



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

Annual internal audit report

11 June 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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

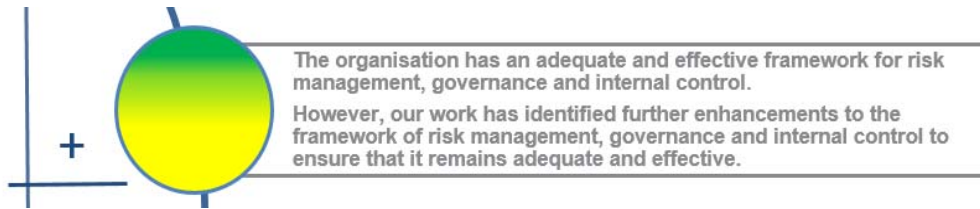


THE ANNUAL INTERNAL AUDIT OPINIONS

This report provides annual internal audit 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 reporting.

The opinions

For the 12 months ended 31 March 2021, the Head of Internal Audit opinion for the Police, Fire and Crime Commissioner for North Yorkshire is as follows:



For the 12 months ended 31 March 2021, the Head of Internal Audit opinion for the Chief Constable of North Yorkshire is as follows:



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

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 a substitute for management responsibility around the design and effective operation of these systems.

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, our opinions are subject to inherent limitations, as detailed below:

- internal audit has not 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. The assurance framework is one component that the Joint Independent Audit Committee 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(s);
- 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; and
- our internal audit work for 2020/21 has been undertaken through the substantial operational disruptions caused by the Covid-19 pandemic. In undertaking our audit work, we recognise that there has been a significant impact on both the operations of the organisations and its risk profile, and our annual opinions should be read in this context.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINIONS

Based on the work we have undertaken on the systems of governance, risk management and internal control 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 in 2020/21, however we have covered elements of the Governance frameworks in place for the following reviews and have used this work to support our governance opinions: Freedom of Information Requests; Complaints; Collaborations; Overtime, Bonus and Honorarium Payments; and HMICFRS: Recommendation Tracking.

Each of the above reviews received a positive assurance opinion. We concluded that the governance arrangements in place, for the organisations, were adequate and effective.

Risk

We did not perform a specific risk management review at the organisations in 2020/21; however, our risk management opinions are also informed by the assessment of the risk mitigation controls and compliance with those controls in our risk-based reviews in the following areas:

- Collaborations (*Unable to reliably measure the ratio of contribution against benefit of cross sector collaborative effort*); and
- Vulnerability and Incident Response (*Partial or total loss of IT service provision which impacts on service to the public*).

The specific reviews (above) resulted in **one reasonable** assurance opinion (positive) and **one partial assurance** opinion (negative).

We have also attended all Joint Independent Audit Committee 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 the risk register shared and reviewed, with appropriate oversight.

Control

We have undertaken 11 audits (including the two risk driven reviews mentioned above) of the control environment that resulted in formal assurance opinions. These 11* reviews concluded that the organisations could take **partial** assurance for three reviews (negative), **reasonable** assurance (positive) opinions for seven reviews and **substantial** (positive) assurance for one review. 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.

Vulnerability and Incident Response (Partial Assurance)

We reviewed the Force's arrangements over its IT technical vulnerability management and incident management arrangements against the requirements of Annex A of the ISO/IEC 27001 Information Security Standard. Our review identified one high, four medium and five low priority management actions. Our high management action related to no defined target resolution times had been set to resolve vulnerabilities identified as high, medium or low.

HR Training (Partial Assurance)

We reviewed the organisation's arrangements in place to ensure officers are up-to-date with their mandatory training. As a result of our review, we have agreed **nine medium** and **two low** priority management actions.

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 **reasonable progress** had been made towards the implementation of those actions agreed.

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

* Please note - The Project Expenditure review has been issued in draft and is due to be finalised shortly.

Topics judged relevant for consideration as part of the annual governance statement

We issued two partial (negative) assurance opinions in 2020/2021. The organisations should therefore consider the partial assurance opinions given for Vulnerability and Incident Response, HR: Training and Project Expenditure (**draft**) when completing their annual governance statements, together with any actions already taken and action planned by management to address the actions agreed. The current COVID19 pandemic and its impact on the operations of the Force and the OPFCC will obviously need reflecting in the annual governance statements.

THE BASIS OF OUR INTERNAL AUDIT OPINION

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

Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2020/21.

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 that **reasonable progress** had been made in implementing the agreed actions.

Follow Up of Previous Internal Audit Management Actions: Visit 1

We followed up seven management actions as part of this review, there were two high and five medium priority actions. Of the seven management actions considered in this review, we confirmed six actions had been fully implemented.

We confirmed the organisations have demonstrated **reasonable progress** towards implementing agreed management actions.

