

**To:** Joint Audit Committee  
**Date:** 17<sup>th</sup> March 2016  
**By:** Daniel Harris, RSM UK  
**Title:** Internal Audit Plan 2016/17

---

**Purpose of Report/Issue:**

This paper sets out the approach taken by RSM UK, the Police & Crime Commissioner's (PCC) and Chief Constable's (CC) internal auditors, in developing a draft internal audit strategy for 2016/17.

The paper seeks the views of the Committee on the proposed strategy and agreement that it addresses the current risks and needs of both the PCC and CC.

**Summary:**

The proposed Internal Audit Strategy 2016/17 has been prepared taking into account the views of the PCC's Treasurer and the CC's Head of Finance who have also discussed its content with other representatives of the PCC and CC.

---

**Recommendation(s) -**

Members are asked to consider and approve the Internal Audit Strategy for 2016/17.

---

**Contact details -**

**Name:** Lorna Raynes  
**Job Title:** Manager, RSM UK  
**Email address:** [lorna.raynes@rsmuk.com](mailto:lorna.raynes@rsmuk.com)

---



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

Internal Audit Strategy 2016/17 – 2018/19

Presented at the Audit Committee meeting of:

16 March 2016





# CONTENTS

1 Introduction .....	2
2 Developing the internal audit strategy .....	4
3 Your Internal Audit service.....	9
4 Joint Audit committee requirements .....	10
Appendix A: Internal audit plan 2016/17 .....	11
Appendix B: Internal audit strategy 2016/17 – 2018/19 .....	14
Appendix C: Outline of internal audit coverage .....	17
Appendix D: Internal audit charter.....	18
Appendix E: Our client care standards.....	22
For further information contact.....	23

This report, together with any attachments, is provided pursuant to the terms of our engagement. The use of the report is solely for internal purposes by the management and board of our client and, pursuant to the terms of our engagement, should not be copied or disclosed to any third party without our written consent. No responsibility is accepted as the plan has not been prepared, and is not intended for, any other purpose.

# 1 INTRODUCTION

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 Office of the Police and Crime Commissioner for Surrey and Surrey Police Force in the year ahead, including changes within the sector.

## 1.1 Background

Surrey covers 644 square-miles, with one county council, 11 boroughs/districts and six clinical commissioning groups with five major hospitals. It has 62 motorway miles, including the busiest M25 stretch. Surrey's rivers include the Thames (notable flooding risk); the county is 73% greenbelt. Surrey borders the UK's busiest two airports. It is the most densely populated county in SE England, having increased in population by 8.8 per cent since 2001 to 1.2 million. 9. The Olympic legacy increased the sporting footprint, with national cycling competitions and the country's largest one-day sporting event (Epsom Derby). The increase in cycling on Surrey's roads has caused tensions for road users.

Surrey Police's central budget has reduced by around 14 per cent during 2010/11 - 2014/15; the Force receives the second lowest funding per head of population in England/Wales resulting in the highest local precept level. In March 2015, Surrey will have 3,995 officers/staff (5% reduction since 2010), however officer numbers will have increased by 3 per cent to 1,938. Officer and staff sickness is low, at 6.9 and 7.3 days/year respectively.

Recorded crime is falling, however year to date 3,601 more incidents were attended compared to 2010; in particular, 'concern-for-safety' incidents rose almost 6 per cent to 11,551. Recorded levels of sexual offences and domestic abuse are rising, and the new Complex Abuse Unit has nine live Child Sexual Exploitation (CSE) investigations underway - Surrey has a number of children's homes and CSE is a risk. There are 95 active Organised Criminal Groups and 37 have been disrupted so far this year.

Surrey Police continues to increase collaboration with Sussex Police, with areas such as IT and procurement becoming collaborative functions. Our internal audit plans and protocols will fully reflect these arrangements in 2016/17 which will set out how we will jointly work with Sussex Police and its internal audit provider.

## 1.2 Vision

Surrey Police's vision is to, 'deliver safe, satisfied and confident communities and relentlessly pursue those people that undermine them.

