<u>AGENDA</u>

21st March 2018, 10:00 Conference Room, Police Headquarters, Portishead

1. Apologies for Absence

2. Emergency Evacuation Procedure

The Chair will draw attention to the emergency evacuation procedure for the Conference Room: Follow the Green Fire Exit Signs to the large green Assembly Point A sign in the Visitors Car Park.

3. Declarations of Gifts/Offers of Hospitality

To remind Members of the need to record any personal interests or any prejudicial interest relating to the agenda and disclose any relevant receipt of offering of gifts or hospitality

4. Public Access

(maximum time allocated for this item is 30 minutes)

Statements and/or intentions to attend the Joint Audit Committee should be emailed to <u>JAC@avonandsomerset.pnn.police.uk</u>

Statements and/or intentions to attend must be received no later than 12.00 noon on the working day prior to the meeting.

- 5. Minutes of the Joint Audit Committee Meeting held on 11th January 2018 (Report 5)
- 6. Business from the Chair (Report 6):
 - a) Police and Crime Board (Verbal Update)
 - b) Update on IPCC Investigations (Verbal Update)
 - c) Client Service Action Plan
- 7. Internal Audit (Report 7):
 - a) Draft Internal Audit Plan 2018/19
 - b) Draft 2017/18 Head of Internal Audit Opinion
 - c) Financial Controls
 - d) IT Projects Benefits
 - e) Follow Up (Part 2)
 - f) Progress Report
- 8. External Audit (Report 8):
 - a) Joint External Audit Plan
 - b) Audit Progress Report and Sector Update
- 9. Office of the Police and Crime Commissioner Strategic Risk Register (Report 9)

- 10. Constabulary Strategic Risk Register (Report 10)
- 11. Summary of HMIC and Internal Audit Recommendations (Report 11)

Part 2

Items for consideration without the press and public present

12. Exempt minutes of the Joint Audit Committee Meeting held 11th January 2018 (Report 12)

POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET

MINUTES OF THE JOINT AUDIT COMMITTEE MEETING HELD ON THURSDAY 11TH JANUARY 2018 AT 13:00 IN THE GORDANO ROOM, POLICE HQ, VALLEY ROAD, PORTISHEAD

Members in Attendance

Katherine Crallan Jude Ferguson (Chair) Shazia Riaz Sue Warman

Officers of the Constabulary in Attendance

Andy Marsh, Chief Constable Sarah Crew, Deputy Chief Constable Julian Kern, OCC CFO Nick Lilley, Director of Information Technology Michael Flay, Governance Secretariat Manager

Officers of the Office of the Police and Crime Commissioner (OPCC)

Mark Simmonds, OPCC CFO Karin Takel, OPCC Strategic Planning and Performance Officer Alaina Davies, OPCC Resources Officer

Also in Attendance

Sue Mountstevens, Police and Crime Commissioner Jackson Murray, Grant Thornton Iain Murray, Grant Thornton Mark Jones, RSM Joe Hanley, RSM

38. Apologies for Absence

Mark Milton, Director of People and Organisational Development

39. Emergency Evacuation Procedure

The emergency evacuation procedure for the Conference room was noted.

40. Declarations of Interest / Gifts / Offers of Hospitality

None.

41. Public Access

There were no requests for public access

42. Minutes of the Joint Audit Committee Meeting held on 27th September 2017 (Report 5)

UNCONFIRMED Draft

The Joint Audit Committee congratulated those in the Constabulary who have received honours awards.

The Chair welcomed the new Director of IT to the meeting.

RESOLVED THAT the minutes of the meeting held on 27th September 2017 were confirmed as a correct record and signed by the Chair.

Action update:

- Minute 18cRevised draft of the Internal Audit Scoping Process paper
has been forwarded to Members. Action Closed
- Minute 31a The OPCC CFO will continue to forward additional quarterly summary notes on the Police and Crime Board meetings to the Joint Audit Committee Members. Action Closed
- Minute 35The revised Constabulary risk register is included in the
papers for this meeting. Action Closed

43. Business from the Chair

It was agreed that the Joint Audit Committee Terms of Reference will be reviewed annually to ensure that it stays technically up to date and this would be signed off by Members at a Joint Audit Committee.

a) Police and Crime Board

The Chair of the Joint Audit Committee attended a Police and Crime Board to observe and found it to be an open and robust meeting format. The style of the meeting allows the PCC and Constabulary to challenge each other. The communication is clear and effective ensuring appropriate actions are recognised and recorded.

b) Update on IPCC Investigations

There are currently 5 active IOPC investigations. 14 investigations have been finalised in the last 12 months and the Constabulary commented that timeliness issues are showing improvement. All active investigations date from the last 12 months – some cases are not able to progress due to circumstances out of the control of the IOPC i.e. the complainant is out of the country or in prison. The trial in the Taser case is due on 17th January 2018 and a misconduct process may follow.

Two reports have been produced in the last of the long running investigations and the second of these was received just before Christmas which says there is some misconduct to consider but no organisation learning has been identified.

2-3 cases are referred every week now due to the mandatory referral process but most come back quickly which is largely as a result of Body Worn Video footage. The PCC assured Members that she has

UNCONFIRMED Draft

discussed the number of cases being referred to the IOPC with them and they have confirmed that Avon and Somerset Police are not outliers.

The PCC is holding an Enquiry Day on 9th March 2018 to ensure that lesson have been learned from the Ebrahimi case and looking at the relationship with other agencies who are also responsible for vulnerable victims.

44. Internal Audit Reports:

a) Performance Management (Report 7a)

An audit of the Individual Performance Review (IPR) system took place 12 months after implementation and found a weakness in the application and control framework – how it is being used and that a number of people are not using it. There were positives in this audit and a number of management actions (and completion dates for these) have been agreed to address areas for improvement.

There is a lack of staff engagement in the process, a number of duplicates were identified and the system does not allow for higher level visibility of concerns being raised in IPR's.

Members were pleased with the progress made but concerns were raised with regard to comments from the Internal Auditors regarding some failure to understand SMART targets. Objectives should relate to the Police and Crime Plan and contributing to the bigger picture.

Members queried the sequencing of IPR's throughout the management structure. The Constabulary are working to join up strategic level objectives to individual objectives through the Leadership Programme. The IPR system need to be considered alongside the broader performance management picture – Qlik Sense can measure anything and should give line managers the tools to hold effective monthly 1-1 meetings with those they manage.

Members discussed when they would like the next report regarding IPR and what should be included within it. Volunteers were not included in this report but Members are keen that the next report should consider Specials.

The Constabulary have to take a balanced approach to the IPR system considering the full Performance Management picture and encourage managers to interact regularly with those they manage.

RESOLVED THAT the Joint Audit Committee should receive an overview report in 1 year on the IPR which should include Specials and consider the wider performance management context.

b) Training (Report 7b)

The good practice at 1.3 in relation to design of controls and processes was highlighted. Issues identified were:

- New training plan is moving in the right direction but needs to consider directorate needs more;
- Inconsistent recording of staff skills which is important to be able to do gap analysis; and
- Need to update Qlik Sense regularly.

The PCC raised concern that the report suggests that the external course directory would not be updated until June 2018 and asked if this could be done sooner. This date was based around the introduction of MFSS but the Constabulary confirmed that they will look at this sooner as the dates have moved for MFSS.

The Director of People and Resources has identified the gap between directorates and the training plan – this has been missed due to training needs as a result of the Change Programme and mandatory training. This is now being considered.

Members were informed that training administration will be part of the new oracle system.

Members queried how the size of the Corporate Learning and Development Team compares to other forces. Avon and Somerset is above average but the enabling services work should make the force average. The Director of People and Resources is also looking at other methods of training than classroom based where appropriate i.e. virtual.

Evaluation of the effectiveness of training was not covered in the report but it was agreed that this should be included in the next audit plan.

Members were informed that Force Management Statements are due from the HMICFRS in April 2018.

RESOLVED THAT

- i. evaluation of training should be included in the next audit plan; and
- ii. the Constabulary should report on the HMICFRS Force Management Statement once available.

c) Staff Culture and Wellbeing (Report 7c)

The Internal Auditor commented that this is a very positive report. The Constabulary have the right processes in place but are yet to see the impact – this is consistent with other clients.

The Internal Auditor addressed the section relating to awareness of staff regarding the support available through EAP and other measures taken by the Constabulary which have been included in the Key Findings section as the sample used was small – however the resulting action is relevant.

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Mental Health was included in the scoping of this audit but does not appear prominently. There was a discussion regarding whether this should be on the next audit plan. The process can be audited but there was a concern that it could be hard to assess the effectiveness in this area – this will be discussed further at the meeting on 23rd January 2018 regarding the next audit plan.

The Constabulary assured Members that they want to be very progressive with regard to the Health and Wellbeing of staff and officers.

RESOLVED THAT the Joint Audit Committee would like to be kept sighted on the results of the Wellbeing Survey

d) Business Continuity and Disaster Recovery (Report 7d)

Partial Assurance given due to the progress needed in this area. Members sought assurance on Constabulary plans to address this. Members were assured that systems are checked on an ad hoc basis and there is a monitoring and escalation process so a fix would be put in place should systems fail. The Constabulary will test review each service as it comes back in-house from SouthWest One. The Constabulary will look to take advantage of new technology i.e. cloud storage.

The Committee discussed the recent power outage and were assured that actions are being taken to address issues experienced as a result of this.

The Chief Constable assured Members that he is confident in the organisation as there were capable people on hand during the power outage to provide a fix quickly and learn the lessons following the incident. Also it is very positive that the organisation was able to deliver Qlik Sense and Body Worn Video in the last year.

Members queried if the new business continuity plans will be future proof. The previous plans are no longer fit for purpose and so 4 tactical plans were put forward and accepted by the Corporate Management Board – these 4 plans support the business' critical functions.

Work is underway to rationalise the software used into a manageable and affordable amount by March 2019.

e) Progress Report (Report 7e)

There are a number of audit reports still to come from the plan. The audit plan for next year is already being considered and there is a meeting with members on 23^{rd} January 2018 to discuss.

Members will raise any concerns on the Emergency Services Sector Update with the Chair outside of the meeting.

45. External Audit Updates:

a) Audit Update (Report 8a)

Interim audit not yet commenced. The final accounts audit will take place in May 2018 in line with the earlier timetable which Avon and Somerset successfully trialled last year.

External Auditors are planning future events for regional/ national meetings to offer the opportunity to meet other Audit Committees.

Grant Thornton has been appointed as External Auditors for Avon and Somerset through the PSAA process.

b) Annual Audit Letter (Report 8b)

Nothing to report. This was included in the papers as a formality.

46. Office of the Police and Crime Commissioner Strategic Risk Register (Report 9)

SR3 (Financial Incapability & VFM) is expected to show a downward direction following the police funding settlement which allows PCCs to increase the council tax precept by 6.6% rather than the level it was previously capped at of 2%. The PCC is in the process of consulting the public with regard to a rise in the policing part of the council tax but there are still significant savings which the Constabulary need to make in order to manage the deficit in years 4 and 5.

The risk in relation to collaboration is increasing but the PCC confirmed that she and the Chief Constable are still committed to being open to collaboration opportunities. MFSS is an exciting opportunity. Smarter partnership working is good but presents a risk that the Constabulary could end up doing more things which are not their responsibility – Local Authority funding settlements are a concern.

Positive news is that Avon Fire and Rescue are now based at Police HQ. Avon and Somerset Police have been successful in a £3m Home Office Transformation Fund bid looking at cross agency analytics.

The Constabulary has secured an understanding with Local Authorities that they will fund 60/40 for the coroner's office which was previously fund entirely by Avon and Somerset Police.

Feedback from the National Lobbying Group was that the Tipping Point Report was well received and reduced the risk in terms of the police funding settlement. The Chief Constable believes that the report had credibility due to the good reputation of the force. Members congratulated the PCC and Chief Constable on the joint Tipping Point Report and the impact it has had.

47. Constabulary Strategic Risk Register (Report 10)

SRR1 (Loss of legitimacy and public confidence) – this risk will reduce post December Constabulary Management Board (CMB) following the PND upload.

The PCC had a public consultation day yesterday and visited 4 shopping centres around the force area where she spoke to 378 people 82-90% of which were supportive of paying more for the policing part of their council tax.

SRR3 (Lack of capacity and/or capability to deliver and effective policing service) is being reviewed after the funding settlement and a reduction will be discussed and agreed at the January 2018 meeting of CMB.

SRR4 (Failure to deliver effective regional or other collaboration outcomes) is increasing due to the MFSS project being behind schedule. This is linked to SRR2.

SRR6 (Data quality risk) is increasing. Data Quality will be subject to deep dive at CMB (there was an engine room this morning looking at data quality - using My Work on Qlik Sense has been successful. The plan is robust but the performance needs improvement - mainstream into continuous improvement. The benefits of Qlik Sense were highlighted and the possibilities of how much more it could do with improved data quality.

SRR8 (GDPR risk) is reduced as assurance can be taken from the project resource managing the impact.

A new app the Constabulary are working on through Qlik Sense was discussed. This is intended to be a 'one stop shop' for governance and enable the user to search every outcome in one location and see who is working on any area of business and actions are being taken.

RESOLVED THAT Members will be given a demonstration focused on the new Governance app in Qlik Sense.

48. Summary of HMIC and Internal Audit Recommendations (Report 11)

There is no HMICFRS efficiency inspection in Spring 2018 which will give the Constabulary an opportunity to look at outstanding recommendations and identify those that can be closed which, will give a much clearer position. There is no inspection in Spring due to the Force Management Statements but there will be a full inspection in Autumn 2018.

49. Exempt Minutes of the Joint Audit Committee Meeting held 27th September 2017 (Report 11)

EXEMPT MINUTES

The meeting concluded at 15:15

CHAIR

ACTION SHEET

MINUTE NUMBER	ACTION NEEDED	RESPONSIBLE MEMBER/ OFFICER	DATE DUE	
Minute 43				
Business of the Chair	Sign off the review of the Joint Audit Committee Terms of Reference.	OPCC CFO and JAC Chair	21 st March 2018	
11 th January 2018				
Minute 44b (i)			oord I	
Training	Evaluation of training should be included in the next audit plan	RSM	23 rd January 2018 (discuss)	
11 th January 2018				
Minute 44b (ii)	Constabulary should report on the			
Training	5		11 th July 2018	
11 th January 2018				
Minute 44c				
Staff Culture and Wellbeing 11 th January 2018	The Joint Audit Committee would like to be kept sighted on the results of the Wellbeing Survey	Director of People and Resources	TBC	
Minute 47				
Constabulary Strategic Risk Register	Members will be given a demonstration focused on the new Governance app in Qlik Sense.	Governance Secretariat Manager	ТВС	
11 th January 2018				

AVON & SOMERSET POLICE

Internal Audit Strategy 2018/19 - 2020/21

Incorporating the 2018/19 Plan

Presented at the Joint Audit Committee:

21 March 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 will accept no responsibility or liability in respect of this report to any other party.



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3	Your Internal Audit service	. 6		
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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 OPCC and Constabulary in the year ahead, including changes within the sector.

Client / sector issues: The Constabulary has undertaken a 'priority based review' and therefore implemented an organisational restructure. PCC Priorities 2016 - 2020: 1. Protect the most vulnerable from harm 2. Strengthen and improve your local policing teams 3. Ensure Avon and Somerset Constabulary has the right people, right equipment and the right culture. 4. Work together effectively with other forces and partner agencies to provide better services to local people. **Mission:** 'To make the communities of Avon and Somerset be safe and feel safe' Vision: 'The Communities of Avon and Somerset will have the highest levels of confidence in our delivery of policing services'

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 and consider that we can place reliance on your risk registers 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:

- Constabulary Director of People and Organisational Development
- Constabulary IT Director
- Constabulary Head of Finance
- Constabulary Governance Manager
- Constabulary Inspection and Audit Coordinator
- OPCC Strategic Planning and Performance Officer
- Joint Audit Committee Members

Based on our understanding of the organisation, 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 Emerging risks in the sector

We have identified the following sector risks and issues that are not included in the audit plan and the associated reasons:

- HMICFRS will cover a number of risk areas in its PEEL inspection, these include (but are not limited to) hate crime, vulnerability, counter terrorism, cybercrime, child protection, crime data, complaints, leadership.
- Demand / workforce management has been covered a number of times over the past few years, and the implementation of management actions will be reviewed as part of our ongoing follow up work.

We have not included a culture or leadership audit in the plan, however we will be identifying themes of this nature across the audit plan, and these are set out against the potential topic areas in the audit plan in Appendix A. These themes will also inform future year audit plans and scopes.

2.3 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 risk	Link to PCC Priority
Organisational Learning	The Constabulary has established a new framework for organisational learning, including the use of Niche to bring all aspects of learning into one place, and track action plans arising from the various sources (HMIC / internal audit / project closure / peer reviews etc). This review will provide a position statement on the progress made with this initiative and how outcomes are being measured, and provide a benchmarking assessment of how this compares to what other police forces are doing.	SRR 1 – Loss of legitimacy and public confidence	PCC Priority 2- Strengthen and improve local policing teams
Governance	A governance audit has not been undertaken since PCCs were introduced in 2012. Therefore, this review will look at the governance structures across both the OPCC and Constabulary, and how the PCC holds the Chief Constable to account, and how performance and delivery of the police and crime plan and strategic objectives is challenged.	• • •	PCC Priority 4 - Work together effectively with other forces and partner agencies to provide better services to local people

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic risk	Link to PCC Priority
Additional Payments	Management have raised concerns over additional payments being made to staff, that may relate to out of date agreements or may not have been reviewed in a timely manner. Given the financial pressures on the organisation, assurance is required that all payments made to staff are accurate and supported by adequate and up to date evidence / contracts / agreements.	SRR 5 – Lack of financial resources	PCC Priority 3 - Ensure Avon and Somerset Constabulary has the right people, right equipment and the right culture.
GDPR	The new Data Protection Act becomes enforceable from 25 May 2018. There has been a delay in guidance being provided to police forces on the more specific requirements and impact this has on them. However, the Constabulary must provide assurance that it is working towards the ICOs required steps and has a project plan in place to address the requirements and monitor compliance with the new Act.	SRR 8 – Existing and/or developing working practices become incompatible and/or non-compliant with the introduction of GDPR and the EU Law Enforcement Directive into UK law during May 2018	N/a
Income Generation	Given the financial strain on the organisation, ensuring income is generated and raised in line with the charging policy is key to delivering annual financial plans. This area has not been audited for a number of years. We will therefore undertake a two-way review of application of the charging policy across a number of operations and income streams.	SRR 5 – Lack of financial resources	PCC Priority 3 - Ensure Avon and Somerset Constabulary has the right people, right equipment and the right culture.

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.

2.4 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 organisation.

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

3 YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Mark Jones as your Head of Internal Audit, supported by Vickie Gould as your client manager.

3.1 Fees

Our fee to deliver the plan is in line with our tender, a full breakdown of costs has been provided separately to the Chief Finance Officer of both the OPCC and Constabulary.

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 the joint 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 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.

4 JOINT AUDIT COMMITTEE REQUIREMENTS

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

- Is the joint audit committee satisfied that sufficient assurances are being received within our annual plan (as set out at appendix A) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out at appendix B) cover the organisation's key risks as they are recognised by the joint audit committee?
- Are the areas selected for coverage this coming year appropriate?
- Is the joint audit committee content that the standards within the charter in appendix C are appropriate to monitor the performance of internal audit?

