



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

Annual internal audit report

1 June 2022

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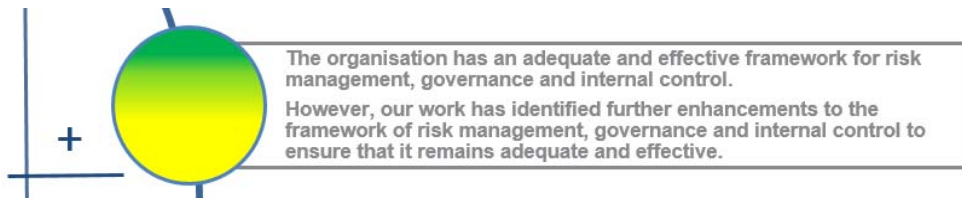


THE ANNUAL INTERNAL AUDIT OPINIONS

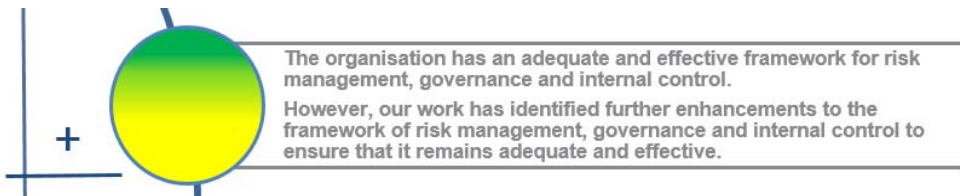
This report provides an annual internal audit opinions, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisations' risk management, control and governance processes. The opinions should contribute to the organisations' annual governance reporting.

The opinion

For the 12 months ended 31 March 2022, 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 2022, 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 opinions.

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 (JIAC), 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 statements (AGSs).
- 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.
- our internal audit work for 2021/22 has been undertaken through the continued 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 OPINION

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 2021/22, 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:

- Estates – Covid- 19 Response;
- Financial Planning ; and
- Benefits Realisation.

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 2021/22; however, our risk management opinions were informed by the assessment of the risk mitigation controls and compliance with those controls in our risk-based reviews in the following areas:

- Financial Planning (risk reference: 7581); and
- Cyber Risk Management (risk reference: 8004).

The specific reviews (above) resulted in a **substantial** assurance opinion (positive) and a **reasonable assurance** opinion (positive).

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 to and scrutinised by committee members; with regular updates provided and the risk register shared and reviewed, with appropriate oversight.

Control

We have undertaken nine audits (including the two risk driven reviews mentioned above) of the control environment that resulted in formal assurance opinions. These nine reviews concluded that the organisations could take one minimal assurance (negative), three partial assurance (negative), one reasonable assurance (positive), and three substantial assurance (positive) opinions. We identified the organisations had established control frameworks in place for a number of the audits undertaken, however improvements in their application were required in a number of areas.

Seized Exhibits (Minimal Assurance)

We reviewed the Force's arrangements for the recording of seized exhibits in accordance with the Force's Property and Exhibits Procedure and the requirements for the retention of property in relation to the Code of Practice on the Management of Police Information (MoPI) and the Criminal Procedure and Investigations Act 1996 (CPIA). Our review identified three high and one low priority management actions. Our review identified concerns with exhibit retention and justification, officers' incorrect use of the exhibit processes and response to automated Niche workflow tasks (when exceed expected disposal date etc), and high levels of check out items, which the Force cannot take assurance on the whereabouts of.

Freedom of Information (Partial Assurance)

The Force has been dealing with FoI (Freedom of Information) backlogs for a number of years which has led the organisation to make a self-referral to the ICO (Information Commissioner's Office) over low compliance rates. This self-referral was made on 12 September 2019 with the Force reporting that 795 FoI requests were overdue with a 27% time compliance rate as of 31 July 2019. To reduce the backlog reported in September 2019, three temporary staff were brought into the Civil Disclosure Unit in 2020 to provide additional assistance. This provided a substantial reduction in the backlog with a further report made to the ICO on 7 October 2020 informing them that only 57 requests were overdue with a 54% time compliance rate. Our review identified two high, four medium and one low priority management actions. The two high management actions reflected the Force's current significant backlog of FoI and substantive testing confirmed Internal Reviews (IRs) had not been completed in a timely manner.

Capital Investment Programme (Partial Assurance)

We reviewed the organisations arrangements to ensure that the capital expenditure programme is linked to the organisations' strategic objectives, appropriately approved and delivered, with any slippage highlighted for scrutiny. Our review identified two high and five medium priority management actions. The high priority actions related to the need for strategies to be developed for each capital programme area and linked to the organisations' overall capital plan and strategic priorities; and the need for more detailed reporting surrounding the achievement of the capital plan and the action to be taken to address slippages.

