



Office of the Police and Crime Commissioner for Cumbria and Cumbria Constabulary

Audit Strategy 2022/25 and Annual Plan 2022/23

2022/23

April 2022

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OVERVIEW

Introduction

The Audit Plan for 2022/23 has been informed by a risk assessment carried out across our police clients and by an audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks and that the coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Emerging Themes

This year will continue to be another challenging year for police forces in terms of funding, managing additional recruitment and technological advancement. There are a number of operational issues that have also come to prominence; we have identified a number of key areas which require consideration when planning internal audit coverage.

Vetting: Recent events have highlighted some significant gaps in the vetting of police officers and has led to calls for the urgent re-vetting of all serving police officers. HMICFRS is reviewing whether police forces have implemented previous recommendations on vetting as part of its current round of routine inspections, as well as undertaking a thematic inspection of vetting and counter-corruption procedures.

Firearms Licensing: New statutory guidance aims to standardise the licensing procedures in police forces. The guidance requires background checks on every applicant and a home visit to be carried out for first-time applicants. Any applicant will have to arrange for information about their medical suitability to carry a gun to be provided by their GP.

Recruitment: The continued implementation of Operation Uplift, the Government's three-year national campaign to recruit 20,000 police officers, will require significant Human Resources, Training and Development and Workforce Planning input.

Social Media: Social media can be a very effective tool for communicating with the public and helping in fighting crime, however, its use needs to be carefully considered and managed to ensure compliance with professional standards and the Code of Ethics on both a professional and private basis.

Local Government Reorganisation: Cumbria, its six constituent local authorities and partner organisations are transitioning towards the creation of two new unitary authorities. Key timelines include laying a Structural Changes Order before Parliament in March 2022, the creation of Joint Committees by March 2022 and shadow elections in May 2022 prior to Vesting Day on 1st April 2023. This will signal changes in partnerships for the OPCC and the Force, in particular most likely in relation to the future of the fire and rescue service in Cumbria.

Providing Assurance during the COVID-19 pandemic

From the outset, we successfully transitioned to new and remote ways of working without any diminution of the service and we recognise that many if not all of our clients have had to implement changes in the way that they work. We continue to consider any gaps in control or exposures that have arisen as a result of this. Whilst many measures have largely been relaxed, it is not inconceivable that further measures might be implemented to stem any increases in cases. We continue to adopt a hybrid approach with a mix of remote and on-site working and tailor this approach to client requirements and the nature of each assignment.

Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2022/23 support the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the OPCC and the Chief Constable's framework of governance, risk management and control as required by TIAA's charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

INTERNAL AUDIT PLAN

Audit Strategy Methodology

We adopt a proprietary risk-based approach to determining your audit needs each year which includes reviewing your risk register and risk management framework, the regulatory framework, external audit recommendations and previous internal audit work for the organisation, together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. For 2022/23, we have conducted an analysis of the key risks facing the sector and client base more broadly to inform our annual planning. The Audit Strategy is based predominantly on our understanding of the inherent risks facing the OPCC and the Chief Constable and those within the sector and has been developed with senior management and Joint Audit Committee. Our approach is based on the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and incorporate the Public Sector Internal Audit Standards (PSIAS).

Risk Prioritisation

Each year an updated risk assessment is carried out to ensure the Audit Strategy remains fully aligned with the key risks facing the OPCC and the Chief Constable. We take in to account any emerging or heightened risks that are facing the sector and/or the OPCC and the Force specifically, to ensure that the work of internal audit remains appropriately focused. Links to specific strategic risks are also contained in the Internal Audit Strategy.

Internal Audit Strategy and Plan

Following the risk prioritisation review, the Audit Strategy has been produced (Appendix A) and the Annual Plan (Appendix B) sets out the reviews that will be carried out, the planned times and the high-level scopes for each of these reviews.

The Annual Plan will be subject to ongoing review and could change as the risks change for the organisation and will be formally reviewed with senior management and the Joint Audit Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of each assignment within the Annual Plan includes: research; preparation and issue of terms of reference; site work; production and review of working papers; and reporting.

The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and the OPCC and the Chief Constable. This number of days is fixed and it is TIAA's responsibility to deliver the Audit Plan for this number of days. Where the OPCC and the Chief Constable agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the Chief Finance Officer/s and will be clearly set out in the terms of reference for the additional review(s).

Release of Report

The table below sets out the history of this plan.

