



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

Annual Internal Audit Report 2018/2019

April 2019

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To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.





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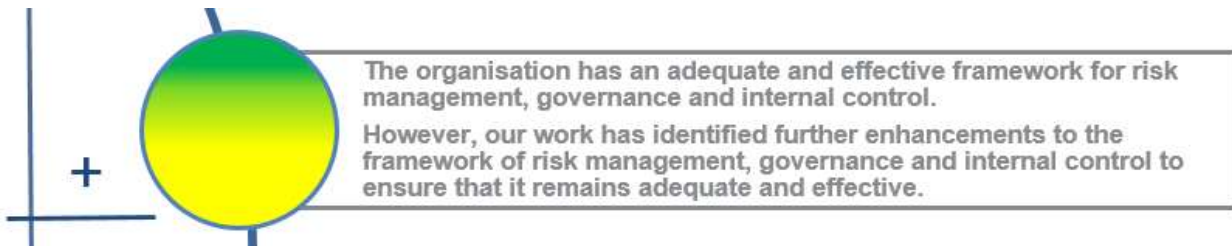
1 THE HEAD OF INTERNAL AUDIT OPINIONS

In accordance with Public Sector Internal Audit Standards, the head of internal audit is required to provide annual opinions, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisations' risk management, control and governance processes. The opinions should contribute to the organisations' annual governance statement.

1.1 The opinions

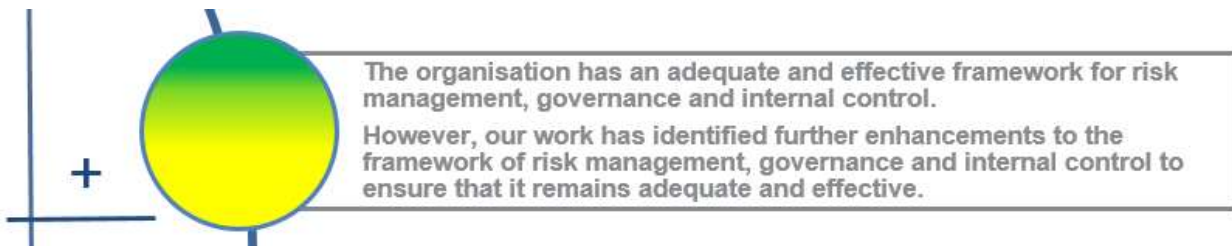
For the 12 months ended 31 March 2019, the head of internal audit opinion for the Police, Fire and Crime Commissioner for North Yorkshire is as follows:

Head of internal audit opinion 2018/19



For the 12 months ended 31 March 2019, the head of internal audit opinion for the Chief Constable of North Yorkshire is as follows:

Head of internal audit opinion 2018/19



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

1.2 Scope and limitations of our work

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

- the opinions does not imply that internal audit has reviewed all risks and assurances relating to the organisations;
- the opinions are substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. As such, the assurance framework is one component that the JIAC takes into account in making its annual governance statement (AGS);
- the opinions are based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management / lead individual;
- the opinions are based on the testing we have undertaken, which was limited to the area being audited, as detailed in the agreed audit scope;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to attention; and
- it remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be seen as a substitute for management responsibility around the design and effective operation of these systems.

1.3 Factors and findings which have informed our opinions

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

Governance

We did not perform a specific governance review at the organisations, however we confirmed sufficient reporting had been undertaken in the following areas: Transparency Specified Information Order; Police and Crime Plan, Human Resources Management: Sickness including Medical Retirement.

Our reviews of Freedom of Information Requests and GDPR: Subject Access Requests identified appropriate reporting arrangements were in place but key statistical information had not been discussed at Executive Board level. In addition, we confirmed key budgets, expenses and overtime had not been devolved to budget holder level. A series of recommendations were raised to strengthen the governance around these areas.

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

Risk Management

We did not undertake a specific review of risk management within the 2018/19 internal audit plan. We have however attended all Joint Independent Audit Committee meeting throughout the year and confirmed the organisations' risk management arrangements continued to operate effectively and were adequately reported and scrutinised by committee members, with regular updates provided and copies of risk registers shared and reviewed.

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

- SharePoint Security;
- GDPR: Subject Access Requests; and
- Crime Data Integrity Action Plan.

A review of compliance with the SharePoint Security concluded that **reasonable assurance** could be taken and we confirmed both the design and application of the control framework required improvement to ensure access to data was appropriate based on the needs of the user.

Our review of GDPR: Subject Access Requests concluded that only **partial assurance** could be taken and we identified issues specifically around meeting statutory response times to requests made. In addition, we considered the freedom of information requests made to the organisations and confirmed compliance with response times was not being routinely achieved.

