



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

[Draft Internal Audit Strategy 2021/22 - 2023/24 \(including the 2021/22 Internal Audit Plan\)](#)

Presented at the Joint Independent Audit Committee meeting of: 16 March 2021

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.

## EXECUTIVE SUMMARY

Our Internal Audit Plan for 2021/2022 is presented for consideration by the Joint Independent Audit Committee. As the developments around Covid-19 will continue to impact on all areas of the organisations' risk profile, we will work closely with management to deliver an internal audit programme which remains flexible and agile to ensure it meets your needs in the current circumstances.

The key points to note from our plan are:



**2021/2022 internal audit priorities:** internal audit activity for 2021/2022 is based on analysing your risk register and key risks (of the Police, Fire Crime Commissioner and Chief Constable), and assurances provided by other providers e.g. HMICFRS. We have also considered other factors affecting you in the year ahead including changes within the sector. Our detailed plan for 2021/2022 is included at section two of this report.

We discussed the Force's strategic priorities at the COT (Chief Officer Team) meeting on 15 February 2021, this meeting was attended by:

- Chief Constable;
- Deputy Chief Constable;
- Assistant Chief Constables;
- Chief Finance Officer;
- Head of Business Design and Assurance; and
- Managing Director, Enabled.

In addition, we met with the Police, Fire and Crime Commissioner's Chief Finance Officer on 22 January 2021 to discuss the priorities of the Commissioner.



**Level of resource:** the level of resource required to deliver the plan is in section two of this report and our daily rates are in line with our tender submission.



**Core Assurance:** the key priorities and changes within the organisations during the period have been reflected within the proposed audit coverage for 2021/2022 and beyond. During the development of the internal audit plan we have reviewed the Police, Fire and Crime Commissioner's and Chief Constable's key risks to inform the basis of the 2021/2022 plan and the wider three-year strategy. This has resulted in a number of reviews being included within the plan that are driven directly from risks identified in the risk register.



**'Agile' approach:** our approach to working with you is that we will respond to your changing assurance needs. By employing an 'agile' or a flexible approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to the Joint Independent Audit Committee during the year.



# CONTENTS

- 1. YOUR INTERNAL AUDIT PLAN .....5
- 2. INTERNAL AUDIT PLAN 2021/2022.....6
- APPENDIX A: YOUR INTERNAL AUDIT SERVICE .....9
- APPENDIX B: INTERNAL AUDIT STRATEGY 2021/2024..... 10
- APPENDIX C: INTERNAL AUDIT CHARTER..... 13
- FOR FURTHER INFORMATION CONTACT ..... 18

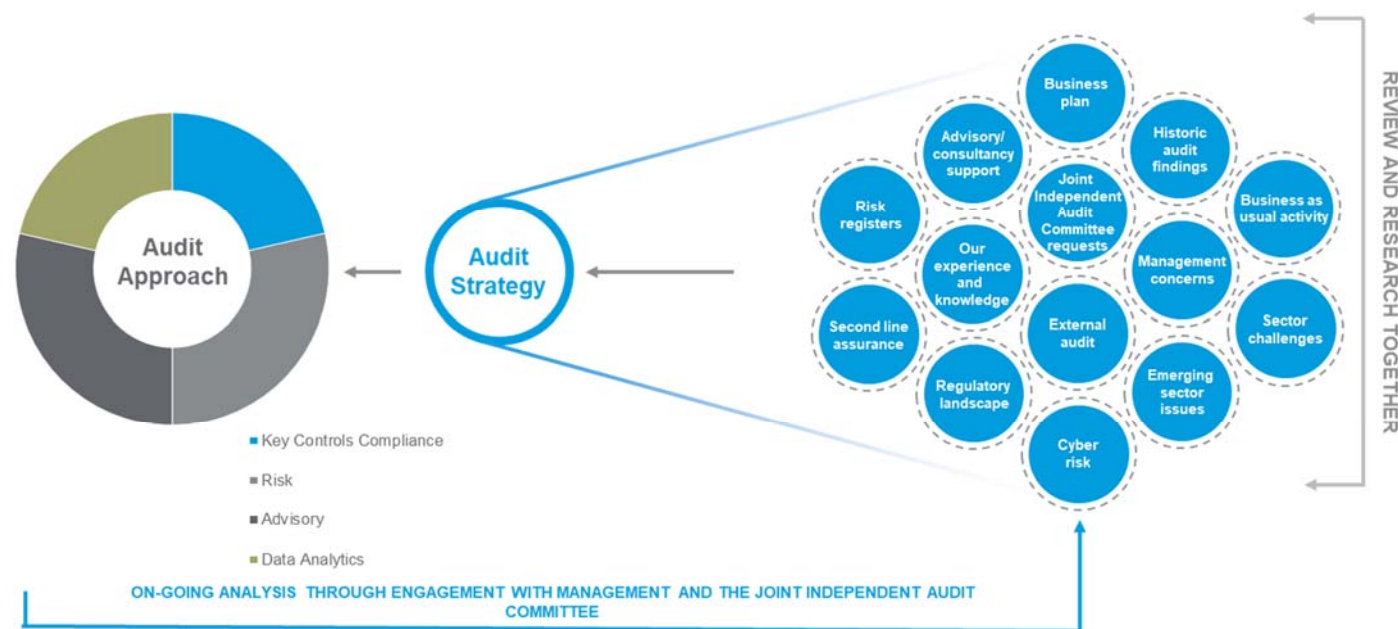
# 1. YOUR INTERNAL AUDIT PLAN

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting The Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable of North Yorkshire in the year ahead, including changes within the sector.