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 2018/19

Audit	Objective of the review	Audit approach	Proposed timin g and days	Proposed Join t Audit Committee
Risk based assurance	1			
Organisational Learning	The Constabulary has established a new framework for organisational learning, including the use of Niche to track action plans arising from the various sources of learning (HMIC / internal audit / project closure / peer reviews etc). This audit will look to validate and report on the progress, position and effectiveness of this initiative.	Position statement	January 2019 (Q4) 12 days	March 2019
	Link to SRR1			
	To include culture / leadership assessment			
Governance	Given the recent organisational restructure, this review will look at the governance structure in place to allow the PCC to hold the Chief Constable to account for delivery of the police and crime plan.	Assurance	June 2018 (Q1) 12 days	September 2018
	This will include benchmarking Avon and Somerset and its effectiveness against other police organisations.			
	Link to SRR1 and SRR7			
	To include culture / leadership assessment			
Additional Payments	To review adequacy and application of the policy, including the authorisation,	Assurance	April 2018 (Q1)	July 2018
	review and cessation of additional payments to officers.		10 days	
	To also include testing of key payroll controls (starters, leavers, changes, exception reporting).			
	Link to SRR5			
	To include culture / leadership assessment			

Audit	Objective of the review	Audit approach	Proposed timin g and days	Proposed Join t Audit Committee
GDPR	Given that the new Data Protection Act comes in force as of 25 May 2018, we will review the steps taken by the Constabulary and OPCC to ensure it has considered and addressed the ICO's 12 steps. To include benchmarking in terms of where other police clients are with application of the new Act.	Advisory	June 2018 (Q1) 12 days	September 2018
Income Generation	Link to SRR8 To review application of the Constabulary's charging policy and when fees were last reviewed. To consider the prioritisation of income generating activities across areas. To deep dive into specific charging areas such as Glastonbury / Bristol Airport, and whether costs are being recovered. To also include benchmarking and learning from other Forces, and the use of national guidelines.	Assurance	June 2018 (Q1) 10 days	September 2018
	Link to SRR5			

Audit	Objective of the review	Audit approach	Proposed timin g and days	Proposed Join t Audit Committee	
Change Commissioning / Transformation	This review will be undertaken in two stages; looking at the role of the Change Commissioning Board, and	Advisory	October 2018 (Q3)	December 2018	
Tansionation	looking at lower level transformation being built into continuous improvement and business as usual.		17 days		
	The CCB was established in July 2017 following an independent review of how projects are initiated. The role of the CCB is to ensure the appropriate due diligence exercises are completed before commissioning change.				
	This review will be undertaken with the support of our in-house consultant who has undertaken transformation reviews across our emergency services clients and is a former police officer.				
	To include culture / leadership assessment				
IT Benefits	The Constabulary has grant statement requirements to identify and report on IT	Assurance	September 2018	December 2018	
	investment benefits. This review will			(Q2)	
	Constabulary is aware of and accurately tracking benefits. This will follow on from the 2017/18 IT Projects audit.		10 days		
Environment Scanning	To review the mechanisms in place for	Assurance	December 2018	March 2019	
	the Constabulary to predict and/or react to changes in:		(Q3)		
	future crimes;the victim focus approach;laws and legislation etc.		10 days		
	How effective these processes are and how it impacts on strategic decisions such as investment in workforce, training, capital and projects.				
	<i>To include culture / leadership assessment</i>				

Audit	Objective of the review	Audit approach	Proposed timin g and days	Proposed Join t Audit Committee
Procurement / Contract Management	We will review the top ten suppliers (by value) and look to reconcile this spend back to contracts in place.	Assurance	October 2018 (Q3)	December 2018
	We will review the governance around awarding contracts and engaging with suppliers, in line with the Financial Regulations.		10 days	
Health & Safety	To review the central system for monitoring and providing assurance on compliance with key H&S standards and requirements across the Constabulary. Including escalation and action taken when areas of non- compliance are identified.	Assurance	September 2018 (Q2) 10 days	December 2018
Key Financial Controls	Annual audit to provide assurance on the operation of internal controls within the financial processes operated by the Constabulary. To consider the start and end point of finance processes given the new shared service with MFSS.	Assurance	January 2019 (Q4) 15 days	March 2019
Other internal audit ac	tivity			
Follow Up	Undertaken in two parts (Q2 and Q4), to meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Assurance	July 2018 (Q2) January 2019	September 2018 March 2019
	<i>To include culture / leadership assessment</i>		(Q4) 10 days each	
Management	 This will include: Annual planning Preparation for, and attendance at, joint audit committee Regular liaison and progress updates Liaison with external audit and other assurance providers Preparation of the annual opinion 	N/a	Throughout the year 20 days	N/a

NB: Resources allocated to individual audits have taken into consideration the level of risk assigned to the area by the client, our knowledge of any existing client controls, including how effective these are, and the specialist nature of the area being reviewed. The resource level applied for the delivery of the area of work is reviewed as the detailed scope of the work is agreed with the executive lead.

APPENDIX B: INTERNAL AUDIT STRATEGY 2018/19 – 2020/21

Proposed area for coverage	Internal audit coverage	2018/19	2019/20	2020/21
Risk based assurance				
Organisational Learning	A review of the Constabulary's new organisational learning framework.	\checkmark		
Change Commissioning / Transformation	A review of the role of the newly formed Change Commission Board.	\checkmark		
Governance	A review of the governance structures across the OPCC and Constabulary ensuring accountability and challenge on performance and delivery of the police and crime plan.	\checkmark		
MFSS Governance	A review of the assurances provided from MFSS on the new shared service provision.		\checkmark	
IT Audit	2018/19 – IT Benefits 2018/19 - GDPR 2019/20 – Cyber Security 2020/21 – Asset Management	\checkmark	\checkmark	\checkmark
Estates	To test achievement the estates strategy, and review progress against maintenance plans.		\checkmark	
Collaboration	Deep dive into a collaborative area and review the performance / benefit assurance being provided to the Constabulary.		\checkmark	
Victims / Lighthouse	To test knowledge and application of the VCoP. The code is currently not legislation, but it is likely that it will change to a law in the future, as the focus shifts from apprehension of criminals to focusing on victims.			\checkmark
Tasers	A review of the controls around storage, security, issuing and monitoring tasers, and how consistent this is across different locations. To also review delivery of the required training.		\checkmark	
Vetting / Recruitment	A review of the timeliness of the vetting process and how this impacts other areas of the Constabulary.			\checkmark
Additional Payments	A review of the adequacy, approval and cessation of additional payments made to officers.	\checkmark		
Income Generation	A review of activities against the charging policy.	\checkmark		
Training	An evaluation of training provided, and how the Constabulary is monitoring its effectiveness. A thematic review.		\checkmark	

Proposed area for coverage	Internal audit coverage	2018/19	2019/20 2	2020/21
Data Quality	To focus on the further development of Qliksense, and how the Constabulary is assuring itself over the quality of its data, and steps taken when issues are identified.		1	
Partnership Working (IOM)	To review strategies for partnership working, making sure agreements are in place and monitored, and objectives / outcomes set and monitored.			\checkmark
Core Assurance				
Procurement / Contract Management	A review of high value supplier spend and reconciliation back to contracts / agreements. To also consider the governance arrangements of entering into contracts.	\checkmark		
Commissioned Services	To look at how potential commissioned services are defined, prioritised, commissioned, managed, evaluated and lessons learnt.		\checkmark	
Environment Scanning	To review the control framework in place to identify legal / regulatory / demand changes, and make strategic decisions based on this information.	\checkmark		
IPR	A compliance review of how the Constabulary uses the IPR system in line with expectation.		\checkmark	
Overtime / time recording	A review of time recording activities across the Constabulary, how managers sign off overtime and how overtime payments are reviewed, recorded and paid.		\checkmark	
Health & Safety	A review of the system that monitors H&S compliance, and how it identifies and escalates areas of non-compliance.	\checkmark		
Force Management Statements	A check and challenge review of a sample of information included within the FMS to provide assurance over its accuracy.			\checkmark
Detained Property	A review of how detained property (money, drugs, assets) is stored and recorded in line with requirements.			\checkmark
Key Financial Controls	A rolling programme of key financial control audits, to also focus in areas of management concern. Going forward will consider the start and end processes undertaken by MFSS.	\checkmark	\checkmark	~
Payments to Staff	Key controls testing in a high-risk area of high spend.		\checkmark	\checkmark
Fleet Management	To follow up on an internal fleet review, and test against key fleet maintenance and management controls.			\checkmark

Proposed area for coverage	Internal audit coverage		2019/20	2020/21
Other internal audit activity				
Contingency	To allow additional reviews to be undertaken in agreement with the joint audit committee or management based in changes in risk profile or assurance needs as they arise during the year.	\checkmark	\checkmark	√
Follow Up	Undertaken twice a year, to meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	\checkmark	\checkmark	\checkmark
Management	 This will include: Annual planning Preparation for, and attendance at, joint audit committee Regular liaison and progress updates Liaison with external audit and other assurance providers Preparation of the annual opinion 	\checkmark	\checkmark	\checkmark

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for the OPCC for Avon and Somerset, and Avon and Somerset Constabulary. 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").

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 is included at Appendix E of the internal audit strategy plan for 2018/19 – 2020/21.

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, Mark Jones (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the OPCC CFO and Constabulary CFO, with further reporting lines to the joint audit committee Chair.

The head of internal audit has unrestricted access to the chair of joint 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 OPCC and Constabulary. 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 joint internal 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.
- 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 joint 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.
- Senior 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 joint audit committee the highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable.

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 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 joint audit committee 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 PSIAS, 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 joint audit committee.

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 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 joint audit committee is also approving the internal audit charter.

APPENDIX D: OUR CLIENT CARE STANDARDS

- 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.
- 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.

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 <u>http://www.icaew.com/en/members/regulations-standards-and-guidance</u>.

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 and irregularity should there be any.

Our report is prepared solely for the confidential use of the OPCC for Avon and Somerset, and Avon and Somerset Constabulary, 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.

OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET

AVON AND SOMERSET CONSTABULARY

DRAFT Head of internal audit opinion

8 March 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 will accept no responsibility or liability in respect of this report to any other party.

1 DRAFT HEAD OF INTERNAL AUDIT OPINION

In accordance with the 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.

This document provides our draft annual internal audit opinion for 2017/18 as at 8 March 2018. The final opinion will be set out in our annual internal audit report after year end.

1.1 The interim draft head of internal audit opinion

Our **DRAFT** opinions, based on work undertaken up to 21 March 2018, are set out as follows

OPCC



1.2 Scope and limitations of our work

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the Joint Audit Committee. Our opinion is subject to inherent limitations, as detailed below:

- the opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation;
- the opinion is 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 OPCC and the Chief Constable takes into account in making the annual governance statement (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 interim draft opinion

Based on the work undertaken in 2017/18 there is a generally sound system of internal control, designed to meet the OPCC and Constabulary objectives. We have finalised 12 audit assignment reports for the year to date, of these, two had a negative assurance opinion, with two high management actions being raised.

Assignment	Opinio n is sued
Business Continuity & Disaster Recovery (10.17/18)	Partial assurance
Data Quality (6.17/18) - Control Design & Application Data Quality (6.17/18) – Control Effectiveness	Reasonable assurance Partial assurance

The two high category management actions were raised in the **Business Continuity and Disaster Recovery** audit which identified that the Constabulary's plans were out of date and did not link back to the new organisational structure, although this had been identified and was being worked towards. We also noted that the Strategic Service Improvement team had completed an initial analysis of key systems. This process has identified 90 Category A+ system, a significant increase from the current 14 systems. The Constabulary has recorded that this number is too vast for the Constabulary to support at this level. The Constabulary is currently in the process of identifying those absolutely critical systems for the force to deliver its core business in the event of a business continuity incident.

We split the assurance opinion in the **Data Quality** audit between the design and application of controls, and the effectiveness of controls. We verified that a lot was being done with a good control framework supported by the Qliksense app, however, the Constabulary was still not able to validate the impact or show improvement in the quality of data.

Detailed action plans are in place with remedial actions assigned to relevant members of the respective management teams to resolve the issues identified and to support the actions already taken internally by management prior to the reviews taking place. We will reflect the updated position within the final Head of Internal Audit Opinion.

We have also issued the following reports where we have either given substantial or reasonable assurance:

Assign ment	Opinio n issued
Review of Policies – Counter Allegation, Risk to Life and Threats of Serious Harm (1.17/18)	Reasonable assurance
Management and Leadership Development Workshop (2.17/18)	Reasonable assurance
Volunteers (3.17/18)	Reasonable assurance
Equalities / Representative Workforce (4.17/18)	Reasonable assurance
Performance Management (7.17/18)	Reasonable assurance
ROCU Collaboration (8.17/18)	Substantial assurance
Training (9.17/18)	Reasonable assurance
Staff Culture and Wellbeing (11.17/18)	Substantial assurance
Financial Controls (12.17/18)	Substantial assurance

The following advisory and follow-up reports have also been issued with no significant control issues identified

Assignment	Report type / conclus ion
Follow Up (part one) (5.17/18)	Good progress

1.4 Further issues relevant to this DRAFT opinion

The following assignments have yet to be completed and reported in final, but the findings will be taken into consideration when completing our full end of year Head of Internal Audit opinion. They are as follows:

- IT Benefits (draft report issued 7 March 2018)
- Follow Up (part two) (draft report issued 6 March 2018)
- Crime Prevention and Community Engagement (fieldwork commencing 12 March 2018)
- Workforce Pressures (fieldwork commencing 19 March 2018)

At the time of drafting this opinion, there may be issues arising from the finalisation of our remaining internal audit work for 2017/18. I therefore, reserve the right to amend my opinion dependent on the outcome of this work.

Based on the work we have undertaken on the OPCC and Constabulary's system on internal control we do not consider that within these areas already reported on that there are any issues that must be flagged as significant internal control issues within the AGS. The OPCC and the Chief Constable may also wish to consider whether any other issues have arisen, including the results of any external reviews which it might want to consider for inclusion in the AGS.

1.5 Scope of the opinion

The opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based audits generated from a robust and organisation-led risk register and assurance framework. As such, the assurance framework is one component that the OPCC and the Chief Constable takes into account in making the annual governance statement (AGS).

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 draft internal audit opinion.


FOR FURTHER INFORMATION CONTACT

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Our report is prepared solely for the confidential use of Avon and Somerset 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.

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

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AVON AND SOMERSET POLICE

Financial Controls

FINAL

Internal audit report 12.17/18

7 March 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 will accept no responsibility or liability in respect of this report to any other party.



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Debrief held	27 November 2017 / 12 December 2017	Internal audit team	Mark Jones – Head of Internal Audit Victoria Gould – Manager
Draft report is sued	30 January 2018		Joe Hanley – Senior Internal Auditor
Responses received	6 February 2018		
Final r eport is sued	7 March 2018	Client sponsor	Nick Adams – Head of Finance and Business Services Jane Walmsley – Inspection and Audit Coordinator Mark Simmonds – OPCC CFO Julian Kern – Constabulary CFO and Director of Resources

Distribu tion

As above

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1 EXECUTIVE SUMMARY

1.1 Background

An audit of Financial Controls was undertaken as part of the approved internal audit plan for 2017/18.

Avon and Somerset Constabulary uses the SAP computer system for all financial functions. This covers a number of services, including Finance, Payroll, Procurement and Human Resources. The Constabulary brings the shared service arrangement with SWOne to a close in June 2018, and is working with MFSS (multi force shared service) hosted by Cheshire, Northampton and Nottinghamshire police forces, to provide back office functions including finance going forward.

As External Audit no longer rely on the work of Internal Audit, our steer for the annual financial controls reviews are now based on management direction as to areas of weakness or assurance requirements. As part of this audit it was requested by management that a review of purchasing data was undertaken, using the IDEA computer assisted audit technique, which allows a review of the whole transaction population, rather than limited sample testing, so that key areas can then be drilled down into to establish whether there are indeed weaknesses in control design or compliance. From 1 April to 31 October 2017, a total of 19,380 invoices had been paid by the Constabulary totalling £67,987,310.

We also looked at the use of general ledger codes, including mis-postings, correction journals and month end journals, and key fixed asset controls.

Construction work commenced in May 2016 on a new North Somerset Police Station at Weston Gateway. The 20,000sq. foot building was completed in March 2017 and houses around 140 officers. As part of the fixed asset part of the audit we tested assets at the North Somerset Police Station at the request of management.

The Constabulary's total asset NBV was £195,985,429.43 as at 1 April 2017.

1.2 Conclusion

The Constabulary has controls in place to safeguard its assets and accurately report on its financial position. We identified four minor areas of weakness in the purchase order and master data reporting, duplication of asset groups and filing of journal evidence. We have raised four low priority management actions to address these findings. We note that one of the actions was implemented at the time of the audit.

Internal audit opinion:

Taking account of the issues identified, the OPCC and Joint Audit Committee can take substantial assurance that the controls upon which the organisation relies to manage the identified areas are suitably designed, consistently applied and operating effectively.



1.3 Key findings

We identified the following evidence of adequate financial control being in place:

- All purchase orders had clear segregation of duties, and no conflicts in terms of the same requisitioner and approver we identified for 100% of the purchase order transaction data tested.
- The payments we investigated and identified as potential duplicates using specific data analytic criteria, were not in fact duplicate payments.

- The design of the master data delegation amendment process involves a segregation of duties in the request, approval and actioning processes.
- The Constabulary has an Asset Management policy in place which reflects current practice and is readily available to staff.
- Depreciation was found to be calculated and posted against purchases and disposals in line with policy.
- Detective controls to prevent the miscoding of journals are in place and these are undertaken on a quarterly basis.

However, we identified some minor weaknesses during our testing:

- There is currently no report which can be used to analyse non-compliance with the purchase order process.
- We found that 558 lines (2.1%) on the purchase order report specify that the purchase order number was "Not Assigned". Additionally, 480 lines (1.8%) on the report show the approver as "Not Assigned". The SAP Team informed us that this was due to information not transferring between systems properly in some cases. This issue was being investigated as a matter of urgency at the time of the audit.
- We identified one case in which the delegation amendment form differed from the delegation limit change report. Although this did not allow the individual to authorise payments above the level agreed on the amendment form, there is a risk that an inappropriate level of authority is given to a member of staff.
- We found that two separate asset groups were being used for building, IT and equipment under 'Weston Gateway Response' and 'North Somerset Police Centre'. We evidenced that the asset groups had been amalgamated on SAP at the time of the audit once this had been identified.
- In two out of 10 cases there was no supporting evidence for a journal adjustment posted.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control Non-			S	
	design not effective*	Compliance with controls*	Low	Mediu m	High
P2P	0 (4)	1 (4)	1	0	0
Master Data	0 (1)	1 (1)	0	1	0
Assets	0 (4)	1 (4)	1	0	0
Journals	0 (2)	1 (2)	1	0	0
Total			3	1	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 ACTION PLAN

Categoris	ategorisation of internal audit findings							
Priority	Definition							
Low	There is scope for enhancing control or improving efficiency and quality.							
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.							
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.							

The table below sets out the actions agreed by management to address the findings:

Ref	Find ing s summary	Priority	Action for management	Implement atio n date	Owner responsibl e
1.1	We found that there were 558 lines (2.1%) on the report of purchase orders which specify that the purchase order number was "Not Assigned". Additionally, there were 480 lines (1.8%) on the report which showed the approver as "Not Assigned". The SAP Team informed us that this was due to information not transferring properly in some cases. This issue was being investigated as a matter of urgency at the time of the audit. Additionally, we were not able to conduct an analysis on supplier transactions with no purchase order at the time of the audit as we could not be provided with a report that could link the invoice reference to the associated purchase order. Where a report cannot be produced, there is a risk that non-compliance with the purchase order process cannot be analysed.	Low	Management will investigate the possibility of producing a report which can be used to analyse non-compliance with the purchase order process on a quarterly basis. Management will also investigate the reason for information not pulling through to the purchase order report.	31 March 2018	Financial Services Manager
2.1	When testing access changes to SAP, we identified one case in which the delegation amendment form differed from the delegation limit change report. Although this did not allow the	Medium	Management will perform periodic spot checks of delegated limits changes to ensure that the limit change on the form has	28 February 2018	Financial Services Manager

Ref	Find ing s s umm ary	Priority	Action for management	Implement atio n date	Owner responsibl e
	individual to authorise payments above the level agreed on the amendment form, there is a risk that an inappropriate level of authority is given to a member of staff.		been actioned accurately within SAP.		
3.4	Testing of fixed asset accounting found that two separate asset groups were being used for building, IT and equipment under 'Weston Gateway Response' and 'North Somerset Police Centre'. The Finance Officer informed us that this was a mistake as the building is known under two names. There is a risk that the Constabulary are not informed or accurately reporting on the total value of the assets where separate asset groups or names are used.	Low	Management will combine the asset groups for building, IT and estates for Weston Gateway. We evidenced that the asset groups had been amalgamated on SAP at the time of the audit once this had been identified.	Complete	Financial Services Manager
4.1	In two out of 10 cases there was no supporting evidence for a journal adjustment posted in SAP. There is a risk if staff leave then journal backing evidence is no longer available and an adjustment could not be explained if investigated. The introduction of a central electronic database in July 2017 should mitigate this risk, however our testing found that this process is not consistently applied.	Low	Management will remind staff of the importance to save supporting evidence electronically in the journal folder.	31 January 2018	Financial Services Manager

3 DETAILED FINDINGS

Categorisati	ategorisation of internal audit findings								
Priority	Definition								
Low	There is scope for enhancing control or improving efficiency and quality.								
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.								
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.								

