



Peter McCall

# Office of the Police and Crime Commissioner Report

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N°010 / 2022)

**TITLE:** Internal Audit Annual Report 2021/22

## Executive Summary:

The attached report provides a summary of the outcomes of the work of internal audit for 2021/22 and includes the Head of Internal Audit's opinion on the effectiveness of the Police and Crime Commissioner and the Chief Constable's arrangements for risk management, governance and internal control in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).

## Recommendation:

The Commissioner is asked to note:

- The progress in delivering the 2021/22 audit plan.
- The Head of Internal Audit's opinion and assurance statement on the PCC and the Chief Constable's overall systems of governance, risk management and internal control for the year ended 31<sup>st</sup> March 2022 and the basis for that opinion.
- The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.
- The results of the Quality Assurance and Improvement programme
- The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.

## Police & Crime Commissioner

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police & Crime Commissioner. Any such interests are recorded below.

I hereby approve/~~do not approve~~ the recommendation above

**Police & Crime Commissioner / ~~Chief Executive~~ (delete as appropriate)**

Signature:

Date: 23 June 2022

# **CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT COMMITTEE**

**Meeting date: 22 June 2022**

**From: Group Audit Manager (Cumbria Shared Internal Audit Service)**

## **INTERNAL AUDIT: ANNUAL REPORT 2021/22**

### **1.0 EXECUTIVE SUMMARY**

1.1 This report provides a summary of the outcomes of the work of internal audit for 2021/22 as at 8 June 2022 and includes the Head of Internal Audit's opinion on the effectiveness of the Police and Crime Commissioner, and the Chief Constable's, arrangements for risk management, governance and internal control in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).

1.2 Key points from internal audit's annual report are:

- The annual opinion of the Head of Internal Audit: based on work undertaken by Internal Audit during the year, the Group Audit Manager is able to provide Reasonable assurance over the effectiveness of the Police and Crime Commissioner, and the Chief Constable's, arrangements for governance, risk management and internal control.
- Overall, 93% of audits have resulted in Reasonable or Substantial assurance.
- The work of Internal Audit is considered to have provided an appropriate level of coverage to provide the opinions, and there have been no threats to Internal Audit's independence in the year to which this opinion relates.
- This is the final annual report and Head of Internal Audit opinions from Cumbria Shared Internal Audit service as the contract for the OPCC and Constabulary has now ended. We are pleased to report that the 2021/22 audit plan has been delivered, during challenging times, and to have

received a lot of positive feedback in how the work has been delivered and the continued professionalism of the audit team during our final year.

- 1.3 All finalised audits have received a positive response from management with agreed action plans in place to address all recommendations.
- 1.4 Summaries of the outcomes of all completed audits during the year are included at Appendix 1. The text shaded in grey has been reported to Joint Audit Committee through regular progress reports during the year.
- 1.5 Appendix 2 shows progress against the 2021/22 Internal Audit plan.

## **2.0 OVERVIEW**

- 2.1 Internal Audit's assessment of internal control forms part of the annual assessment of the systems of governance, risk management and internal control, which is now a mandatory requirement.
- 2.2 The Audit Plan aims to match internal audit coverage with the PCC and the Chief Constable's corporate risk assessment.
- 2.3 Internal Audit must conform to the Public Sector Internal Audit Standards which require the preparation by the Head of Internal Audit of an annual opinion on the overall systems of governance, risk management and control. Regular reporting to Joint Audit Committee enables emerging issues to be identified during the year.

## **3.0 RECOMMENDATION**

- 3.1 Joint Audit Committee members are asked to note:
  - The delivery of the 2021/22 audit plan.
  - The Head of Internal Audit's opinion and assurance statement on the PCC, and the Chief Constable's, overall systems of governance, risk management and internal control for the year ended 31<sup>st</sup> March 2022.
  - The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.
  - The results of the Quality Assurance and Improvement Programme.
  - The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.