Our review of the Crime Data Integrity Action Plan concluded that only **partial assurance** could be taken and a number of actions were agreed to improve the control framework. Our review focussed on the implementation Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) actions made as part of the CDI inspection in November 2017, the results were published on 15 February 2018 with an overall judgement of inadequate. A total of 28 actions were raised by the HMICFRS, and although progress had been made towards implementing these actions only nine had been fully implemented at the time of our review (August 2018). The force is due a re-inspection by the HMICFRS during April / May 2019.

Control

We undertook 10 audits (in addition to the 3 risk driven reviews mentioned above) of the control environment that resulted in formal assurance opinions. These 10 reviews concluded that three partial (negative) assurance opinions, six reasonable (positive) assurance and one substantial (positive) opinions could be taken. We identified the organisations had established control frameworks in place for a number of the audits undertaken, however improvements in their application was required in a number of areas.

Furthermore, the implementation of agreed management actions raised 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** (both positive opinions) being made towards the implementation of those actions. Furthermore, through attendance at the Joint Independent Audit Committee we confirmed the organisations' progress against the implementation of internal audit recommendations is reported and scrutinised.

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

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

We issued a total of five partial (negative) assurance opinions in 2018/19. The organisations should therefore consider the partial assurance opinions given for Bail Management, GDPR: Subject Access Requests, Crime Data Integrity Action Plan, Open Investigations and Crimes and Transport Utilisation when completing their annual governance statements, together with any actions taken by management to address the actions agreed.

2 THE BASIS OF OUR INTERNAL AUDIT OPINIONS

As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinions. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

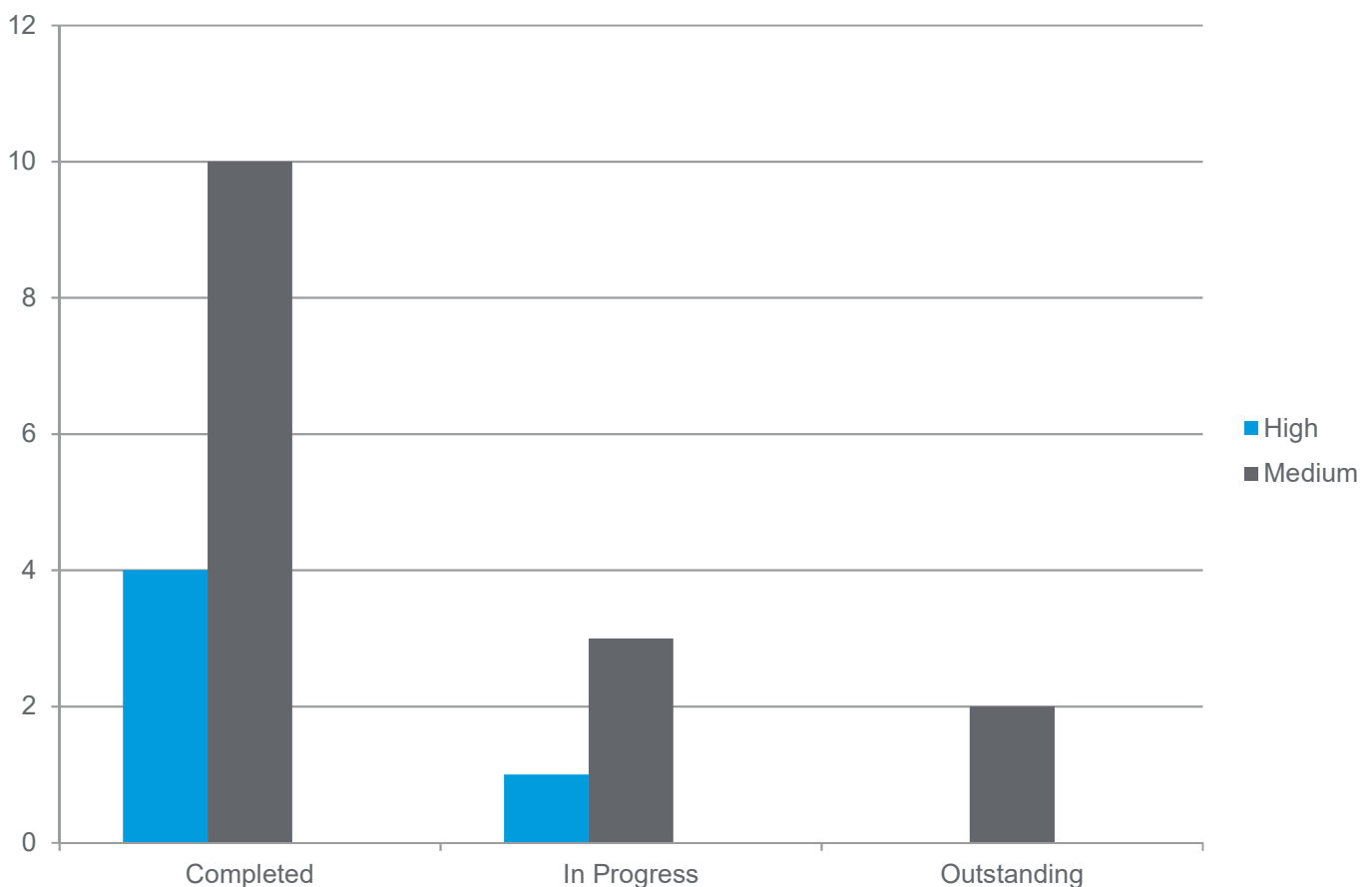
2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2018/2019.