Our internal audit findings and the resulting actions are shown below.

Ref	Control	Adequate control design (yes/no)	Controls com plied with (yes/no)	Audit findings and implications	Priority	Actio n for managemen t	Imp lement atio n date	Responsible owner
Area	: P2P							
1.1	A purchase order must be raised by a requisitioner set up within SAP. Once a purchase has been requisitioned, an email is sent to all staff with authority to approve the transaction within the given cost centre. Any member of staff receiving a notification can then authorise the transaction. Authorisation of the purchase order is the key step in the P2P cycle as this is the opportunity for purchasing decisions to be challenged.	Yes	No	We were provided with a report of all supplier payments from 1 April to 31 October 2017. We found that a total of 19,380 invoices had been paid totalling £67,987,310. We were also provided with a report showing an extract of purchase order workflows from 1 April to 31 October 2017. We confirmed that a total of 9,728 purchase orders were raised in this period. These purchase orders comprised of a total of 26,685 purchase order lines. We found that there were 558 lines	Low	Management will investigate the possibility of producing a report which can be used to analyse non- compliance with the purchase order process on a quarterly basis. Management will also investigate the reason for information not pulling through to the	31 March 2018	Financial Services Manager
	Once the order has been authorised, the goods can be			(2.1%) on the purchase order report which specify that the purchase order number was "Not Assigned". Additionally,		purchase order report.		

Ref	Control	Adequate control design (yes/no)	Controls com plie d with (yes/no)	Audit findings and implications	Priority	Actio n for managemen t	Implement atio n date	Responsible owner
	received and the invoice matched and marked for payment.			there were 480 lines (1.8%) on the report which showed the approver as "Not Assigned". The Procurement Manager informed us that the SAP Team were investigating a failed transfer from their business information system at the time of the audit. The business intelligence system collates all the information from the Human Resources (HR) and Supplier Relationship manager (SRM) system. The SAP Team informed us that as the purchase order report uses this information, there are scenarios that when 'Not Assigned' is shown due to the information not transferring properly. This issue was being investigated as a matter of urgency at the time of the audit. We were not able to conduct an analysis on supplier transactions with no purchase order at the time of the audit as we could not be provided with a report that could link the invoice reference to the associated purchase order. Where the Constabulary is unable to generate a report to show supplier invoices and associated purchase orders, there is a risk that non-compliance with the purchase order process cannot be analysed and that issues such as the highest offending individuals / departments cannot be challenged.				

1.2	In order to prevent staff with potentially conflicting access, such as the ability to raise and authorise purchase orders, 'conditions' are present within the SAP system that prevent the same user completing two actions where a segregation of duties must be observed.	Yes	Yes	We were provided with a report showing an extract of purchase order workflows from 1 April to 31 October 2017. We confirmed that there were no purchase orders that had the same requisitioner and approver. The purchase workflow did not show the individual receipting the order and so we were unable to test the segregation of duties in this area. As mentioned in section 1.1, 480 lines (1.8%) on the purchase order report showed the approver as "Not Assigned". A management action has been raised above to investigate this issue. We are satisfied that there is clear segregation of duties in the purchase order process.	None.
1.3	Where duplicate purchase order numbers or duplicate invoice references exist, this could potentially flag duplicate payments to the same supplier, or an attempt to bypass authorisation limits by ordering via separate transactions.	Yes	Yes	 Using our IDEA data analytics software, we identified 213 payments that had the same invoice reference number, were for the same amount and paid to the same vendor. All of these payments were investigated and it was confirmed that only one of these payments was in fact a duplicate payment and this payment had been identified and refunded. The other 'suspected' duplicate payments using the criteria specified above appeared to be duplicates for one of the following reasons: direct debit payments; case reference numbers being used instead of an invoice reference when paying solicitors; third party court order payments; 	None.

			 a payment being ma and re-entered the for or two invoices relating periods. We are satisfied that the payments being made is this has occurred (once identified and refunded. 	following mor g to different t e risk of dupli s low, and wh) it has been	nth; time icate hen
1.4	Where possible staff will order goods from suppliers with which a contract is held to ensure that best value for money is sought.	Yes Yes	We obtained a report of from April to October 20 the top ten suppliers use Constabulary in terms of invoices. These were as)17. We ident ed by the of number of	tified
			Supplier Name	No. of Invoices	
			1. Click Travel	1,634	-
			2. Mill Autoquip	1,071	-
			3. Office Depot UK	970	-
			4. TrustFirstParts	781	-
			5. British Gas	507	-
			6. Corona Energy	433	-
			7. W A Products UK	420	
			8. Suez Recycling	400	
			9. Scot Group	352	

10. OCS Group	346
Canon	

We performed a sense check on the most commonly used suppliers and we are satisfied that these are likely to be for goods and services commonly paid for by the Constabulary.

irea: Master Data									
1	 An Amendments to Financial Delegations form is completed for all additions, deletions and amendments of financial delegations in SAP (the approval of requisitions). The individual requesting the change must complete the following details: cost centre / WBS; cost centre / WBS number; new code / deletion / amendment to existing delegations; individual name; position ID; Band 1 (£0 - £2,000) required; Band 2 (£2,000 - £10,000) required; and Band 3 (£10,000 - £100,000) required. 	Yes	No	 At the time of the audit, the Finance Team at Police HQ, Portishead, had only been processing delegation changes for two weeks. Therefore, our sample testing only included changes made by Southwest One. We selected a sample of 10 delegation limit change forms from April to October 2017. From this we found: in all cases the form was approved by a Principal Accountant or the Financial Services Manager; in all cases the change had been actioned after approval was received; and in nine cases the change requested on the form matched the change in the delegation limit change report. In the remaining case, the request specified that an individual with Band 1 and Band 2 authority was to change their position ID. The change was only processed for Band 1. 	Low	Management will investigate the delegated limits change report to check why it is reporting inaccurate information.	31 March 2018	Financial Services Manager	
	Once the form is completed, it is emailed to either a Principal Accountant of the Financial			Therefore, the member of staff was					

Services Manager for approval. Approvers are expected to sufficiently review the reasons for changes to roles and challenge where appropriate. Once approval has been obtained for each type of access change included in the request, the form is then forwarded to the "Master Data – GCSX" email inbox.

Every member of the Finance Team has access to this inbox, however only the Principal Accountant and the Trust Assistant and Administration Clerk can action the delegation change within SAP.

The team responsible for amendments to Master Data were based at Somerset County Council until the end of October 2017. Changes to delegations are currently being processed at Police HQ, Portishead. From April 2018, the amendments will be processed at Cheshire Police HQ following the implementation of MFSS. not given a higher delegated authority than was requested and approved.

Through observation, we confirmed that two of the financial accountants were unable to access the delegation amendments section within SAP.

We are satisfied that the design of the Master Data delegation amendment process involves a segregation of duties in the request, approval and actioning processes.

We identified one case in which the delegation amendment form differed from the delegation limit change report. Although this did not allow the individual to authorise payments above the level agreed on the amendment form, there is a risk that an inappropriate level of authority is given to a member of staff.

Area: Assets

3.1	The Constabulary has an Asset Management policy document in place which includes:	Yes	Yes	We reviewed the Asset Management Policy and confirmed that it provides guidance to staff regarding asset accounting. We found that the policy	None.
	 definition and categorisation of assets; 			reflects current practice adopted at the Constabulary as observed in our testing.	
	 existence of assets; 				
	 covert assets; 				

 future asset investment; capital programme funding; approval and control of capital projects; pre-acquisition considerations; acquisition considerations; in life management considerations; valuation of assets; depreciation of assets; impairment of assets; and disposal considerations. The Asset Management policy was updated in November 2017 by the Principal Accountant and is available to finance staff via the shared drive.		We confirmed that the policy is available to finance staff via the shared network drive. We are satisfied that there is an Asset Management policy in place which reflects current practice and is available to staff.
 3.2 Requisitioners specify a WBS code on each purchase order. This WBS number is used to code the expenditure. All assets are initially recorded at full purchase cost in a central asset register maintained by the Financial Services Department. This register is reconciled regularly with Technology Services, Estates and Transport departments asset registers. All capital expenditure is tracked in the financial asset register system from a unique project code allocated by the Financial Services Department. 	Yes Yes	From review of the processes in place for capturing and coding capital items we are satisfied that these are adequate. We obtained the miscoding checks for August, October and November 2017 and confirmed that these were completed by the Finance Officer and that miscodings had been altered as deemed appropriate.None.We selected a sample of 10 capital items and checked the coding of each. We are satisfied that the items had been coded correctly.None.

All expenditure is downloaded each month and reviewed by the Finance Officer to check for miscodings.

Assets are depreciated by the We selected a sample of 10 assets (five 3.3 Yes Yes None. Asset Register module of SAP on purchases and five disposals) in order to a monthly basis, using the establish whether the Constabulary was capitalisation date and the useful adequately informed of the useful life and life. Those assets with a limited that depreciation had been calculated life are reduced in value in line correctly. with the following policies: We found that in all instances the lifetime the useful life of buildings and of the asset had been recorded on the • the components are system. We also noted that in all the 10 estimated based upon the instances the depreciation had been valuation report. The value of charged correctly. land is included in the residual value and so not We are satisfied that depreciation is calculated and applied to purchases and depreciated: and the value of other assets. disposals in line with policy. such as vehicles, computers and other equipment have shorter useful lives of up to 10 years. At the end of the useful working life an asset is subject to review and possible replacement in accordance with the policy appertaining to that asset. At month end, the depreciation is reviewed by the Principal Accountant before being sent to the Technology Services Team who post the depreciation.

Construction work commenced in Yes May 2016 on a new North Somerset Police Station at Weston Gateway. The 20,000 square foot building houses around 140 officers and became operational in April 2017. For the purposes of the financial statements, the Constabulary is required to capitalise assets into a number of categories in order to present them in these categories with the value as at a defined point in time. Assets held by the PCC include, but are not limited to land and buildings, IT equipment, vehicles, plant, machinery and equipment, assets under construction, intangible assets and assets held for sale. The current book value of the Weston Gateway assets was £1,240,665.69 as at 3 November 2017. Following a valuation report, the building and land value was componentised into the following categories as at 1 April 2017:	s No	 We found that there were 11 groups of assets for Weston Gateway within the fixed asset register. These were capitalised on the following dates: North Somerset Police Centre – Land: 31 March 2017; North Somerset Police Centre – Substructure: 31 March 2017; North Somerset Police Centre – Superstructure: 31 March 2017; North Somerset Police Centre – Fittings: 31 March 2017; North Somerset Police Centre – Finishes and Services: 31 March 2017; North Somerset Police Centre – Finishes and Services: 31 March 2017; North Somerset Police Centre – Building: 31 October 2017; North Somerset Police Centre – IT: 31 March 2017; North Somerset Police Centre – IT: 31 March 2017; North Somerset Police Centre – Equipment: 31 March 2017; Weston Gateway Response – Building: 31 July 2017; Weston Gateway Response – IT: 31 March 2017; and Weston Gateway Response – Equipment: 31 March 2017. 	w Management will combine the asset groups for building and estates for Weston Gateway. We evidenced that asset groups had been amalgamate SAP at the time of audit once this had been identified.	, IT : the d on the	Financial Services Manager
categories as at 1 April 2017:		were brought into use upon Weston Gateway becoming operational in March			
 substructure – £111,300, useful life of 70 years; 		2017.			
• superstructure – £238,500,		We obtained the valuation report and			
 useful life of 50 years; internal finishes – £135,150, 		followed through the depreciation and			
 Internal finishes – £135,150, useful life of 30 years; and 		impairment calculations for all of the			
		assets. We found that the depreciation			
 fittings – £135,150, useful life of 25 years; and 		calculations had been calculated correctly			

 services – £174,900, useful life of 30 years. 		in line with the useful life of the asset as shown in the valuation report.				
The building and land was valued once the building was being brought into use after being categorised as an asset under construction. The useful life for each component was entered into the finance system accordingly.		We note that two separate asset groups were being used for building, IT and equipment under 'Weston Gateway Response' and 'North Somerset Police Centre'. The Finance Officer informed us that this was a mistake as the building is known under two names. There is a risk that the Constabulary are not informed as to the total value of the assets where separate asset groups are used.				
rea: Journals						
1 Finance Managers and Finance Yes Officers authorised to raise a journal within SAP must complete a SAP Journal Upload spreadsheet. Once completed, there is an option to save and send the Journal Upload spreadsheet to the Finance mailbox. There is an in-built control within the spreadsheet that will not allow it to be sent if the posting date has not been completed or if the credit and debit amounts do not balance. If a cost centre that does not exist is entered into the spreadsheet, this is automatically flagged to the requester. All members of the Finance Team have access to the Finance mailbox and can approve and process the journal, although this	No	 There were 1,287 journals raised between 1 April and 31 October 2017. We selected a sample of 10 journals, of which four were over £10,000, that were raised in 2017/18. From this we found: in all cases the journal contained a detailed and accurate narrative of the reason for the journal; in all cases the journal amount seemed reasonable; in five cases the journal had been raised and processed by the same member of staff; in all four journals posted prior to July 2017 had been signed and dated by the member of staff inputting the journal; and in one case there was supporting evidence for the adjustment. In seven of the remaining nine cases the journal was for a miscoding and therefore we would not necessarily expect to see evidence for 	Low	Management will remind staff of the importance to save supporting evidence electronically in the journal folder.	31 March 2018	Financial Services Manager

is usually done by the Finance Assistant.

Once a journal has been raised, the Finance Assistant opens the attached spreadsheet from the Finance mailbox. The following checks are then completed:

- check all required fields have been completed by the requester;
- check that the provided reason corresponds with the information on the journal;
- check that the item to be credited is already on the system as recorded;
- check the cost centres and ensure that the transfer makes sense and is allowed; and
- ensure descriptions are meaningful and informative.

The Finance Assistant saves a SAP compatible copy of the file. The file is then uploaded to SAP and the document number is entered onto the journal. The journal is then saved electronically on the shared drive.

The Principal Accountant checks the journal and puts the Journal Upload Sheet in a folder entitled "Ready for Input". The Finance Assistant then processes all journals in this folder and adds them to the monthly accrual log spreadsheet. This spreadsheet is adjustment. In the remaining two cases there was no evidence for adjustment ('centralising stationary costs' and 'clear the surplus 1617 Comp Grant accrual Central Savings as per the Head of Finance and Business Services request').

There is a risk of journal backing evidence not being available should staff leave the Constabulary. The introduction of a central electronic database in July 2017 mitigates this risk, however we are not satisfied that the process is complied with consistently.

	then used for reversing the journals in the following period. Since June 2017, journal upload spreadsheets and supporting evidence have been saved electronically. Prior to this, printed copies were initialled and dated by the member of staff processing the journal and subsequently filed.					
	subsequentiy mea.					
4.2	 A quarterly journal review is undertaken by the Financial Services Manager to check that: the journal was completed by an authorised requestor; the journal was completed by an authorised requestor group; the journal has been posted by an authorised user; there was an adequate description; the journal was appropriate; the journal has been filed electronically (electronic filing commenced on 12 June 2017); and there is supporting evidence for the journal. 	Yes	Yes	We obtained evidence that the Quarter 4 2016/17, Quarter 1 2017/18 and Quarter 2 2017/18 journal checks had taken place on the 29 June 2017, 26 July 2017 and 7 November 2017 respectively. The Financial Services Manager informed us that the Quarter 4 2016/17 review appears to have been done late but that the process was only reviewed in June 2017, hence the delay. The review spreadsheet showed that 20 journals were checked each quarter and that all journals were appropriate and correctly coded. There were no issues identified in either of the reviews. We also confirmed that the results of the quarterly checks had been challenged by the Chief Finance Officer.	None.	
	Once completed, the journal checks are sent to the Chief Finance Officer and the Head of Finance and Business Services.			We are satisfied that detective controls are in place and that these are undertaken in a timely manner.		

APPENDIX A: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

Objectives of the area under review

Objective of the area under review: To safeguard the Constabulary's assets and report accurate financial information. Objective of the audit: To provide assurance on the design and application of internal controls within key financial processes operated by the Constabulary.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

P2P

We undertook testing of purchasing activities by interrogating transactional data from the P2P system and reviewing the following:

- Supplier transactions with no PO;
- Segregation of duties ensuring staff do not order, receive goods and authorise payment;
- Duplicate orders placed or supplier invoices paid; and
- Identify and deep dive into most used suppliers by way of volume / value.

Master Data

We reviewed the newly designed and adopted control framework around changes to Master Data and whether the control framework sufficiently mitigated against risks of inadequate access to SAP, and ensured adequate and clear segregation of duties in the set up / change process.

Asset Accounting

We reviewed the guidance provided to staff regarding asset accounting.

We reviewed the processes in place for accurately capturing and coding capital items, and what controls were in place to pick up miscodings.

We reviewed processes for calculating and posting depreciation charges, and how this was applied to purchases and disposals on a monthly basis.

We reviewed the processes in place to capitalise large scale projects, considering timing of when they were brought into use, and the depreciation calculations used, to ensure accurate monthly information rather than large year-end adjustments. We sample tested from the Weston Gateway capital project.

<u>Journals</u>

We reviewed a sample of journals and tested to ensure that sufficient evidence for adjustments exists.

We also reviewed the quarterly journal checks to ensure that sufficient detective controls were in place and undertaken in a timely manner.

Limitations to the scope of the audit assignment:

- Our audit was limited to the key financial controls within the scope detailed above only.
- Testing was undertaken on a sample basis only for the 2017/18 year to date.
- We did not undertake testing to review the full control frameworks of the P2P system, we only looked further to interpret findings from the data tools used.
- We did not comment on the validity or relevance of transactions within our sample, however any unusual items were flagged with management.
- We did not test Master Data changes as the process had only recently changes, we just assess the adequacy of the control framework.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Cassie Skinner, Financial Services Manager.
- Rebecca Collins, Procurement Manager.
- Suzanne Gimber, Principal Accountant.
- Chris Hicks, Principal Accountant.
- Matt Britton, Finance Officer.

Documentation reviewed during the audit:

- Financial regulations.
- ASP order report YTD.
- Report of supplier payments YTD.
- WBS delegations.
- Cost centre delegations.
- Delegation change reports.
- Master data delegation changes forms.
- Asset management policy.
- Fixed asset report.
- ASP PCC statement of accounts 16/17.
- Weston gateway valuation spreadsheet.
- List of journals YTD.
- Quarterly journal checks 2017/18.

Benchmarking

We have included some comparative data to benchmark the number of management actions agreed, as shown in the table below. In the past year, we have undertaken a number of audits of a similar nature in the sector.

Level of assurance	Percentage of reviews	Results of the audit
Substantial assurance	65%	Х
Reasonable assurance	35%	
Partial assurance	0%	
No assurance	0%	
Management actions		
High	0.1	0
Medium	1.9	1
Low	2.8	3
Total	4.8	4

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AVON AND SOMERSET POLICE

IT Projects - Benefits Realisation

FINAL

Internal audit report: 14.17/18

9 March 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 will accept no responsibility or liability in respect of this report to any other party.



