



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

Annual internal audit report year ended 31 March 2023

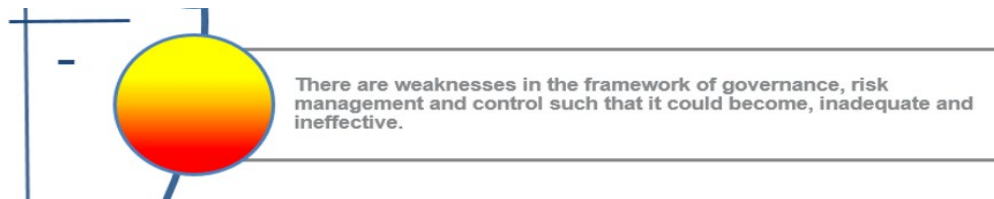
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THE ANNUAL INTERNAL AUDIT OPINIONS

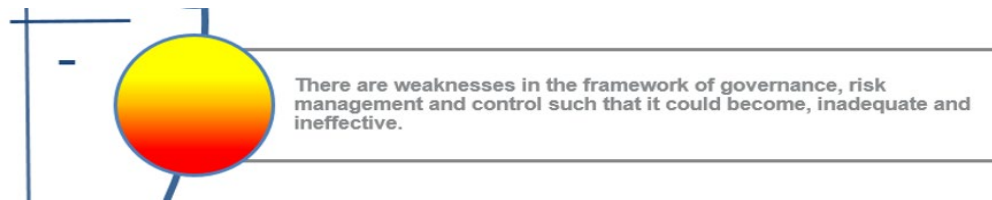
This report provides annual internal audit opinions, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisations' risk management, control and governance processes. The opinions should contribute to the organisations' annual governance reporting.

The opinions

For the 12 months ended 31 March 2023, 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 2023, 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 were 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 frameworks. The assurance frameworks are one component that the board 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; and
- 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.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINIONS

Background context

Our reviews have been commissioned on a risk basis and directed to those areas where the organisations have identified some significant concerns and wanted some independent third line assurance coverage. The organisations are collectively trying to make enhancements to existing control frameworks in a range of areas and have specifically targeted internal audit coverage to help with this objective. To reflect the risk profile of the organisations, in 2022/23 the internal audit plan has remained flexible and has been amended to review on-going areas of concern and/or new risks. This has resulted in internal audit resource being directed towards the areas of Fleet Management and Custody Detention. Our reviews of the support services provided through enableNY, which continues to be an area of management concern, have resulted in a number of negative assurance opinions, most notably in the areas of Fleet Management, Payroll and Key Financial Controls: Accounts Payable. The concerns identified by the Chief Constable's Chief Finance Officer resulted in a further review being commissioned to assess the purchasing arrangements, which resulted in a number of actions being agreed.

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 2022 / 2023, 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:

- Vetting;
- Firearms Licensing; and
- Human Resources: Restrictive Duties.

Each of the above reviews received a positive assurance opinion and have informed our opinion in this area.

Risk

We performed a specific risk management review at the organisations in 2022/23 which resulted in a **reasonable assurance** opinion. The review focussed on the effectiveness and adequacy in place to identify and manage both risk and opportunities that support the delivery of the organisations' objectives. As part of the review we agreed four medium and seven low priority management actions.

In addition, our risk management opinions were informed by the assessment of the risk mitigation controls and compliance with those controls in our risk-based review in the following area:

- Collaborations (risk reference: 7573).

The specific review (above) resulted in a **partial assurance** opinion (negative).

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 on the organisations' principal risks, with appropriate oversight.

Control

We have undertaken 11 audits of the control environment that resulted in formal assurance opinions. These 11 reviews concluded that the organisations could take one minimal assurance (negative), four partial assurance (negative), one reasonable assurance (positive), three substantial assurance (positive) opinions, one reasonable progress and one good progress follow up opinions. We identified, in the main, 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. In addition, our review of Fleet Management identified a number of areas where adequate controls were not in place.