Follow Up of Previous Internal Audit Management Actions: Visit 2

We followed up 28 management actions as part of this review, there were five high and 23 medium priority actions. Of the 28 management actions considered, we confirmed that 24 of these actions had been fully implemented and one management action superseded. We agreed three management actions (two on-going and one not implemented) comprising of **one high** and **two medium** priority actions. We re-categorised the high action to medium to reflect the progress made by the Force.

We confirmed the organisations have demonstrated **reasonable progress** towards implementing agreed management actions.

Working with other assurance providers

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

OUR PERFORMANCE

Wider value adding delivery

We have used subject matter experts to review the organisations arrangements for **Vulnerability and Incident Response**. 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 2020/2021, we have issued two emergency services sector briefings within our progress reports presented to the JIAC, detailed below. We will continue to share our briefings with you during 2021/2022.

| Publication | Areas covered |
|--|--|
| Emergency Services – Sector Update: September 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">• Police to police collaborations;• Police workforce statistics;• Sate of policing;• Police funding statistics; and• An inspection of road policing. |
| Emergency Services – Sector Update: March 2021 | <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">• Police supported with 6,620 extra officers and funding;• An inspection of the effectiveness of the Regional Organised Crime Units;• Police grants in England and Wales: 2021 to 2022;• Police to receive £60m to support Covid-19 response;• APCC business plan 2020/22; and• Home Office evidence to the Police Remuneration Review Body. |
| Webinar invitations | <p>Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates. Examples include VAT, Employment Tax and Change Management.</p> |

| | |
|--|---|
| Off-payroll working / IR35 | We have provided Emergency Services clients with updates in relation to the Off-payroll working / IR35 rules, following the launch of the Government review into the implementation of the changes to the off payroll working rules that will aim to determine if any further steps can be taken to ensure the 'smooth and successful implementation' of the reforms. |
| Emergency Services - benchmarking of internal audit findings 2019/20 | We provided management with our annual Emergency Services - benchmarking of internal audit findings 2019/20, which compares the numbers of actions agreed and the assurance opinions provided across the sector in our client base. |
| Coronavirus: Various briefings and webinars | RSM have delivered a number of webinars and client briefings in relation to Coronavirus (ranging from Government financial support for employers, fraud briefings, HR and Legal Support etc). |
| Issue of Emergency Services Briefings | The sector briefings provide both Management and JIAC Members with an insight of key risks, issues and an update of any changes in sector requirements. |

Conflicts of interest

RSM has not undertaken any work or activity during 2020/2021 that would lead us to declare any conflict of interest.

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.

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.

Performance indicators

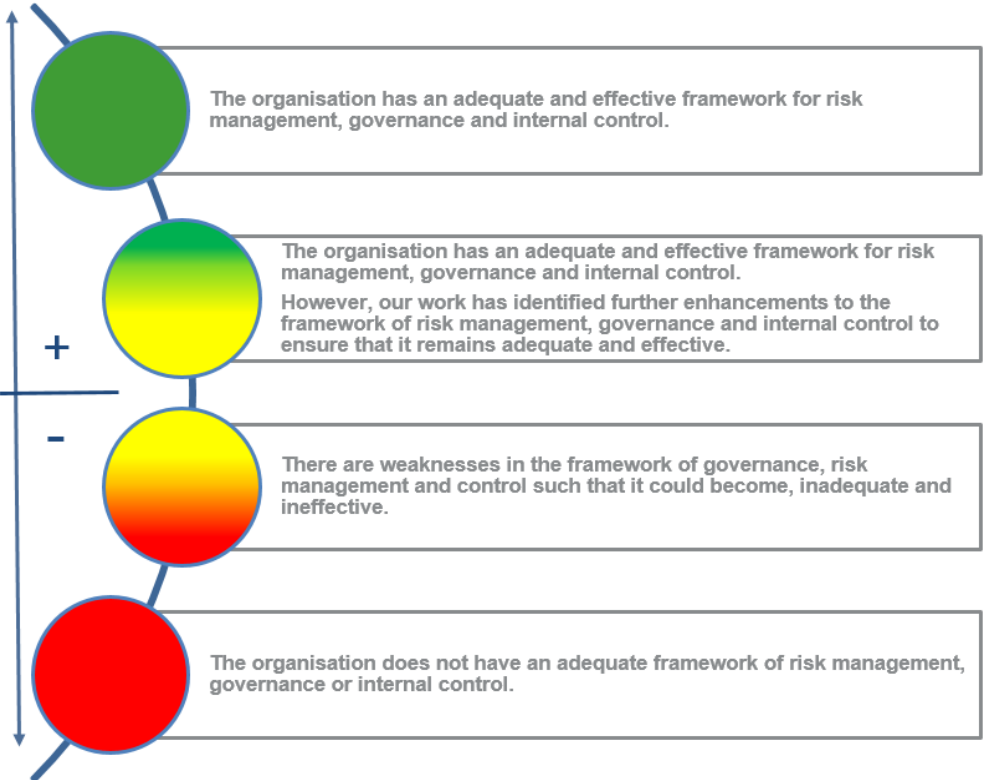
Delivery

Quality

| | Target | Actual | | Target | Actual |
|--|---------|---------------------|--|----------------|-----------------------------|
| Draft reports issued within 10 days of debrief meeting | 10 days | 7 days (average) | Conformance with 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 days of management response | 3 days | 1 day (average) | 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 opinions.