## **4.0 BACKGROUND**

- 4.1 The PCC and Chief Constable must make proper provision for Internal Audit in line with the 1972 Local Government Act. The Accounts and Audit Regulations 2015 require that the PCC and Chief Constable must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Audit Standards or guidance.
- 4.2 Internal audit is responsible for providing independent assurance to the PCC and Chief Constable and to the Joint Audit Committee (JAC) on the systems of governance, risk management and internal control.
- 4.3 It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that controls are operating effectively.
- 4.4 The internal audit plan for 2021/22 was prepared using a risk-based approach, and following consultation with senior management, to ensure that internal audit coverage was focused on the areas of highest risk to both organisations. The audit plan was prepared to allow the production of the annual internal audit opinions as required by the PSIAS.

### **Annual opinions of the Head of Internal Audit on the PCC and Chief Constable's arrangements for Governance, Risk Management and Internal Control**

- 4.5 The purpose of this report is to give my opinions as the Head of Internal Audit for the PCC, and the Chief Constable, on the adequacy and effectiveness of both organisations' systems of risk management, governance and internal control from the work undertaken by internal audit for the year ended 31<sup>st</sup> March 2022. The annual opinion from the Head of the Internal Audit is a requirement of the Public Sector Internal Audit Standards.
- 4.6 This report is a key contributor to the PCC and the Chief Constable's Annual Governance Statements.
- 4.7 In giving this opinion, it should be noted that assurance can never be absolute, and it is not possible to give complete assurance that there are no major control weaknesses. My opinion is based on the work undertaken by internal audit during the year, including the outcomes of follow up work.

## **Risk Management**

### **PCC (OPCC)**

- 4.8 Internal Audit's review of the PCC's risk management arrangements concluded that they are effective.
- 4.9 The OPCC's risk management strategy 2020-23 was updated in February 2020, approved by Executive Team on 2 April 2020 and has been used from April 2020 onwards. The strategy comprehensively sets out the approach, objectives, framework, methodology and responsibilities in respect of risk management. The OPCC reviews its strategic and operational risks on a quarterly basis and meets with Officers within the Constabulary to review their strategic risks, and any potential impact on the OPCC, as part of the PCC's responsibility to hold the Chief Constable to account. The strategic risk register was presented to the Joint Audit Committee for review and scrutiny at the 17 November 2021 and 16 March 2022 meetings.
- 4.10 Audit work undertaken during the year confirms that operational risks are being managed on a regular basis and have been captured in accordance with the risk management strategy.

### **Chief Constable (Constabulary)**

- 4.11 Our work undertaken on the Chief Constable's risk management arrangements concluded that they are operating effectively.
- 4.12 The Constabulary's risk management policy in place in 2021/22 was approved in May 2019. The policy in place during 2021/22 communicates the Constabulary's overall approach to risk management and sets out what is in place to embed a risk aware culture. The risk appetite for the Constabulary is defined within the policy alongside risk tolerance, risk categories, methodology, roles and responsibilities and accountability and governance arrangements.
- 4.13 The Constabulary's strategic risk register has been presented and discussed at Joint Audit Committee meetings on 17 November 2021 and 16 March 2022.
- 4.14 Various audits, undertaken during the year, have identified that key operational risks are being managed on a regular basis and have been captured in accordance with the risk management policy, thereby demonstrating application of the policy in practice.

## **Governance**

- 4.15 Both organisations have a suite of documents setting out the governance arrangements in place. Cyclical reviews of the documents are timetabled to ensure the documents are kept under review and are current. These are subject to independent scrutiny by the Joint Audit Committee.

- 4.16 The corporate governance arrangements within the OPCC and Constabulary are based on the core principles of good governance set out by CIPFA / SOLACE and in line with the Nolan Principles.
- 4.17 Both organisations have Codes of Conduct setting expectations required of staff / officers.
- 4.18 Both organisations have an anti-fraud and corruption strategy in place. These documents were updated during 2021/22 and were presented to JAC in November 2021.
- 4.19 Formal mechanisms are in place to engage with stakeholders (examples being Public Accountability Conferences, Collaborative Board meetings, events held / attended by the PCC, etc.).

### **Internal Control**

- 4.20 Work undertaken in 2021/22, where all but one review received either substantial or reasonable assurance, supports our view that there are no significant control issues. One Constabulary review, the audit of 'benefits delivery process' received partial assurance. We are informed that management have allocated additional support to the Change Manager to enact the required changes, and manage any barriers to progress, and that a clear action plan is in place to deliver the required improvements. It should be noted that no audit reviews in 2021/22 received our lowest assurance level of 'Limited' assurance.