Fleet Management (Minimal Assurance)

We reviewed the Force's fleet management arrangements following a number of issues being identified by management within the fleet capital budget arrangements. Our review focussed on the accounting treatment of fleet assets including approval of expenditure in accordance with the Devolved Resource Manual; disposal of vehicles in accordance with the fleet management strategy and Devolved Resource Manual; that vehicle maintenance was managed to ensure transparency of decision-making and the achievement of best value for money; and that capital expenditure was approved before expenditure is incurred and orders / receipted vehicles reconcile to the approved capital business case.

Our review resulted in eight high, eight medium and three low priority management actions being agreed for immediate action by the Force. Our review identified significant control weaknesses in the fleet capital management processes resulting in the mismanagement of the fleet capital budget, which required immediate action from management. Weaknesses identified included a lack of a fleet management strategy or approved fleet management plan, failure to process approved orders for vehicles in 2022/23 and missing goods received notes and delivery information to support vehicle deliveries.

Payroll (Partial Assurance)

Our review focussed on ensuring the organisations have an appropriate framework in place to ensure that all individuals working for the organisations are paid all monies due to them in a timely manner. Our testing confirmed that the organisations had controls and processes in place to manage the payroll functions and generate pay runs in a timely manner. Our testing also demonstrated that the Payroll and Pensions team has established an efficient process to ensure new starters and leavers are input by one member of staff and checked by one other. However, our testing identified several weaknesses in controls which included the segregation of duties in the processes for actioning maternity and paternity leave amendments, documenting the review of the pre-payroll reports and discrepancies between core information on employment contracts and the information input onto the payroll system. Our review resulted in one high, seven medium and four low priority management actions being agreed.

Key Financial Controls: Accounts Payable (Partial Assurance)

We reviewed the organisations arrangements to ensure robust controls are in place to ensure all expenditure is committed, approved, and accounted for accurately and creditors are correctly paid in a timely manner. Our review identified several instances where controls were not being implemented as designed, including new supplier forms not being completed, lack of segregation of duties in the Tranman system, and the process of authorisation within the Tranman system, which resulted in high management actions being agreed.

We agreed a further four medium management actions in relation to investigating the inclusion of authorisation limits for specific cost centres; removal of leavers from the Oracle system in a timely manner, lack of retention of goods received notes, and ensuring orders are supported by purchase requisitions.

Collaborations (**Partial Assurance**)

The Force follows three distinct approaches to collaborations: collaboration with police force partners in the Yorkshire and Humber region; collaboration with police partners; and collaboration with fire and rescue partners. Our review focussed on providing assurance that there was an effective framework in place to monitor the efficiency and effectiveness of each arrangement. Each collaboration agreement has a governance framework in place to monitor the efficiency and effectiveness of collaborative arrangements. However, we agreed one high and four medium priority management actions to improve the control framework. The high action related to out of date and unsigned agreements being in place between parties. The medium management actions related to the lack of specific performance metrics and targets for ROCU, YaTH Procurement and CCRU, evidence was not available to demonstrate the Force's participation in governance meetings, and there was lack of performance monitoring of the CCRU collaboration.

Custody Detention Review (**Partial Assurance**)

We reviewed the Force's compliance with the Police and Criminal Evidence Act 1984 (PACE) under Code C in relation to the review of detention periods and to ensure the Force complies with appropriate authority requirements for exercising certain powers, e.g. intimate or strip searches, intimate samples or premises searches. Through sample testing of a number of detainee custody records, we have identified several control deficiencies which risk non-compliance with PACE Code C, which resulted in three high, four medium, and one low management actions being agreed.

The high actions related to detention reviews not being completed in accordance with PACE, reviews when detainees were asleep or unavailable had not been documented on the custody record system, and the incorrect recording of intimate searches. Furthermore, our medium actions related to the lack of evidence to support detainees being informed of rights surrounding the use of live link / telephones, details of who had performed strip searches and result of the search had not been recorded, the reason for detainees assigned as incommunicado was not clear on the custody management system, and premises searches had not been correctly documented.

