

POLICE, FIRE AND CRIME COMMISSIONER FOR ESSEX AND ESSEX POLICE

Annual internal audit report 2022/23

DRAFT

2 June 2023

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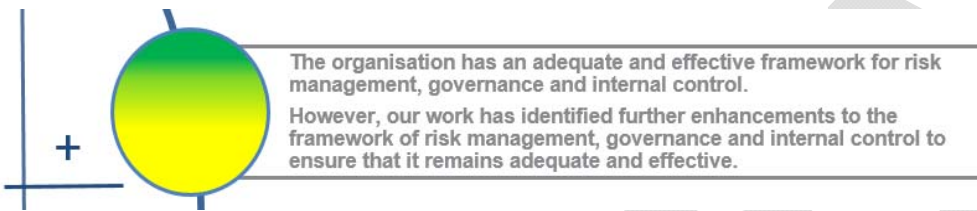
THE ANNUAL INTERNAL AUDIT OPINIONS

This report provides the annual internal audit opinions, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisations' risk management, control and governance processes. The opinions should contribute to the organisations' annual governance reporting.

The opinions

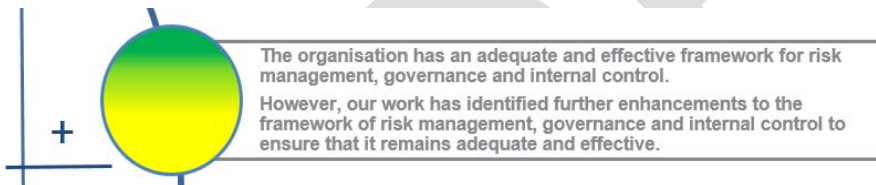
Police, Fire and Crime Commissioner for Essex

For the 12 months ended 31 March 2023, the DRAFT head of internal audit opinion for the Police, Fire and Crime Commissioner for Essex is as follows:



Essex Police Chief Constable

For the 12 months ended 31 March 2023, the DRAFT head of internal audit opinion for Essex Police is as follows:



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

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 a substitute for management responsibility around the design and effective operation of these systems.

Scope and limitations of our work

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

- internal audit has not reviewed all risks and assurances relating to the organisations;
- the opinions are substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. The assurance framework is one component that the Police and Crime Commissioner and Chief Constable take into account in making their annual governance statements (AGSs);
- the opinions are based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management;
- 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 our attention.

NOTE - Please note, one review is still in progress and the results of this audit will be concluded shortly and the annual report will be updated. We reserve the right to amend our year end opinions depending upon the outcome of this review.

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FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINIONS

Governance

We have not undertaken any specific governance reviews this year however, our opinion has been based on the governance elements of the audits which we have undertaken including Overtime and expenses and allowances, Delivery of Capital Programme, ESMCP – financial impact (joint) and Victims Confidence (DRAFT).

Risk Management

Although we did not undertake any specific reviews of the PFCC's office or Force's risk management arrangements, our internal audit plan is risk-based and included a number of audits designed to allow the PFCC and Chief Constable to take assurance that controls covering some of the strategic risks within the PFCC's office and Force are well designed and operating effectively.

In addition, our annual risk management opinions for both the Force and the PFCC's office have also been informed from our attendance at the Joint Audit Committee meetings, where risk management is a standing agenda item and where strategic and operational risks are discussed and constructively challenged. We have also used our cumulative knowledge of the risk management processes in place at both organisations to inform our opinions.

Internal Control

We have undertaken 10 Essex Police-only assurance reviews that contributed to the internal control opinions.

We have not issued any reports as part of this year's internal audit plan where we found that the organisations could take 'minimal' assurance. Three reports (Overtime and Expenses and Allowances (DRAFT), Payroll (DRAFT) and Police Cadets – Safeguarding) resulted in a partial assurance opinions.

Of the six positive assurance reviews, we issued five in which we found that management could take reasonable assurance, and one where they could take substantial assurance.

In terms of joint reviews with Kent Police, we have issued three reports, one reasonable assurance opinion (IT Service Delivery and Demand Management Control Framework), one substantial assurance opinion (ESMCP – Financial Impact) and the follow up of Off-Payroll Workers was given a good progress opinion.

We have also undertaken a follow up audit which concluded that the organisations had made reasonable progress to implement previously agreed management actions. A summary of all internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

Please note, one review is still in progress and the results of this audit will be concluded shortly and the annual report will be updated. We reserve the right to amend our year end opinions depending upon the outcome of this review.

Key themes

Analysis of our internal audit findings across the 10 Essex-only assurance assignment reports which have been finalised so far for 2022/23 shows that actions were agreed in relation to the design of 10 controls. Actions were also agreed in relation to 33 controls which were not being consistently complied with. The largest number of actions related to our audit of Special Constabulary – Recruitment and Retention, Payroll and Overtime and Expenses and Allowances (DRAFT). Whilst controls in the areas audited were generally well-designed, improvement is required to ensure a consistent application of those controls.