Date plan issued:	2 nd March 2022
Revised Plan issued:	9 th June 2022

APPENDIX A: ROLLING STRATEGIC PLAN

Review Area	Entity	Type	2022/23	2023/24	2024/25
Governance					
Financial Sustainability – Business Planning	CC	Assurance	✓		
Performance & Insight	CC	Assurance	✓		
Partnerships and LGR	OPCC	Assurance		✓	
Police and Crime Plan	OPCC	Assurance		✓	
Corporate Health and Safety		Assurance		✓	
Equality, Diversity and Inclusivity	OPCC/CC	Assurance			✓
Commissioner’s Grants	OPCC	Assurance			✓
Risk					
Risk Management Framework	OPCC/CC	Assurance	✓		
Risk –Mitigating Controls (Deep Dive)	OPCC/CC	Assurance		✓	
Business Continuity	CC	Assurance			✓
ICT					
Cyber Security Maturity Assessment	OPCC/CC	Assurance	✓		
Use of Social Media	OPCC/CC	Assurance		✓	
ICT – Disaster Recovery	OPCC/CC	Assurance			✓
Finance					
Debtors	CC	Assurance	✓		
Treasury Management and Banking	CC	Assurance	✓		
Procurement	OPCC/CC	Assurance		✓	
Accounts Payable (Creditors)	OPCC/CC	Assurance		✓	
General Ledger	OPCC/CC	Assurance		✓	

Review Area	Entity	Type	2022/23	2023/24	2024/25
Budgetary Control	OPCC/CC	Assurance			✓
Fixed Assets	OPCC/CC	Assurance			✓
Payroll	OPCC/CC	Assurance			✓
Operational Performance and Infrastructure					
Firearms Licensing	CC	Assurance	✓		
Estates – Buildings Health and Safety	OPCC/CC	Assurance	✓		
Security of Seized Proceeds of Crime (Cash and Assets)	CC	Assurance	✓		
Domestic Violence Protection Orders	CC	Assurance	✓		
Fleet Management Strategy	CC	Assurance		✓	
ANPR Camera	CC	Assurance		✓	
Body Worn Video	CC	Assurance			✓
Fleet Maintenance and Fuel Usage	CC	Assurance			✓
Contractor Vetting	CC	Assurance			✓
Workforce					
Force – Personal Safety Training	CC	Assurance	✓		
Management of Overtime	OPCC/CC	Assurance	✓		
Resource Planning	CC	Assurance	✓		
Vetting	CC	Assurance		✓	
Absence Management	CC	Assurance		✓	
Recruitment and Training	CC	Assurance		✓	
Grievance Reporting and Management	CC	Assurance			✓
Workforce Planning	CC	Assurance			✓
Follow Up					
HMICFRS Action Plan	OPCC/CC	Assurance	✓		

Review Area	Entity	Type	2022/23	2023/24	2024/25
Follow Up	OPCC/CC	Follow Up	✓	✓	✓
Management and Planning					
Annual Planning		Management	✓	✓	✓
JAC Preparation and Attendance		Management	✓	✓	✓
Annual Report		Management	✓	✓	✓
Audit Management		Management	✓	✓	✓
Total Days			200	190	180

APPENDIX B: ANNUAL PLAN – 2022/23

Quarter	Review	Type	Days	High-level Scope
1	Risk Management Framework (PCC/Force)	Assurance	10	<p><u>Rationale</u></p> <p>It is important that the organisation has effective arrangements for identifying and managing risks.</p> <p><u>Scope</u></p> <p>The review considers the overall arrangements for managing risk within the organisation, including the risk management framework, risk strategy and appetite, identification, monitoring and reporting of risk. The scope of the review does not include providing assurance that all the business significant risks have been correctly prioritised.</p>
1	Force – Personal Safety Training	Assurance	15	<p><u>Rationale</u></p> <p>Training has been disrupted by the pandemic for the last two years.</p> <p><u>Scope</u></p> <p>The review will consider the delivery of Personal Safety Training (PST) in accordance with the College of Policing Guidance on PST. The review will also assess the actions taken to address the reduced training provided during the pandemic to bring training delivery back to the expected level.</p>
1	Security of Seized Proceeds of Crime (Cash and Assets)	Assurance	12	<p><u>Rationale</u></p> <p>Clear processes are required to effectively manage recovered property and seized monies.</p> <p><u>Scope</u></p> <p>The audit will appraise the effectiveness of controls for dealing with recovered property, including evidential property and in particular the arrangements for securing and storing of seized monies and the processing of items.</p>
2	Domestic Violence Protection Orders	Assurance	12	<p><u>Rationale</u></p> <p>A reactive rather than proactive process may lead to a less efficient use of time for Legal Services staff and Constabulary staff.</p> <p><u>Scope</u></p> <p>The review considers the arrangements for identifying, requesting, obtaining and the action taken for Domestic Violence Protection Orders.</p>
2	Management of Overtime	Assurance	15	<p><u>Rationale</u></p> <p>Overtime is a significant area of expenditure and potential overspend for the Constabulary.</p> <p><u>Scope</u></p> <p>The review will consider the strategic arrangements for the management of overtime including: Overtime Policy and Processes, use of the Crown system, auto approvals, financial controls, overtime planning arrangements and changes to planned overtime.</p>