Follow Up

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** and **good progress** (positive opinions) had been made towards the implementation of those actions agreed. It should be noted that these follow up reviews did not include coverage of any of the 2022/23 negative opinions noted above as the implementation dates for these reviews had not passed at the time of our follow up fieldwork.

To note, the opinions 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 had surpassed their implementation date and had not been actioned. It is therefore possible that high and medium priority actions from previous years reviews may still be outstanding.

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

Key themes

Analysis of our internal audit findings across our assurance assignment reports which have been issued for 2022/23 shows that actions were agreed in relation to the design of 13 controls, with 10 relating to the Fleet Management review. Actions were also agreed in relation to 60 controls which were not being consistently complied with. The organisations have a framework in place to track and monitor the implementation of actions agreed through our internal audit reports, which is reported to the JIAC. Twice a year internal audit review the actions which have been closed and validate the information which has been reported to JIAC. During 2022/23, the organisations demonstrated good and reasonable progress for the two follow up reviews undertaken.

This means that controls in the areas audited were generally well-designed, and where improvement is required this related to ensuring a consistent application of those controls.

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

We issued one minimal (negative) and four partial (negative) assurance opinions in 2022/23. We were also commissioned to undertake an additional advisory review on the Force Purchasing arrangements and we identified some significant issues in this review. The organisations should therefore consider the minimal and partial assurance opinions given for Fleet Management, Key Financial Controls: Accounts Payable, Collaborations and the Custody Detention Review, and the findings from the Purchasing review when completing their annual governance statements, together with any actions already taken and action planned by management to address the actions agreed.

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, to ensure these weaknesses identified are addressed.

During the delivery of the internal audit plan for 2022/23, the Force was subject to a PEEL review and the HMICFRS identified the organisation required improvement in the area of responding to the public, investigating crime, protecting vulnerable people, and developing a positive workplace. Further to this, the Force received inadequate in relation to good use of resources.

The Baroness Louise Casey's review, commissioned in the wake of Sarah Everard's murder and a further incident involving a serving Metropolitan Police officer, highlighted a number of significant concerns about the Metropolitan Police's culture and standards. The review focussed on whether the Met's leadership, recruitment, vetting, training, culture and communications supported the standards the public expect, and raised recommendations of how high standards should be routinely met, and how high levels of public trust in the Met could be restored and maintained. As a result, the following national action on standards has been highlighted for all forces to address:

- Identifying wrongdoing;
- Strengthening vetting and misconduct investigations;
- Toughening sanctions;
- Police Race Action Plan; and
- Action on Violence Against Women and Girls.

The organisations should therefore consider when preparing the annual governance statement the implementation of those recommendations as part of the Casey review, and how this is monitored through the organisations' governance arrangements.

Responsibility to address the issues identified

In all of our reviews we have agreed management actions to address all of the weaknesses identified with responsible officers. All of the significant issues identified in 2022/23 have been identified from our audits at the Force and therefore the responsibilities for addressing these issues lie within the Force. We have specifically identified a number of issues in relation to the support functions under enableNY in relation to payroll, accounts payable, and fleet management.

The Commissioner's Office should play a key role in considering and commissioning any additional work that may be required to ensure these issues have been addressed in a timely manner. The Commissioner should therefore consider the current scrutiny and oversight arrangements in place and determine if the existing arrangements in place provide the necessary 'line of sight' required to receive timely assurance that the range of issues identified across key financial control systems in particular, are being addressed in a timely manner. The role of the JIAC in this process should also be considered.

THE BASIS OF OUR INTERNAL AUDIT OPINIONS

As well as those headlines previously discussed, the following areas have helped to inform our opinions. 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 2022/23.

Implementation of internal audit management actions

We have performed two follow up reviews to determine the organisations' implementation of internal audit findings which have been closed* on ARM and we have reported that **reasonable** and **good progress** had been made in implementing the agreed actions.

