



# STAFFORDSHIRE POLICE, FIRE AND CRIME COMMISSIONER AND THE CHIEF CONSTABLE OF STAFFORDSHIRE

Annual internal audit report 2021/22

DRAFT

20 May 2022

This report is solely for the use of the persons to whom it is addressed.

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# THE ANNUAL INTERNAL AUDIT OPINION

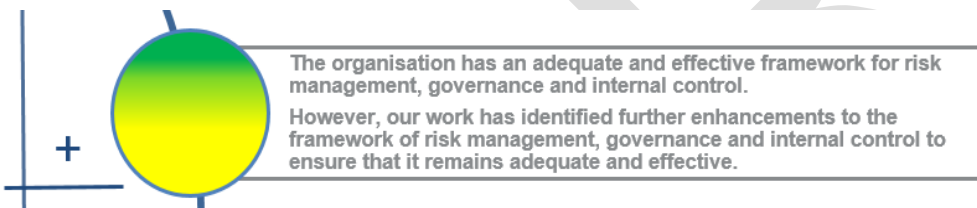
This report provides an annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance reporting.

## The opinion

For the 12 months ended 31 March 2022, the Head of Internal Audit opinion for Staffordshire Police, Fire and Crime Commissioner of Staffordshire (SPFCC) is as follows:



For the 12 months ended 31 March 2022, the head of internal audit opinion for the Chief Constable of Staffordshire is as follows:



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

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*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.*

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## 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 Ethics, Transparency and Audit Panel (ETAP), 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 Chief Constable and SPFCC take 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;
- 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 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 their risk profiles, 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**

Our Governance opinion for both the Commissioner and the Chief Constable has been informed by our specific Governance reports (6.21/22 and 13.21/22) which reviewed the current structures in place. Both of these reviews concluded with substantial assurance opinions for both the Force and the Commissioner.

## **Risk**

Our Risk Management opinions have been informed by our specific review incorporating Risk Management at the Commissioner (substantial assurance), and for the Force by our risk-based approach to individual assignments, as well as attendance at the ETAP, where risk management and the risk registers for both organisations are considered and appropriately challenged by members.

## **Control**

We have undertaken ten audits of the control environment that resulted in formal assurance opinions. Of these ten reviews, seven reports concluded that 'substantial' assurance could be taken; two reports concluded that 'partial' assurance could be taken and one report concluded that 'minimal' assurance could be taken. We also completed an assessment of the progress made in the implementation of the original management actions from the minimal assurance review and concluded that some significant progress had been made in addressing the original management actions (further details are provided below).

Two further advisory reviews were undertaken (Crime Recording and Third Party Spend – Data Extract), where an assurance opinion was not provided. Significant weaknesses were identified in the Crime Recording review and are referred to below.

A 'partial assurance' opinion was provided for the following two assignment reports:

### [Firearms, Tasers and Ammunition - Storage and Destruction \(1.21/22\)](#)

Overall, we found a number of weaknesses in the control framework and compliance with the framework. The Chronicle system allowed the tracking of assets so the location of any firearm or taser can be easily determined. However, armoury audits and spot checks had not been completed in line with the Armoury practices and the Force also lacked segregation of duties on the recording of new assets and the disposal of Force firearms / tasers and seized firearms.

### [Expenses \(3.21/22\)](#)

Our audit concluded that both the design and the application of the control framework needed to be reviewed and strengthened in order to transparently demonstrate accountability, oversight and compliance with the expenses system and the associated payments. Furthermore, our audit highlighted that there is a need to focus on and re-align accountability and ensure that there is routine scrutiny and review of expense claims by line managers who will be best placed to know that the expense claim submitted is accurate, relevant and timely.

A 'minimal assurance' opinion was provided for the following assignment report:

#### [IT Strategy / Plan \(including Follow Up\) \(5.21/22\)](#)

The audit was originally completed in October 2021 and at that time, fundamentally, there was no linkage (or purpose) between the Modern Policing Strategy and the Force IT Plan. The audit highlighted a fundamental and urgent need to update the IT Plan so that it reflected a robust Plan and one that can be clearly linked to the purpose of the projects and the benefits they will bring to the delivery of the overall Strategy and transformation of the Force. Thus ensuring a 'golden thread' between overarching strategy, capabilities, priorities and deliverables. There was also a requirement to strengthen governance at a strategic level to ensure the Force can demonstrate clear prioritisation, oversight, challenge and scrutiny to ensure robust triangulation of data, progress, slippage, associated risks and demonstrate that value for money is being achieved.