Quarter	Review	Type	Days	High-level Scope
2	Estates – Buildings Health and Safety	Assurance	10	<p><u>Rationale</u></p> <p>The organisation has a moral, legal and financial obligation with regard to health and safety of its staff, contractors, partners and visitors. .</p> <p><u>Scope</u></p> <p>The review considers how the organisation monitors and meets its health and safety obligations in relation to: water hygiene; fire risk assessments; asbestos; and periodic electrical testing. There will be an additional focus on health and safety in relation to buildings that have had reduced use during the Pandemic.</p>
3	ICT – Cyber Security Maturity Assessment	Assurance	10	<p><u>Rationale</u></p> <p>There is a high reliance on ICT systems and a service failure represents a significant risk.</p> <p><u>Scope</u></p> <p>The scope of the review will examine the overarching governance arrangements in place and will include a maturity assessment to assess the management processes in designed to reduce the likelihood and impact of a cyber-incident:</p> <ul style="list-style-type: none"> • Cyber Governance Arrangements • Information Risk Management, • Secure Configuration, • Network Security, • Managing User Privileges, • User education and awareness, • Incident Management, • Malware Prevention, • Monitoring, • Removable Media Controls, • Home/Mobile Working. <p>The output from the review will be an advisory report that identifies management aspirations for maturity in each area, alongside a self-assessment, and independent audit view of the maturity position. This will be supplemented by current plans for improvement in each area. Where governance and maturity gaps exist our report will outline opportunities for improvement.</p>

Quarter	Review	Type	Days	High-level Scope
3	Debtors	Assurance	8	<p><u>Rationale</u></p> <p>Debtors is a key financial system that is subject to cyclical review.</p> <p><u>Scope</u></p> <p>The review considers the raising of debtor accounts, collection of income, receipting, storage and banking of income received by the organisation. The scope of the review does not include identification of the activities giving rise to income for the organisation, the basis of calculating the rates to be charged or that all income receivable has been identified.</p> <p>The review will also consider the effectiveness and success of the approach in meeting targets.</p>
3	Firearms Licensing	Assurance	12	<p><u>Rationale</u></p> <p>Recent incidents in England have highlighted the risk in relation to the licencing of firearms and the heightened associated reputational risk. In addition, new Statutory Guidance was introduced in November 2021.</p> <p><u>Scope</u></p> <p>The review will assess compliance with the Statutory Guidance that came into force in November 2021 and Force policy for Firearms Licensing.</p>
3	Resource Planning	Assurance	15	<p><u>Rationale</u></p> <p>Effective planning and identification of needs is key in ensuring the services are delivered in an efficient and cost appropriate manner.</p> <p><u>Scope</u></p> <p>The review will consider the arrangements in place for the duty management system and the arrangements to identify demand and allocate appropriate resources to ensure the effective and efficient delivery of services.</p>
4	Treasury Management and Banking	Assurance	10	<p><u>Rationale</u></p> <p>Key Audit risk area, completed every three years.</p> <p><u>Scope</u></p> <p>The review considers the arrangements for controlling the investment and borrowing arrangements; compliance with the organisation's overall policy; banking arrangements; reconciliations and the reporting to committee. The scope of the review does not include consideration of the appropriateness of any individual financial institution or broker or of individual investment decisions made by the organisation.</p>