| Annual opinions | Factors influencing our opinions |
|---|--|
|  <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <p>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.</p> <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p> | <p>The factors which are considered when influencing our opinions are:</p> <ul style="list-style-type: none"> • inherent risk in the area being audited; • limitations in the individual audit assignments; • the adequacy and effectiveness of the risk management and / or governance control framework; • the impact of weakness identified; • the level of risk exposure; and • the response to management actions raised and timeliness of actions taken. |

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED

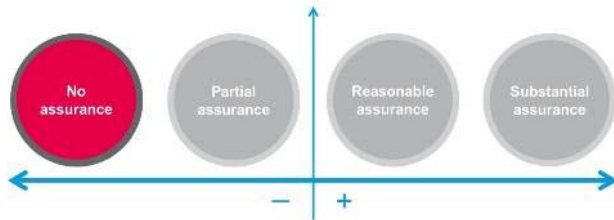
All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

| Assignment | Assurance level | Actions agreed | | |
|-------------------------------------|-----------------|----------------|---|---|
| | | L | M | H |
| Vulnerability and Incident Response | | 5 | 4 | 1 |
| HR: Training | | 2 | 9 | 0 |
| Project Expenditure (draft) | | 0 | 7 | 1 |
| Complaints | | 5 | 1 | 0 |
| Bail Management | | 0 | 4 | 1 |
| Freedom of Information Requests | | 8 | 1 | 0 |

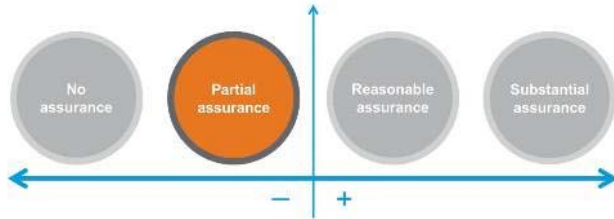
| Assignment | Assurance level | Actions agreed | | |
|--|---------------------|----------------|---|---|
| | | L | M | H |
| Ethics | | 3 | 1 | 0 |
| HMICFRS: Recommendation Tracking | | 1 | 2 | 0 |
| Collaborations | | 1 | 5 | 0 |
| Key Financial Controls: Procurement | | 2 | 3 | 0 |
| Overtime, Bonus and Honorarium Payments | | 3 | 2 | 0 |
| Follow Up of Previous Internal Audit Management Actions: Visit 1 | Reasonable Progress | 0 | 3 | 0 |
| Follow Up of Previous Internal Audit Management Actions: Visit 2 | Reasonable progress | 0 | 3 | 0 |

APPENDIX C: OPINION CLASSIFICATION

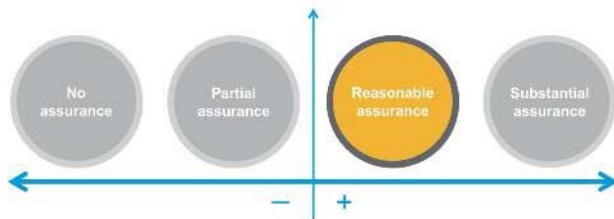
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Joint Independent Audit Committee can take:



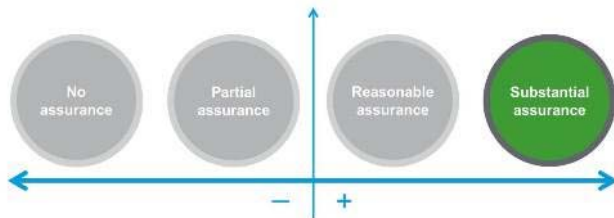
Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and / or the Chief Constable of North Yorkshire **cannot take assurance** that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk.



Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and / or the Chief Constable of North Yorkshire can take **partial assurance** that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied or effective. Action is needed to strengthen the control framework to manage the identified risk.



Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and / or the Chief Constable of North Yorkshire can take **reasonable assurance** that the controls upon which the organisations 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.



Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and / or the Chief Constable of North Yorkshire can take **substantial assurance** that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied and effective.

YOUR INTERNAL AUDIT TEAM

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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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