Given the significant number of issues identified following our fieldwork in October 2021 and the minimal assurance opinion provided, the Force Executive requested that a follow up and position status be completed, prior to the financial year end. This was completed in March 2022 and given the timing of the audit, we cannot confirm in all cases that revisions to the design of the control framework and indeed the application are fully embedded and therefore some of the management actions have been reiterated or revised. However, we did confirm that significant efforts had been made in relation to the production and development of a robust, meaningful, transparent and relevant IT Plan, together with a supporting governance framework. On that basis, we concluded that some significant progress has been made in addressing the original management actions, but we would reiterate that they need to become and remain 'business as usual' to effectively drive the IT Plan and ultimately Force ambitions forward.

Our advisory report which identified some significant issues related to the following assignment report:

#### [Crime Recording \(4.21/22\)](#)

Our audit testing was targeted at specific data quality areas highlighted by the Force Crime Registrar to provide an independent and external perspective to support the implementation of the Crime Data Integrity Team. Testing highlighted issues in relation to role profiles, crime classification, victim identification, crime cancellation and reclassification, anti-social behaviour incidents, crime audits, and Force Performance Board reporting.

If crimes are not recorded appropriately, the impact to the Force and Victims are significant. It impacts on victims, who may not receive the assessment and support they are entitled to in accordance with the Victims' Code of Practice, it impacts on the accurate deployment of resources and it also impacts upon the confidence and perception that the public has with the police.

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 one Follow Up reviews during the year which concluded in **good progress** (positive opinions) 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.

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

We issued one minimal assurance and two partial (negative) assurance opinions in 2021/2022. The organisations should therefore consider the minimal and partial assurance opinions given for IT Strategy, Firearms, Tasers and Ammunition and Expenses 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 priority management actions agreed as part of the Crime Recording 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 in a timely manner.

During the year there have been significant changes to the Chief Officer Team - for example the retirement of the previous Chief Constable (in April 2021) and the appointment of the new Chief Constable confirmed in October 2021, who joined in December 2021. In addition, numerous acting up arrangements into and within the executive team have occurred and changes at a senior leadership level have occurred, including the Chief Technology Officer leaving the organisation. These changes and their impact should be considered when formulating the AGS for 2021/22.

Within the original approved audit plan there was an allocation for Asset Management and Fleet Management which have both been deferred until the 2022/23 audit plan, due to changes for the responsibilities within those areas and other wider operational model changes. We have previously completed work in both of these areas (during 2020/21) and agreed a number of management actions to address weaknesses identified. As such, given the delay in the completion of assurance based work in these areas, there is a risk that progress has not been made as quickly as intended and therefore, Management should consider their risk exposure and whether reference to these areas needs to be included within the AGS for 2021/22.

# 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 2021/22.

## **Implementation of internal audit management actions**

Where actions have been agreed by management, these have been monitored by management.

During the year progress has been reported to the ETAP, with the validation of the action status confirmed by our Management Tracking - Follow Up review, concluding in **'good' progress** opinion.

## **Working with other assurance providers**

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

# OUR PERFORMANCE

## Wider value adding delivery

As part of our client service commitment, during 2021/22, we have issued four emergency services sector briefings within our progress reports presented to the ETAP, detailed below. We will continue to share our briefings with you during 2022/23.

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	<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"><li>• Policing in the pandemic;</li><li>• Police officer uplift;</li><li>• Policing inspection programme and framework 2020/21; and</li><li>• Independent investigation outcomes.</li></ul>
Emergency Services – Sector Update: August 2021	<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"><li>• State of policing;</li><li>• Police remuneration review body report;</li><li>• National crime agency inspection; and</li><li>• Demand capacity and welfare survey.</li></ul>
Emergency Services – Sector Update: November 2021	<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"><li>• Police response to violence against women and girls;</li><li>• Cyber and information security;</li><li>• Police and local authorities given extra funding for safer streets; and</li><li>• Firearms licensing.</li></ul>
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"><li>• Strategic review of policing;</li></ul>



	<ul style="list-style-type: none"> <li>• Value for money profiles; and</li> <li>• A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders.</li> </ul>
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.
<b>Briefings</b>	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 2021/2022 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