Direction of travel

The Police, Fire and Crime Commissioner for Essex and Essex Police Chief Constable have both received our second level opinion for 2022/23. This is the most common level of annual opinion issued by RSM in the sector and represents the fact that while the system of internal control is generally sound, there are improvements that could be made. Our annual report and opinion should also be considered in conjunction with other sources of assurance, such as HMICFRS reports.

Topics judged relevant for consideration as part of the annual governance statements

This report should be used to inform your annual governance statements. We consider that the issues referred to above in our partial assurance reports, should be considered for inclusion in your annual governance statements, along with any actions already taken to address the issues identified.

The Baroness Louise Casey's review, commissioned in the wake of Sarah Everard's murder and a further incident involving a serving Metropolitan Police officer, highlighted a number of significant concerns about the Metropolitan Police's culture and standards. The review focussed on whether the Met's leadership, recruitment, vetting, training, culture and communications supported the standards the public expect, and raised recommendations of how high standards should be routinely met, and how high levels of public trust in the Met could be restored and maintained. As a result, the following national action on standards has been highlighted for all forces to address:

- Identifying wrongdoing;
- Strengthening vetting and misconduct investigations;
- Toughening sanctions;
- Police Race Action Plan; and
- Action on Violence Against Women and Girls.

The organisations should therefore consider when preparing the annual governance statement the implementation of those recommendations as part of the Casey review, and how this is monitored through the organisations' governance arrangements.

THE BASIS OF OUR INTERNAL AUDIT OPINIONS

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

Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported so far by the internal audit service during 2022/23.

Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place. During the year progress has been reported to the Joint Audit Committee, with the validation of the action status confirmed by internal audit through the follow up review. The follow up review concluded that the organisation had made **reasonable progress** in implementing the agreed management actions.

The follow up of Off-Payroll workers concluded that the organisation had made **good progress** in implementing the agreed management actions.

Working with other assurance providers

In forming our opinions, we have not placed any direct reliance on other assurance providers.

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OUR PERFORMANCE

Wider value adding delivery

As part of our client service commitment, during 2022/23 we have added value through the following:

Area of work	How has this added value?
Emergency Services – Sector Update: June 2022	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none">• State of policing;• An inspection of the service provided to victims of crime;• Impact of the pandemic on the Criminal Justice System; and• National Stop and Search learning report.
Emergency Services – Sector Update: September 2022	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none">• The police uplift programme;• Police uplift programme new recruits onboarding survey;• The police response to burglary, robbery and other acquisitive crime; and• How effective is the National Crime Agency at protecting vulnerable people?
Emergency Services – Sector Update: December 2022	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none">• Police dismissals to be reviewed;• Fore management statement template and guidance; and• An inspection of vetting, misconduct, and misogyny in the police service.
Emergency Services – Sector Update: March 2023	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none">• An inspection into how well the police and other agencies use digital forensics in their investigations;• Police requests for third part material;• Review of police dismissal launched;• Policing receive up to £287m funding boost next year;• Safer Streets Fund is building confidence in the police;• Government supports a new public sexual harassment office; and

	<ul style="list-style-type: none"> • Police Officer Uplift, quarterly update to December 2022.
Best Practice	Shared best practice across the sector through our work.
Sector Experience	We have also made suggestions throughout our audit reports based on our knowledge and experience in the emergency services sector to provide areas for consideration.
Briefings	Issued non-sector specific briefings to all of our clients.
The NED Network	The role of the Non-Executive Director is crucial. Whilst not typically involved in the day-to-day operations of a firm, they should be influencing policy, culture and accountability. RSM launched The NED network to help non-executive directors stay abreast of key issues, networking with peers and share ideas. Non-executive directors are invited to join free of charge. We have delivered an annual programme of events, along with supporting insights, articles and blogs designed specifically for our NED community.
Use of specialists	We have utilised specialists to support the delivery of the Internal Audit plan throughout 2022/23. This includes the use of IT specialists in the IT review and tax specialists in the Off-payroll workers follow up review.
Joint Audit Committee attendance	We have attended all Joint Audit Committees and where appropriate contributed to the wider agenda.

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Conflicts of interest

RSM has not undertaken any work or activity during 2022/23 that would lead us to declare any conflict of interest.

