

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

Internal Audit Strategy 2019/20 - 2021/22

Presented at the Ethics, Transparency & Audit Panel (ETAP) meeting of:
5 February 2020

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.

EXECUTIVE SUMMARY

Our Internal Audit Plan for 2020/21 is presented for consideration by the ETAP.

The key points to note from our plan are:



2020 Internal Audit priorities: Internal audit activity for 2020/21 is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2020/21 is included at Section 1.



Level of Resource: The level of resource required to deliver the plan is consistent with 2019/20, with the fee in line with the day rates quoted within our contract with you. We will continue using technology when undertaking operational audits in 2020/21. This will strengthen our sampling, increasing the level of assurance provided. Refer to Appendix A.

Core Assurance: The key priorities and changes within the organisations during the period have been reflected within the proposed audit coverage for 2020 / 2021 and beyond. Some key areas for inclusion certainly for 2020/21 include:

Data Migration: Given both the strategic and operational focus on the Niche implementation and following our advisory review in 2018/19, it is important that assurances are obtained around the data migration from existing supporting systems into Niche.



Property Stores: The arrangements for storing property is changing during the current year and therefore it seems sensible to have some internal audit coverage regarding the controls and processes.

Asset Management Clearly given the financial pressures there is an absolute need to focus on the Organisation's assets and to provide assurance that the assets are being logged and tracked efficiently to ensure the Organisation can demonstrate the best use of its resources. Linked to this is for some of the assets utilised, data will be recorded and held and the audit will also consider the arrangements in place for the security of such data.

