



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

[Annual internal audit report 2020/21](#)

FINAL

13 May 2021

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.

THE ANNUAL INTERNAL AUDIT OPINION

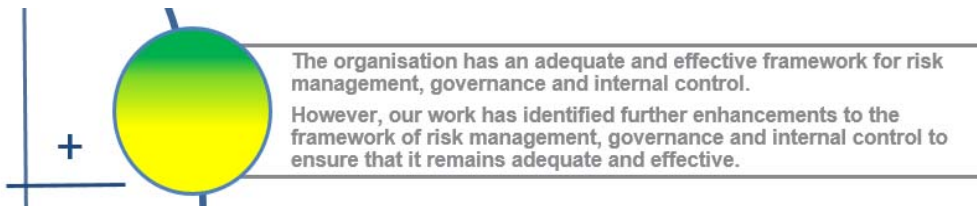
This report provides an annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance reporting.

The opinion

For the 12 months ended 31 March 2021, 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 2021, 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.

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 draft opinion 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 frameworks. 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 2020/21 has been undertaken through the substantial 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

Our Governance opinions have been informed by our specific reviews around Governance, together with those that incorporated both operational and strategic governance aspects such as Asset Management and Data Migration.

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

We have issued nine reports, of which four reports concluded that 'substantial' assurance could be taken; one report concluded that 'reasonable' assurance could be taken; and two reports were advisory. We also undertook a follow up review relating to the Fleet Utilisation (4.19/20) review and concluded that 'reasonable' progress had been made by the organisation to implement previously agreed management actions this review. In addition, we completed a general follow up review and confirmed that good progress had been made to implement previously agreed management actions.

For the report where we concluded that 'reasonable' assurance could be taken, this related to the following area:

Data Migration – Phase One (5.20/21)

The Force has arrangements in place to ensure that there are escalation routes for any issues with the implementation of Niche, however there were occasions where the demonstration of an effective audit trail to evidence decisions or considerations was not available. The review included three 'medium' priority actions – all of a similar theme that required the Force to formalise existing reporting mechanisms and ensure that challenge and scrutiny is appropriately and consistently evidenced, which should be considered as part of the Niche 2 project.

For the reports which were advisory, these related to the following areas:

Asset Management – Asset Tracking (2.20/21)

The review identified that the Asset Management Framework and Asset Register should be supported by a defined governance framework to ensure the Force and Commissioner are clear what assets they own and their location(s). In addition, the review identified a number of key elements which should be adopted and incorporated within the internal project group. Furthermore, a number of areas were highlighted to improve the efficacy of the detail recorded within any supporting Asset Management Framework and also areas where supporting evidence should be linked and / or improved to provide robust supporting registers. A total of two high, 11 medium and seven low priority management actions were included in the report to assist the Force with a roadmap to make improvements in this area and inform the internal project.

Collaboration Governance and Savings (3.20/21)

This collaborative Internal Audit review confirmed that generally the project management and governance arrangements contributed to the successful delivery of the first phase project and that a framework is in place for operational decisions and responsibilities, albeit some gaps and further enhancements (in both these areas) were identified. From the follow up of the project's status in October 2020 we updated some of the initial recommendations to reflect the collaboration's position in the implementation of this project. A total of three advisory actions were agreed in the report, relating to producing a benefits management strategy, a post-implementation review to identify any benefits from the combined estates service and establishing joint policies and procedures for the joint service.

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 no partial (negative) assurance opinions in 2020/2021. The organisation should consider the outcome from our advisory review around Asset Management and whether the key themes highlighted from our review should be considered when completing their annual governance statements, together with any actions already taken and action planned by management to address the actions agreed. However, the current COVID19 pandemic and its impact on the operations of the Force and OPFCC will obviously need reflecting in the annual governance statements.

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 the year ended 31 March 2021.

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.

We also completed a follow up of the Fleet Utilisation audit that was completed during 2019/20, which confirmed that 'reasonable' progress had been made in the implementation of the management actions.

Working with other assurance providers

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

Discussions with S151 Officers

We discussed the annual report with the Director of Finance (PFCC) and the Chief Finance Officer (Force) to further explain the rationale and context behind the positive annual opinion that has been provided. It should be noted that for 2020/21, where annual reports have been issued to date, our Police internal audit clients have all received the same 2nd level positive annual opinion as Staffordshire. Our internal audit coverage, has increasingly considered more operational activities across the organisation, such as fleet management and estates, areas that had not been subject to internal audit scrutiny and review. Furthermore, internal audit resource continues to be effectively directed to those areas of the business where management have identified risks, are aware of weaknesses, or where new systems are being implemented (for example asset management and Niche). This allows Staffordshire Police and the PFCC to gain best practice knowledge and experience that our wider sector experience and insight brings. Consequently, management actions and themes have been agreed for the organisations to implement and embed across the control frameworks.

The direction of travel for Staffordshire Police and the PFCC continues to move in a positive direction, as can be determined by the data included in the tables overleaf. The tables provide a summary of assurance levels received and the number of management actions received over the last 3 years.

Our annual opinion is determined by your Head of Internal Audit and is subject to a second independent partner review to provide an opportunity for internal challenge.