## 1.3 Objectives

The following of your corporate objectives are particularly relevant to the content of the coming year's internal audit plan.

The objectives of the Force are:

- Keep people safe from harm
- Give them confidence that we will be there when they need us
- Relentlessly pursue criminals

The objectives of the OPCC, as set out in the Police and Crime Plan, are:

- Take a Zero Tolerance Policing Approach
- More Visible Street Policing
- Put Victims at the Centre of the Criminal Justice System
- Give you the Opportunity to Have a Greater Say in how Your Streets are Policed
- Protect your Local Policing
- Uncompromising in the Standards you Expect from Your Police

## 2 DEVELOPING THE INTERNAL AUDIT STRATEGY

We use your objectives as the starting point in the development of your internal audit plan.

### 2.1 Risk management processes

We have evaluated your risk management processes for both the OPCC and Force 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 the following people:

- Senior management within the Force.
- Senior management within the OPCC.

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



Figure A: Sources considered when developing the Internal Audit Strategy

## 2.2 How the plan links to your strategic objectives

Each of the reviews that we propose to undertake is detailed in the internal audit plan and strategy within Appendices A and B. In the table below we bring to your attention particular key audit areas and discuss the rationale for their inclusion or exclusion within the strategy.

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective
IT reviews – PSN compliance	IT is a shared resource across Surrey and Sussex. It is also an area where both audit and management have identified concerns in the past. We have discussed this with management, who have also discussed with Sussex how the audits should be split and management have advised that RSM will review Public Service Network (PSN) compliance preparations.	<ul style="list-style-type: none"> <li>Give them confidence that we will be there when they need us</li> </ul>
Capital expenditure	The Force has, in prior years, not fully spent its capital budget, often leading to substantial balances being carried forward. A project is currently underway to amend the capital expenditure process to address this issue. This review will consider how capital expenditure is budgeted, planned and monitored in order that funds are utilised and not carried forward indefinitely.	<ul style="list-style-type: none"> <li>Protect your Local Policing</li> </ul>
Strategic planning and budgeting	The organisation has recently restructured its finance team, and financial information to inform budgeting and other planning processes is now provided by the collaborated team. We will therefore review the budgeting and other strategic planning processes.	<ul style="list-style-type: none"> <li>Protect your Local Policing</li> </ul>
Policies and procedures	Management have requested a review of policies and procedures to ensure that they are up to date, relevant and have been updated to reflect current arrangements.	<ul style="list-style-type: none"> <li>Keep people safe from harm</li> </ul>
Savings plan	This review will consider how savings plans are developed and approved. We will also consider how these are monitored throughout the year, and how any revisions are approved and communicated to relevant parties.	<ul style="list-style-type: none"> <li>Protect your Local Policing</li> </ul>
Complaints	This area was included within the 3 year internal audit strategy following discussions at previous Audit Committee meetings and at the request of the Committee. There have been some changes within this area regarding roles and responsibilities and we will review these and the process for dealing with complaints.	<ul style="list-style-type: none"> <li>Give you the Opportunity to Have a Greater Say in how Your Streets are Policed</li> </ul>