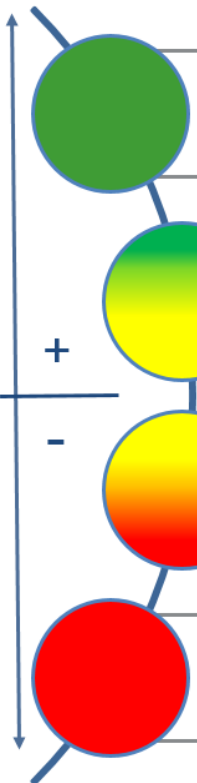
To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any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

# 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"> <li>• inherent risk in the area being audited;</li> <li>• limitations in the individual audit assignments;</li> <li>• the adequacy and effectiveness of the risk management and / or governance control framework;</li> <li>• the impact of weakness identified;</li> <li>• the level of risk exposure; and</li> <li>• the response to management actions raised and timeliness of actions taken.</li> </ul>

## APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2021/21

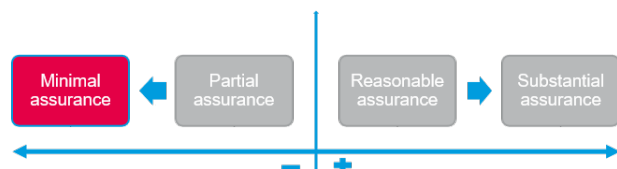
All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
IT Strategy / Plan (5.21/22)	John Bloomer, Chief Finance Officer (Force)	Minimal Assurance [●]	1	3	11
Firearms, Tasers and Ammunition - Storage and Destruction (1.21/22)	John Bloomer, Chief Finance Officer (Force)	Partial Assurance [●]	6	7	2
Expenses (3.21/22)	John Bloomer, Chief Finance Officer (Force)	Partial Assurance [●]	2	1	3
Third Party Spend – Data Extract (2.21/22)	John Bloomer, Chief Finance Officer (Force)	Advisory [●]		N/A	
Crime Recording (4.21/22)	John Bloomer, Chief Finance Officer (Force)	Advisory – significant weaknesses [●]	3	2	2
Governance (6.21/22)	David Greensmith, Director of Finance (OPFCC)	Substantial Assurance [●]	1	0	0
Key Financial Controls (7.21/22)	John Bloomer, Chief Finance Officer (Force) David Greensmith, Director of Finance (OPFCC)	Substantial Assurance [●]	4	0	0
Estates – Post Benefit Realisation (8.21/22)	John Bloomer, Chief Finance Officer (Force) David Greensmith, Director of Finance (OPFCC)	Substantial Assurance [●]	0	0	0
OPFCC Risk Management (9.21/22)	David Greensmith, Director of Finance (OPFCC)	Substantial Assurance [●]	0	0	0
Safer Street Funding (11.21/22)	David Greensmith, Director of Finance (OPFCC)	Substantial Assurance	0	0	0

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
		[●]			
Pensions – Injury Awards (12.21/22)	John Bloomer, Chief Finance Officer (Force) David Greensmith, Director of Finance (OPFCC)	Substantial Assurance [●]	0	0	0
Governance (13.21/22)	John Bloomer, Chief Finance Officer (Force)	Substantial Assurance [●]	0	0	0
Management Action Tracking (10.21/22)	John Bloomer, Chief Finance Officer (Force) David Greensmith, Director of Finance (OPFCC)	Good Progress [●]	0	0	0

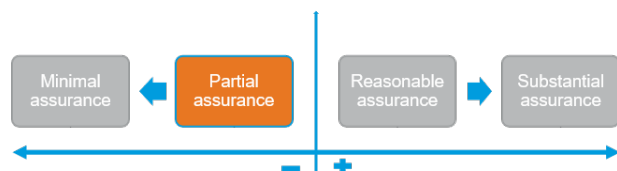
## APPENDIX C: OPINION CLASSIFICATION

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



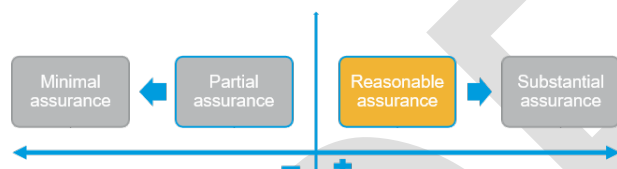
Taking account of the issues identified, the Police, Fire and Crime Commissioner and the Chief Constable can take **minimal assurance** that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied or effective.

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 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.

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 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.

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 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.

# 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 **Staffordshire Police, Fire and Crime Commissioner and Chief Constable of Staffordshire**, 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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