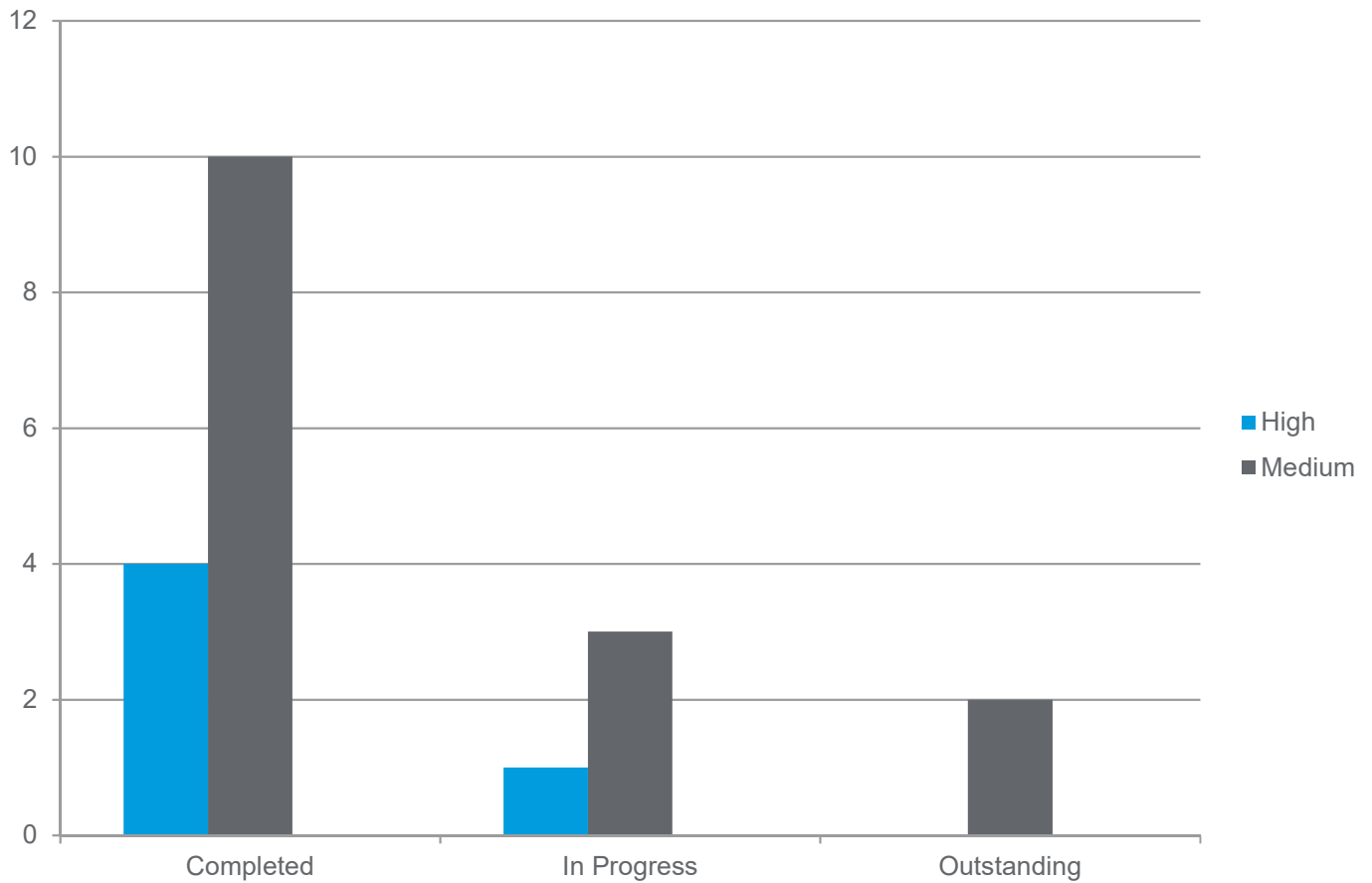
2.2 Implementation of internal audit management actions

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

Visit 1



Visit 2



2.3 Working with other assurance providers

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

3 OUR PERFORMANCE

3.1 Wider value adding delivery

As part of our client service commitment, during 2018/2019 we have issued four emergency services sector briefings within our progress reports presented to the JIAC. We will continue to share our briefings with you during 2019/2020.