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective
Covert accounts and floats	For the last two years we have reviewed covert accounts. As we have the knowledge and security clearance the Force has requested we continue to complete an annual check in this area, rather than the Force training and clearing its own staff to do this check.	<ul style="list-style-type: none"> <li>Relentlessly pursue criminals</li> </ul>
<p>The following areas have been discussed with management and are currently all included within the 2016/17 plan. However, if the Force consider that they need to limit the areas reviewed we would need to complete at least two of the below reviews to ensure we have sufficient coverage to provide an overall opinion.</p>		
Vetting	Vetting is a shared service between Sussex and Surrey which Surrey lead on. <i>Discussions with management have indicated this could be moved back to 2017/18 to allow the collaborated model due to be in place on the 1st September 2016 to 'bed in' should other areas be considered higher priority.</i>	<ul style="list-style-type: none"> <li>Keep people safe from harm</li> </ul>
Staff experience	Following discussions at past audit committees regarding staff morale and the freedom for staff to raise known concerns, this review will look at how the staff survey was completed, the analysis of results and how responses were produced, implemented and followed up. <i>Discussions with management have indicated this could be moved back to 2017/18 to take account of the new staff survey currently being completed should other areas be considered higher priority.</i>	<ul style="list-style-type: none"> <li>Uncompromising in the Standards you Expect from Your Police</li> </ul>
Crime recording (Force risk 365)	Our review will consider the effectiveness of internal checks and compliance with the National Decision Model and national and local policy and procedures. This review will also include consideration of data quality. <i>We last reviewed data quality in 2015/16 and identified a number of weaknesses (report in draft).</i>	<ul style="list-style-type: none"> <li>Uncompromising in the Standards you Expect from Your Police</li> </ul>
Victims Code (Force risk 376)	From April 2015, information regarding victims of crime will no longer be downloaded centrally by victim support. We will therefore review the procedures put in place by the PCC to ensure that incidents are being identified and actions to support the victim put in place. <i>We have a review of Victims Code scheduled for late 2015/16.</i>	<ul style="list-style-type: none"> <li>Give them confidence that we will be there when they need us</li> </ul>

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: a contingency allocation, time for tracking the implementation of actions and an audit management allocation. Full details of these can be found in Appendices A and B.

In light of this we consider it prudent to inform you of other reviews that are taking place across the sector and tools that RSM can offer to aid in your assurance framework. In particular, we wish to advise the Audit Committee that the following reviews will be led by Sussex Police:

- Niche IT Audit (we understand this will be outsourced to a 3<sup>rd</sup> party supplier by Sussex Police's Internal Audit provider)
- Procurement/purchasing
- Fees and charges

## **2.3 Working with other assurance providers**

The Joint Audit Committee 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 organisations.

We will however continue to work closely with other assurance providers, such as external audit and to ensure that duplication is minimised and a suitable breadth of assurance obtained. Further to this, we established a protocol regarding internal audit of collaborative activities.

## 3 YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Daniel Harris, supported by Lorna Raynes as your client manager.

### 3.1 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS). Further details of our responsibilities are set out in our internal audit charter within Appendix D.

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”.

Another review is planned for 2016.

### 3.2 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. Where we undertake any work outside of the Internal Audit plan for the Police and Crime Commissioner or Force this is delivered by a separate team, with a separate Partner and engagement letter.

## 4 JOINT AUDIT COMMITTEE REQUIREMENTS

In approving the internal audit strategy, the committee is asked to consider the following:

- Is the Audit Committee satisfied that sufficient assurances are being received within our annual plan for both the Force and OPCC (as set out at Appendix A) to monitor the organisations' risk profile effectively?
- Does the strategy for internal audit (as set out at Appendix B) cover the organisations' key risks as they are recognised by the Joint Audit Committee?
- Are the areas selected for coverage this coming year appropriate?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management and the Joint Audit Committee approve such any amendments to this plan.

## APPENDIX A: INTERNAL AUDIT PLAN 2016/17

Audit	Scope for 2016/17	Audit days	Proposed timing	Proposed Audit Committee
<b>Risk Based Assurance</b>				
IT review - PSN compliance	IT is a shared resource across Surrey and Sussex Police. We have therefore discussed with management whether any joint reviews across both Forces could be completed. Management have advised coverage in 2016/17 should be on PSN compliance .	12	January 2017	March 2017
Staff experience	This will look at how the staff survey was completed, the analysis of results and how responses were produced, implemented and followed up.	10	May 2016	September 2016
Capital expenditure	This review will consider how capital expenditure is budgeted, planned and monitored in order that funds are utilised and not carried forward indefinitely.	12	January 2017	March 2017
Strategic planning and budgeting	The organisation has recently restructured its finance team, and financial information to inform budgeting and other planning processes is now provided by the collaborated team. We therefore will review the budgeting and other strategic planning processes.	15	April 2016	June 2016
Savings plan	This review will consider how savings plans are developed and approved. We will also consider the governance structure, how these are monitored throughout the year, and how any revisions are approved and communicated to relevant parties.	12	October 2016	December 2016
Crime recording (Force risk 365)	Our review will consider the effectiveness of internal checks and compliance with the National Decision Model and national and local policy and procedures. This review will also include consideration of data quality. <i>We last reviewed data quality in 2015/16.</i>	12	May 2016	September 2016
Victims Code (Force risk 376)	From April 2015, information regarding victims of crime will no longer be downloaded centrally by victim support. We will therefore review the procedures put in place by the PCC to ensure that incidents are being identified and actions to support the victim put in place. <i>We have a review of Victims Code scheduled for late 2015/16.</i>	10	January 2017	March 2017