Follow Up of Previous Internal Audit Management Actions: Visit 1

The Force had reported in this period 38 actions as complete and seven as no longer relevant. We reviewed 22 of the actions during this audit (19 medium and 3 high priority). The 22 consisted of three actions marked as no longer relevant (superseded) by the action owner and 19 actions marked as complete. Our testing concluded that two actions had not been implemented and a further action had been partial but not yet fully implemented. New implementation dates were agreed with management for those actions which had been implemented. The partially implemented actions related to previous actions agreed as part of the Transparency: Specified Information and Ethics reviews. We have not confirmed those partially implemented actions have been implemented.

Follow Up of Previous Internal Audit Management Actions: Visit 2

We followed up 12 management actions as part of this review (one high, nine medium and two low priority management actions). Of the 12 management actions considered in this review, we confirmed 12 actions had been closed accurately and this was supported by appropriate evidence.

Working with other assurance providers

In forming our opinions we have not placed any direct reliance on other assurance providers, but we have noted above some of the work carried out by HMICFRS.

OUR PERFORMANCE

Wider value adding delivery

As part of our client service commitment, during 2022 / 2023, 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 2023 / 2024.

Area of work	How has this added value?
Emergency Services – Sector Update: June 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">• State of policing;• An inspection of the service provided to victims of crime;• Impact of the pandemic on the Criminal Justice System; and• National Stop and Search learning report.
Emergency Services – Sector Update: September 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">• The police uplift programme;• Police uplift programme new recruits onboarding survey;• The police response to burglary, robbery and other acquisitive crime; and• How effective is the National Crime Agency at protecting vulnerable people?
Emergency Services – Sector Update: December 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">• Police dismissals to be reviewed;• Fore management statement template and guidance; and• An inspection of vetting, misconduct, and misogyny in the police service.
Emergency Services – Sector Update: March 2023	<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">• An inspection into how well the police and other agencies use digital forensics in their investigations;• Police requests for third part material;• Review of police dismissal launched;• Policing receive up to £287m funding boost next year;

Area of work	How has this added value?
	<ul style="list-style-type: none"> • Safer Streets Fund is building confidence in the police; • Government supports a new public sexual harassment office; and • Police Officer Uplift, quarterly update to December 2022.
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 2022/23 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 2022 / 2023, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

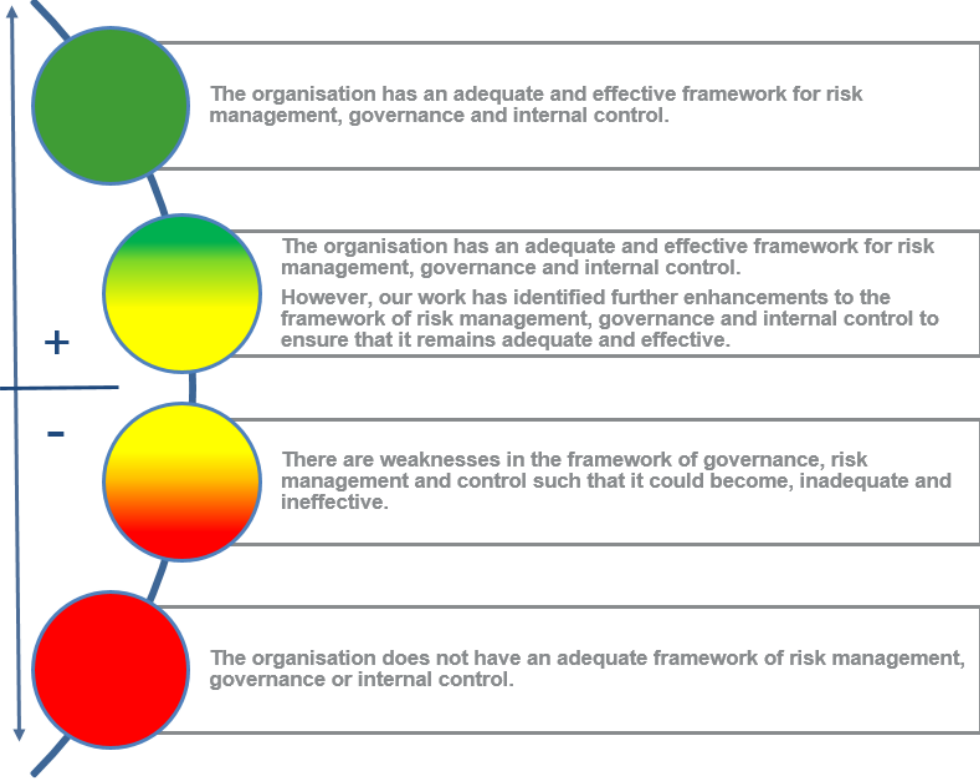
In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

