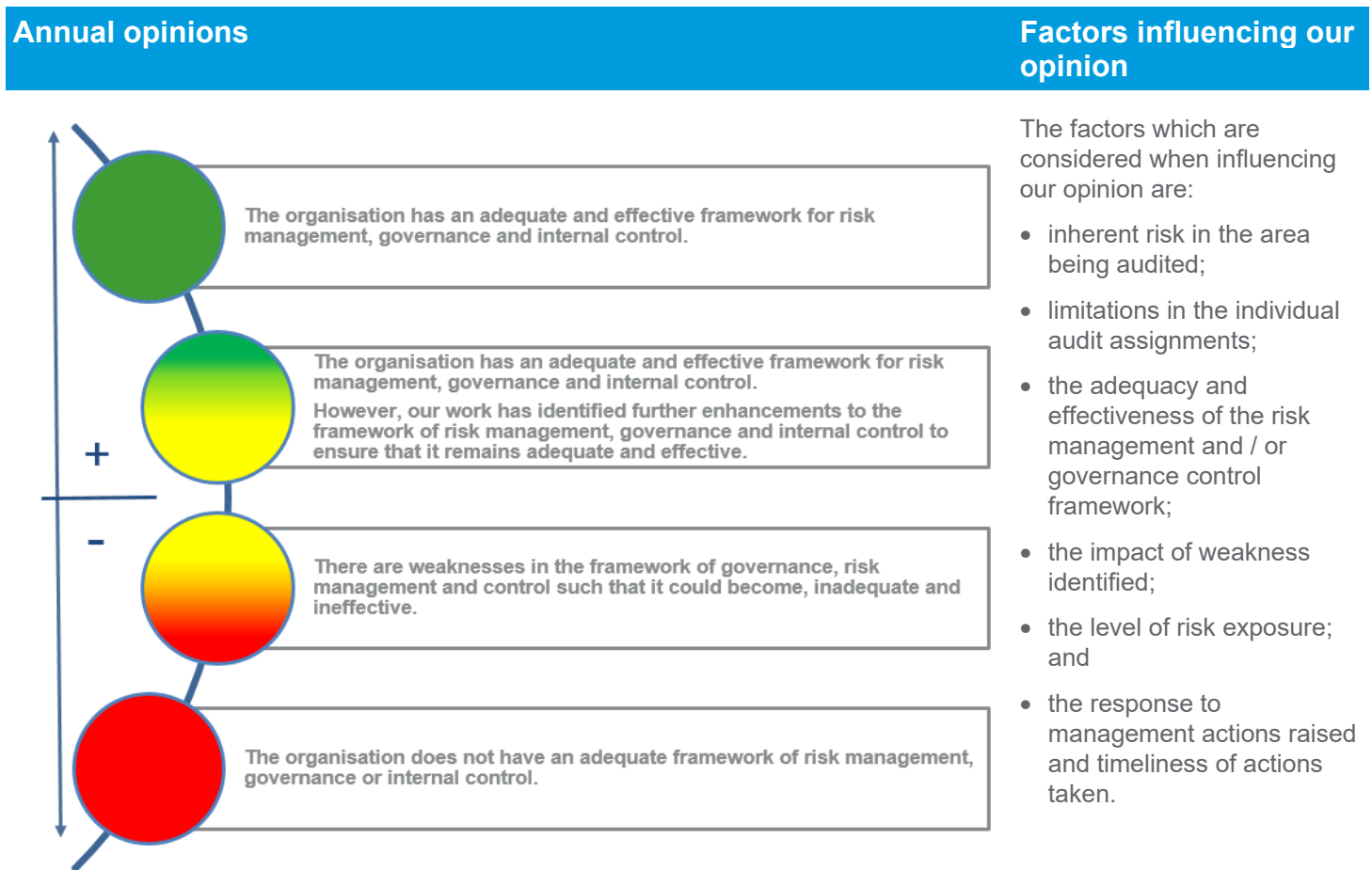
3.5 Performance indicators

A number of performance indicators were agreed with the Joint Independent Audit Committee. Our performance against those indicators is as follows:

Delivery			Quality		
	Target	Actual		Target	Actual
Draft reports issued within 10 working days of debrief meeting	10 working days	11 working days (average)	Conformance with PSIAS and IIA Standards	Yes	Yes
			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
Final report issued within 3 working days of management response	3 working days	1 working day (average)	% of staff with CCAB/CMIIA qualifications	>50%	64%
High and Medium recommendations followed up	Yes	Yes	Response time for all general enquiries for assistance	2 working days	2 working days (average)
			Response for emergencies and potential fraud	1 working day	-

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 opinion.



APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2019/2020

Assignment	Assurance level	Actions agreed		
		L	M	H
Human Resources: Wellbeing		4	5	0
Integrated Offender Management		0	3	2
Service Operations		0	7	2
Seized Exhibits: Temporary Stores		3	1	3
Business Continuity Planning		3	2	1
Policies and Procedures		3	4	0
Positive Action Plan		1	4	0
Risk Management		2	5	0

Assignment	Assurance level	Actions agreed		
		L	M	H
Criminal Disclosure		2	4	0
Misconduct and Disciplinary Process		1	6	0
Vetting		2	0	0
Firearms Licensing		5	0	0
Follow Up of Internal Audit Management Actions: Visit 1	Little progress	0	1	2
Follow Up of Internal Audit Management Actions: Visit 2	Reasonable Progress	0	2	0

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual Assignment Report.

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

	<p>Taking account of the issues identified, the Police, Fire and Crime Commissioner and / or the Chief Constable 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.</p>
	<p>Taking account of the issues identified, the Police, Fire and Crime Commissioner and / or the Chief Constable 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.</p>
	<p>Taking account of the issues identified, the Police, Fire and Crime Commissioner and / or the Chief Constable 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.</p>
	<p>Taking account of the issues identified, the Police, Fire and Crime Commissioner and / or the Chief Constable can take substantial assurance that the controls upon which the organisation relies to manage the identified risk is suitably designed, consistently applied and operating effectively.</p>

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 **the Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable of North Yorkshire**, 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 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 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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