Cyber Risk Management (Reasonable Assurance)

There has been a focus from the Force over the past 12 months to improve their cyber security arrangements and reduce their cyber risk exposure by establishing policies and managing the IT estate. Whilst good practice has been identified, there have also been weaknesses/gaps identified in each of the scope areas which required management attention. Our review identified five medium and one low priority management actions.

We also performed two advisory reviews: CIPFA Code of Practice – Financial Management and General Data Protection Regulation (GDPR) . The GDPR review resulted in two high priority management actions being agreed. These actions highlighted current procedures did not cover data subject rights in relation to: right to data portability, right to object, and rights in relation to automated decision making and profiling; and the audit plan created by the Data Protection Officer had not been fully enacted.

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 **good progress** (positive opinions) had been made towards the implementation of those actions agreed. To note, the good progress reflected those actions that were closed on ARM and did not include those actions outstanding from other reviews, a separate report is presented to JIAC on internal audit management actions which have surpassed their implementation date and have not been actioned. In addition, the two Follow Up reviews performed during 2021/22 did not cover those actions agreed as part of the negative assurance reviews detailed above.

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

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

We issued one minimal and two partial (negative) assurance opinions in 2021/2022. The organisations should therefore consider the minimal and partial assurance opinions given for Seized Exhibits, Freedom of Information, **and** Capital Investment Programme, when completing their annual governance statements, together with any actions already taken and action planned by management to address the actions agreed.

In addition, the organisations should consider the high management actions raised as part of the GDPR review when completing their annual governance statements.

Management should also continue to pay particular attention to the action tracking process in place and ensure that the actions from the negative assurance reviews are tracked (as in previous years), to ensure these weaknesses identified are addressed.

THE BASIS OF OUR INTERNAL AUDIT OPINIONS

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 2021/22.

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 **good progress** had been made in implementing the agreed actions.

Follow Up of Previous Internal Audit Management Actions: Visit 1

We followed up 31 management actions as part of this review, there were four high and 27 medium priority actions. Of the 31 management actions considered in this review, we confirmed all actions had been fully implemented. For one action we confirmed it had been fully implemented but agreed a new management action to strengthen the control framework.

Follow Up of Previous Internal Audit Management Actions: Visit 2

We followed up 18 management actions as part of this review, all of which were classified as medium priority management actions. Of the 18 management actions considered in this review, we confirmed 17 actions had been closed accurately and this was supported by appropriate evidence. One action had not been implemented and a new action was agreed with the action owner.

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 **Cyber Risk Management**. We will continue to use subject matter experts when appropriate to ensure true value is added to the organisations.

As part of our client service commitment, during 2021/2022, we have issued four emergency services sector briefings within our progress reports presented to the JIAC, detailed below. We will continue to share our briefings with you during 2022/2023.

Area of work	Areas covered
Managing risk in a changing environment – analysis of police risk registers	Our paper, published in April 2021, reviewed the 31 strategic risks registers and examined 461 individual risks in total. Our analysis considered the risks registers from police forces, offices of the police and crime commissioner (OPCC) and police, fire and crime commissioners (PFCC). This provided an insight into the persistent challenges, together with some new and emerging risks facing the sector.
Emergency Services – Sector Update: June 2021	The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas: <ul style="list-style-type: none">• Policing in the pandemic;• Police officer uplift;• Policing inspection programme and framework 2020/21; and• Independent investigation outcomes.
Emergency Services – Sector Update: August 2021	The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas: <ul style="list-style-type: none">• State of policing;• Police remuneration review body report;• National crime agency inspection; and• Demand capacity and welfare survey.
Emergency Services – Sector Update: November 2021	The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas: <ul style="list-style-type: none">• Police response to violence against women and girls;• Cyber and information security;• Police and local authorities given extra funding for safer streets; and

	<ul style="list-style-type: none"> • Firearms licensing.
Emergency Services – Sector Update: March 2022	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none"> • Strategic review of policing; • Value for money profiles; and • A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders.
Best Practice	Shared best practice across the sector through our work.
Sector Experience	We have also made suggestions throughout our audit reports based on our knowledge and experience in the emergency services sector to provide areas for consideration.
Briefings	Issued non-sector specific briefings to all of our clients, including North Yorkshire Police and OPFCC.

Conflicts of interest

RSM has not undertaken any work or activity during 2021/22 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 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM ‘generally conforms* to the requirements of the IIA Standards’ and that ‘RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards’.

* The rating of ‘generally conforms’ is the highest rating that can be achieved, in line with the IIA’s EQA assessment model.

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.