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 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

Quality assurance and continual improvement

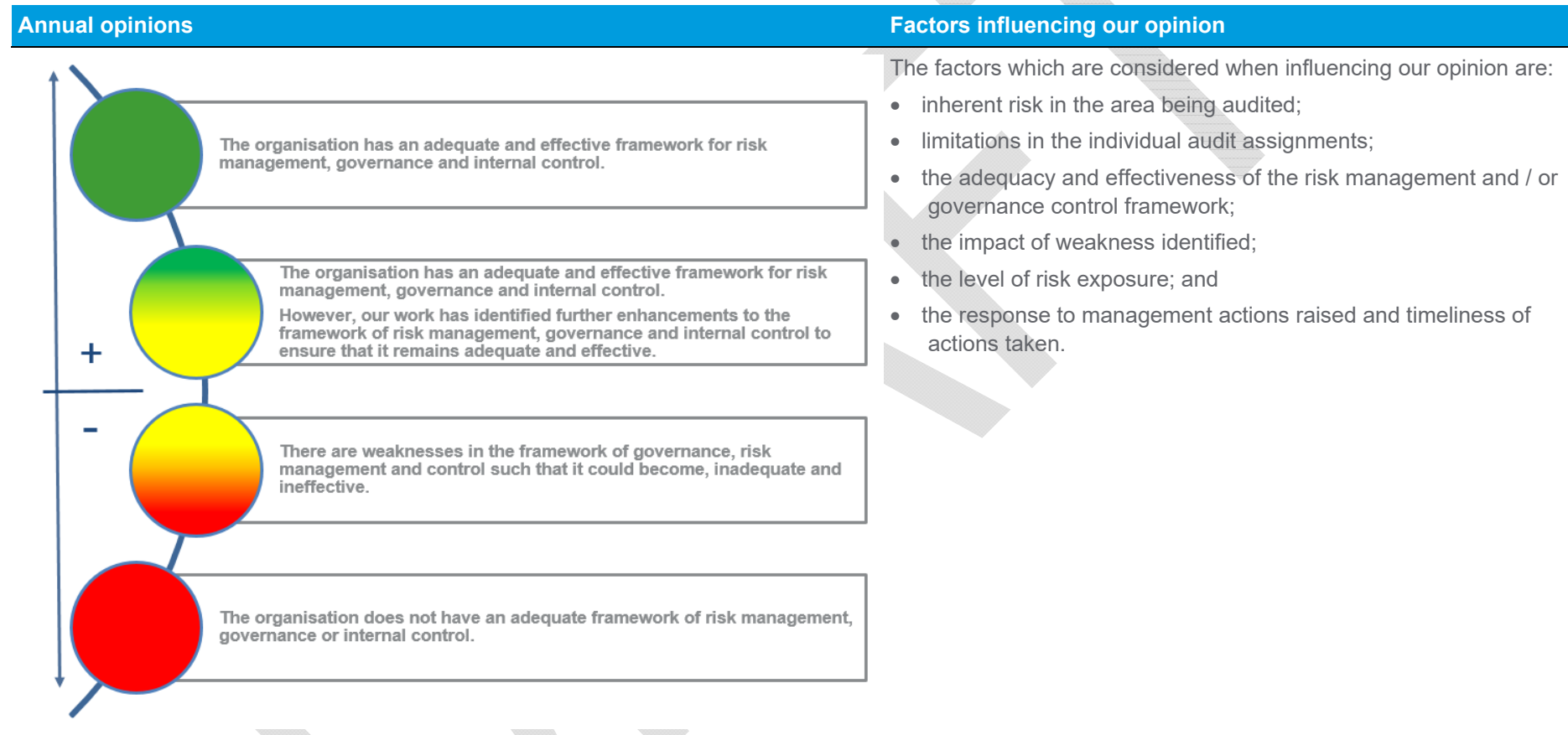
To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

Resulting from the programme in 2022 / 2023, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinions.



APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2022/23

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Assurance level	Actions agreed		
		L	M	H
Overtime and expenses and allowances (DRAFT)	Partial Assurance [●]	4	1	1
Police Cadets - Safeguarding	Partial Assurance [●]	2	-	3
Payroll (DRAFT)	Partial Assurance [●]	3	3	2
Follow up	Reasonable Progress [●]	-	3	-
Commissioning (c/fwd from 2021/22)	Reasonable Assurance [●]	1	2	-
Special Constabulary – Recruitment and Retention	Reasonable Assurance [●]	5	4	-
Crime Allocation Rationale Assessment	Reasonable Assurance [●]	3	1	-
Delivery of the Capital Programme (DRAFT)	Reasonable Assurance [●]	4	1	-
Victim Confidence (DRAFT)	Reasonable Assurance [●]	1	2	-
IT Service Delivery and Demand Management Control Framework (joint)	Reasonable Assurance [●]	4	3	-

Assignment	Assurance level	Actions agreed		
		L	M	H
ESMCP – financial impact (joint)	Substantial Assurance [●]	-	-	-
Creditors	Substantial Assurance [●]	1	-	-
Off-payroll workers follow up (joint)	Good Progress [●]	-	-	-
Community Safety Accreditation Scheme	In progress	-	-	-

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APPENDIX C: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the police and crime commissioner and chief constable can take:



Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

YOUR INTERNAL AUDIT TEAM

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Police, Fire and Crime Commissioner for Essex and Essex 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 UK 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 UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

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

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