## Risk management processes

We have evaluated and reviewed your risk management arrangements in 2019/20 resulting in a **reasonable assurance** opinion and thus we consider that we can place reliance on your risk registers / assurance framework to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the Joint Independent Audit Committee.

Figure A: Audit considerations – sources considered when developing the internal audit strategy.



Based on our understanding of the organisations, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see section two and Appendix B for full details).

## 2. INTERNAL AUDIT PLAN 2021/2022

The table below shows each of the reviews that we have discussed with management for potential inclusion as part of the internal audit plan for 2021/2022. The table details the strategic risks which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisations' assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes time for tracking the implementation of actions and an audit management allocation.

Objective of the review (Strategic risk)	Days	Proposed timing	Proposed JIAC
<b>Principal Risk</b>			
<b>Risk reference: 7581</b> <b>Financial Planning</b> Review of the planning framework to develop the medium-term financial plans, this will include a review of the assumptions that feed into the plan to ensure these have a sound basis. In addition, we will consider the flow / interlinkage between the service improvement plans, the Force Management Statements (FMS) and setting of the local Precept level.	10	W/c 24 January 2022	March 2022
<b>Risk reference: 8004</b> <b>IT Audit Coverage</b> The exact nature of the scope will be agreed with management during the course of the year; however, it will be aligned to ISO 2001 or 27001 standards. This review will be scoped with our specialist Technology Risk Assurance Team.	15	W/c 6 December 2021	March 2022
<b>Core Assurance</b>			
<b>Capital Investment Programme</b> Review of the Force's capital strategy for the medium and long term and how this is aligned with investment / borrowings. We will also consider the impact of mandatory national programmes and the flexibility of the Force to meet these demands. As part of this review we will also consider the investment in the Force's IT infrastructure.	10	W/c 28 February 2022	June 2022
<b>General Data Protection Regulations</b> We reviewed the organisations arrangements in 2017/18 and raised eleven management actions to strengthen the control framework. We will confirm key UK data protection principles impacted by Brexit have been mapped to identify potential changes that could enact after the transition period. We will not provide a formal opinion as part of this review.	10	W/c 27 September 2021	December 2021

<b><u>Communication</u></b> We will review the Force's wider approach to communication / contact management to ensure a single point of contact is identified. As part of this, we will consider the use of social media and adherence with established procedures.	8	W/c 16 August 2021	December 2021
<b><u>Seized Exhibits</u></b> We will ensure that seized exhibits are received, handled and managed in a clear and transparent way and recorded accurately.	8	W/c 12 July 2021	September 2021
<b><u>Workforce Planning</u></b> A review of the strategy within North Yorkshire to ensure that the Force has the right skills and capabilities throughout the Force both now and in the future. This will include how the Force balances the strategic and local priorities and also the use / prioritisation of voluntary roles.	10	W/c 21 March 2022	June 2022
<b><u>Freedom of Information Requests</u></b> The Force receive a larger proportion of freedom of information requests relative to the population size compared to other forces. In addition, the Force have previously reported non-compliance with responding to requests in the required timeframe (20 days) to the Information Commissioner's Office (ICO). To improve this position, the Force appointed three temporary staff to address the backlog and this support has reduced from January onwards. We will consider the wider capacity of the Civil Disclosure Unit (CDU) to process requests in line with resource levels.	12	W/c 27 September 2021	December 2021
<b><u>Estates</u></b> Review of the organisations' estate with particular focus on its response to the Covid-19 pandemic, including when premises are cohabited. We will use our 4questionnaire system to canvass the views of staff in relation to their understanding of the organisations' health and safety policies and procedures.	12	W/c 5 July 2021	September 2021
<b><u>Benefits Realisation</u></b> A model has been developed to assess the benefits of transformational changes; our review will confirm a consistent approach has been followed when assessing the benefit decisions e.g. collaborations. We will also consider the HMICFRS guidance and recommendations in this area from their recent publication and ensure that NYP have arrangements in place that address these issues / common weaknesses.	13	W/c 10 January 2022	March 2022

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### Other internal audit activity

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#### Follow Up of Previous Internal Audit Management Actions

To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.

We undertake two visits during the year.

