



SURREY POLICE FORCE AND OFFICE OF THE POLICE AND CRIME COMMISSIONER

Annual Internal Audit Report 2017/2018

July 2018

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
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CONTENTS

1 The head of internal audit opinion.....	2
2 The basis of our internal audit opinion	5
3 Our performance	6
Appendix A: Annual opinions	7
Appendix B: Summary of internal audit work completed 2017/2018	8
For further information contact	11

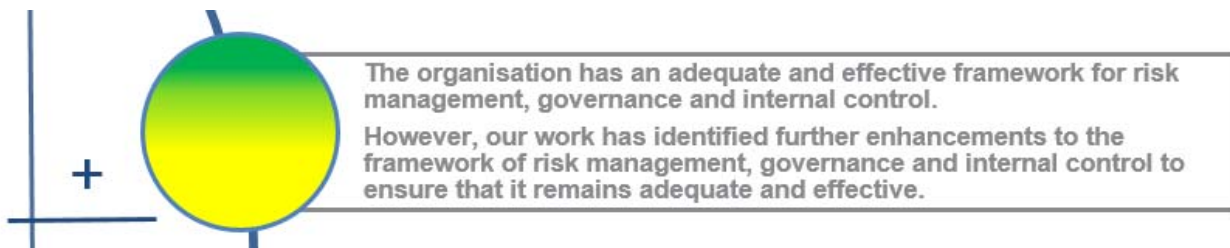
1 THE HEAD OF INTERNAL AUDIT OPINION

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 organisation's risk management, control and governance processes. The opinions should contribute to the organisation's annual governance statements.

1.1 The opinion

For the 12 months ended 31 March 2018, 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 2017/18



For the 12 months ended 31 March 2018, the head of internal audit opinion for Surrey Police is as follows:

Head of internal audit opinion 2017/18



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

1.2 Scope and limitations 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, our opinions are subject to inherent limitations, as detailed below:

- The opinions do 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 Force and PCC take into account in drafting the annual governance statements (AGS);
- The opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management;
- The opinion is 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 opinion

Our opinions on governance, risk management and control have been informed by the following:

Governance

We completed an advisory review of the Fire Governance Project which has informed our opinion on governance. This review was undertaken whilst the project was in its infancy, and therefore was focussed on looking at the design of the project governance and management arrangements. We noted a number of positive observations with the project initiation and governance arrangements, and presentation of the options analysis to close out phase 1. We have drawn on our knowledge from attendance at the Joint Audit and Risk Committee, as well as consideration of governance arrangements during a number of the internal audits below in order to inform our opinion on Governance for the Force.

Risk Management

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

- IT Governance and GDPR Governance;
- Proceeds of Crime Act;
- Tasers; and
- Evidential Property.

Our work on the GDPR concluded that Surrey Police had taken a substantial number of steps in preparation for the implementation of GDPR from 25 May 2018. However, we also identified a number of key areas for improvement and / or further ongoing development. Of those, we consider that the most urgent outstanding task is the completion of the Information Asset Register for both Surrey and Sussex Forces, as this is where significant control weaknesses may be identified for subsequent remediation.

We issued reasonable assurance opinions for the Proceeds of Crime Act, IT governance and Tasers audits. For the Proceeds of Crime Act we agreed one high, two medium and two low priority actions, for IT governance we agreed seven medium and two low priority actions and for Tasers we agreed one high, two medium and four low priority actions.

Our review of Evidential Property resulted in a no assurance opinion. We have agreed three 'High', seven 'Medium' and three 'Low' priority management actions with regards to the design and application with the control framework. We completed a follow up of this area and found the Force had implemented six of the 13 actions agreed in this area. Of the remaining seven, three were not due and we were able to confirm that the other four were all in the process of being implemented.

Furthermore, through attendance at the Joint Independent Audit Committee we confirmed the organisations' risk management arrangements continued to operate effectively and were adequately reported and scrutinised by committee members.

Control

We undertook seven audits of the control environment that resulted in formal assurance opinions. These seven reviews concluded with one no assurance (negative) opinion, one partial (negative) assurance opinion, four reasonable (positive) assurance and one substantial assurance (positive) opinion. We identified the organisations had established controls frameworks in place for a number of the audits undertaken, however improvements in their application was required in a number of areas.

The implementation of agreed management actions raised during the course of the year are also a contributing factor when assessing the overall opinion on control. We have performed two Follow Up reviews during the year which concluded in little and poor progress being made towards the implementation of those actions. New actions have been agreed and will be followed up again in 2018/19.

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 one partial assurance and one no assurance opinion in 2017/18. The organisations should therefore consider the partial assurance opinion given for Mandatory Training and the no assurance opinion given for Evidential Property where the actions agreed have not been fully implemented when completing their annual governance statements, together with any actions taken by management to address the actions agreed.