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Debrie f held Draft report is sued Responses received	19 January 2018 7 March 2018 9 March 2018	Internal audit team	Mark Jones, Head of Internal Audit Victoria Gould, Client Manager Ben Shore, Senior Auditor		
Final r eport is sued	9 March 2018	Client sponsor	Mark Simmonds, OPCC CFO Julian Kern, Constabulary CFO Dan Wood, Head of Strategy and Transformation James Davies, Strategy & Transformation Portfolio Office Manager Matt Kent, Digital Programme Manager		
		Distribu tion	Mark Simmonds, OPCC CFO Julian Kern, Constabulary CFO Dan Wood, Head of Strategy and Transformation Jane Walmsley, Inspection and Audit Coordinator		

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. Recommendations for improvements should be assessed by you for their full impact before they are implemented. 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. Therefore, the most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the risk management, governance and control processes reviewed within this assignment. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. 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 party other than the Board which obtains access to this report or a copy and chooses to rely on this report (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 our Client 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.

1 EXECUTIVE SUMMARY

1.1 Background

The Constabulary is delivering two major projects though the Digital Programme team, with these being Digital Evidence and Mobilisation. Body Worn Video Cameras (BWVC) did form part of the initial Digital Evidence project, although this was eventually delivered as a separate project as Constabulary priorities changed.

In June 2017, the Digital Programme team implemented an Agile project management style. Agile projects are completed in small sections. Each section is reviewed and critiqued by the project and wider stakeholders prior to commencing the next step. The main benefit of Agile working is the ability to respond to issues as they arise through the course of the project.

Previous audits and reviews have identified weaknesses in the Constabulary's processes to evaluate and monitor benefits from change projects. As a result, the Constabulary has planned to implement a benefits register. This audit looked to establish progress made with embedding the register, focusing on the above two key IT projects.

1.2 Conclusion

Our review has identified that with the implementation of Agile project management and the new governance structure, there is now a robust governance structure in place, with project progress being monitored through monthly Programme Board meetings which also report into the Corporate Management Board. Agile requires a number of processes to be followed before a business case is produced to ensure that project objectives are clearly defined and outcomes are technically and financially viable prior to projects commencing. Due to Agile not being implemented until June 2017 we were unable to test compliance with this new process, due to the Digital Evidence, Mobilisation and BWVC projects all commencing prior to June 2017. Although we can confirm that the projects had complied with the prior process.

Continued work is required around the identification and measurement of benefits realised from projects following the Benefit Workshops held in January 2018 and how these will be tracked. Management actions have been raised for the creation of benefit plans for the Digital Evidence and Mobilisation projects, and the reporting of benefits achieved into the governance structure.

1.3 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The action plan at section two details the specific actions agreed with management to implement.

Risk	Contro		Non-		Agreed actions		
	design effectiv			oliance controls*	Low	Mediu m	High
Lack of capacity and/or capability to deliver an effective policing service (SRR3)	-	(0)	2	(0)	0	2	0
Failure to deliver effective regional or other collaboration outcomes (SRR4)	0	(9)	2	(9)	0	Z	U
Total					0	2	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 ACTION PLAN

Categoris	Categorisation of internal audit findings							
Priority	Definition							
Low	There is scope for enhancing control or improving efficiency and quality.							
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.							
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.							

The table below sets out the actions agreed by management to address the findings:

Ref	Find ing s	Priority	Action for management	Imp lement atio n date	Owner responsibl e
1	At the time of our audit (January 2018), the Digital Programme Benefit Register was in the process of being reviewed. This was to ensure that now the BWVC project has been removed from the Digital Evidence project, any benefits which have been allocated to BWVC are not counted twice and also assigned to the Digital Evidence project. Benefits Workshops for the Digital Programme were completed in January 2018. With an initial proposal of 46 benefits being identified. Further work is being undertaken to turn this into a cohesive benefit assessment process and approach whereby the Constabulary can clearly articulate and prove the programme benefits.	Medium	The Constabulary will continue their work in ensuring that there are clear benefits/realisation plans created and maintained, for the Digital Evidence and Mobilisation projects	30 June 2018	Strategy and Transformation Portfolio Manager

Ref	Find ing s	Prio rit y	Action for management	Implement atio n date	Owner responsibl e
2	A monthly Benefits Assessment Report is presented to the Programme Board, before being received at the CMB and Police & Crime Board. Through review of the January 2018 report we can confirm that the financial and performance benefits for each Programme, are identified. The January 2018 report records that the current financial benefit from the Digital Programme for 2017/18 is zero. This is due to the further validation work required to quantify the savings made through a reduction in overtime claimed. The report states that performance benefits from the Digital Programme are subject to a comprehensive review at the January 2018 Benefits Workshop. Although once completed, the benefits will be reported as the benefits for the Service Redesign and Infrastructure Programmes are.	Medium	The Constabulary Benefits Register will be updated, as planned, to reflect the identified financial and performance benefits of the Digital Programme. Which will in turn be captured within the monthly Constabulary Benefits Assessment Report.	30 June 2018	Strategy and Transformation Portfolio Manager

3 DETAILED FINDINGS

Observations identified during this review:

The Digital Programme Delivery Team has implemented Agile project management for the delivery of IT Projects.

Avon and Somerset Constabulary has historically delivered major programmes of work using PRINCE 2 and Waterfall methodologies. Staff and Officer perception of programmes of works delivered in this way is poor compared to programmes which have followed alternative methodologies.

It was identified that value opportunities had been missed through long, highly complex, delivery strategies which have kept end users at a distance from the evolution of the final solution. The Constabulary identified that the management approach needed to be rationalised and simplified so that products are closer to the needs of users and deliver value throughout their lifecycle.

Agile project management was implemented by the Digital Programme Delivery Team in June 2017. Agile projects are completed in small sections. Each section is reviewed and critiqued by the project and wider stakeholders prior to commencing the next step. The main benefit of Agile is the ability to respond to issues as they arise through the course of the project.

The vision of implementing an Agile methodology as follows;

'Delivery of a consistent approach to IT Product Delivery ensuring end users' needs are consistently delivered to extract the maximum possible value throughout the Products Lifecycle.'

Staff within the Digital Programme Delivery Team and relevant staff outside of the department have been briefed on the new project management approach through the use of a PowerPoint presentation. The successful implementation of Agile project management within the Digital Programme Delivery Team has resulted in the wider business being informed about the Agile approach with a view to it being implemented across the Constabulary where appropriate in the future.

The Agile delivery process has introduced a number of stages to the inception and commissioning process prior to creation of a business case.

These include vision statements and terms of reference.

The objective of the introduction of these new stages is to ensure that project objectives are clearly defined and outcomes are technically and financially possible prior to projects commencing. Our review is focusing on three projects which are in the process of being delivered, or have recently been delivered. These are:

- Body Worn Video Cameras (BWVC);
- Digital Evidence; and
- Mobilisation.

The Agile project management style was implemented in June 2017. This post-dates the commence dates for three projects within our sample. The BWVC project commenced within the Digital Evidence project in June 2014. Body Worn Camera project has been completed. Mobilisation commenced in December 2016.

The Mobilisation and Digital Evidence projects are ongoing. Due to the scale of these projects, they have been divided into phases.

The Mobilisation project is due to commence Phones Phase 2. This is has resulted in the production of a vision statement which clearly identifies the following:

- Target group details the target users and customers.
- Needs details the problem to be resolved along with the benefits provided.
- Product details the key features to be delivered
- Value details the goals and benefits.

Terms of reference have also been produced which identifies:

- Scope and dependencies;
- stakeholders;
- project phases;
- timeline and milestones;
- deliverables and deadlines;
- delivery team and their roles and responsibilities; and
- governance.

Business cases are produced for each project which identify the benefits and outcomes which each project is to deliver. The Agile project management process requires Business Cases to be approved by the Corporate Management Board (CMB).

The BWVC project commenced within the Digital Evidence project. It became a standalone project as it became a higher priority. A business case for BWVC was produced in May 2016. We can confirm that this was approved by the Corporate Change Board (CCB) in September 2016. The Mobilisation business case was approved by the CCB at its December 2016 meeting. The Digital Evidence business case was produced in August 2014 and approved by the CCB. The CCB has been renamed the CMB during 2017.

Through review of the three business cases we can confirm that strategic case for the project was described, with benefits and the impacts of the change identified, as were resource requirements and delivery timeframes.

There is a clear structure within the Digital Programme Delivery Team. Progress on the delivery of projects is monitored and discussed through a number of forums.

The Digital Programme Delivery Team are led by the Digital Programme Manager, supported by:

- Digital Technical Programme Manager, who oversees the identification and delivery of projects;
- Digital Programme Delivery Manager, who oversees the three Delivery Teams; and
- Digital Programme Test Manager, who oversees the testing of each programme.

There are three Delivery Teams within Digital Programme Delivery. Each is led by a Project Manager, supported by a Business Analyst. The three delivery teams work on separate aspects of the Mobilisation and Digital Evidence projects.

Agile project management requires each team to complete a Daily Stand Up.

Weekly Scrums allow the three delivery teams to share progress made with the wider Digital Programme Delivery Team. New projects and tasks are assigned through this process. This is an informal meeting, with no minutes taking. Although a review of the Digital Programme Managers calendar confirmed that they are scheduled on each Friday.

A weekly Strategy and Transformation Huddle involves the wider Constabulary involved in transformation projects, not just Digital Programme. These meetings have an agenda and involve a weekly updated on progress made during the week and expectation for the next week. Attendees at the Huddle include:

- Head of Strategy and Transformation;
- Strategy & Transformation Portfolio Office Manager;
- Programme Managers (three);
- Business Change Manager;
- Business Communications Manager; and
- HR Representation.

While no minutes of the Huddle meetings are taken, we can confirm that meetings had been scheduled throughout January 2018 through the review of Outlook calendars and the issued agendas.

The Programme Board meets monthly and monitors progress made on projects and provides appropriate challenge and scrutiny.

The remit of the monthly Programme Board is to review progress made in the delivery of projects and identify guidance and decisions required at the Constabulary Management Board (CMB). The Programme Board is chaired by the Head of Strategy & Transformation, but is also attended by the Deputy Chief Constable as Senior Responsible Officer for the delivery of the Digital Programme.

Through the review of agendas and meeting minutes we can confirm that regular updates on project progress is made. A detailed review of a number of projects is reviewed at each meeting. At the December 2017 meeting of the Programme Board, updates on the following projects were provided:

- Specials and Digital Mobilisation options;
- Safe Storage and Charging of Deployed Laptops business case;
- Programme Overview National Programmes update;
- Delivery Team 1 update (phones, beat, ANPR, printers);
- Delivery Team 2 update (ways of working); and
- Delivery Team 3 update (Digital Evidence).

Review of the corresponding meeting minutes confirmed that updates on these projects were presented. The minutes identify that challenge is provided at these meetings, with numerous actions being raised. An example at the December 2017 meeting includes:

'Action DIG 48 – Diarise the Digital Programme Benefits Workshop to be able to identify benefits expected from the Office 365 Ways of Working and Niche/TWIF delivery. Ensure there are clear benefits/realisation plans and understand benefits tracking.'

These actions are recorded on an Action Log. The review of the actions logs is a standing agenda item at each meeting of the Programme Board.

The Action Log records the following information for each raised action:

- Date of minutes where action was raised;
- action Number;
- action;
- update (updated at each meeting);
- date update due;
- RAG rating;
- owner; and
- completion status.

Furthermore, a Highlight Report is presented at each meeting of the Programme Board. This provides an update on the progress made in each project over the previous month. What is planned for the next four weeks and issues and risks which have been identified from project risk registers. Further information is provided on finance and benefits and anything that requires escalation to the CMB.

Prior to June 2017, a Digital Evidence Project Board was in place. Through review of the terms of reference for this Project Board we can confirm that its primary purpose was recorded, but not limited to the following:

- Over-see the activities of the three work streams (i) Body Worn Video Cameras, (ii) Digital Evidence Management System; and (iii) Council CCTV.
- Provide strategic direction and decision making for project related issues.
- Monitor project progress against proposed timescales, cost and quality criteria.
- Confirm successful delivery and sign-off at key stages and milestones of the project.

This Board reported to the Corporate Change Board (CCB).

Through review of minutes and agendas of the Digital Evidence Project Board we can confirm that progress on the delivery of the BWVC project was monitored.

The Corporate Management Board (CMB) are provided with updates on process made in the delivery of the projects.

The CMB was previously named the Corporate Change Board (CCB). Historically, the CCB have received the Highlight Reports that have been presented to the Programme Board and the Digital Evidence Project Board before this.

We can confirm that the CMB have been receiving the Programme Highlight Reports which as identified above, include the following;

- Programme Highlights Review of Previous 4 Weeks;
- Programme Highlights Planned Activity for the next 4 Weeks;
- Issues;
- Risks;
- Interdependencies;
- Programme Budget;
- Benefits;
- Governance Escalation; and
- Programme Manager Final Assessment.

Due to the two-week period between the Programme Board and CMB, project owners were updating the Highlight Reports for the CMB to ensure that the CMB were receiving the latest information. Due to the time this was taking, from January 2018, the Strategy & Transformation Portfolio Office Manager has introduced the Portfolio Highlight Report. This will collate the Highlight Reports which are presented to the Programme Board, rather than the Highlight Reports being rewritten. The exception to this will be when the Programme Board Senior Responsible Officer identifies specific papers for the CMB, or when the OPCC request specific updates for PCB.

Since the audit, COG approved a change to the reporting structure, so going forward most digital programme business will take place at the Programme Board with limited referrals to CMB, with the Highlight Reports no longer going to CMB, as CMB will be used for reporting by exception only.

Each project has its own risk register. Project risk registers are reviewed monthly by project owners.

A Digital Programme risk register collates the risk from each project register. Risk which have been assessed by the Programme as having a risk score of 15 or over (graded red) are included within the Highlight Report which is presented to the Programme Board.

We can confirm that project risk registers are in place for Digital Evidence and Mobilisation projects. The BWVC risk register ended with the implementation of the project in the June 2017.

The project risk register records the following information:

- Risk raised by;
- date captured;
- risk category (cost, resources, quality, benefits or other);
- risk description (cause, risk, consequence);
- impact score (1-5);
- likelihood score (1-5);
- risk value and RAG;
- risk response (reduce or tolerate);
- proposed mitigating actions;
- moderated impact (1-5);
- moderated likelihood (1-5);
- moderated risk value;
- risk owner;
- risk actionee;
- next review date;
- last updated;
- risk closure date; and
- comments.

The project risk registers are updated monthly by the project owners. These are sent to the Planning & Delivery Coordinator each month or collating into the Digital Programme Risk Register.

Our review of the Highlight Reports confirmed that risk scoring a moderated risk value of above 15 are included. The Highlight Report captures the risk description, mitigating activity and risk owner.

Risk which require escalation to the CMB are included within section 4 of the Highlight Report. An example of this was within the December 2017 Highlight Report which reported to the CMB that the risk around the Android upgrade risk had increased.

During the review we have noted the following areas that require management action:

Programme Benefit Registers are owned by the Programme, with the Benefit Registers being submitted to the Portfolio Office monthly.

At the time of review in January 2018, the Digital Programme Benefit Register was in the process of being reviewed. This was to ensure that now the BWVC project has been removed from the Digital Evidence project, any benefits which have been allocated to BWVC are not counted twice and also assigned to the Digital Evidence project.

Benefits Workshops for the Digital Programme were completed in January 2018. With an initial proposal of 46 benefits being identified. Further work is being undertaken to turn this into a cohesive benefit assessment process and approach whereby the Constabulary can clearly articulate and prove the programme benefits.

The completion of this is being monitored by the Programme Board, with the following action having been raised at its December 2017 meeting;

Diarise the Digital Programme Benefits Workshop to be able to identify benefits expected from Office 365 Ways of Working and Niche/TWIF delivery. Ensure there are clear benefits/realisation plans and understand benefits tracking.

Management Action 1

The Constabulary will continue to work to ensure that there are clear benefits/realisation plans created and maintained, for the Digital Evidence and Mobilisation projects. *Medium*

A central Constabulary Benefits Register has been developed which will be used to collate the three Programme Benefits Registers, prior to reporting at Programme Board, CMB and Police & Crime Board. Financial benefits are ratified by the Head of Finance.

The Strategy and Transformation Portfolio Manager has been identified as the benefits realisation manager. They have created a central Constabulary Benefits Register. Review confirms that the detail the Register contains includes the following:

- Programme;
- benefit description;
- business owner;
- benefit type (performance or financial);
- last assessment date;
- next assessment date;
- financial benefits (cash / non-cashable, actual savings for each of the next five years);
- performance benefits (measurement unit; baseline result; latest result; data source; benefit tracker owner).

At the time of review, January 2018, the register is limited to the Service Redesign and Infrastructure Programmes from 2017. Once the three Benefit Workshops have been completed, and associated Programme Benefits Registers updated, the Constabulary Benefits Register will be updated.
A monthly Benefits Assessment Report is presented to the Programme Board, before being received at the CMB and Police & Crime Board. Through review of the January 2018 report we can confirm that the financial and performance benefits for each Programme, are identified. The January 2018 report records that the current financial benefit from the Digital Programme for 2017/18 is zero. This is due to the further validation work required to quantify the savings made through a reduction in overtime claimed. The report states that performance benefits from the Digital Programme are subject to a comprehensive review at the January 2018 Benefits Workshop. Although once completed, the benefits will be reported as the benefits for the Service Redesign and Infrastructure Programmes are.

Management Action 2

The Constabulary Benefits Register will be updated, as planned, to reflect the identified financial and performance benefits of the Digital Programme. Which will in turn be captured within the monthly Constabulary Benefits Assessment Report.

Medium

APPENDIX A: SCOPE

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risks:

Objective of the risk under review	Risks relevant to the scope of the review	Risk source
To ensure that high level IT projects are being adequately monitored to provide assurance that the required benefits are	Lack of capacity and/or capability to deliver an effective policing service (SRR3)	Constabulary risk register
	Failure to deliver effective regional or other collaboration outcomes (SRR4)	

Additional management concerns

At the scoping meeting it was suggested that the audit drills down into three projects:

- Body worn cameras
- Digital evidence
- Mobilisation

Controls selected from your risk register and reviewed during the audit:

SSR3

Digital Mobilisation – expected to increase capacity as there will be less need to travel to and from stations and federated searching allows for quicker access to information

SSR4

Recruit and retain sufficient change management expertise

Robust business cases (BC) and programme plans tested and agreed

Effective benefits tracking and financial management, through the pipeline to change framework

QA of implementation/results

When planning the audit the following areas for consideration and limitations were agreed:

As part of this review we will look at the processes in place for planning, monitoring and tracking IT project benefits.

Planning

Focusing on the three above listed projects, but considering central Constabulary processes, we will review:

- inception and commissioning processes
- business case production including the clear identification of required benefits and outcomes to be tracked
- approval and governance processes

Monitoring

Focusing on the three above listed projects, but considering central Constabulary processes, we will review:

- risk management processes throughout the project
- escalation of issues / delays and identification of remedial actions
- regular reporting to an appropriate forum / group for challenge and scrutiny

Benefit tracking

Focusing on the three above listed projects, but considering central Constabulary processes, we will review:

- the role of the benefits realisation manager
- the implementation and continuous update of the new benefits register
- regular reporting of the benefits register to an appropriate forum / group / board

Limitations to the scope of the audit assignment:

We will not comment on the viability of projects or the detailed content of business cases, only that they are completed to the required standard, timing and detail.

We will not comment on or provide assurance over the benefits being reported, only around the processes to track the benefits being realised.

This audit is not being undertaken by IT specialist auditors.

Testing will be undertaken on a sample basis only.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- James Davis, Strategy & Transformation Portfolio Office Manager
- Matt Kent, Digital Programme Manager

Documentation reviewed during the audit:

- Agile Training Session Slides, January 2018
- Project Mission Statements,
- Project Terms of Reference
- Project Business Cases
- Digital Programme Delivery Team Overview, January 2018
- Huddle Agendas, January 2018
- Programme Board minutes and papers, 2017/18
- Strategy & Transformation Governance Assurance Map
- Digital Evidence Project Board Terms of Reference
- Digital Evidence Delivery Group Agenda, June 2017
- Highlight Reports, 2017/18
- CMB Minutes and Papers
- Risk Register, 2017/18
- BWVC Benefits Tracker
- Digital Programme Benefits Workshop papers, January 2018
- Avon & Somerset Constabulary Benefits Register, January 2018
- Constabulary Benefit Assessment Report, January 2018

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AVON AND SOMERSET POLICE

Follow Up Part 2

FINAL

Internal audit follow up report: 13.17/18

12 March 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 will accept no responsibility or liability in respect of this report to any other party.