We have used subject matter experts to review the organisations arrangements for Commissioning: North Yorkshire Justice Service and York Youth Offending Team, and SharePoint Security. 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.

3.2 Conflicts of interest

RSM has not undertaken any work or activity during 2018/2019 that would lead us to declare any conflict of interest.

3.3 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers”. RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

3.4 Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

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

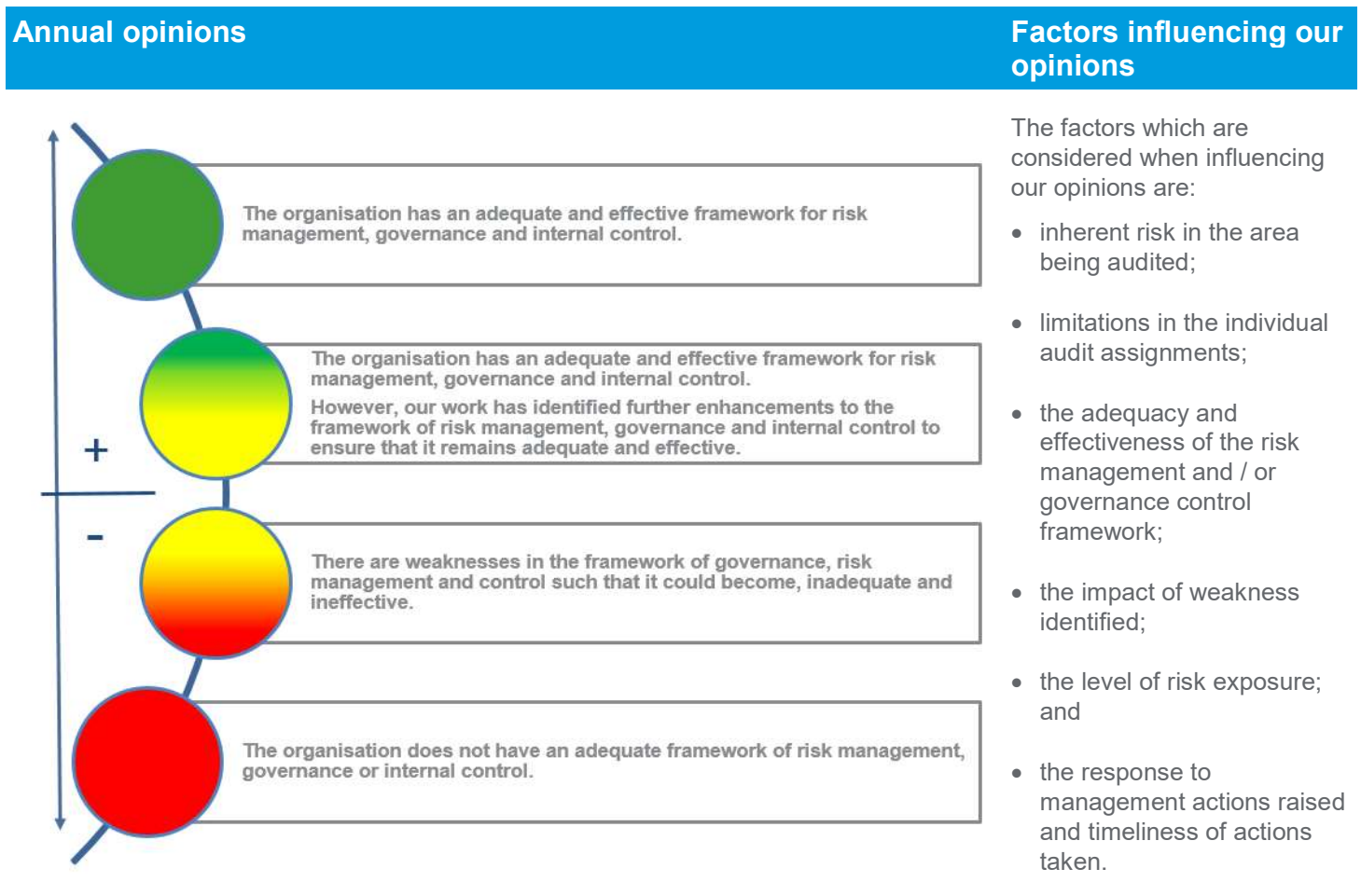
3.5 Performance indicators

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

Delivery	Quality		Quality	Quality	
	Target	Actual		Target	Actual
Draft reports issued within 10 working days of debrief meeting	10 working days	8 working days (average)	Conformance with PSIAS and IIA Standards	Yes	Yes
			Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	As and when required
			% of staff with CCAB/CMIIA qualifications	>50%	90%
Final report issued within 3 working days of management response	3 working days	1 working day (average)	Turnover rate of staff	<10%	No staff turnover in 2018 / 2019
			Response time for all general enquiries for assistance	2 working days	2 working days (average)
High and Medium recommendations followed up	Yes	Yes	Response for emergencies and potential fraud	1 working day	N/A

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.



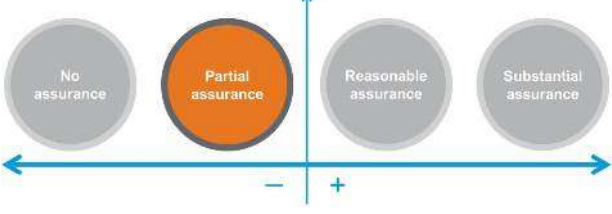
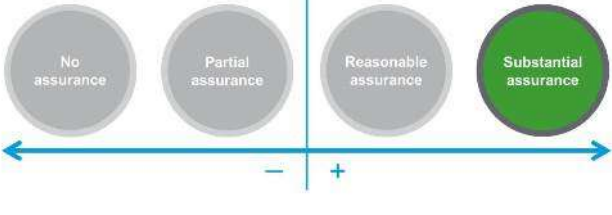
APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2018/2019

Assignment	Assurance level	Actions agreed		
		L	M	H
Crime Data Integrity Action Plan		4	2	2
Bail Management		0	6	2
Open Investigations and Crimes		0	3	2
Transport Utilisation		2	5	0
GDPR: Subject Access Requests		3	2	1
Police and Crime Plan		2	2	0
Key Financial Controls		3	4	0
Human Resource Management: Sickness and Absence including Medical Retirement		2	3	0
SharePoint Security		3	2	1

Assignment	Assurance level	Actions agreed		
		L	M	H
Transparency: Specified Information Order		9	2	0
Resource Management: Overtime		1	3	0
Freedom of Information Act		3	2	1
Commissioning: North Yorkshire Justice Service and York Youth Offending Team		0	0	0
Follow Up of Previous Internal Audit Recommendations – Visit 1	Good Progress	0	1	0
Follow Up of Previous Internal Audit Recommendations: Visit 2	Reasonable Progress	1	5	0