Performance indicators

Delivery		Quality			
	Target	Actual		Target	Actual
Draft reports issued within 10 working days of debrief meeting	10 days	<i>7 working days (average)</i>	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	<i>As and when required</i>
Final report issued within 3 working days of management response	3 days	<i>1 working day (average)</i>	Response time for all general enquiries for assistance	2 working days	<i>2 working days (average)</i>
			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.

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 opinion 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 2022 / 2023

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.

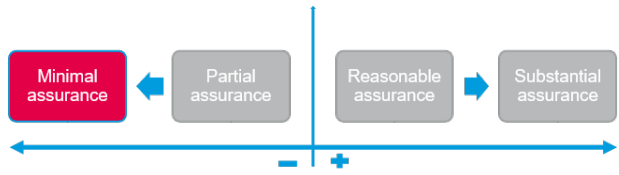
Assignment	Assurance level	Actions agreed		
		L	M	H
Fleet Management	Minimal Assurance	3	8	8
Purchasing Process Review (DRAFT)	Advisory with significant weaknesses – additional review commissioned by Force management	10	6	1
Custody Detention Review	Partial Assurance	1	4	3
Payroll	Partial Assurance	4	7	1

Assignment	Assurance level	Actions agreed		
		L	M	H
Key Financial Controls: Accounts Payable	Partial Assurance	2	4	3
Collaborations	Partial Assurance	1	4	1
Vetting	Reasonable Assurance	0	1	1
Firearms Licensing	Reasonable Assurance	1	3	0
Risk Management	Reasonable Assurance	7	4	0

Assignment	Assurance level	Actions agreed		
		L	M	H
Human Resources: Restrictive Duties	Substantial Assurance	1	1	0
Follow Up of Previous Internal Audit Management Actions: Visit 1	Reasonable Progress	0	3	0
Follow of Previous Internal Audit Management Actions: Visit 2	Good Progress	0	0	0

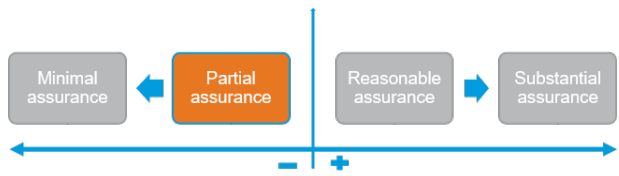
APPENDIX C: OPINION CLASSIFICATION

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



Taking account of the issues identified, the Police, Fire and Crime Commissioner of North Yorkshire and the Chief Constable of North Yorkshire **cannot take assurance** that the controls upon which the organisations rely on 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.



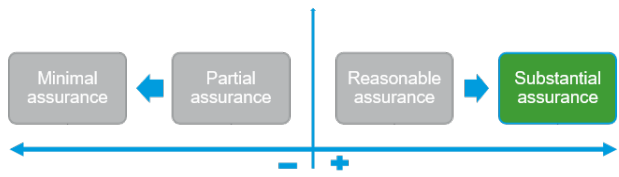
Taking account of the issues identified, the Police, Fire and Crime Commissioner of North Yorkshire and the Chief Constable of North Yorkshire can take **partial assurance** that the controls upon which the organisations rely on to manage this risk are suitably designed, consistently applied or effective.

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 of North Yorkshire and the Chief Constable of North Yorkshire can take **reasonable assurance** that the controls upon which the organisations rely on 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 of North Yorkshire and the Chief Constable of North Yorkshire can take **substantial assurance** that the controls upon which the organisations rely on 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 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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