



OFFICE FOR THE POLICE AND
CRIME COMMISSIONER FOR
SURREY AND SURREY POLICE

Annual internal audit report 2015/2016

May 2016





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1 THE HEAD OF INTERNAL AUDIT OPINION

In accordance with Public Sector Internal Audit Standards, the head of internal audit is required to provide an annual 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 statement.

1.1 The opinions

Office of the Police & Crime Commissioner for Surrey

For the 12 months ended 31 March 2016, the head of internal audit opinion for the Office of the Police and Crime Commissioner for Surrey is as follows:

Head of internal audit opinion 2015/2016

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.

Surrey Police Force

For the 12 months ended 31 March 2016, the head of internal audit opinion for Surrey Police Force is as follows:

Head of internal audit opinion 2015/2016

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.

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

1.2 Scope of our work

The formation of our opinions are achieved through a risk-based plan of work, agreed with management and approved by the joint audit committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion 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 robust and organisation-led assurance frameworks. As such, the assurance frameworks are one component that the OPCC and Chief Constable take into account in preparing the annual governance statements (AGS).

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 Constabulary and OPCC, we do not consider that there are any issues that need to be flagged as significant internal control weaknesses.

We have issued two 'no assurance' (red) opinions; these related to the review of BT Datacentre Project Initiation and Managing Victims of Crime. Eight high priority actions were identified, although it should be noted that management had already identified some of these issues and taken action to address them. We have also issued two 'partial assurance' (amber red) reports with five high category management actions agreed, two of these in the Data Quality report and three in the Commissioning of Grant Funding review, which flagged issues in the following areas:

- Lack of policy and procedural documentation;
- Lack of evidence of transparency in grant award decisions;
- Lack of financial due diligence on grant applicants
- Lack of consistent checks on data applied across all regions
- Lack of follow through where errors are identified by the Force's own data checks
- Delays in adopting the opt out model of Victim Support
- Not obtaining explicit consent prior to transferring data, as required by the Code of Practice for Victims of Crime
- Weak contract specifications in relation to the Victim support contract and associated management processes.
- Lack of robust assurance mechanisms in place to gain assurance from a contractor

We issued positive assurance reports for six reviews undertaken in 2015/16; New Desktop project review, Property Seizures, Integrated Offender Management, Governance of Collaborations, Financial Feeders and Risk Management.

Furthermore, we have completed two reviews of an advisory nature. These were in the areas of Vehicle Recovery Unit and Legal and Insurance Department reviews where a number of management actions were included to enhance the respective control frameworks moving forward.

We have also completed a follow up review where we concluded little progress had been made in implementing the agreed management actions from prior years.

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

The OPCC and Constabulary should consider the areas set out above whereby no assurance or partial assurance was given over the control framework for BT Datacentre Project Initiation, Managing Victims of Crime, Data Quality and Commissioning of Grant Funding when completing the annual governance statement, unless assurances have been gained internally over improvements in the highlighted areas of weakness since the audit reports were issued.

2 THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines discussed at paragraph 1.3, 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.

2.1 Acceptance of internal audit recommendations

Management have agreed actions to address all of the findings reported by the internal audit service during 2015/2016. Please note three reports remain in draft at the time of preparing this report.

2.2 Implementation of internal audit recommendations

Our follow up of the actions agreed to address previous years' internal audit findings shows that the organisation had made 'little' progress in implementing the agreed actions.

Of the 16 recommendations found to be in progress when we completed our follow up review, four were high priority. Two of these related to a review of ICT, one to business interests and one to procurement.

2.3 Working with other assurance providers

In forming our opinion 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 2015/16 we have undertaken the following:

- Issued police sector updates and general briefings during the year;
- At joint audit committee meetings we have presented our briefings and discussed aspects around the topics with members;
- Undertaken both advisory and assurance reviews and also shared practice across the sector through our work;
- Made suggestions throughout our audit reports based on our knowledge and experience in the sector to provide areas for consideration;
- Completed ad hoc benchmarking requests and provided feedback; and
- Maintained regular contact with management and responded to queries.

3.2 Conflicts of interest

Surrey Police have a subscription for tax advice for our Authoritas service which was utilised in year to review PAYE arrangements. Specialist tax colleagues are also currently assisting Surrey Police with an HMRC enquiry. Surrey Police have also procured specialist forensic accounting advice to provide expert witness evidence in relation to a prosecution case.

We (RSM) do not consider that any of the above work would lead us to declare any conflict of interests as all of this work was (or will be) carried out under separate engagement letters, teams and engagement partners.

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 2011 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 “the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”. Work is in hand to arrange our next review.

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.

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

The organisation has an adequate and effective framework for risk management, governance and internal control.

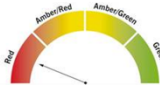
The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

There are weaknesses in the framework of governance, risk management and control such that it could be, or could become, inadequate and ineffective.

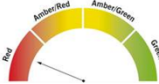

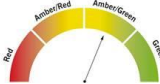
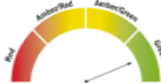
The organisation does not have an adequate framework of risk management, governance or internal control.

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2015/2016

Assignment	Client sponsor(s)	Assurance level	Actions agreed		
			H	M	L
Internal Audit Follow-Up Report (1.15/16)	Bev Foad, Financial Accounting Manager	Little Progress	4	12	0
New Desktop project review (2.15/16)	Neil Roberts, Interim Joint Chief Information Officer, Sussex and Surrey Police		0	2	0
BT Datacentre Project Initiation Review (3.15/16)	Neil Roberts, Joint Chief Information Officer, Sussex and Surrey Police		4	4	0
Vehicle Recovery Unit (4.15/16)	Chris Moon, Superintendent - Head of Roads Policing	Advisory	0	2	1
Property Seizures (5.15/16)	Trevor Holmes, Evidential Property Manager		0	3	3
Legal and Insurance departments review (6.15/16)	Darren McInnes, Detective Superintendent Lorna Mackay, Head of Insurance Services	Advisory	2	8	0
Integrated Offender Management (7.15/16)	Superintendent Alison Barlow - Criminal Justice and Custody		0	0	2
Governance of Collaborations (8.15/16)	Alison Bolton, Chief Executive		0	3	2
Financial Feeders (9.15/16)	Beverly Foad, Financial Accounting Manager		0	1	2
Data Quality Review (10.15/16) DRAFT	Bob Rance, Force Crime & Incident Registrar and Audit Manager		2	4	3
Commissioning of Grant Funding (11.15/16) DRAFT	Lisa Herrington, Senior Policy Officer		3	5	0
Risk Management (12.15/16) DRAFT	Helen Bayliss, Head of Service Quality and Risk Manager		0	5	0

Assignment	Client sponsor(s)	Assurance level	Actions agreed		
			H	M	L
Managing Victims of Crime (13.15/16) DRAFT	Lisa Herrington, Policy Officer (Victims)		4	3	0

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

None	Partial	Reasonable	Substantial
			
<p>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).</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(s).</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(s).</p>	<p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.</p>

FOR FURTHER INFORMATION CONTACT

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