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

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

 <p>A diagram showing four circles representing assurance levels: No assurance (red), Partial assurance (grey), Reasonable assurance (grey), and Substantial assurance (grey). A horizontal blue double-headed arrow is below the circles, with a minus sign (-) on the left and a plus sign (+) on the right. A vertical blue arrow points upwards from the center of the arrow.</p>	<p>Taking account of the issues identified, the Board 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.</p>
 <p>A diagram showing four circles representing assurance levels: No assurance (grey), Partial assurance (orange), Reasonable assurance (grey), and Substantial assurance (grey). A horizontal blue double-headed arrow is below the circles, with a minus sign (-) on the left and a plus sign (+) on the right. A vertical blue arrow points upwards from the center of the arrow.</p>	<p>Taking account of the issues identified, the Board can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk.</p>
 <p>A diagram showing four circles representing assurance levels: No assurance (grey), Partial assurance (grey), Reasonable assurance (yellow), and Substantial assurance (grey). A horizontal blue double-headed arrow is below the circles, with a minus sign (-) on the left and a plus sign (+) on the right. A vertical blue arrow points upwards from the center of the arrow.</p>	<p>Taking account of the issues identified, the Board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk.</p>
 <p>A diagram showing four circles representing assurance levels: No assurance (grey), Partial assurance (grey), Reasonable assurance (grey), and Substantial assurance (green). A horizontal blue double-headed arrow is below the circles, with a minus sign (-) on the left and a plus sign (+) on the right. A vertical blue arrow points upwards from the center of the arrow.</p>	<p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisations relies to manage the identified risk are suitably designed, consistently applied and operating effectively.</p>

FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of **the Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable of North Yorkshire**, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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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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