CONTENTS

1. YOUR INTERNAL AUDIT PLAN 2020/214

2. INTERNAL AUDIT PLAN 2020/215

APPENDIX A: YOUR INTERNAL AUDIT SERVICE8

APPENDIX B: INTERNAL AUDIT STRATEGY 2020 -20239

APPENDIX C: INTERNAL AUDIT CHARTER..... 10

FOR FURTHER INFORMATION CONTACT 15

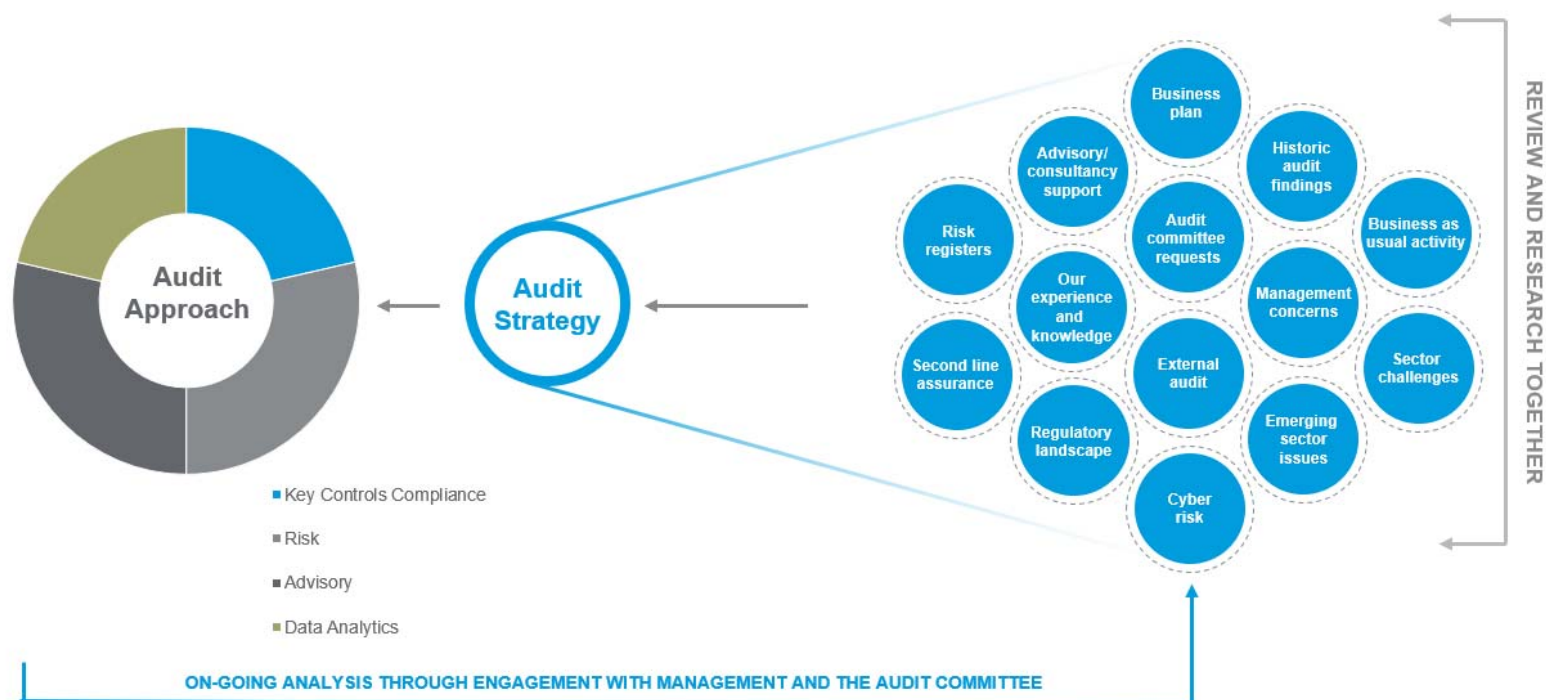
1. YOUR INTERNAL AUDIT PLAN 2020/21

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting The Police, Fire and Crime Commissioner of Staffordshire and the Chief Constable of Staffordshire in the year ahead, including changes within the sector.

Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers / assurance framework to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the ETAP.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2020/21

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2020/21. The table details the strategic objectives which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation.

Objective of the review	Audit approach	Fee	Proposed timing	Proposed ETAP Committee
Risk Based				
Strategic Objective: Modern Policing				
Asset Management (<i>linked to OPCC Strategic Risk Objective: Capital Receipts to support spending plans and maximise savings in the estate and Force Risk: Capital Programme is insufficient to enable the investments required to meet business outcome</i>) To provide an advisory output on the best practice approach for tracking and recording and maintaining and updating records around assets across the business and how the data relating to those assets (for example body worn equipment) is held and retained.	Joint with Fire Advisory	£5,700	July 2020	October 2020
Data Migration & Data Quality (<i>linked to Force Risk: Data Quality</i>) Following the advisory review of Niche implementation during 2018/19 this audit will provide assurance regarding the data migration of the data from various systems to Niche. Given that this includes some coverage carried forward from 2019/20 audit plan (due to timings of data migration) we see this as a detailed and significant area of coverage, as more systems migrate onto Niche during the year.	Force Assurance Based	£7,250	June 2020	October 2020
Fleet Utilisation The audit will provide assurance that there is an effective system of fleet management in place to ensure the right resources are available at the right time, and that value for money is achieved. This will incorporate a follow up of the management actions that were included within our 2019/20 audit report for the Force.	Joint with Fire Assurance Based	£2,900	August 2020	December 2020
Estates – Post Benefit Realisation The allocation is to be utilised to complete a post benefits realisation of the collaboration working around Hanley Police and Fire stations.	Joint with Fire Advisory	£2,700	November 2020	February 2021
Property Store	Force Assurance Based	£3,200	November 2020	February 2021

Objective of the review		Audit approach	Fee	Proposed timing	Proposed ETAP Committee
Given the centralisation of the property store and the associated changes in processes, it makes sense that there is some internal audit coverage to ensure the changes are both effective and efficient and controls are being consistently applied.					
Public Confidence					
Corporate Planning – Project Management		OPCC Advisory	£3,900	September 2020	December 2020
The scope will be nearer the time, but is likely to focus on how projects are managed internally and aligned to the delivery of the corporate plan.					
Governance & Risk Management <i>(linked to OPCC Strategic Risk Objective: Operational and Effective Governance Framework)</i>		OPCC Assurance Based	£4,800	September 2020	December 2020
The scope will be determined in due course.					
Core Assurance					
Finance Systems		Force Advisory Based	£3,000	May/ June 2020	July 2020
The audit will be scoped nearer the time but is likely to focus on the replacement of the finance system.					
Key Finance Controls		Joint – Force, OPCC and Fire Assurance Based	£5,000	September 2020	December 2020
To provide assurance over the key controls of the general ledger, including system access controls, given the change in staffing, roles and responsibilities.					
Payroll		Joint – Force, OPCC and Fire Assurance Based	£3,200	May 2020	July 2020
To provide assurance over the key controls over starters, leavers and accuracy of payments being made. The audit will include testing on both systems utilised at Force and Fire and will highlight any good practice or system benefits from both systems to inform any potential decision regarding the options to merge/replace systems.					
Other Internal Audit Activity					
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address management actions previously agreed.	Joint – Force and OPCC Follow Up	£3700	Every 6 months	Every 6 months