12	W/c 26 July 2021	September 2021
	W/c 17 January 2022	March 2022

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#### Management

This will include:

- Annual planning
- Preparation for, and attendance at, the Joint Independent Audit Committee;
- Regular liaison and progress updates;
- Liaison with external audit and other assurance providers; and
- Preparation of the annual opinions.

15	Throughout the year	-
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#### **Total**

**135**

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A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

## 2.1 Working with other assurance providers

The Joint Independent Audit Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisations.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.



# APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Daniel Harris as your Head of Internal Audit, supported by Angela Ward as your Senior Manager and Philip Church as your Client Manager.

## Core team

The delivery of the 2021/2022 internal audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required, for example, IT auditors.

## 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.

Our next external review will be conducted during 2021 and we will inform the Joint Independent Audit Committee of its findings.

## Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

## APPENDIX B: INTERNAL AUDIT STRATEGY 2021/2024

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in section one above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided		Internal Audit – Third Line of Assurance (Independent review / assurance)			
		2020/21	2021/22	2022/23	2023/24
Red	Red - Minimal Assurance / Poor Progress				
Amber/red	Amber/red - Partial Assurance / Little Progress				
Amber/green	Amber/green - Reasonable Assurance / Reasonable Progress				
Green	Green - Substantial Assurance / Good Progress				
Grey	Advisory / AUP				
Teal	IDEA				

Audit Area					
Principal Risks					
Risk reference 7573		✓ (Collaborations)		✓	
Risk reference 7581			✓ (Financial Planning)		
Risk reference 8004		✓ (Vulnerability and Incident Response)	✓ (IT)	✓	✓
Risk reference 8049				✓	

## Core Assurance

General Data Protection Regulation (GDPR)		✓	
Workforce Planning		✓	
Freedom of Information Requests	✓	✓	
Ethics	✓		✓
Risk Management			✓
Communication		✓	
Exhibits		✓	✓
Bail Management	✓		✓
Commissioning	✓		
	(Commissioned Services)		
Key Financial Controls	✓	✓	
	(Key Financial Controls: Procurement)		
	✓		
	(Project / Capital Expenditure)		
Police and Crime Plan			✓
Transparency: Specified Information Order			✓
Estates		✓	
Human Resources	✓		✓
	(Training)		

Victims' Code			✓	
Integrated Offender Management				✓
Force Management Statements			✓	
Mobile Working			✓	
Overtime, Bonus and Honorarium Payments		✓		✓
Capital Investment Programme			✓	
Complaints		✓		✓
HMICFRS		✓	✓	✓
	(HMICFRS: Recommendation Tracking)			
	✓			
	(Ethics)			
Benefits Realisation			✓	
<b>Other Internal Audit Activity</b>				
Follow Up of Previous Internal Audit Management Actions: Visit 1		✓	✓	✓
Follow Up of Previous Internal Audit Management Actions: Visit 2		✓	✓	✓

# APPENDIX C: INTERNAL AUDIT CHARTER

## Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for The Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable of North Yorkshire. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Joint Independent Audit Committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisations has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

## Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

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*“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.*

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## Independence and ethics

To provide for the independence of internal audit, its personnel report directly to Dan Harris (acting as your Head of Internal Audit). The independence of RSM is assured by the internal audit service reporting to the Police, Fire and Crime Commissioner and the Chief Constable, with further reporting lines to the Chief Finance Officer, the Force and the Chief Finance Officer, Police, Fire and Crime Commissioner.

The Head of Internal Audit has unrestricted access to the Chair of the Joint Independent Audit Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to the organisations. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Joint Independent Audit Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Joint Independent Audit Committee. Equally we do not want the organisations to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

## Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Joint Independent Audit Committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Joint Independent Audit Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Joint Independent Audit Committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'audit committee'.

- Internal audit: a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior management team: who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- Audit committee: the committee responsible for enhancing public trust and confidence in the governance of the office of the police and crime commissioner and police force. In addition, assisting a police and crime commissioner in discharging statutory responsibilities in holding a police force to account.

## **Client care standards**

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

## **Authority**

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Joint Independent Audit Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisations where audits will be performed, including other specialised services from within or outside the organisations.

The Head of Internal Audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisations.
- Initiate or approve accounting transactions on behalf of the organisations.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

## Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Joint Independent Audit Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Joint Independent Audit Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisations during the year are part of the framework of assurances that assist the Joint Independent Audit Committee in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide annual opinions on the adequacy and effectiveness of the organisations' governance, risk management and control arrangements. In giving our opinions it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinions will be provided to the organisations by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinions, should be used by management and the Joint Independent Audit Committee to inform the organisations' annual governance statement.

## Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.



## **Quality Assurance and Improvement**

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Joint Independent Audit Committee.

## **Fraud**

The Joint Independent Audit Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Joint Independent Audit Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

## **Approval of the internal audit charter**

By approving this document, the internal audit strategy, the Joint Independent Audit Committee is also approving the internal audit charter.

# 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 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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