In addition, further sector reviews have found weaknesses across other Police forces on collaborative assurances, GDPR preparations and cyber security. Assurances around wider collaboration and the areas of cyber security and GDPR are therefore other areas for consideration for Police annual governance statements.

2 THE BASIS OF OUR INTERNAL AUDIT OPINION

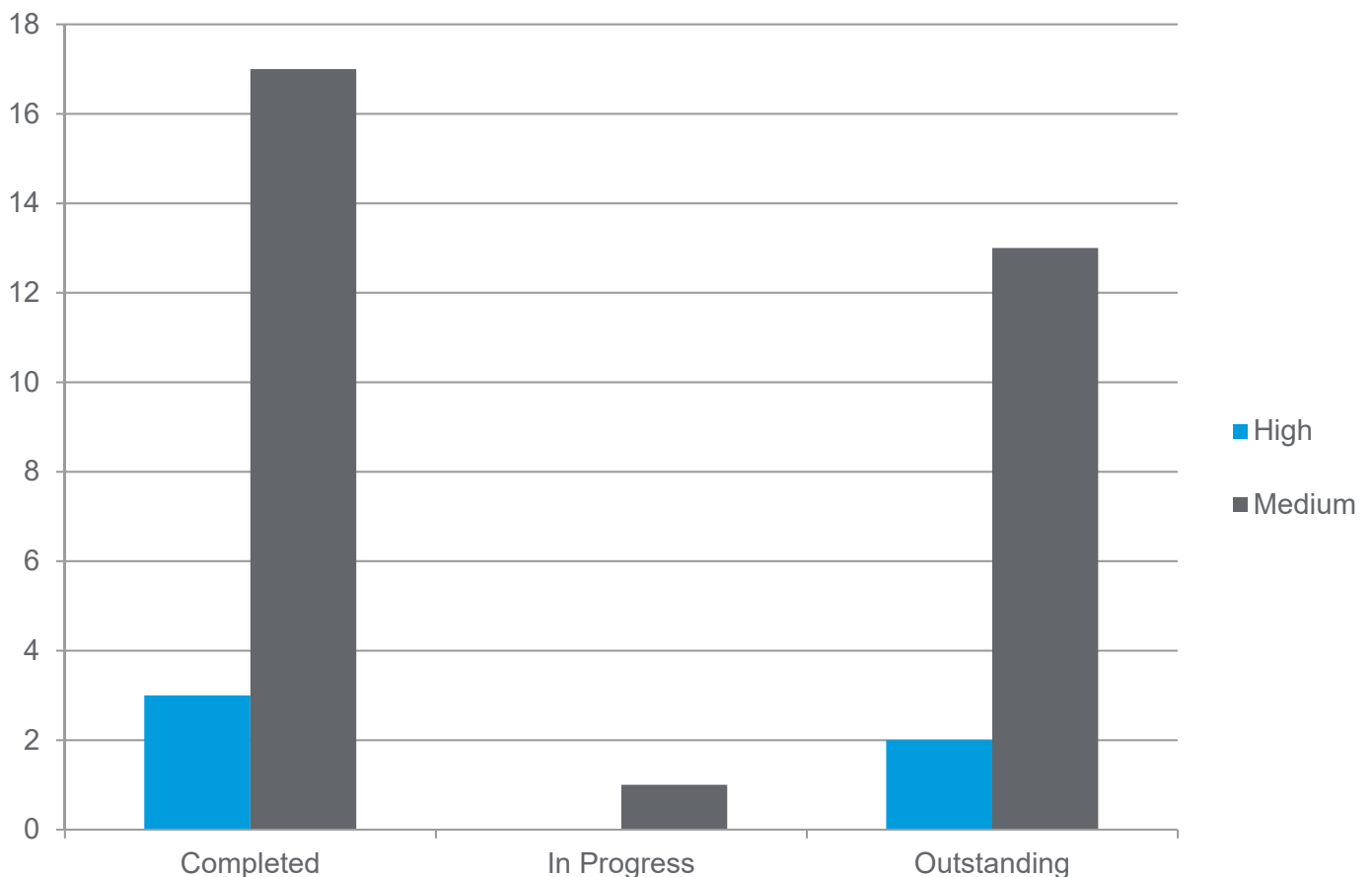
As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2017/2018. One report remain in draft on GDPR.

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 **little and poor progress** has been made in implementing the agreed actions. The table below summarises the implantation of actions across the two reviews.



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 2017/18 we have issued four briefings relating to the sector within our progress reports presented to the Joint Audit Committee. We will continue to share our briefings with you during 2018/19.

We have provided benchmarking within our reports where possible on the number and category of recommendations and assurance opinions across organisations similar to you.