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Debrief held	17 January 2018	Internal audit	Mark Jones - Head of Internal Audit
Draft report is sued	6 March 2018	team	Victoria Gould - Client Manager George Swift - Lead Auditor
Responses received	12 March 2018		
Final report is sued	12 March 2018	Client sponsor	Jane Walmsley - Audit and Inspection Coordinator

Mark Simmonds – OPCC CFO Julian Kern – Constabulary CFO Jane Walmsley - Audit and Inspection Coordinator

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1 EXECUTIVE SUMMARY

1.1 Introduction

As part of the approved internal audit plan for 2017/2018 we undertake six monthly reviews to follow up progress made by the Constabulary to implement the previously agreed management actions. The audits considered as part of the follow up review were:

10.16/17 - Crime Data 1.17/18 - Review of Policies - Counter Allegation - Risk to Life or Threats of Serious Harm

- 2.17/18 Management and Leadership Development Workshop
- 3.17/18 Volunteers
- 4.17/18 Equalities Representative Workforce
- 5.17/18 Follow Up (Part 1)
- 6.17/18 Data Quality
- 7.17/18 Performance Management

The 25 management actions considered in this review comprised of two 'high', and 23 'medium' actions. Concentrating on the actions classified as 'high' and 'medium', the focus of this review was, to provide assurance that all actions previously made have been adequately implemented. For actions categorised as 'low' we have accepted management's assurance regarding their implementation.

1.2 Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Avon and Somerset Constabulary has demonstrated reasonable progress in implementing agreed management actions.

We have made new management actions where appropriate; these are detailed in section 2 of this report.

1.3 Action tracking

Action tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the Joint Audit Committee to monitor actions taken by management.

Action tracking is undertaken by the Constabulary's Business Improvement department on a regular basis, and management are required to provide timely updates on the progress of action implementation. This is done in line with HMIC recommendations.

As part of our Follow Up review, we have verified this information and completed audit testing to confirm the level of implementation stated and compliance with controls.

We have verified that the status of implementation of management actions, as reported to the Joint Audit Committee via the internal action tracking process, is accurate, with four minor exceptions.

1.4 Progress on actions

Implement ation		Status of man	Status of management actions							
stat us by review	action s agre ed	Implement ed (1)	Imp lement atio n ongoing (2)	Not implement ed (3)	Superseded (4)	Not yet due (5)	Confirmed as completed or no lon ger necessary (1)+(4)			
Crime Data	8	5	2	1	0	0	5			
Review of Policies - Counter Allegation	4	2	0	0	0	2	2			
Management and Leadership Development Workshop	4	2	2	0	0	0	2			
Volunteers	4	4	0	0	0	0	4			
Equalities Representative Workforce	1	0	1	0	0	0	0			
Follow Up (Part 1)	1	0	1	0	0	0	0			
Data Quality	2	1	0	1	0	0	1			
Performance Management	1	0	0	0	1	0	1			

Imp lement atio n status by	Number of action s	Status of management actions								
management actio n prior it y	agreed	Implement ed (1)	Imp lement atio n ongoing (2)	Not implement ed (3)		Not yet due (5)	Confirmed as completed or no lon ger necessary (1)+(4)			
High	2	2	0	0	0	0	2			
Medium	23	12	6	2	1	2	13			
	25	14	6	2	1	2	15			
Totals	100%	56%	24%	8%	4%	8%	60%			

2 FINDINGS AND MANAGEMENT ACTIONS

This report has been prepared by exception. Therefore, we have included only those actions graded as 2 and 3. Each action followed up has been categorised in line with the following:

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

Ref Management	actio n	Origin al date	Origin al priorit y	Status reported to audit committee	Audit finding	Current stat us	Updated management actio n	Priority issued	Revised date	Owner responsibl e
1.4 Outcomes wi levels of non- or high levels use of outcor recorded, will to further dee audits by the This will inclu samples of cr The results w reported to C new Business Improvement will be require these findings individuals ar learning purp	compliance, of incorrect nes be subject p dive FCIR Team. de larger ime data. ill be OG, and the s Consultants ed to feed s back to id teams for		Medium	3	 During the audit fieldwork we were informed by the D-FCIR that audits have been undertaken into areas defined as high risk. High risk areas have been identified through a combination of: the number of compliance issues experienced; the severity of the crime; audit reports produced from both HMIC and RSM; and 	2	The FCIR will ensure that the reports are provided to the NMG on the 13th of February as planned and subsequently presented by the ACC at a COG meeting.	Medium	31 March 2018	FCIR

- public perception of the crime.

We obtained the draft report of an audit undertaken by the outcomes team into "Outcome 21 - Further investigation is not in the public interest – police decision" undertaken in December 2017. This involved the audit of all crimes categorised with this outcome during the month of December, a total of 229 submitted cases. The report details categories including:

- Areas of good compliance;

- opportunities; and

- crime and incident recording action plan.

We were informed by the D-FCIR that this is one of two currently completed audits and that both reports were currently in the process of being finalised, as such neither had yet been reported to either the COG or business consultants.

It is planned that the reports will be provided to Niche Management Group (NMG) meeting on the 13 February 2018, chaired by the Assistant Chief Constable (ACC) who is also a member of the COG and subsequently reported by the ACC to the COG meeting. We have therefore noted this action as ongoing as the data is yet to be reported.

2

During the audit we were informed by the D-FCIR that an introductory one-hour training session on outcomes had been provided to the Sergeants during a training course held by L&D in August 2017. We requested evidence of this session but it could not be found.

> We were informed that it is planned to conduct a bespoke two to three-hour outcomes training session with the Sergeants and that discussion was currently being held with the head of L&D about when this could be completed.

We were informed by the 3 FCIR that this action was yet to be completed. The tracker states that discussion has been held with the corporate communications team regarding how provision of the key findings could be made but they have not been shared with officers to date. As such we have

Once confirmation of Medium 1 April a date for the 2018 training session has been agreed with the Head of L&D. the FCIR will finalise the development of the training session on outcomes and attendance will be monitored to ensure that his have been provided to all appropriate Sergeants.

The FCIR will ensure Medium

that the key findings,

themes and learning

from the Crime Data

report are shared

newly agreed

with Officers by the

implementation date.

FCIR

FCIR

28

2018

February

via the Sergeants attending.

Further bespoke

developed, aimed at

Attendance will be

lessons are being

escalated down to all

Sergeants filing crimes.

monitored to ensure key

teams from the sessions

'outcomes' training will be 2017

1.5

The FCIR team will

1.6

Medium 1 31 Julv

31 Dec

Medium 2

prepare a communication 2017 plan to share the key findings, themes and learning from this audit report. It will be uploaded to Pocketbook and staff and officers will be signposted to it.

agreed a new implementation date with the FCIR.

ASS	ASSIGNMENT TITLE: 2.17.18 - Management and Leadership Development Workshop									
Ref	Management actio n	Origin al date	Origin al priorit y	Status reported to audit committee	Audit finding	Current stat us	Updated management actio n	Priority issued	Revised date	Owner responsibl e
1.1.5	(1) CLaD will implement an electronic survey to obtain feedback on the Management and Leadership Development Workshop. All attendees on the workshop will be sent the survey to complete. The feedback collected will be collated and analysed for any themes which could help improve the workshop or make it more relevant to the needs of line managers.	31 August 2017	Medium	1	During the audit we were informed by the Head of L&D that they were currently evaluating the best method of obtaining feedback on the sessions and how best to structure the session prior to implementation. As such we have agreed a new implementation date of 30 June 2018 to allow time for this to take place.	2	L&D will implement an electronic survey to obtain feedback on the Management and Leadership Development Workshop. All attendees on the workshop will be sent the survey to complete. The feedback collected will be collated and analysed for any themes which could help improve the workshop or make it more relevant to the needs of line managers.	Medium	30 June 2018	Head of L&D
1.1.5	(2) The Head of HR and Head of CLaD will develop a suite of goals and key performance indicators to evaluate the effectiveness of the Management and Leadership Development Workshop in the medium to long-term. These will	31 October 2017	Medium	1	Action has a revised implementation date. Tracker states: "The L&D team, HR and Business Improvement are working together to utilise the information and data available through Qlik Sense to monitor the impact the	2	The Head of HR and Head of L&D will develop a suite of goals and key performance indicators to evaluate the effectiveness of the Management and Leadership	Medium	31 May 2018	Head of HR

then be monitored and reported on an on-going basis.

leadership and Management course is having on the workforce.

Over 400 managers are still to be put through the training, which is just over 50% of the total numbers, so this may have some way to go before we see the impact at the levels we would aspire to.

The data being monitored includes staff wellbeing surveys, attendance data, PSD stats and HR leavers information." Development Workshop in the medium to longterm. These will then be monitored and reported on an ongoing basis.

ASS	GNMENT TITLE: 4.17.18 -	Equalities	Represen	tative Workfo	rce					
Ref	Management actio n	Origin al date	Origin al priorit y	Status reported to audit committee	Audit finding	Current stat us	Updated management actio n	Priority issued	Revised date	Owner responsibl e
1.1.4	Management will ensure that the Equality Action Plan is reviewed annually and that it is circulated / made available to staff to inform them of the action being taken in this area. The Equality Action Plan will also be made available to staff via the intranet.	31 Dec 2017	Medium	2	We observed from the Diversity and Inclusion meeting minutes from the 4 January 2018 that item six of the discussion was titled "Outstanding Activity: RSM recommendations, Public Sector Equality Duty Annual Report". We were unable to evidence progress any further or what had been produced due to the timing of the audit	2	Management will ensure that the Equality Action Plan is reviewed annually and that it is circulated / made available to staff to inform them of the action being taken in this area. The Equality Action Plan will also be made available to staff via the intranet.	Medium	1 April 2018	Deputy Chief Constable

fieldwork being during this date.

ASS	SSIGNMENT TITLE: 5.17.18 - Follow Up (Part 1)									
Ref	Management actio n	Origin al date	Origin al priorit y	Status reported to audit committee	Audit finding	Current stat us	Updated management actio n	Priority issued	Revised date	Owner responsibl e
3.8	The Constabulary will look into the availability of resources to undertake peer reviews / audits of data relating to missing persons. This can link into the Level 2 assurances in the Constabulary's assurance framework.	30 Septemb er 2016	Medium	1	During the audit we were informed by the Strategy and Transformation Portfolio Office Manager that the force is currently reviewing the management of missing persons with a bid entitled "Missing Person Investigations – Continuous Improvement Initiative" going to the next Change Commissioning Board in February 2018. We were advised that it was likely that the action would be superseded following this. We have marked the action progress as ongoing as we were advised that it had been discussed as part of the overarching review.	2	The Constabulary will look into the availability of resources to undertake peer reviews / audits of data relating to missing persons. This can link into the Level 2 assurances in the Constabulary's assurance framework.	Medium	28 February 2018	Chief Inspector Paul Wiggington
ASS	GNMENT TITLE: 6.17.18 -	Data Qual	ity							
Ref	Management actio n	Origin al date	Origin al priorit y	Status reported to audit committee	Audit finding	Current stat us	Updated management actio n	Priority issued	Revised date	Owner responsibl e

The Force will consider 7.2 investing the further capabilities of the Master Data Management Tool (MDMT) to help reduce the number of data quality issues

31 Dec Medium 3 2017

Delayed implementation 3 date in audit tracker. Latest update: The force is yet to decide on the continued investment for MDM and this is currently being considered as part of a wider software review currently taking place

The Force will consider investing the further capabilities of the Master Data Management Tool (MDMT) to help reduce the number of data quality issues

Medium 31

2018

Head of Business January intelligence

APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and does not reflect an opinion on the entire control environment

Progress in imp lement ing action s	Overall number of action s fully imp lement ed	Consider ation of high actions	Consider ation of medium actions	Consider ation of low actions
Good	> 75 percent	None outstanding	None outstanding	All low actions outstanding are in the process of being implemented
Reasonable	51 – 75 percent	None outstanding	75 percent of medium actions made are in the process of being implemented	75 percent of low actions made are in the process of being implemented
Little	30 – 50 percent	All high actions outstanding are in the process of being implemented	50 percent of medium actions made are in the process of being implemented	50 percent of low actions made are in the process of being implemented
Poor	< 30 percent	Unsatisfactory progress has been made to implement high actions	Unsatisfactory progress has been made to implement medium actions	Unsatisfactory progress has been made to implement low actions

APPENDIX B: SCOPE

Scope of the review

The internal audit assignment has been scoped to provide assurance on how Police and Crime Commissioner for Avon and Somerset manages the following objective:

Objective of the area under review

To follow up previously agreed internal audit actions.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consider ation:

Crime Data Integrity (10.16/17)

Review of Policies - Counter allegation - Risk to life or threats of serious harm (1.17/18)

Management and Leadership Development Workshop (2.17/18)

Volunteers (3.17/18)

Equalities Representative Workforce (4.17/18)

Follow Up Part 1 (5.17/18)

Data Quality (6.17/18)

Performance Management (7.17/18)

Limit ations to the scope of the audit assignment:

Testing was undertaken on a sample basis to confirm the effectiveness of steps taken to address these management actions.

Testing will be undertaken where appropriate to confirm the effectiveness of actions taken to address these recommendations. Where testing is undertaken, samples will be selected from the period since actions were implemented or controls enhanced.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

APPENDIX C: ACTIONS COMPLETED

From the testing conducted during this review we have found the following actions to have been fully implemented and are now closed:

Assign ment title	Management actions
10.16.17 - Crime Data	All instances identified as having the incorrect outcome recorded will be passed back to the individual Sergeants and Officers to correct. This should have a learning impact as it will allow officers to identify the mistakes made for future recording.
10.16.17 - Crime Data	Those instances identified as being incorrectly crimed, will be passed back to the individual Officers who will be required to contact the offenders and victims to inform them of the change.
10.16.17 - Crime Data	The Constabulary will implement a specialist Outcomes team who will report directly to the FCIR. The team will be Dedicated Decision Makers in terms of the application of Outcomes of crimes.
10.16.17 - Crime Data	Crime report template forms will be reworded to ensure that it is clear that saying 'Yes' to an action is not enough, and that further notes are required to confirm how / when communication with victims, suspects and offenders occurred. The appropriate templates will also be updated to reflect other key findings in this audit, such as: - reminding officers that only the CPS can authorise conditional
	- name, rank and collar number of inspector authorising cautions;
	- reminding officers that a caution can only be given if an offender admits the offence
10.16.17 - Crime Data	The FCIR will look into implementing a control that crimes are not filed until the victim has been informed and that this is clearly logged on Niche.
1.17.18 - Review of Policies - Counter Allegation - Risk to Life or Threats of Serious Harm	The Constabulary will ensure there is a refresher training input on how to deal with counter allegations and where matters should be recorded and stored.
1.17.18 - Review of Policies - Counter Allegation - Risk to Life or Threats of Serious Harm	Management will agree a communication plan around this audit finding to remind officers around the requirements for the Risk Assessment (335) forms to be completed for all verifiable RTL / TSH incidents that fit the criteria of RTL management. The forms

	will be attached to Niche. If forms are not required to be completed there will be a documented risk management plan in Niche.
2.17.18 - Management and Leadership Development Workshop	On a quarterly basis CLaD will obtain an up to date list of all police staff and officers who are required to complete the Management and Leadership Development Workshop from HR. CLaD will then reconcile this to their records of who has already completed the course, or who is booked on an upcoming course. This will provide an up to date list of all staff that still need to do the workshop.
2.17.18 - Management and Leadership Development Workshop	Four and two weeks prior to each Management and Leadership Development Workshop the CLaD Administrator will send emails to all managers due to attend the workshop requesting confirmation of their enrolment. This could include the voting function of outlook emails to facilitate responses. CLaD will also work with the Resource Unit to identify a process improvement to help reduce the number of late notice cancellations due to workload.
3.17.18 - Volunteers	The Special Constabulary Coordinator will investigate whether the mandatory annual First Aid and PPE training can be tracked using the Learning Management System LSO used by CLaD. If this is not possible, all training will be recorded in a consistent manner. This will either be using the attributes on ESIBS or using local records. However, those in charge of maintaining the records must be given registers for training courses to confirm attendance.
3.17.18 - Volunteers	At the next Tactical Group meeting the Special Constabulary Coordinator will raise the findings of the audit regarding the need for a more consistent and robust approach to the management of zero hours Specials. One suggested action is for the Special Constabulary Coordinator to send a quarterly breakdown of all zero hours Specials to the entire Specials Leadership Team.
3.17.18 - Volunteers	Once the Constabulary has undergone its restructure, the Special Constabulary and Constabulary will review the structure of the regular and Special Constabulary at the next Governance Meeting. The gaps in the Specials management structure will be identified and any vacant posts will be filled as a result of this meeting.
3.17.18 - Volunteers	The Volunteer Programme Development Manager will record the training requirements for each PSV role in the role profile. Once this is completed the list of outstanding training will be checked

	against these and line managers of PSVs will be contacted regarding any required outstanding training.
6.17.18 - Data Quality	The Constabulary will explore how it can accurately measure improvements in the quality of data, as a result of the steps being taken (such as the use of Qliksense), and monitor this via CMB.

APPENDIX D: ACTIONS NOT YET DUE

The table below lists the management actions that were not yet due during the time of this follow up audit assignment being carried out:

Assign ment title	Management actio n
1.17.18 - Review of Policies - Counter Allegation - Risk to Life or Threats of Serious Harm	The Constabulary will consider the use of tags in Niche for Risk to Life / Threats of Serious Harm cases going forward. Any decisions made will be updated within the current policy / procedure.
1.17.18 - Review of Policies - Counter Allegation - Risk to Life or Threats of Serious Harm	Bespoke training will be provided for investigation supervisors in how to manage medium and high RTL / TSH cases. Training will also be provided to all staff and officers in how to manage RTL and TSH, specifically to include R v Osman issues of notification and accountability of notification.

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AVON AND SOMERSET POLICE

Internal Audit Progress Report

Joint Audit Committee: 21 March 2018

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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.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. 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.

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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.

1 INTRODUCTION

The internal audit plan for 2017/18 was approved by the Joint Audit Committee at the meeting on 21 March 2017 subject to some minor changes as discussed at that meeting.

We have issued three final reports since the last Joint Audit Committee meeting as set out below:

Assignments	Status	Opinio n is sued	Actions agreed		
			Н	Μ	L
Financial Controls (12.17/18)	FINAL	Substantial assurance	0	1	3
Follow Up (part two) (13.17/18)	FINAL	Reasonable progress	0	4	0
IT Benefits (14.17/18)	FINAL	Advisory	0	2	0

1.1 Impact of findings to date

To date we have issued one audit report including high priority management actions (Business Continuity), along with the previously reported Data Quality audit which had an aspect of a negative assurance opinion. As negative opinions these will be noted in our 2017/18 Head of Internal Audit opinion, which we have provided a draft summary of to this meeting.

2 LOOKING AHEAD

Assign ment area	Timin g per approved IA plan 2017/18	Status
101	May 2017	Removed from audit plan due to OPCC review taking place. Duplicated assurance.
Prevention / Community Engagement	October 2017	Fieldwork commencing 12 March 2018.
Payments to Staff	January 2018	Removed from audit plan due to move to MFSS.
Workforce Pressures	January 2018	Fieldwork delayed at request of management, now taking place w/c 19 March 2018.
Strategic Policing Requirements	February 2018	Removed from audit plan due to assurances already received from HMIC in this area.

3 OTHER MATTERS

3.1 Voice of the client

As part of RSM's commitment to client care and continual improvement we engage with our clients and perform "Voice of the Client" reviews conducted by our marketing team who are independent of our client service delivery teams. These reviews are performed with key client stakeholders with a view to capturing areas where RSM can improve the service delivery and value add through the service that we provide to our clients.