Audit	Scope for 2016/17	Audit days	Proposed timing	Proposed Audit Committee
<b>Core Assurance</b>				
Financial Controls	<p>This review will consider the following areas:</p> <ul style="list-style-type: none"> <li>• Financial Reporting</li> <li>• Creditor Payments</li> <li>• Cash Receipting and Treasury Management</li> <li>• Income and Debtors</li> <li>• Procurement</li> <li>• Payroll</li> </ul>	30	December 2016	March 2017
Vetting processes	Vetting is a shared service between Sussex and Surrey which Surrey lead on. We will therefore review the processes to ensure that all staff and contractors are subject to vetting to the appropriate level, and consider who the Force ensures that this is completed promptly.	10	August 2016	October 2017
Covert accounts and floats	This will continue our annual review of covert accounts and floats to ensure that arrangements and controls in place to manage covert accounts are adequate.	8	December 2016	March 2017
Risk Management	This review will focus on general risk management processed for the Force and OPCC as well as joint risks.	12	January 2017	March 2017
Governance	This review will examine the governance structures in place at the Force and OPCC and consider whether these allow for efficient and effective governance arrangements.	12	July 2016	September 2016
Policies and procedures	We will review the policies and procedures in place for both the Force and the OPCC to ensure these cover all expected topics, and are up to date and have been subject to appropriate approval. This review will take account of the audit completed by Sussex in 2015/16 to ensure there is no duplication.	8	July 2016	September 2016
Complaints	This review will focus on the process for capturing, investigating and reporting complaints. It will also consider the timeliness of dealing with complaints.	12	July 2016	September 2016
<b>Other internal audit activity</b>				
Contingency	To allow additional reviews to be undertaken in agreement with the Audit Committee or management based in changes in risk profile or assurance needs as they arise during the year.	10	tbc	tbc

Audit	Scope for 2016/17	Audit days	Proposed timing	Proposed Audit Committee
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	10	Ongoing	Ongoing
Management	This will include: <ul style="list-style-type: none"> <li>• Annual planning</li> <li>• Preparation for, and attendance at, Audit Committee</li> <li>• Regular liaison and progress updates</li> <li>• Liaison with external audit and other assurance providers</li> <li>• Preparation of the annual opinion</li> </ul>	20	Throughout the year	N/A