YEAR	SUBSTANTIAL ASSURANCE	REASONABLE ASSURANCE	PARTIAL ASSURANCE	NO ASSURANCE
2018/19	2	4	1	-
2019/20	3	1	3	-
2020/21*	4	1	-	-

*we have also issued two advisory and one follow up report in 2020/21

YEAR	High Priority	Medium Priority	Low Priority	Advisory
2018/19	9	24	19	-
2019/20	9	26	18	-
2020/21	2	17	9	3

OUR PERFORMANCE

Wider value adding delivery

Area of work	How has this added value?
Issue of Emergency Services Briefings	The sector briefings provide both Management and ETAP Members with an insight of key risks, issues and an update of any changes in sector requirements.
Webinar invitations	Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates. Examples include VAT, Employment Tax and Change Management.
Off-payroll working / IR35	We have provided Emergency Services clients with updates in relation to the Off-payroll working / IR35 rules, following the launch of the Government review into the implementation of the changes to the off payroll working rules that will aim to determine if any further steps can be taken to ensure the 'smooth and successful implementation' of the reforms.
RSM Employment Matters	We have provided the Group with a number of RSM Employment Matters updates to keep the Group abreast of any pertinent employment and human resources developments.
Audit and Risk Committees: Navigating Covid-19	We have provided the Group with our Audit and Risk Committees: Navigating Covid-19 publication, which explores how the role of the Audit and Risk Committee has changed as a result of the Covid-19 pandemic.
RSM Business Continuity Planning – COVID-19	We have provided the Group with our RSM Business Continuity Planning – COVID-19 publication, which explores RSM's approach to business continuity during the Covid-19 pandemic.
Coronavirus: Various briefings and webinars	RSM have delivered a number of webinars and client briefings in relation to Coronavirus (ranging from Government financial support for employers, fraud briefings, HR and Legal Support etc).

Conflicts of interest

RSM has not undertaken any work or activity during 2020/2021 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 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.

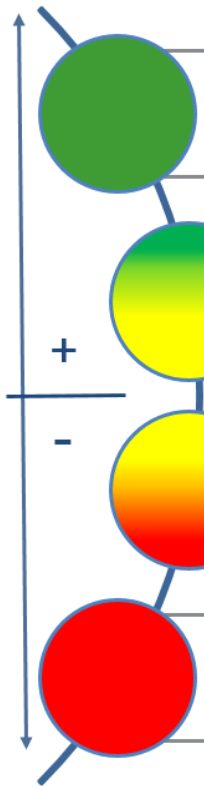
Quality assurance and continual improvement

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.

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 data-bbox="392 459 1176 587">The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <p data-bbox="392 651 1176 778">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 data-bbox="392 842 1176 970">There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> <p data-bbox="392 1034 1176 1161">The organisation does not have an adequate framework of risk management, governance or internal control.</p>	<p data-bbox="1198 403 2000 435">The factors which are considered when influencing our opinion are:</p> <ul data-bbox="1198 451 2000 770" 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 2020/21

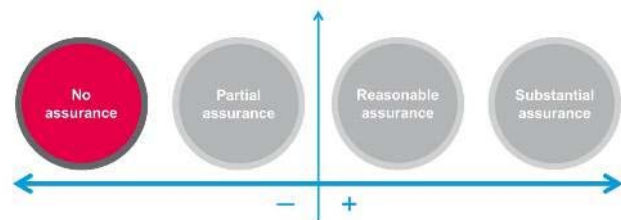
All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Governance and Risk Management (1.20/21)	David Greensmith, Director of Finance (OPFCC)	Substantial Assurance [●]	0	0	0
Asset Management – Asset Tracking (Advisory) (2.20/21)	Paul Ross, Head of Corporate Planning and Business Change	Advisory [●]	7	11	2
Collaboration Governance and Savings (3.20/21)	John Bloomer - Chief Finance Officer (Force) David Greensmith – Director of Finance (OPFCC)	Advisory [●]	3 advisory actions agreed		
Key Finance Controls (4.20/21)	David Greensmith – Director of Finance (OPFCC)	Substantial Assurance [●]	0	1	0
Data Migration – Phase One (5.20/21)	Trish Knight - Chief Information Officer (Force)	Reasonable Assurance [●]	0	3	0
Fleet Utilisation - Follow Up (6.20/21)	Justine Kenny - Director of People and Resources & / Sarah Wood -Head of Transport (Force) David Greensmith – Director of Finance (OPFCC)	Reasonable Progress	2	2	0
Payroll (7.20/21)	John Bloomer - Chief Finance Officer (Force) David Greensmith – Director of Finance (OPFCC)	Substantial Assurance [●]	0	0	0
Management Action Tracking (8.20/21)	Various	Good Progress	0	0	0

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Boeing Contract Management	John Bloomer - Chief Finance Officer (Force)	Substantial Assurance [●]	0	0	0

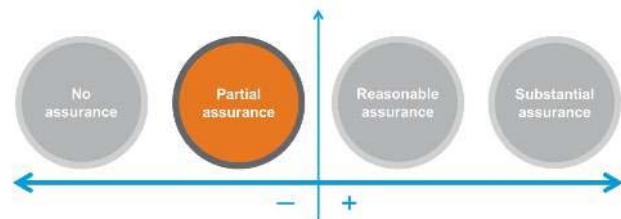
APPENDIX C: OPINION CLASSIFICATION

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



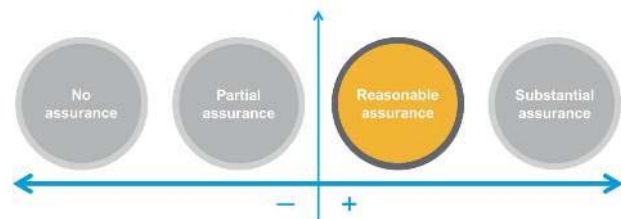
Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



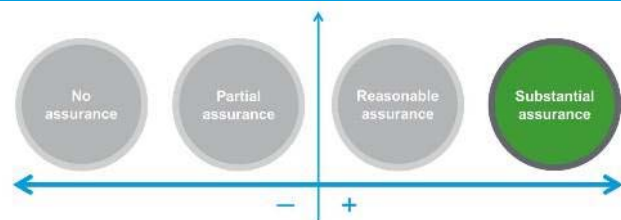
Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation 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(s).



Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation 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 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.

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