Objective of the review		Audit approach	Fee	Proposed timing	Proposed ETAP Committee
Contingency	Given the election of the new PCC in May 2020, we have agreed to include some of the IA Plan unallocated in order for the resource to be utilised once the priorities and focus of the new PCC are known. Potential areas for inclusion will be Commissioning and Partnerships.	OPCC - As required	£4,200	As required	As required
Management	This will include: <ul style="list-style-type: none"> • Annual planning and drafting and revision to annual plan • Preparation for, and attendance at, ETAP • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual opinions 	Ongoing	£16,815	Ongoing	Ongoing

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

2.1 Working with other assurance providers

The ETAP is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Dan Harris as your Head of Internal Audit, supported by Angela Ward as your senior manager.

Core team

The delivery of the 2020/21 audit plan will be based around a core team with a number of additional specialist skills and team members added for certain audits where required. All fees are in line with our tender submission.

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.

Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

APPENDIX B: INTERNAL AUDIT STRATEGY 2020 -2023

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

				→ Increasing Assurance →														
				1st Line of Assurance: Management control and reporting		2nd Line of Assurance: Functional oversight/governance					3rd Line of Assurance: Independent review / Assurance			3rd Line of Assurance Internal Audit				
Assurance Provided		Risk register ref	Client rating G/N	Management Reviews & Approval	KPIs	OPCC	Chief Officers Group	Project board	Directorate board	ETAP	HMICFRS	External audit	External Consultancy Firm	2018/19	2019/20	2020/21	2021/22	2022/23
	Red - Minimal Assurance / Poor Progress																	
	Amber/red - Partial Assurance / Little Progress																	
	Amber/green - Reasonable Assurance / Reasonable Progress																	
	Green - Substantial Assurance / Good Progress																	
	Advisory / AUP																	
	IDEA																	
Governance																		
Force Management Statements				✓		✓	✓				✓						✓	
Risk Management				✓		✓	✓			✓						✓	✓	
HMICFRS inspections				✓	✓		✓			✓	✓							
Performance management				✓	✓	✓	✓			✓						✓	✓	
Pension scheme				✓														
Ethics/Integrity				✓		✓	✓				✓						✓	
Strategic planning				✓		✓	✓				✓					✓		
Collaboration																		
Other police forces				✓		✓	✓	✓			✓					✓		
Police/fire collaboration				✓		✓					✓					✓		
IT																		
Mobile solutions				✓	✓	✓	✓	✓					✓				✓	
Niche				✓		✓	✓	✓					✓			✓		
Airwave/Emergency Services Network				✓		✓	✓	✓									✓	
Cyber security				✓		✓	✓						✓				✓	
GDPR/Data protection/information management				✓		✓	✓	✓								✓		
Business continuity and disaster recovery				✓		✓	✓										✓	
Operational																		
Demand management (incl Fleet)				✓		✓	✓				✓							
Firearms licensing				✓		✓	✓										✓	
Cybercrime				✓		✓	✓									✓		
Crime data integrity				✓		✓	✓				✓						✓	
Firearms and tasers storage and disposal				✓		✓	✓										✓	

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for The Police, Fire and Crime Commissioner of Staffordshire and the Chief Constable of Staffordshire. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the audit committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner, Dan Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief executive, with further reporting lines to the Chief Finance Officer.

The head of internal audit has unrestricted access to the chair of audit committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to The Police, Fire and Crime Commissioner of Staffordshire and the Chief Constable of Staffordshire. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the audit committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the audit committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the audit committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the audit committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the audit committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Executive Management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (eg an audit committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope four weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 10 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Sharefile.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the audit committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the audit committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the ETAP and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the audit committee.

Fraud

The audit committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the audit committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the audit committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

Daniel Harris, Head of Internal Audit

Email: Daniel.Harris@rsmuk.com

Telephone: 07792 948767

Angela Ward, Senior Manager

Email: Angela.Ward@rsmuk.com

Telephone: 07966 091471

rsmuk.com

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

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

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

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.