Resulting from the programme in 2021/22, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

Performance indicators

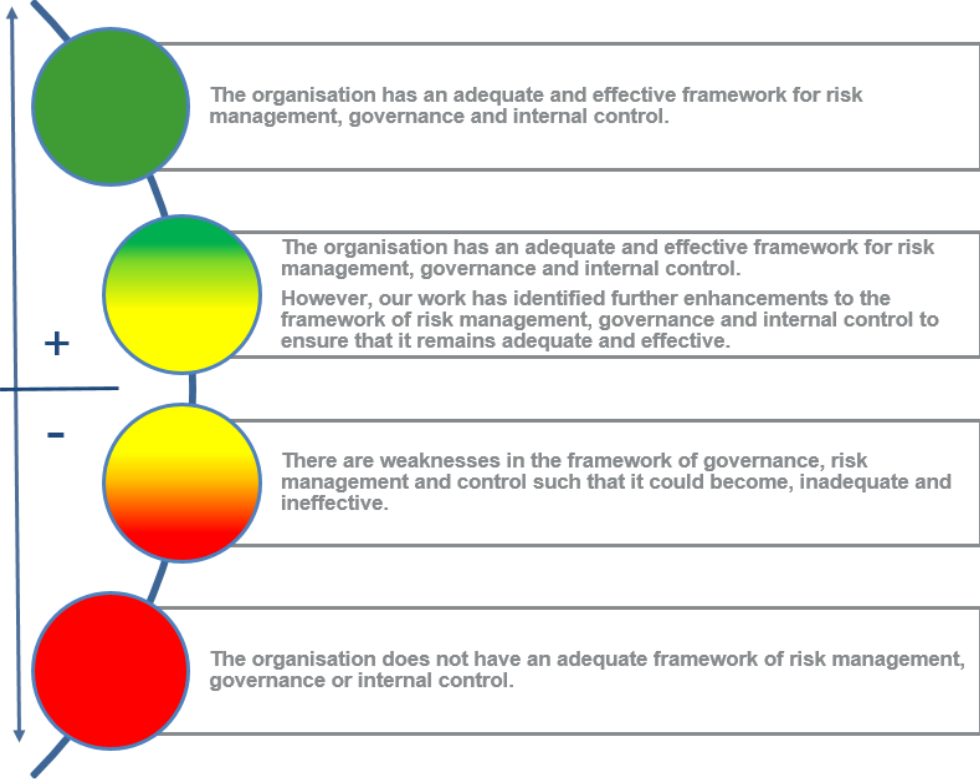
Delivery

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 opinion
 <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
Seized Exhibits		1	0	3
Freedom of Information		1	4	2
Capital Investment Programme		0	5	2
Cyber Risk Management		1	5	0
Workforce Planning		1	2	0

Assignment	Assurance level	Actions agreed		
		L	M	H
Estates – Covid-19 Response		1	1	0
Financial Planning		1	0	0
Benefits Realisation		1	0	0
Communication		2	2	0
General Data Protection Regulation	Advisory Review	5	4	2
CIPFA Code of Practice – Financial Management	Advisory Review	0	2	0
Follow Up of Previous Internal Audit Management Actions: Visit 1	Good Progress	0	1	0
Follow Up of Previous Internal Audit Management Actions: Visit 2	Good Progress	0	1	0

APPENDIX C: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Police, Fire and Crime Commissioner and Chief Constable can take:

<p>The diagram shows four levels of assurance on a scale from left to right: Minimal assurance (red), Partial assurance, Reasonable assurance, and Substantial assurance. A vertical line separates the left side (marked with a minus sign) from the right side (marked with a plus sign). Arrows point from the inner boxes towards the outer ones.</p>	<p>Taking account of the issues identified, the Police, Fire and Crime Commissioner and the Chief Constable can take minimal assurance that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>Urgent action is needed to strengthen the control framework to manage the identified risk.</p>
<p>The diagram shows four levels of assurance on a scale from left to right: Minimal assurance, Partial assurance (orange), Reasonable assurance, and Substantial assurance. A vertical line separates the left side (marked with a minus sign) from the right side (marked with a plus sign). Arrows point from the inner boxes towards the outer ones.</p>	<p>Taking account of the issues identified, the Police, Fire and Crime Commissioner and the Chief Constable can take partial assurance that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>Action is needed to strengthen the control framework to manage the identified risk.</p>
<p>The diagram shows four levels of assurance on a scale from left to right: Minimal assurance, Partial assurance, Reasonable assurance (yellow), and Substantial assurance. A vertical line separates the left side (marked with a minus sign) from the right side (marked with a plus sign). Arrows point from the inner boxes towards the outer ones.</p>	<p>Taking account of the issues identified, the Police, Fire and Crime Commissioner and the Chief Constable can take reasonable assurance that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied and effective.</p> <p>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>The diagram shows four levels of assurance on a scale from left to right: Minimal assurance, Partial assurance, Reasonable assurance, and Substantial assurance (green). A vertical line separates the left side (marked with a minus sign) from the right side (marked with a plus sign). Arrows point from the inner boxes towards the outer ones.</p>	<p>Taking account of the issues identified, the Police, Fire and Crime Commissioner and the Chief Constable can take substantial assurance that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied and effective.</p>

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 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.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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