The CFOs of both the OPCC and Constabulary were interviewed, along with the Joint Audit Committee Chair, and an action plan has been agreed to address any points raised.

3.2 Joint Audit Committee training

As part of our extended service to you, we are offering to provide 'nugget training' sessions to Joint Audit Committee members as part of their continued development, and to help focus their work as independent members. This can be provided as part of the JAC pre-meet, and can cover areas such as:

- The effective audit committee
- Fraud risk in the sector
- Assurance frameworks
- Culture and its impact on governance
- Collaborative assurance

3.3 Audit scoping processes

To ensure internal audit assignments achieve the required objective for both the OPCC and Constabulary, as well as providing the appropriate assurance source for the Joint Audit Committee, the audit scope must be approved by all parties. Over the past few years, changes to audit scope and objective have been suggested by audit leads, and this process needs to be effectively managed. We have therefore set out in Appendix B the scoping process to be applied for all audit assignments, once the internal audit plan has been agreed.

3.4 News briefing

We have included below some sector information / briefings that may be of interest to the Joint Audit Committee members:

Child protection still needs to improve

Following the 2016 report on the <u>'Metropolitan Police Service (MPS)'s preparedness to deal with child protection</u> <u>issues'</u>, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) went on to publish quarterly updates on the progress the MPS were making on the recommendations laid out in the report. HMICFRS has now published the final quarter update on 'National Child Protection Inspection Post-Inspection.' The key findings were:

- enhancements in the area of leadership, for example a strong drive to deliver more focus on child protection;
- there have been efforts made to work collaboratively with safeguarding agencies to protect children better;
 the MPS has carried out a 'risk and harm assessment to prioritise and focus activity effectively through the
- design of its control strategy'; and
 there has been considerable improvement in the levels of Active Risk Management System compliance across the MPS 'with an average completion level of 75 per cent.'

Overall, HMICFRS can see that the MPS are making progress in raising awareness of officers and staff with regards to child safeguarding. However, despite the improvements, HMICFRS highlighted that there are still noteworthy weaknesses in present practices on child protection which is not being addressed as effectively as it should. HMICFRS has also found that after reviewing a sample of 214 child protection cases, around 90 per cent (191) were judged as 'requiring improvement' or 'inadequate.' Furthermore, HMICFRS reviewed a number of 'missing cases' and found that there was an inconsistent approach to categorising these cases which resulted in no police investigations. Moving forward, HMICFRS intends to inspect the progress made by the service in 2018.

Read more

A national overview of police leadership

Forming part of the PEEL inspection programme, HMICFRS has published its national report on police leadership. The 2017 leadership inspection centred upon four core themes: 'fair and ethical leadership'; 'overseeing cultural change'; workforce development'; and 'taking effective action.' Overall, there are many examples demonstrating positive outcomes, albeit there remain some areas where further improvement is required. Key findings include:

- a commitment by police leaders to improvement, creating a culture that supports 'wellbeing and ethical behaviour' and where vulnerable people are protected;
- a number of good examples were noted where wellbeing was a key factor in 'operational and organisational decisions' yet HMICFRS states that forces should ensure their efforts in this area 'are having the desired effect';
- increased resources and a greater commitment to supporting vulnerable people has been demonstrated yet more work is required. Particularly around 'improving and sustaining the workforce's 'skills and capabilities';
- feedback mechanisms are increasingly important in generating innovate approaches and most forces incorporate some kind of annual staff survey;
- succession planning is a key area where focus is required. Forces are encouraged to improve their processes around 'spotting and choosing their future leaders';
- forces need to gain a greater understanding of their workforce's skills and leadership styles, to enable them to plan more effectively; and
- improvement is required in the use of 'performance and development review processes.'

Read more

Police, health and social care consensus

A consensus has been developed by several organisations from policing, health and social care, including the Association of Police and Crime Commissioners. The consensus provides a focus for the range of services to work together to prevent crime, improve people's health and wellbeing and protect the most vulnerable people in England. The statement lays out objectives that will be taken forward over the next couple of months, through a shared set of actions that will help to improve the use of data, further integrate policing and public health work and support the workforce.

Read more

Police workforce

The Home Office has released statistics on police workforce numbers in the 43 police forces in England and Wales as at 30 September 2017. The key figures include:

- there were a total of 121,929 police officers across forces, representing a decline from 122,859 in September 2016;
- between 30 September 2017 and 30 September 2016, the number of community support officers reduced from 10,551 to 10,056 and special constables reduced from 14,864 to 12,601;
- the number of police staff has increased by 2 per cent, from 60,795 in 2016 to 62,031 in 2017;
- a total of 42,604 cases were assessed following complaints from the public. Of this figure, 3,243 cases were then 'investigated as misconduct or gross misconduct'; and
- as of 31 March 2017, 195 criminal investigations were held of which 108 police officers and 22 police staff were found guilty;

Read more

PCCs call for action to improve police misconduct system

The Association of Police and Crime Commissioners (APCC) has published a review of Legally Qualified Chairs (LQCs) and misconduct hearings. A survey based on 'perception and experience of the misconduct system' was sent out to LQCs, Professional Standards Departments (PSDs) and Offices for Police and Crime Commissioners (OPCCs) with each survey being specifically tailored to each of the three groups. The surveys seek to understand which components of the new system are working well and which were 'poorly understood.'

Overall, although the misconduct system is functioning efficiently, the survey results highlighted several issues of concern whereby improvement is required, including: 'a desire for more guidance about how the current system should operate,' 'the need for more detailed parameters setting out the LQC role and their interface with PSDs in the complaints and conduct system' and 'indemnity and data protection responsibilities for LQCs.' Following each of the issues put forward, the APCC has made multiple recommendations. Read more

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APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Reports previously seen by the Joint Audit Committee and included for information purposes only:

Assign ments	Status Opinio n issued		Actio ns agreed		
			Н	Μ	L
Review of Policies – Counter Allegation, Risk to Life and Threats of Serious Harm (1.17/18)	FINAL	Reasonable assurance	0	4	1
Management and Leadership Development Workshop (2.17/18)	FINAL	Reasonable assurance	0	4	2
Volunteers (3.17/18)	FINAL	Reasonable assurance	0	8	5
Equalities / Representative Workforce (4.17/18)	FINAL	Reasonable assurance	0	2	4
Follow Up Part 1 (5.17/18)	FINAL	Advisory	0	0	0
Data Quality (6.17/18)	FINAL	Design/application: Reasonable Effectiveness: Partial	0	4	0
Performance Management (7.17/18)	FINAL	Reasonable assurance	0	4	2
ROCU Collaboration (8.17/18)	FINAL	Substantial assurance	0	0	2
Training (9.17/18)	FINAL	Reasonable assurance	0	4	1
Business Continuity and Disaster Recovery (10.17/18)	FINAL	Partial assurance	2	2	1
Staff Culture and Wellbeing (11.17/18)	FINAL	Substantial assurance	0	1	1

APPENDIX B: INTERNAL AUDIT SCOPING PROCESS





Joint External Audit Plan

Year ending 31 March 2018

Police and Crime Commissioner for Avon and Somerset and Chief Constable for Avon and Somerset 9 March 2018



Contents

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A. Revised ISAs

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the PCC or the Chief Constable or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audits of both the Police and Crime Commissioner for Avon and Somerset ('the PCC') and the Chief Constable for Avon and Somerset ('the Chief Constable') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of both the PCC and the Chief Constable. We draw your attention to both of these documents on the <u>PSAA website</u>.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- financial statements of the PCC, the Chief Constable and the Group (including the Annual Governance Statements for both entities) that have been prepared by management with the oversight of those charged with governance (the PCC and the Chief Constable); and
- Value for Money arrangements in place at the each body for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management, the PCC or the Chief Constable of your responsibilities. It is the responsibility of the bodies to ensure that proper arrangements are in place for the conduct of their business, and that public money is safeguarded and properly accounted for. We have considered how the PCC and the Chief Constable are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC's and Chief Constable's business and is risk based.

Significant risks	Those risks requiring specific audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:
	Management override of controls (presumed risk under ISA 240)
	Valuation of property, plant and equipment
	Valuation of pension liability
	We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Joint Audit Findings (ISA 260) Report.
Materiality	We have determined planning materiality to be £6.887m (PY £7.201m), which equates to 2% of the Chief Constable's gross expenditure for 2016/17. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. 'Clearly trivial' has been set at £0.344m (PY £0.360m).
Value for Money	Our risk assessment across both entities regarding your arrangements to secure value for money has identified the following VFM significant risk:
arrangements	Medium term financial position
	We will also follow up recommendations made in the prior year in respect of the Tri-Force collaboration.
Audit logistics	Our interim visit will take place in February 2018 and our final visit will take place in May and June 2018. Our key deliverables are this Joint Audit Plan and our Joint Audit Findings Report.
	Our fee for the audit will be no less than £36,353 (PY: £36,353) for the PCC and no less than £18,750 (PY: £18,750) for the Chief Constable.
Independence	We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express objective opinions on the financial statements for both entities and the Group.

Business understanding

Changes to service delivery

Blue light collaboration

The provisions of the Policing and Crime Act 2017 came into effect on 3 April 2017. These provisions included:

- introducing the duty to collaborate on all three emergency services; and
- enabling PCCs to take on FRA functions where a local case is made.

In September 2017 Avon Fire Authority moved into the headquarters building in Portishead, creating a shared HQ. In Avon & Somerset, the PCC has not currently made a case to take on FRA functions.

You continue to work with other blue light partners in the region and have a number of operational collaborations with neighbouring police forces, including forensics, organised crime, intelligence, counter terrorism and the Tri-Force operational collaboration.

Transformation plans

A number of PCCs and Forces across the country are undergoing service transformations of varying degrees.

Whilst you are not currently implementing a frontline service transformation, the return of enabling functions from Southwest One to Constabulary control in 2017 (with the exception of IT which transfers in July 2018) provides you with the opportunity to review how you deliver support services through your Enabling Services review.

As part of this, you have made the decision to join the Multi-Force Shared Service and are currently working through the implementation and transition to this service.

Accounts and Audit Regulations 2015 (the Regulations)

A review of the Regulations is currently being undertaken by the Department of Communities and Local Government (DCLG), meaning that they may be subject to change. The date for any proposed changes has yet to be confirmed, so it is not yet clear or whether they will apply to the 2017/18 financial statements.

Should any changes be made to the Regulations which would impact on the 2017/18 financial year, we will discuss the potential effects of these with you as soon as possible.

Under the 2015 Regulations local authorities are required to publish their accounts along with the auditors opinion by Thursday 31 July 2018.

Changes to the 2017/18 CIPFA Code of Practice on Local Authority Accounting

CIPFA have introduced minor changes to the 2017/18 Code which:

- introduce key reporting principles for the Narrative Report;
- clarify the reporting requirements for accounting policies and going concern reporting; and
- update the relevant sections regarding reporting requirements for Leases, Service Concession arrangements and Financial Instruments.

Future funding uncertainties

At the beginning of 2016, the implementation of the revised police funding formula in England and Wales was delayed.

Revisions to police funding may still be implemented, though later than originally thought, and for some forces this may represent a significant reduction in annual funding, having an impact on forward planning.

The funding settlement for the 2018/19 financial year announced a flat cash police grant settlement, and also provided PCC's with the option to raise precepts by up to £1 per month. The PCC proposed to adopt this increase in 2018/19 and this was agreed by the Police and Crime Panel.

Financial position

Key challenges

Both the PCC and CC are forecasting budget underspends against their 2017/18 budgets at Q2, which a group underspend position of £4.56m, driven largely by pay cost net underspends.

Following the 2018/19 funding settlement, the Medium Term Financial Plan was updated on the assumption that precept income would be the maximum available under the updated provisions. The updated MTFP shows balanced budgets (after planned savings) to 2020/21, with a deficit of £4m in 2021/22 and £8m in 2022/23. The capital plan is also balanced to 2021/22. This is a significant improvement to the pre funding settlement MTFP, which identified a deficit of £22.4m.

Our response

Changes to financial reporting requirements

- We will consider your arrangements at each entity for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusions.
- We will consider whether your individual and group financial positions lead to uncertainty about the going concern assumption and will review any related disclosures in the financial statements.
- We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions and invitations to our technical update workshops.
- As part of our opinions on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2017/18 CIPFA Code and the impact of impairment
 assessments and the adequacy of provisions in relation to essential work on high rise buildings.
- We will follow up progress against previously agreed external audit recommendations and report this to the Joint Audit Committee.

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Significant risks identified

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgmental matters. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

Risk	PCC or Chief Constable?	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions	Both	presumed risk that revenue may be misstated due to the improper recognition of revenue.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the PCC, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:
			 there is little incentive to manipulate revenue recognition;
		This presumption can be rebutted if the auditor concludes that there is no risk of material	 opportunities to manipulate revenue recognition are very limited; and
		misstatement due to fraud relating to revenue recognition.	 the culture and ethical frameworks of local authorities, including the PCC for Avon and Somerset, mean that all forms of fraud are seen as unacceptable
			Therefore we do not consider this to be a significant risk for the PCC.
			For the Chief Constable, revenue is recognised to fund costs and liabilities relating to resources consumed in the direction and control of day-to-day policing. This is shown in the Chief Constable's financial statements as a transfer of resources from the PCC to the Chief Constable for the cost of policing services. Income for the Chief Constable is received entirely from the PCC.
			Therefore we have determined that the risk of fraud arising from revenue recognition is not a significant risk for the Chief Constable.
		Under ISA (UK) 240 there is a non-rebuttable	We will:
ride of controls		presumed risk that the risk of management over- ride of controls is present in all entities. The PCC and Chief Constable face external scrutiny of their spending, and this could potentially place management under undue pressure in terms of how they report performance. Management over-ride of controls is a risk requiring special audit consideration.	 gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness;
			 obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness; and
			• evaluate the rationale for any changes in accounting policies or significant unusual
			transactions.

Significant risks identified

Risk	PCC or Chief Constable?	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of property, plant and equipment	PCC	A full valuation of the PCC's land and buildings will be performed as at 31 March 2018. This represents a significant estimate by management in the financial statements. We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.	 We will: review management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; consider of the competence, expertise and objectivity of any management experts used; discuss with the valuer the basis on which the valuation is carried out and challenge the key assumptions where appropriate; review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding; test revaluations made during the year to ensure they are input correctly into the PCC's asset register; and evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
Valuation of pension fund net liability	Both	 The Local Government Pension Scheme (LGPS) pension net liability as reflected in the balance sheet, and asset and liability information disclosed in the notes to the accounts, represent significant estimates in the financial statements. The Police Officer Pension schemes pension fund liability as reflected in the balance sheet and notes to the accounts represent significant estimates in the financial statements. These estimates by their nature are subject to significant estimation uncertainty, being very sensitive to small adjustments in the assumptions used. We identified the valuation of the pension fund net liability as a risk requiring special audit consideration. 	 We will: identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement; evaluate the competence, expertise and objectivity of the actuaries who carried out your pension fund valuations. We will gain an understanding of the basis on which the valuations are carried out; undertake procedures to confirm the reasonableness of the actuarial assumptions made; check the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial reports from your actuaries; and gain assurances over the data provided to the actuary to ensure it is robust and consistent with our understanding.

Reasonably possible risks identified

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Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Risk	PCC or Chief Constable?	Reason for risk identification	Key aspects of our proposed response to the risk	
Employee Chief Payroll expenditure represents a significant			We will	
remuneration	Constable (and group)	proportion of the Chief Constable's (and therefore the group's) operating expenses.	 evaluate the Chief Constable's accounting policy for recognition of payroll expend for appropriateness; 	
		As the payroll expenditure comes from a number of individual transactions and an interface with the payroll sub-system there is a risk that payroll	 gain an understanding of the Chief Constable's system for accounting for payroll expenditure, including both payroll and agency costs, and evaluate the design of associated controls; 	
		expenditure in the accounts could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit	 reconcile the Chief Constable's payroll system outputs to the financial ledger and statement of accounts; and 	
	attention.	 perform substantive analytical procedures on payroll costs to identify anomalies of areas for further audit focus. 		
Operating expenses Chief Non-pay expenses on other goods and services			We will	
	Constable (and group)	 and also represents a significant proportion of the Chief Constable's (and therefore the group's) operating expenses. Management uses judgement to estimate accruals of un-invoiced costs. We identified completeness of non- pay expenses as a risk requiring particular audit attention. 	 evaluate the Chief Constable's accounting policy for recognition of non-pay expenditure for appropriateness; 	
			 gain an understanding of the Chief Constable's system for accounting for non-pay expenditure and evaluate the design of the associated controls; and 	
			 review a sample of non-pay payments made post year end to ensure that they hav been recorded in the appropriate year. 	
Police pension	Chief	The Chief Constable administers three police	We will	
schemes benefitsConstablepayable(and group)			 gain an understanding of the Chief Constable's systems for calculating, accountin and monitoring pension benefit payments and evaluate the design of the associate controls; 	
	We identified completeness and accuracy of pension benefits payable as a risk requiring particular audit attention.	 perform analytical procedures on pension costs to identify anomalies or areas for further audit focus; and 		
			 review a sample of commutation payments to underlying evidence to confirm correctly calculation of lump sum and ongoing pensions and payment. 	

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with the guidance issued and consistent with our knowledge of both the PCC and the Chief Constable.
- We will read your Narrative Reports and check that they are consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under the Act and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2017/18 financial statements, consider and decide upon any objections received in relation to the 2017/18 financial statements;
 - · issue of a report in the public interest; and
 - making a written recommendation to the PCC or the Chief Constable, copied to the Secretary of State.
- · We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessments of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We propose to calculate financial statement materiality based on a proportion of gross expenditure for the financial year. We will use the lowest of the gross expenditures of the PCC, the Chief Constable and the group for this calculation. In the prior year we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be £6.887m (PY £7.201m), which equates to 2% the Chief Constable's gross expenditure for 2016/17. We design our procedures to detect errors in specific accounts at a lower materiality where appropriate, and we have selected a materiality level of £10,000 for senior officer remuneration disclosures due to the public interest in them.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the PCC and the Chief Constable

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the PCC and the Chief Constable any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the PCC and the Chief Constable, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.344m (PY £0.360m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the PCC and the Chief Constable to assist them in fulfilling their governance responsibilities.



Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Significant?	Level of response required under ISA (UK and Ireland) 600	Risks identified	Planned audit approach
Police and Crime Commissioner (parent)	Yes	Comprehensive	See pages 5 to 8	Full scope UK statutory audit performed by Grant Thornton UK LLP
Chief Constable (subsidiary)	Yes	Comprehensive	See pages 5 to 8	Full scope UK statutory audit performed by Grant Thornton UK LLP

Audit scope:

Comprehensive – the component is of such significance to the group as a whole that an audit of the components financial statements is required Targeted – the component is significant to the Group, audit evidence will be obtained by performing targeted audit

procedures rather than a full audit **Analytical** – the component is not significant to the Group and audit risks can be addressed sufficiently by applying analytical procedures at the Group level

Value for Money arrangements

Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for police bodies, auditors are required to give a conclusion on whether each of the PCC and the Chief Constable have proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring specific audit consideration and procedures to address the likelihood that proper arrangements are not in place at the PCC and/or the Chief Constable to deliver value for money.

Medium Term Financial Position

Avon and Somerset Police have successfully delivered substantial savings since 2010/11. The latest funding settlement announcement in December 2017 provides a better than anticipated financial outlook, however significant savings and strong financial management will still be required and the medium term revenue financial plan remains unbalanced to 2022/23.

We will:

- Review of the 2017/18 budget outturns;
- Review of the MTFP and capital plan, including the assumptions that underpin the plan; and
- Review savings delivery and progress on developing savings required in future years

Audit logistics, team & audit fees





lain Murray, Engagement Lead

lain leads our relationship with you and is a key contact for the Police and Crime Commissioner, Chief Constable, Chief Finance Officers and Joint Audit Committee. Iain takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value.