We have attended and contributed to the Joint Audit Committee meetings and held numerous pre-JAC meetings with management to discuss our work, emerging sector issues and risks and updated the plan throughout the year as required. Conflicts of interest

RSM has not undertaken any work or activity during 2017/2018 that would lead us to declare any conflict of interest.

Our specialist also provided a Financial Forecasting review during the year. This was under a separate letter of engagement and delivered by a separate team and led by a different partner to the core internal audit team.

3.2 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.

3.3 Quality assurance and continual improvement

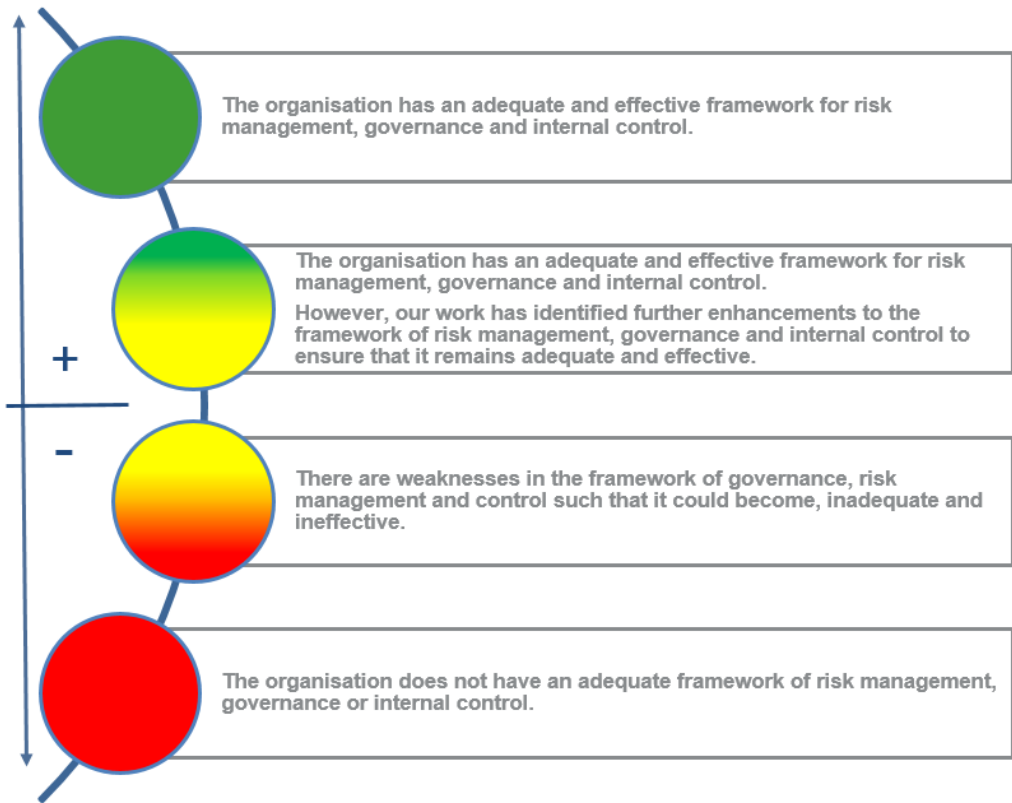
To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any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

- 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 2017/2018

Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
Evidential Property	Trevor Holmes, Evidential Property Manager Hannah Smith, Temporary Evidential Property Manager	No Assurance 	3	7	3
Mandatory Training	Joy Chant, Learning and Development Manager	Partial Assurance 	2	3	0
OPCC Commissioning of Services	Lisa Herrington, Senior Policy Officer	Reasonable Assurance 	1	4	4
Proceeds of Crime Act Cash Seizures	Neil Frame, Financial Investigation Development Manager	Reasonable Assurance 	1	2	2
Financial Feeders	Beverly Foad, Corporate Finance Manager	Reasonable Assurance 	0	2	4
Tasers	Supt Heather Keating, Ops Command Support	Reasonable Assurance 	1	2	3
Business Interests	Wendy Stewart, Joint Force Vetting Officer	Substantial Assurance 	0	0	2

Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
Fire Governance Project	Alison Bolton, Chief Executive OPCC	Advisory	0	9	3
Follow Up	Beverly Foad, Corporate Finance Manager	Little Progress	2	13	0
IT Governance	Neil Roberts - Chief Information Officer, Surrey & Sussex Police	Reasonable Assurance	0	7	2
GDPR (Draft)	Neil Roberts - Chief Information Officer, Surrey & Sussex Police	Advisory	13 actions – not categorised		
Follow Up Part 2	Bev Foad, Corporate Finance Manager	Poor Progress	2	14	0
Evidential Property Follow Up	Bev Foad, Corporate Finance Manager	N/a	1	5	1

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:



FOR FURTHER INFORMATION CONTACT

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As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

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 Surrey Police Force and Office of the Police and Crime Commissioner, 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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