## APPENDIX B: INTERNAL AUDIT STRATEGY 2016/17 – 2018/19

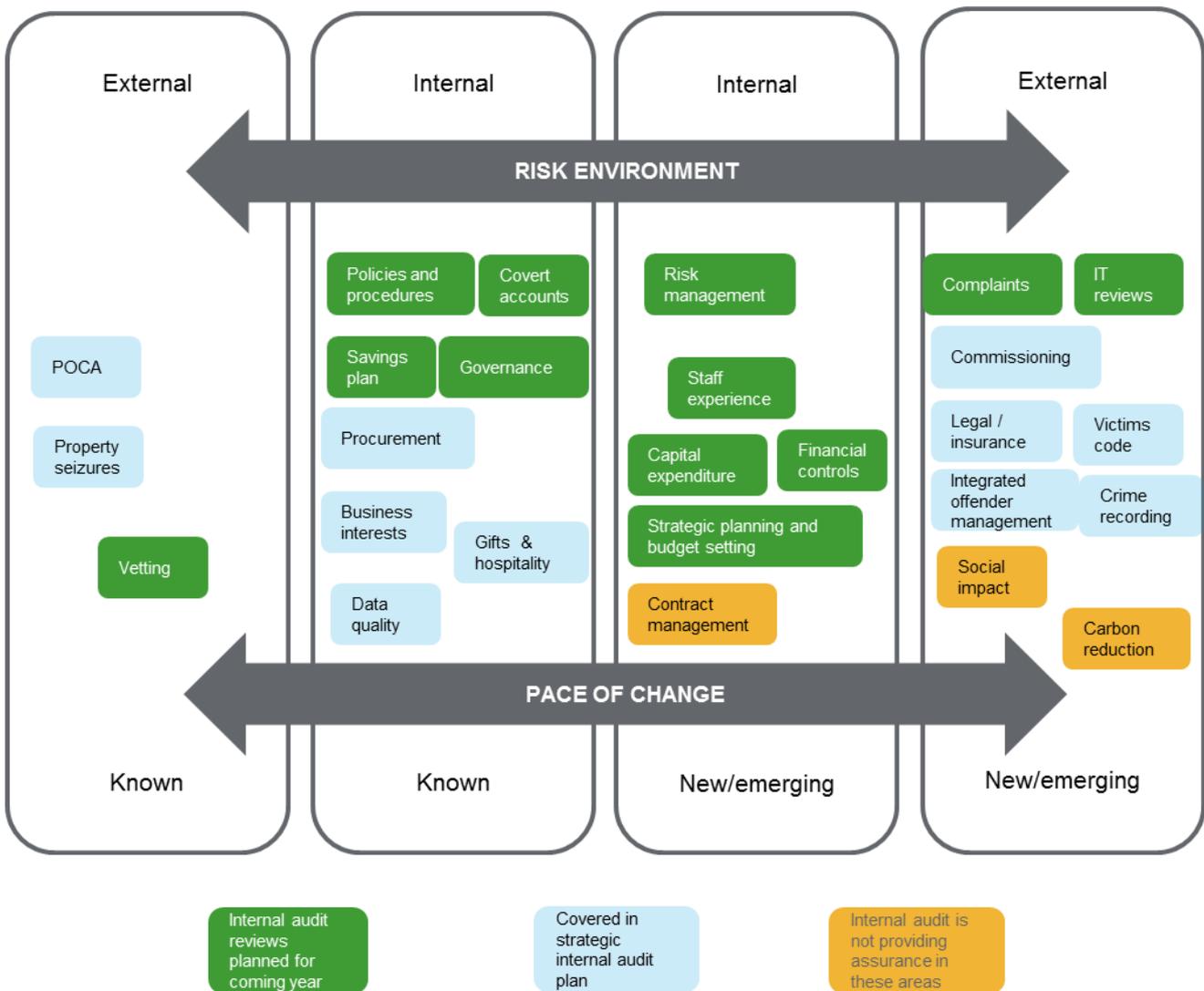
Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
<b>Risk based assurance</b>				
IT reviews (Force issues 380, 333 and 306; Joint risks 348, 310, 309, 305, 304, 19)	For 2016/17 this will focus on PSN compliance	✓	✓	✓
Staff experience (Force risk 70, Force issue 346)	This will look at how the staff survey was completed, the analysis of results and how responses were produced, implemented and followed up.	✓		
Capital expenditure (Joint risk 222)	This review will consider how capital expenditure is budgeted, planned and monitored in order that funds are utilised and not carried forward indefinitely.	✓		
Strategic planning and budgeting (Joint risk 285)	The organisation has recently restructured its finance team, and financial information to inform budgeting and other planning processes is now provided by the collaborated team. We therefore will review the budgeting and other strategic planning processes.	✓		
Savings plan (Joint risk 221)	This review will consider how savings plans are developed and approved. We will also consider how these are monitored throughout the year, and how any revisions are approved and communicated to relevant parties.	✓		
Crime recording (Force risk 365)	Our review will consider the effectiveness of internal checks and compliance with the National Decision Model and national and local policy and procedures.	✓		
Victims Code (Force risk 376)	From April 2015, information regarding victims of crime will no longer be downloaded centrally by victim support. We will therefore review the procedures put in place by the PCC to ensure that incidents are being identified and actions to support the victim put in place.	✓		
Data Quality (Force risk 365)	This review could focus on reporting of any area, but common areas for review are complaints or crime recording. We would select a sample of indicators and agree back to supporting evidence to ensure data reporting is accurate.			✓

Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
<b>Core Assurance</b>				
Financial Controls	<p>This review will consider the following areas:</p> <ul style="list-style-type: none"> <li>• Financial Reporting.</li> <li>• Creditor Payments.</li> <li>• Cash Receipting and Treasury Management.</li> <li>• Income and Debtors.</li> <li>• Procurement.</li> <li>• Payroll.</li> </ul>	✓	✓	✓
Covert accounts and floats	This will continue our annual review of covert accounts and floats to ensure that arrangements and controls in place to manage covert accounts are adequate.	✓	✓	✓
Vetting processes	Vetting is a shared service between Sussex and Surrey which Surrey lead on. We will therefore review the processes to ensure that all staff and contractors are subject to vetting to the appropriate level, and consider who the Force ensures that this is completed promptly.	✓		
Risk Management	This review will focus on processes in place to manage collaborative risks.	✓	✓	✓
Governance	This will focus on the governance of collaboration arrangements, including both Sussex and other collaborations.	✓	✓	✓
Legal / Insurance	This review will look at the channels of communication between the legal and insurance departments in order to ascertain when it is decided to make a claim, or when to take legal action. This review has been included at the request of management in response to overspends by the two departments.			✓
Policies and procedures	We will review the policies and procedures in place for both the Force and the OPCC to ensure these cover all expected topics, and are up to date and have been subject to appropriate approval. This review will take account of the audit completed by Sussex in 2015/16 to ensure there is no duplication.	✓		
Procurement	As both the PCC and the CC may be undertaking procurement, this review will consider the processes undertaken by both, and how value for money is achieved. The review will also consider the governance arrangements in respect of the procurement collaboration with Sussex Police.		✓	

Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
Proceeds of Crime Act	Review to ensure that the Force complies with the requirements of the Proceeds of Crime Act and that all items seized are held in a secure manner until release.		✓	
Estates Management	This review will consider the processes undertaken to manage the estate, and how value for money is achieved.	✓		
Gifts and Hospitality	This review will assess the effectiveness of the implementation of the recommendations from the internal review and compliance with the revised governance procedure on gifts and hospitality.			✓
Business Interests	This review will assess the effectiveness of and compliance with Surrey Police's Business Interests procedures.		✓	
Commissioning	This will consider how the OPCC can demonstrate that commissioning has achieved the intended outcomes and purpose.			✓
Integrated Offender Management	Our review will review the design of, and compliance with, the IOM framework.		✓	
Property Seizures	We will review the system in place to record property seizures, and how consistently this is used by officers.			✓
Complaints	This review will focus on the process for capturing, investigating and reporting complaints.	✓		
<b>Other Internal Audit Activity</b>				
Contingency	To allow additional reviews to be undertaken in agreement with the Audit Committee or management based in changes in risk profile or assurance needs as they arise during the year.	✓	✓	✓
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	✓	✓	✓
Management	This will include: <ul style="list-style-type: none"> <li>• Annual planning.</li> <li>• Preparation for, and attendance at, Audit Committee.</li> <li>• Administration of our actions tracking database – 4Action.</li> <li>• Regular liaison and progress updates.</li> <li>• Liaison with external audit and other assurance providers.</li> <li>• Preparation of the annual opinion.</li> </ul>	✓	✓	✓

# APPENDIX C: OUTLINE OF INTERNAL AUDIT COVERAGE

The diagram below highlights the planned internal audit coverage against the changing risk environment. This analysis allows us to ensure that the type and level of coverage proposed meets the organisation’s assurance needs for the forthcoming and future years.