Quarter	Review	Type	Days	High-level Scope
4	Performance and Insight CC Assurance	Assurance	12	<p><u>Rationale</u></p> <p>A new Performance and Insight Team is being put in place.</p> <p><u>Scope</u></p> <p>The review will assess the introduction of the Performance and Insight Team and consider performance governance at Corporate and Tactical levels.</p> <p>The scope will be developed further once the Performance and Insight Team is fully operational.</p>
4	Financial Sustainability – Business Planning	Assurance	15	<p><u>Rationale</u></p> <p>Financial pressures for the OPCC and Force are identified in the Strategic Risk Register.</p> <p><u>Scope</u></p> <p>The review will consider the action taken to identify savings in the Medium Term Financial Forecast, the monitoring of progress against the targeted savings and how financial sustainability will be achieved during this period of financial uncertainty for the Constabulary.</p>
4	HMICFRS Action Plan	Assurance	10	The review will provide assurance that actions to address findings and recommendations from the latest HMICFRS inspection report are being delivered.
1 – 4	Follow-up	Follow up	12	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the OPCC and the Chief Constable are implementing recommendations, and providing reports to the Joint Audit Committee.
1	Annual Planning	Management	2	Assessing the OPCC and the Chief Constable’s annual audit needs.
4	Annual Report	Management	2	Reporting on the overall conclusions and opinion based on the year’s audits and other information and providing input to the Annual Governance Statement.
1 – 4	Audit Management	Management	18	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Joint Audit Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
Total days			200	

APPENDIX C: INTERNAL AUDIT CHARTER

The Need for a Charter

The Audit Charter formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within the Office of the Police and Crime Commissioner for Cumbria and Cumbria Constabulary (OPCC and Constabulary) and defines the scope of internal audit activities. The establishment of the Audit 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 Role of Internal Audit

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control. TIAA is responsible for providing assurance to the OPCC and Constabulary's governing body (being the body with overall responsibility for the organisation) on the adequacy and effectiveness of the risk management, control and governance processes.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS and the IIA standards which are articulated in the International Professional Practices Framework (IPPF).

Scope

All the OPCC and Constabulary activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that the OPCC and Constabulary management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions; however, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the board, Joint Audit Committee or the nominated officer (being the post responsible for the day-to-day liaison with TIAA), provided such reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of the OPCC and Constabulary and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems; however, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day-to-day administrative purposes only, TIAA reports to a nominated officer within the OPCC and Constabulary and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the board, the chair of the Joint Audit Committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with the OPCC and Constabulary management.

Conflict of Interest

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and internal policies, the PSIAS/IIA standards and the OPCC and Constabulary's requirements.

Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2002.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of the OPCC and Constabulary and additional time will be required to carry out such testing. The OPCC and Constabulary is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management's use and are not prepared for any other purpose.

Liaison with the External Auditor

We will liaise with the OPCC and Constabulary's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

Reporting

Assignment Reports: A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA's audit charter and PSIAS/IIA standards.

Progress Reports: Progress reports will be prepared for each Joint Audit Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

Follow-Up Reports: We will provide an independent assessment as to the extent that priority 1 and 2 recommendations have been implemented. Priority 3 recommendations are low-level/housekeeping in nature and it is expected that management will monitor and report on implementation as considered appropriate.

Annual Report: An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA's audit charter and PSIAS/IIA standards. The Annual Report will include a summary opinion of the effectiveness of the OPCC and Constabulary's governance, risk management and operational control processes based on the work completed during the year.

Other Briefings: During the year Client Briefing Notes, Benchmarking and lessons learned digests will be provided. These are designed to keep the organisation abreast of in-year developments which may impact on the governance, risk and control assurance framework.

Assurance Assessment Gradings

We use four levels of assurance assessments as set out below.

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Data Protection

TIAA has policies, procedures and processes in place to comply with all associated regulation and legislation on information security, which is underpinned by mandatory annual awareness training for all staff. To carry out our role effectively, we need to obtain information that is reliable, relevant and sufficient to support our findings and recommendations. The collection of data, particularly sensitive personal data, is minimised and is not shared with unauthorised persons unless there is a valid and legal requirement to do so. We have clear policies on the retention of data and its appropriate, controlled disposal. TIAA has a fully robust Information Security Management System that meets all the requirements of ISO27001:2013.

Quality Assurance

TIAA recognises the importance of Internal Audit being controlled at each stage to ensure that we deliver a consistent and efficient Internal Audit service that is fully compliant with professional standards and also the conditions of contract. We operate a comprehensive internal operational quality review process to ensure that all Internal Audit work is carried out in accordance with these standards. These quarterly reviews are part of our quality management system which has ISO 9001:2015 accreditation.

Joint Audit Committee Responsibility

It is the responsibility of the Joint Audit Committee to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the organisation.

By approving this document, the Joint Audit Committee is also approving the Internal Audit Charter.

Disclaimer

The matters raised in this planning report, along with those raised in our audit and annual reports, are only those that came to the attention of the auditor during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Performance Standards

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Performance Measure	Target
Completion of planned audits.	100%
Audits completed in time allocation.	100%
Draft report issued within 10 working days of exit meeting.	100%
Final report issued within 10 working days of receipt of responses.	100%
Compliance with TIAA's audit charter and PSIAS/IIA Standards.	100%