Jackson Murray, Senior Manager

Jackson's role involves overseeing the day to day planning and execution of the audit, ensuring the audit requirements are fully complied with and producing reports for the Joint Audit Committee. He will respond to ad-hoc queries whenever raised and meet regularly with the Chief Finance Officers and members of the finance team.

Elector of

Sophie Medwell, In-charge Auditor

Sophie's role is to co-ordinate the on-site delivery of audit tasks through her own work and that of junior team members. She liaises with the finance team throughout the audit visits and will keep them up to date on progress and any issues arising throughout the year.

Audit fees

The planned audit fees are no less than £36,353 (PY: £36,353) for the financial statements and VfM audits for the PCC, and no less than £18,750 (PY: £18,750) for the financial statements and VfM audits for the Chief Constable.

In setting your fee, we have assumed that the scope of the audit, and the PCC and the Chief Constable and their activities, do not significantly change.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the early close timeframe

Bringing forward the statutory date for publication of audited police accounts to 31 July this year, across the whole sector, is a significant challenge for audited bodies and auditors alike. For audited bodies, the time available to prepare the accounts and secure an audit opinion is curtailed.

Successful delivery of early close depends on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible
- working with you to agree detailed plans, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audits in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time. We will therefore conduct audits in line with the timetable set out in the audit plan on page 12. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we may not be able to maintain a team on site. Similarly, where additional audit time is needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be restarted until very close to, or after, the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- are able to respond promptly to the interim audit and facilitate the provision of all evidence and supporting information to enable early testing to be completed during the interim audit
- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative reports and the Annual Governance Statements
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- · the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and regular meetings during the interim and final accounts audits
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2016 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the PCC or the Chief Constable.

Non-audit services

No non-audit services were identified.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Joint Audit Findings report at the conclusion of the audit.

Appendices

A. Revised ISAs

Appendix A: Revised ISAs

Detailed below is a summary of the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.

Section of the auditor's report	Description of the requirements	
Conclusions relating to going concern	We will be required to conclude and report whether:	
	The directors use of the going concern basis of accounting is appropriate	
	 The directors have disclosed identified material uncertainties that may cast significant doubt about either the PCC's or the Chief Constable's ability to continue as going concerns. 	
Material uncertainty related to going concern	We will need to include a brief description of the events or conditions identified that may cast significant doubt on the PCC's or the Chief Constable's ability to continue as going concerns when a material uncertainty has been identified and adequately disclosed in the financial statements.	
	Going concern material uncertainties are no longer reported in an Emphasis of Matter section in our audit report.	
Other information	We will be required to include a section on other information which includes:	
	Responsibilities of management and auditors regarding other information	
	A statement that the opinion on the financial statements does not cover the other information unless required by law or regulation	
	Reporting inconsistencies or misstatements where identified	
Additional responsibilities for directors and the auditor	We will be required to include the respective responsibilities for directors and us, as auditors, regarding going concern.	
Format of the report	The opinion section appears first followed by the basis of opinion section.	



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Audit Progress Report and Sector Update

Avon and Somerset Police and Crime Commissioner and Chief Constable Year ending 31 March 2018

March 2018



Contents and Introduction



lain Murray

Engagement Lead

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This paper provides the Joint Audit Committee with a report on progress in delivering our responsibilities as your external auditor.

The paper also includes a summary of emerging national issues and developments that may be relevant to you

Members of the Joint Audit Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the following link to be directed to the website <u>https://www.grantthornton.co.uk/</u>.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

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Progress at March 2018

Financial Statements Audit

We have started planning for the 2017/18 financial statements audit and undertook our interim audit in February 2018. Our interim fieldwork visit included:

- · Updating our review of the control environment
- · Updating our understanding of financial systems
- Reviewing Internal Audit reports on core financial systems
- · Early work on emerging accounting issues
- Early substantive testing

The findings from our interim audit are summarised at page 5 to 7.

The statutory deadline for the issue of the 2017/18 opinion is brought forward by two months to 31 July 2018. We are discussing our plan and timetable with officers. The 2016/17 was completed to the advanced deadline a year early as a dry run exercise and therefore we are well placed to deliver to the new timetable this year.

The final accounts audit is due to begin on the 29th May with findings reported to you in the Joint Audit Findings Report by the earlier deadline of July 2018.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

Informed decision making

Sustainable resource deployment

•Working with partners and other third parties

We undertook made our initial risk assessment to determine our approach in February 2018 and reported this to you in our Joint Audit Plan which is a separate item on the agenda.

We will report our work in the Joint Audit Findings Report and give our Value For Money Conclusions by the deadline in July 2018.

Other areas

Meetings

We met with Finance Officers in December 2017 as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also have meetings scheduled with the PCC and Chief Constable to discuss their strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the PCC and Chief Constable. Our next event is in development and we are planning to provide this to members of Audit Committees in the South West.

Further details of the publications that may be of interest are set out in our Sector Update section of this report.

Audit Deliverables

2017/18 Deliverables	Planned Date	Status
Fee Letters Confirming audit fees for 2017/18 audits.	April 2017	Complete
Accounts Joint Audit Plan We are required to issue a detailed accounts joint audit plan to the Joint Audit Committee setting out our proposed approach in order to give an opinion on the Group, Police and Crime Commissioner and Chief Constable 2017-18 financial statements.	March 2018	Separate agenda item
Interim Audit Findings We will report to you the findings from our interim audit within our Progress Report.	March 2018	Included on pages 5-7
Joint Audit Findings Report The Joint Audit Findings Report will be reported to the July 2018 Joint Audit Committee.	July 2018	Not yet due
Auditors Reports This is the opinion on the financial statements, annual governance statements and value for money conclusions.	July 2018	Not yet due
Joint Annual Audit Letter This letter communicates the key issues arising from our audit work.	August 2018	Not yet due

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Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusions and recommendations
Internal audit	 We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention We have also reviewed internal audit's work on the Police and Crime Commissioner's and Chief Constable's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities. 	Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Police and Crime Commissioner and Chief Constable and that internal audit work contributes to an effective internal control environment. Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
Entity level controls	 We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including: Communication and enforcement of integrity and ethical values; Commitment to competence; Participation by those charged with governance; Management's philosophy and operating style; Organisational structure; Assignment of authority and responsibility; and Human resource policies and practices. 	Our work has identified no material weaknesses which are likely to adversely impact on the Police and Crime Commissioner's or the Chief Constable's financial statements.
Review of information technology controls	We performed a high level review of the general IT control environment, as part of the overall review of the internal controls system. IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.	Our work has identified no material weaknesses which are likely to adversely impact on the Police and Crime Commissioner's or the Chief Constable's financial statements.

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Results of interim audit work (continued)

	Work performed	Conclusions and recommendations
Walkthrough testing	We have completed walkthrough tests of the Police and Crime Commissioner's and Chief Constable's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements. As documented in our Joint Audit Plan, we have walked through the controls in relation to:	Our work has not identified any weaknesses which impact on our audit approach.
	Employee remuneration;	
	Operating expenditure;	
	Property and land revaluations;	
	Net valuation of the pension liability (LGPS and Police); and Police pension scheme benefit payments (including the controls in place at your pension provider, Peninsula Pensions).	
	Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Police and Crime Commissioner's and Chief Constable's in accordance with our documented understanding.	
Journal entry controls	We have reviewed Police and Crime Commissioner's and Chief Constable's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Police and Crime Commissioner's and Chief Constable's control environment or financial statements.	In our 2016/17 Joint Audit Findings Report we reported that the subsequent check of journal postings by a senior member of the finance team had not been undertaken for the full year. This is an important control as journal postings can be made to the ledger withour a second person authorising them. As part of our interim visit we have confirmed that this check has been reinstated in order to identify any potential erroneous or fraudulent journal entries.
		At year end we will undertake detailed testing on journal transactions recorded, by extracting 'unusual' entries for further review.

Results of interim audit work (continued)

	Work performed	Conclusions and recommendations
Early substantive	We have performed early substantive testing in the following areas:	Our audit work has not identified any significant issues
testing	Review of opening ledger balances roll forward	within the testing undertaken.
	 Employee Remuneration Substantive testing of a sample of overtime expenditure to period 10 Substantive analytical review of payroll expenditure to period 8 	
	 Operating Expenses Substantive testing of a sample of non-payroll expenditure transactions to period 10 Updated our understanding of the accruals process 	
	 Grant Income Substantive testing of a sample of grant income received to third party notifications 	
	Other Income Substantive testing of a sample of fees and charges income to period 10 	
	 Property, Plant and Equipment Substantive testing of a sample of capital additions to period 10 Substantive testing of a sample of capital disposals to period 10 Review of the information provided to the internal valuer for the property and land valuation exercise 	
	 Police Officer Benefit Payments Substantive testing of a sample of lump sum commutations and ongoing pension entitlement calculations to period 10 	

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Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- Grant Thornton Publications
- Insights from sector specialists
- Accounting and regulatory updates

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:



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PEEL – Police leadership 2017



Skills gap threatens to leave tomorrow's police forces short

Police forces lack sufficiently deep understanding of the skills and capabilities of their workforce, risking their ability to meet future demands, according to the latest police leadership report published by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services.

The Police Leadership 2017 report shows that few police forces have adequate succession plans in place. Faced with increasingly complex crime and fast-changing demands, too many forces are taking a short-term and reactive approach to address future needs.

However, the report notes numerous positive examples of police leaders showing commitment to improvement. Senior teams consistently demonstrated an understanding of the need for fair and ethical treatment of their workforces and to the public. Inspectors also found that there has been an increasing prioritisation of wellbeing within the workforce.

The report notes that the processes and systems that underpin ethical decisionmaking have strengthened and matured since last year's report. When ethical problems do arise, higher-performing forces show that they communicate the lessons learned throughout their team.

The report concludes that polices forces need to:

- improve their use of performance management;
- build on their understanding of leadership skills and capabilities within their workforces; and
- continue to look for new skills externally.

Such measures could help forces meet the difficulties of modern policing more efficiently and effectively.

HMICFRS will return to forces to examine police leadership next year. Areas that have been identified as requiring improvement will be revisited in order to assess progress.

Click on the report cover to read the national report.



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Public Sector Audit Appointments: Report on the results of auditors' work 2016/17

This is the third report on the results of auditors' work at local government bodies published by PSAA. It summarises the results of auditors' work at 497 principal bodies and 9,752 small bodies for 2016/17. The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers.

The timeliness and quality of financial reporting for 2016/17, as reported by auditors, remained broadly consistent with the previous year for both principal and small bodies. Compared with 2015/16, the number of principal bodies that received an unqualified audit opinion by 31 July showed an encouraging increase. 83 principal bodies (17 per cent) received an unqualified opinion on their accounts by the end of July compared with 49 (10 per cent) for 2015/16. These bodies appear to be well positioned to meet the earlier statutory accounts publication timetable that will apply for 2017/18 accounts.

Less positively, the proportion of principal bodies where the auditor was unable to issue the opinion by 30 September increased compared to 2015/16. Auditors at 92 per cent of councils (331 out of 357) were able to issue the opinion on the accounts by 30 September 2017, compared to 96 per cent for the previous year. This is a disappointing development in the context of the challenging new reporting timetable from 2017/18. All police bodies, 29 out of 30 fire and rescue authorities and all other local government bodies received their audit opinions by 30 September 2017.

The number of qualified conclusions on value for money arrangements has remained relatively constant at 7 per cent (30 councils, 2 fire and rescue authorities and 1 other local government body) compared to 8 per cent for 2015/16. The most common reasons for auditors issuing non-standard conclusions on the 2016/17 accounts were:

- · the impact of issues identified in the reports of statutory inspectorates;
- corporate governance issues; and
- financial sustainability.

The latest results of auditors' work on the financial year to 31 March 2017 show a solid position for the majority of principal local government bodies. Generally, high standards of financial reporting are being maintained despite the financial and service delivery challenges currently facing local government.

Report on the results of auditors' work 2016/17 Loca government bodies

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Overview of the General Data Protection Regulation (GDPR)

	What is it?	What's next?	
The GDPR is the most significant development in data protection for 20 years. It introduces new rights for individuals and new obligations for public and private sector organisations.		Many public sector organisations have already developed strategic plans to implement the GDPR, which require policy, operational, governance and technology changes to ensure compliance by 25 th May 2018.	
How will this affect you?	 The definition of 'personal data' has been clarified 	All organisations that process personal data will be affected by the GDPR. The definition of 'personal data' has been clarified to include any data that can identify a living individual, either directly or indirectly. Various unique personal identifiers (including online cookies and IP addresses) will fall within the scope of personal	
What organisations need to do by May 2018	 Local government organisations need to be ab stakeholders, to internal audit and to regulators 	Local government organisations need to be able to provide evidence of completion of their GDPR work to internal and externa stakeholders, to internal audit and to regulators. New policies and procedures need to be fully signed off and operational.	
Organisation Accountal	bility Notifications and	Rights Claims and Fines	

- Organisations must document their assurance procedures, and make them available to regulators
- Some organisations need to designate a Data Protection Officer, who has expert knowledge of data protection law
- Organisations must notify significant data breaches to regulators within 72 hours
- Organisations must explain to individuals what their rights over their personal information are and how it is being processed and protected
- For the most serious data breaches, privacy regulators can impose penalties of up to €20 million on public sector organisations,
- Individuals and representative organisations can claim compensation for infringements of data protection law

Supply Chain Insights tool helps support supply chain assurance in public services

Grant Thornton UK LLP has launched a new insights and benchmarking platform to support supply chain assurance and competitor intelligence in public services.

The Supply Chain Insights service is designed for use by financial directors and procurement professionals in the public sector, and market leaders in private sector suppliers to the public sector. It provides users with a detailed picture of contract value and spend with their supply chain members across the public sector. The analysis also provides a robust and granular view on the viability, sustainability, market position and coverage of their key suppliers and competitors.

The platform is built on aggregated data from 96 million invoices and covers £0.5 trillion of spending. The data is supplemented with financial standing data and indicators to give a fully rounded view. The service is supported by a dedicated team of analysts and is available to access directly as an on-line platform.

Phillip Woolley, Partner, Grant Thornton UK LLP, said:

"The fall-out from the recent failure of Carillion has highlighted the urgent need for robust and ongoing supply chain monitoring and assurance. Supply Chain Insights provides a clear picture of your suppliers' activities across the sector, allowing you to understand risks, capacity and track-record. We think it's an indispensable resource in today's supplier market."

The tool enables you to immediately:

- · access over 96 million transactions that are continually added to
 - segment invoices by:
 - organisation and category
 - service provider
 - date at a monthly level
- benchmark your spend against your peers
- identify:
 - organisations buying similar services
 - differences in pricing
 - the leading supplier
- · see how important each buyer is to a supplier
- · benchmark public sector organisations' spend on a consistent basis
- · see how much public sector organisations spend with different suppliers

Supply Chain Insights forms part of the Grant Thornton Public Sector Insight Studio portfolio of analytics platforms.

Click on Supply Chain Insights for more information.

Supply Chain Insights



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Cost Assurance

Did you know....

40 Number of Public Sector engagements to date

£125m Annual spend analysed

£3.55m Rebate opportunities identified

£1.1m Fee income identified

2.84% Error rate – rebates versus spend volume

55% Of Public Sector engagements are Local Government Our Cost Assurance service line provides Local Authorities with an independent and retrospective audit of their legacy telecommunications and utilities costs incurred during the past 6 years (as per the Statute of Limitation).

We find that there are repeat errors contained within a Suppliers' invoice arrangements – errors that aren't necessarily picked up by the end client. This is due to the fact that they tend to be contained in suppliers' billing systems 'at source' and are much further down the supply chain which the user won't necessarily have visibility of.

We are supported by a comprehensive library of legacy supplier pricing that has been collated since 2011. Our one aim is to ensure that the client has only paid for the services used during the period by:

- ensuring that bills presented by Suppliers' are in line with their contracts and relevant pricing mechanisms
- · ensuring the client receives the Supplier refunds where errors have been identified by us
- · ensuring consequential savings are identified and implemented immediately for the client

Our Cost Assurance work is based on a contingent-fee model and is supported by PSAA Ltd. Each of our Local Authority engagements include a fee cap to ensure governance and regulatory standards are maintained.

In summary, we are able to bring much needed financial benefit to the sector as well as providing insight into errors that may be prone to repeat offence by suppliers long after our work is concluded.

Changes to the prudential framework of capital finance

The Ministry of Housing Communities and Local Government has updated the Local Authority Investments Guidance and the Minimum Revenue following its publication of consultation responses on 2 February 2018.

A total of 213 consultation responses were received by the MHCLG by the 22 December 2017 deadline from across local government. Following consideration of the responses the Government has:

- made some technical changes to the Investments Guidance and MRP Guidance
- · amended proposals relating to useful economic lives of assets
- implemented the Investments Guidance for 2018-19, but allowed flexibility on when the additional disclosure first need to be presented to full Council
- deferred implementation of MRP Guidance to 2019-20 apart from the guidance "Changing methods for calculating MRP", which applies from 1 April 2018.

Key changes are noted below.

Statutory Guidance on Local Authority Investments

Transparency and democratic accountability – the revised guidance retains the requirement for an Investment Strategy to be prepared at least annually and introduces some additional disclosures to improve transparency. However, as the changes to the CIPFA Prudential Code include a new requirement for local authorities to prepare a Capital Strategy, the revised guidance allows the matters required to be disclosed in the Investment Strategy to be disclosed in the Capital Strategy.

Principle of contribution – the consultation sought views on the introduction of a new principle requiring local authorities to disclose the contribution that non-core investments make towards core functions. Authorities' core objectives include 'service delivery objectives and/or placemaking role.' This clarification has been made to recognise the fact that local authorities have a key role in facilitating the long term regeneration and economic growth of their local areas and that they may want to hold long term investments to facilitate this.

Introduction of a concept of proportionality – the Government is concerned that some local authorities may become overly dependent on commercial income as a source of revenue for delivering statutory services. The consultation sought views on requiring local authorities to disclose their dependence on commercial income to deliver statutory services and the amount of borrowing that has been committed to generate that income. A majority of respondents supported the introduction of a concept of proportionality, recognising the importance that local authorities make decisions based on an understanding of the overall risk that they face.

Borrowing in advance of need – by bringing non-financial investments (held primarily or partially to generate a profit) within the scope of the Investments Guidance, the consultation proposals made it clear that borrowing to fund acquisition of non-financial assets solely to generate a profit is not prudential. The Investment Guidance requires local authorities who have borrowed in advance of need solely to generate a profit to explain why they have chosen to disregard statutory guidance. It is also important to note that nothing in the Investment Guidance or the Prudential Code overrides statute, and local authorities will still need to consider whether any novel transaction is lawful by reference to legislation.

Minimum Revenue Provision Guidance

The consultation sought views on proposals to update the guidance relating to MRP to ensure local authorities are making prudent provision for the repayment of debt.

Meaning of a charge to the revenue account – the Government does not believe that crediting the revenue account is either prudent or within the spirit of the approach set out in the relevant Regulations. For this reason a charge to the account should not be a negative charge.

Impact of changing methods of calculating MRP – the Government does not expect any local authority to recalculate MRP charged in prior years due to the proposed changes in methodology.

Introduction of a maximum economic life of assets – the consultation sought views on setting a maximum useful economic life of 50 years for freehold land and 40 years for other assets. The MRP Guidance will set a maximum life of 50 years, but allow local authorities to exceed this where the related debt is PFI debt with a longer term than 50 years, or where a local authority has an opinion from an appropriately qualified person that an operational asset will deliver benefits for more than 50 years.



CIPFA publications - The Prudential Code and Treasury Management Code

CIPFA have published an updated 'Prudential Code for Capital Finance in Local Authorities'. Key developments include the introduction of more contextual reporting through the requirement to produce a capital strategy along with streamlined indicators.

The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within this clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable.

Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003, in Scotland under Part 7 of the Local Government in Scotland Act 2003, and in Northern Ireland under Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

Since the Prudential Code was last updated in 2011, the landscape for public service delivery has changed significantly following the sustained period of reduced public spending and the developing localism agenda. It reflects the increasing diversity in the sector and new structures, whilst providing for streamlined reporting and indicators to encourage better understanding of local circumstances and improve decision making.