# APPENDIX D: INTERNAL AUDIT CHARTER

## Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for the Office of the Police and Crime Commissioner for Surrey and Surrey Police. 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 Joint Audit Committee.

The internal audit service is provided by RSM Risk Assurance Services LLP ("RSM"). Your key internal audit contacts are as follows:

	Partner	Client manager
Name	Daniel Harris	Lorna Raynes
Telephone	+44 (0) 7792 948767	+44 (0)7972 004175
Email address	<a href="mailto:Daniel.Harris@rsmuk.com">Daniel.Harris@rsmuk.com</a>	<a href="mailto:Lorna.Raynes@rsmuk.com">Lorna.Raynes@rsmuk.com</a>

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.

An overview of our client care standards are included at Appendix E of the internal audit strategy plan for 2016 – 2017.

## Role and definition of internal auditing

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by introducing a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control, and governance processes".

### Definition of Internal Auditing, Institute of Internal Auditors

Internal audit is a key part of the assurance cycle for your organisation and, if used appropriately, can assist in informing and updating the risk profile of the organisation.

## Independence and ethics

To provide for the independence of Internal Audit, its personnel report directly to the Daniel Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the Joint Audit Committee, with further reporting lines to the OPCC and Chief Constable.

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 Office of the Police and Crime Commissioner for Surrey and Surrey Police. 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 Joint 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 Joint 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 Joint Audit Committee for review and approval each year before work commences on delivery of that plan.
- Implement the audit plan as approved, including any additional tasks requested by management and the Joint 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. Examples may include facilitation, process design and training.
- 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.
- Liaise with the external auditor for the purpose of providing optimal audit coverage to the organisation.

## 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 Joint 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 Joint 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 Joint Audit Committee 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 to both the OPCC and the Force 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 Police and Crime Commissioner & Chief Constable 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 Police and Crime Commissioner & Chief Constable 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.

Personal data is not shared outside of RSM. The only exception would be where there is information on an internal audit file that external auditors have access to as part of their review of internal audit work or where the firm has a legal or ethical obligation to do so (such as providing information to support a fraud investigation based on internal audit findings).

RSM has a Data Protection Policy in place that requires compliance by all of our employees. Non-compliance will be treated as gross misconduct.

## **Fraud**

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

## **Approval of the internal audit charter**

By approving this document, the internal audit strategy, the Joint Audit Committee is also approving the internal audit charter.

## APPENDIX E: OUR CLIENT CARE STANDARDS

- Discussions with senior staff at the client take place to confirm the scope six 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 two weeks before the agreed start date.
- 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.
- Two weeks after a debrief meeting a draft report will be issued by RSM to the agreed distribution list.
- Management responses to the draft report should be submitted to RSM.
- Within three 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.

## FOR FURTHER INFORMATION CONTACT

Name: Daniel Harris

Email address: [Daniel.Harris@rsmuk.com](mailto:Daniel.Harris@rsmuk.com)

Telephone number: +44 (0) 7792 948767

Name: Lorna Raynes

Email address: [Lorna.Raynes@rsmuk.com](mailto:Lorna.Raynes@rsmuk.com)

Telephone number: +44 (0)7972 004175

### rsmuk.com

The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

RSM UK Consulting LLP, RSM Corporate Finance LLP, RSM Restructuring Advisory LLP, RSM Risk Assurance Services LLP, RSM Tax and Advisory Services LLP, RSM UK Audit LLP, RSM Employer Services Limited and RSM UK Tax and Accounting Limited are not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities. RSM & Co (UK) Limited is authorised and regulated by the Financial Conduct Authority to conduct a range of investment business activities. Whilst every effort has been made to ensure accuracy, information contained in this communication may not be comprehensive and recipients should not act upon it without seeking professional advice.

© 2015 RSM UK Group LLP, all rights reserved