The introduction of a capital strategy allows individual local authorities to give greater weight to local circumstances and explain their approach to borrowing and investment. The Code is available in hard copy and online.



CIPFA have also published an updated Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The Code provides a framework for effective treasury management in public sector organisations.

The Code defines treasury management as follows:

The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

It is primarily designed for the use of local authorities (including police and crime commissioners and fire authorities), providers of social housing, higher and further education institutions, and the NHS. Local authorities in England, Scotland and Wales are required to 'have regard' to the Code.

Since the last edition of the TM Code was published in 2011, the landscape for public service delivery has changed significantly following the sustained period of reduced public spending and the developing localism agenda.

There are significant treasury management portfolios within the public services, for example, as at 31 March 2016, UK local authorities had outstanding borrowing of \pounds 88bn and investments of \pounds 32bn

.The Code is available in hard copy and online.

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Joint Audit Committee Progress Report and Sector Update for Avon & Somerset PCC and Chief Constable | Year ending 31 March 2018 15

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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	RISK		MITIGATION OF RISK		ASSESSMENT			
Risk / Objective	Description	Import	Controls and Assurances	Unmiti	gated / Curre	ent Risk	Commentary and	
RISK / Objective	Description	Impact	Controls and Assurances	Probability	Impact	Risk Score	Review date	
	 Ineffective governance, scrutiny, oversight of services and outcomes delivered by the Constabulary. Ineffective arrangements for complaints and serious cases. Failure to ensure adequate transparency of the OPCC and/or the Constabulary. Failure to ensure effective systems and controls are in place to manage risk and support the delivery of service including fulfilment of the Strategic Policing Requirement. 	 Reduced Public confidence Relationship with Constabulary not optimal Government criticism, penalties Sub standard performance results and poor inspection outcomes Force not efficient /effective risks not managed financial loss 	PCC Police and Crime Board PCC Chief Constable 1:1s Representation at Constabulary CMB Qlik sense application Audit Committee, audit, annual governance statement Scrutiny of complaints - IRP	4	4	16	PCC and Chief Executive reviewed governance arrangements and a revised governance structure has been adopted with agreement from the Constabulary. These include a monthly PCC Board, formalising scrutiny, key	
Governance				3	4	12	 decisions and performance tracking. This has replaced PCC COG Board. Governance arrangements were reviewed in March 2017. Positive assurance from RSM annual report. Significant changes have been made in both organisations (Constabulary and OPCC) in relation to governance arrangements, and the Constabulary is currently undergoing structural change. While this needs to embed, the annual internal audit report concluded that the PCC and CC have ar adequate and effective framework for risk management, governance and internal control. There are operational concerns in respect of capacity (see commentary on SR3 and Constabulary Risk Register) and th OPCC have oversight of the SPR self-assessment. 	
	Failure to hold Chief Constable to account. Failure to address conduct or performance of Chief Constable. Failure to address complaints against the Chief Constable. Failure to ensure Chief Constable sets appropriate culture, ethics and values.					•		
				5	4	20	A new Police and Crime Plan has been developed collaboratively. Delivery plans underpin the strategy.	
SR2 Police and Crime plan: Setting the plan, delivery of the plan	Failure to sufficiently assess needs and failure to agree an appropriate Police and Crime Plan with the Chief Constable. Failure to deliver the Police & Crime Plan.	- PCC priorities not agreed,	Risk owner: PCC / OPCC CEO PCC/Chief Constable meetings Police and Crime Board Representation at Constabulary CMB Qlik Sense App Audit Committee			16	While the Constabulary were unsuccessful in delivering the previous Police and Crime Plan, there is evidence the new plan has been understood and adopted at senior level. Internal assurance mechanisms are in place to evaluate delivery of the Plan's objectives, and there is evidence of progress being made against the majority of these.	
		set or delivered		4	4	~ ►	 The organisational change underway is both a threat and an opportunity in terms of Plan delivery.plan. The draft Strategic Threat Assessment (2017) and Strategic Intelligence Requirements document raises concerns around the Constabulary's ability to deliver against the Plan. The impact of substantial change (Neighbourhood Policing review, Lighthouse Vulnerability Unit, ES) poses a threat to Plan delivery. The recruitment of CJ SRO presents as some mitigation to this risk (should see progress against SP4). 	

9

AVON AND SOMERSET POLICE & CRIME COMMISSIONER STRATEGIC RISK 13/03/2018 REGISTER -

RISK			MITIGATION OF RISK	ASSESSMENT				
Risk / Objective	Description	Impact	Controls and Assurances	Unmitigated / Current Risk			Commentary and	
Nisk / Objective				Probability	Impact	Risk Score	Review date	
	Failure to agree and deliver a balanced Constabulary budget with the Chief Constable. Running an unsustainable budget deficit running out of funds.			4	5	20	Outturn forecats for 17/18 is £6m core underspend to be us	
	Unable to meet financial obligations as they fall due, reserves insufficient to cover deficits. Unable to manage or control budgets. Savings not delivered in sufficient time,	- Run out of money - require	Pick outpor: PCC / CEO			12	to fund provisions and capital. £8m new savings agreed w Chief mostly from Enabling services in next 4 years. £12m savings in total needed by March 2022 to balance th budget. £4 million new savings still to find after 2021.	
SR3 Financial Incapability & VFM	Sequence or scope. Borrowing and /or Government intervention required. Failure to set precept. Failure to ensure value for money in OPCC and across the delegated budgets to the Chief Constable.	intervention - Govt. intervention - Reputation / public confidence lost - unable to fund adequate or minimum service - unable to fund delivery of PCC priorities - unable to afford change. - inefficiency in use of police funds wastes money and harms reputation	Risk owner: PCC / CFO Medium and long term financial planning Regular oversight of revenue & capital budget Maintain adequate risk-assessed reserves Audit Committee / Internal Audit Treasury Management strategy in place outcomes reviewed by CFOs and Finance meeting HMIC efficiency inspection regime	3	4		 PBR savings delivered. The South West One succession project is on track to deliver identified savings. Enabling services plan to deliver £9.5m savings underway £2million achived to date. Capital funding gap now closed. Capital plan being reviewed. Reserves being consummed - forecast useable non ring fenced reserves to be £12 million by 2022(4% of net PCC annual budget) Police Funding formula review for 2020. Precept rise agreed £12 for band D in 2018-19. Assumed same in 2019/20 then revert to 1.99% increase.thereafter. Pay awards assumed at 2% for staff and officers. Tipping point report issued and final settelment better than expected. 	
			Risk owner: PCC / OPCC CEO/Head of Comms	4	3	12	Opportunities exist to increase community engagement a forums, events etc. Opportunity to increase engagement w people from diverse communities presented by the establishment of the SOP panel.	
SR4 ailure to Engage vith the public	Failure to effectively engage with local people, communities and stakeholders. Failure to understand people's priorities and issues re policing and crime. Not taking account of local people's views,	- Police and Crime plan and	Meetings with LA chairs/ CEOs; CSP Chairs; local community group leaders PCC Forums, out and about days, attendance at summer events, meeting community groups			12	 PCC and COG have developed a joint comms plan (proact and reactive) to ensure closer working and resource allocation. This is working well. There are concerns over racial tensions in Bristol. There a also two reviews (Neighbourhood Policing and Enquiry Offi- underway that have escalated the probability of this risk materialising in recent months. 	

RISK			MITIGATION OF RISK	MITIGATION OF RISK ASSESSMENT			SSESSMENT
Risk / Objective	Description	Impact	Controls and Assurances	Unmitigated / Current Risk		nt Risk	Commentary and
RISK / Objective	Description	impact	Controls and Assurances	Probability	Impact	Risk Score	Review date
	only "loud voices" and single issue voices heard.		Web site, twitter & social media Representation on CSPs, Children's Trusts, LCJB, Health and Wellbeing Boards OCC/OPCC Comms meetings	4	3	<	Additional drop-ins and more informal approach seems to b being well-received (Easton Community Centre and Malcolr X Centre). Engagement activity re precept proposal resulted in gaining views from 400 people in person and 150 contacts into offic at point of risk review (12/1)

RISK			MITIGATION OF RISK	ASSESSMENT			
Risk / Objective	Description	Impact	Controls and Assurances	Unmitigated / Current Risk			Commentary and
RISK / Objective	Description			Probability	Impact	Risk Score	Review date
	Failure to:	- Delivery failure - Reputation / public confidence - Relationship with Constabulary and partners - Government penalties	with regular review meetings	4	4	16	SARC and Custody & Courts referral service re-
	Deliver community safety, victims services and other partnership outcomes effectively.					12	commissioning process is underway, led by NHS Engla Both now into mobilisation process - one with new provio one with incumbent. Some risk to service provision throu mobilisation process and at start of new contracts. Serv
				3	4	•	implementation is increasing the complexity of the workl Re-commissioning of suite of victim services - about to la commissioning intentions and enter the engagement per Some risk to current service provision given the uncertain the future landscape for incumbent providers Working with ASC to put in place out of court disposa pathways - new area of business and some new pathwork being established and new providers being worked wit Process could be challenged and timescales for robus commissioning could affect the roll out of the wider work

RISK			MITIGATION OF RISK	ASSESSMENT			
Risk / Objective	Description	Impact	Controls and Assurances	Unmitigated / Current Risk			Commentary and
	Description			Probability	Impact	Risk Score	Review date
				4	4	16	
	Failure to:					16	Strategic Collaboration programme on enabling services h been stopped, though existing collaborations will continue a ASC and OPCC remain open to future collaboration arrangements.
SR6 Collaboration Failure to deliver effective and efficient regional and other collaborative outcomes	Develop and implement effective regional strategy to make the region more efficient and effective Develop and deliver collaboration plans with Wiltshire and Gloucestershire Constabularies to increase efficiency and effectiveness Failure to put in place effective governance and ownership of regional projects and programmes Collaborate with Fire Authorities.	e region more efficient r collaboration plans Gloucestershire ncrease efficiency and ce effective vnership of regional mmes - Inefficient compared to other regions/areas - Government scrutiny/intervention - forced to accept others terms from future alliances or mergers - Poor VFM assessment results	Risk owner: PCC / OPCC CEO/ OPCC CFO OPCC Business Plan Regional commissioning and programme boards Strategic Collaboration Governance	4	4	••	Proposal for expanded 5 force Crime and Operations Collaboration has stalled as host force model was not agre CJ transformational work with CJ partners has commence PTF multi agency analytics hub grant awarded and work h commenced. Fire governance PTF work has started. ERP decision is MFSS which is a police collaboration. Regional progress made on Major Crime, ROCU, Forensic CT, ESMCP. Dialogue with local partners regarding commissioned servi working together, e.g. drug & alcohol, victims etc. is ongoi Dialogue with Fire and Local authority partners underwar focused on co-location and call centres.
	Risk that:			4	4	16	
	i) People in post do not have sufficient knowledge or skills to perform roles to standards of quality and/or to meet	- Increased likelihood of materialisation of risks through delivery failure	Risk owner: CEO / OPCC HR Manager (supported by SLT) OPCC Business Plan			12	
Failure to have dequate capacity and capability within OPCC to	deadlines; ii) there is insufficient transfer of knowledge that would provide cover/resilience; iii) there is insufficient capacity in workloads to perform role to standards of quality and/or to meet deadlines.	(governance, scrutiny, commissioning of services, engagement with public); - damaged relationship with public, constabulary and/or partners.	PDR process and regular supervisory sessions SLT, Delivery plan meetings and Team meetings (to share knowledge, resolve issues) OPCC HR policies Resource planning	3	4		<►

	RISK		MITIGATION OF RISK	ASSESSMENT			
Risk / Objective	Description	Impost	Controls and Assurances	Unmitigated / Current Risk			Commentary and
AISK / Objective		Impact	Controis and Assurances	Probability	Impact	Risk Score	Review date
	Failure to: Set Policing Plan / Priorities (as above). Set Policing Precept budget (as above). Poliuse community sofeth withing convised			4	3	12	OPCC Business and Delivery Plan is developed with workstreams that detail activity covering all statutory requirements.
SR8 Failure to meet OPCC Statutory Requirements	Deliver community safety, victims services and other partnership outcomes effectively. Operate an effective Custody Visiting Scheme. Provide effective oversight of complaints against Chief Constable. Failure to follow legal and other guidance to ensure transparency of OPCC work.	- Delivery failure - Reputation / public confidence - Relationship with Constabulary and partners - Government penalties - Poor assessment results	Risk owner: PCC / OPCC CEO, CFO, Office/HR Manager and Head of C&P OPCC Business Plan Police and Crime Plan / Annual Report OPCC commissioning team Governance Boards, scheme of governance Annual Assurance Statement Audit Committee / Internal Audit Victims service established by OPCC/OCC Transparency Checklist OPCC Risk Register OPCC Issue Register	3	3		workstreams that detail activity covering all statutory

MEETING: Joint Audit Committee	Date: 21 March 2018	
DEPARTMENT: Business Improvement	AUTHOR: Nick Adams	11
NAME OF PAPER: Summary of HMICFRS and Internal Audit Recommendations		COG Sponsor: DCC Crew

1. PURPOSE OF REPORT AND BACKGROUND

This report contains summaries of progress against recommendations for inspection and audit reports published for 2016 /17 and 2017 /18.

The agreed Inspection and Audit process and approach is set out in the Guidance for Business Leads. Progress updates from the Business Leads are recorded on the AFI Tracker. All recommendations are overseen by the Governance Group, chaired by the DCC.

A QlikSense App has been produced that covers HMICFRS and RSM recommendations. The app allows users to filter recommendations by inspection body, COG Lead, Business Lead as well as open and closed statuses; the Inspection Recommendations App can be accessed via Pocketbook, and sits within the Police and Crime Plan App.

Section A

HMICFRS reports contain recommendations that require action from specific forces; action from all forces; action from national bodies such as the College of Policing, the Home Office and action from ACPO Leads. Not all require a response from Avon and Somerset Constabulary. Some recommendations are addressed to a combination of organisations, and some are dependent on action from other agencies taking place in order for forces to progress their part of the recommendation.

The term 'recommendation' used within this report covers recommendations, causes of concern and areas for improvement.

HMICFRS are reviewing progress made against existing recommendations as part of the PEEL Program.

Section B

Internal audits are undertaken by RSM, the Internal Auditors. The yearly internal audit programme is agreed and approved by the Joint Audit Committee (JAC) Members. The JAC Members follow a risk based audit approach when identifying audit themes to ensure they add value and avoid duplication with existing assurance processes. Recommendations from internal audits will be reviewed by the Governance Group.

At the close of each audit RSM provide a Final Report. Twice a year RSM undertakes a Follow Up Audit of all High and Medium recommendations and report back to the JAC on what progress has been made.

SECTION A

2. HMICFRS OUTCOME/ FINDINGS

HMICFRS Inspection Findings 2016/2017

- The **2016/17** HMICFRS reports contained **28** recommendations, **5** of these require a national response. **23** require a response from the force.
- Of the **23** recommendations the constabulary needed to action **7** remain open:
 - <u>HMICFRS PEEL Effectiveness Force Report</u> Business Lead DCI Chris Saunders

The force specific Effectiveness report was **published on 2 March 2017**, and contained **5** AFIs (Areas for Improvement). **1** remains open (around managing offenders), and is being progressed following advice given during the recent 2017 PEEL Effectiveness fieldwork visit. HMICFRS agreed the remaining **4** AFIs are closed.

<u>Crime Data Integrity</u>
 Business Lead FCIR Su Polley

The force report, **published on 9 February 2017**, contains four Causes of Concern, from which HMICFRS have made **8** recommendations and **4** AFIs (Areas for Improvement). **3** recommendations and **2** AFIs remain open and are being reviewed by the FCIR, none are overdue, and an action plan has been formulated. Progress is being overseen by the Crime Data Core Group chaired by ACC Nikki Watson.

• <u>HMICFRS PEEL Legitimacy</u> Business Lead Cathy Dodsworth, Head of HR

The force specific Legitimacy report was **published on 8 December 2016**, it contained 5 recommendations. **1** recommendation remains open and sits with HR, with a completion date of April 2018.

HMICFRS Inspection Findings 2017/2018

- As at December 2017 HMICFRS reports published during 2017/18 contain 46 recommendations, 25 of these require a national response. 21 require a response from the force, 1 has been closed and 20 are being progressed.
- **20** recommendations that require action by the force remain open.
 - <u>A progress report on the police response to domestic abuse</u> Business Lead Supt Marie Wright

The national report was **published on 14 November 2017**. The report contains **9** recommendations, **7** require action by the force, all **7** are open and in progress.

 <u>PEEL Efficiency Report</u> Business Lead Nick Adams / Matthew Kent

The report was **published on 8 November 2017**. **1** recommendation for the force is

open and in progress.

• <u>The policing response to modern slavery and human trafficking</u> Business Lead DCI Mark Edgington

The report was **published on 24 October 2017. 11** recommendations, **4** require a national response and **7** require action by the force. All **7** are open and in progress.

<u>PEEL Legitimacy Report</u>
 Business Leads Cathy Dodsworth and Supt Rich Corrigan

The force specific report was published on **12 December 2017**, and contained **4** AFIs. **1** AFI is complete and **3** remain open and in progress.

The National report was published on 12 December and contained **2** recommendations; both require action from the force and remain open.

SECTION B

1. RSM OUTCOME/ FINDINGS

RSM Internal Audit Findings 2016/17

- In 2016 /17 RSM made a total of **77** recommendations, **8** remain open.
 - <u>Crime Data Integrity Report</u> Business Lead FCIR Su Polley

6 of the **9** Recommendations remain open and in progress, timescales for completion are March / April 2018.

 <u>Policy Review</u> Business Leads Supt Carolyn Belafonte and FCIR Su Polley

2 of the **6** Recommendations are open and being progressed, timescales for completion are April 2018.

RSM Internal Audit Findings 2017/18

- As of December 2017 RSM have made a total of 50 recommendations so far, 35 remain open.
 - <u>Management and Leadership Development Workshop</u>
 Business Leads Cathy Dodsworth, Head of HR and Mike Carter, Head of LaD

Of the **6** Recommendations **4** remain open and in progress, timescale for completion May 2018.

<u>Volunteers</u>
 Business Leads Cathy Dodsworth, Head of HR, and the Special Constabulary
 Coordinator and the Volunteers Coordinator

Of the **13** Recommendations **7** remain open and in progress, with completion dates up to June 2018.

 Equalities Representative Workforce Business Leads DCC Sarah Crew, Cathy Dodsworth Head of HR and Mark Milton, Director of People

Of the **6** Recommendations **2** recommendations remain open with completion dates up to April 2018.

• <u>Performance Management</u> Business Lead, Cathy Dodsworth, Head of HR

All **6** Recommendations remain open with completion dates up to March 2018.

<u>Data Quality</u>
 Business Lead, Head of Business Improvement

Of the **4** recommendations **3** remain open with completion dates up to March 2018.

o Legal Claims

Business Lead Ellena Talbot, Director of Legal Services, and Michael Flay, Governance and Secretariat Manager

Of the **2** recommendations **1** remains open and an update is currently being prepared.

<u>Business Continuity & Disaster Recovery</u>
 Business Leads Stephen Mulvihill Contingency Planning Manager, Gareth Price
 Project Manager and Rob Mansfield Customer Service Manager

All **4** Recommendations remain open with completion dates up to May 2018.

 <u>Regional Organised Crime Unit (ROCU) Collaboration</u> Business Lead Caroline Moss, ROCU Business Manager

Of the **1** Recommendations **1** remains open and an update is currently being prepared.

<u>Staff Culture and Wellbeing</u>
 Business Lead Catherine Dodsworth, Head of HR

All **2** Recommendations remain open with completion dates up to February 2018.

 Training Business Lead Mike Carter, Head of LaD

All **5** Recommendations remain open with completion dates up to December 2018.

4. FINANCE FOR OPTIONS

There are no finance options.

5. DIVERSITY

There are no diversity issues.

6. SUSTAINABILITY

There are no sustainability issues.

7. **RECOMMENDATIONS**

There are no recommendations.