### **Internal Audit Opinions 2021/22**

- 4.21 I am satisfied that sufficient internal audit work has been undertaken to allow me to give a conclusion on the adequacy and effectiveness of risk management, governance and internal control for the PCC and the Chief Constable. I can also report that there has been no threat to the independence of internal audit that would impact on the provision of my annual opinion statement.
- 4.22 In my opinion, the PCC, and the Chief Constable's, frameworks of governance, risk management and internal control are reasonable and audit testing has confirmed that controls are generally working effectively in practice. Where internal audit work has identified scope for improvements, the management response has been positive, with agreed action plans in place to address all recommendations.
- 4.23 The Shared Service Group Audit Manager has undertaken reviews of internal audit work contributing to the annual opinion statement and is able to confirm that all work has been undertaken in accordance with the Public Sector Internal Audit Standards and with the Quality Assurance and Improvement Programme. All audit work has been reviewed at key stages by the Audit Manager and is supported by appropriate evidence.

## Basis of the Opinions

- 4.24 The opinions are based on the work undertaken by Internal Audit during the year, which was based on the 2021/22 audit plan approved by Collaborative Board in February 2021 and presented to the Joint Audit Committee on 17 March 2021.
- 4.25 In overall terms, my opinions are based on 14 completed reviews. This represents 100% of reviews that would receive an assurance opinion in the 2021/22 agreed audit plan.
- 4.26 I am satisfied that there has been sufficient coverage across both organisations to allow me to provide an opinion without any limitation of scope.

## Internal audit coverage and outputs

- 4.27 The annual opinion is based on the outcomes of 14 completed reviews. This represents 100% of the planned work for the year (all audits that would have had a scored assessment).
- 4.28 All audits relating specifically to the OPCC have received an assurance level of substantial. Eight Constabulary reviews were assessed as providing substantial or reasonable assurance with the three reviews covering both organisations receiving reasonable assurance.
- 4.29 One Constabulary audit, the audit of benefits delivery process, received partial assurance. We are informed that management have allocated additional support to the Change Manager to enact the required changes, and manage any barriers to progress, and that a clear action plan is in place to deliver the required improvements.
- 4.30 Management responses to Internal Audit reports and recommendations have been positive. Progress in implementing Internal Audit recommendations is monitored by the Joint Audit Committee at each meeting.
- 4.31 The following table summarises the total number of audit evaluations made during 2021/22 for the Constabulary, the OPCC and systems operated jointly for both organisations for finalised reports.

Assurance level	Constabulary	OPCC	Joint	Total	%
Substantial	1	2	0	3	21%
Reasonable	7	0	3	10	72%
Partial	1	0	0	1	7%
Limited	0	0	0	0	0%
<b>Total</b>	<b>9</b>	<b>2</b>	<b>3</b>	<b>14</b>	<b>100%</b>

- 4.32 In addition to the assurance work set out above we have also undertaken the work on risk management for both organisations. The outcome is set out in paragraphs 4.8 - 4.14 of this report and has been reflected within the annual opinions.
- 4.33 Comparison of the level of coverage in previous years reports used for the annual opinion of the Head of Internal Audit is shown in the table below. This shows that the level of coverage is consistent with that used in 2019/20 and 2020/21.

Year	Constabulary	OPCC	Joint	Total
2021/22	9	2	3	<b>14</b>
2020/21 *	8	1	4	<b>13</b>
2019/20	8	2	4	<b>14</b>
2018/19	11	3	3	<b>17</b>
2017/18	12	2	2	<b>16</b>

\* 2020/21 - reassessed plan

- 4.34 I have given both organisations 'reasonable' assurance in my Head of Internal Audit's opinions for 2021/22.
- 4.35 Appendix 1 provides the detail of audit work undertaken from the 2021/22 internal audit plan. Text that is shaded in grey has been reported to Joint Audit Committee during the year and is included here for completeness.
- 4.36 This is the final annual report and Head of Internal Audit opinions from Cumbria Shared Internal Audit service as the arrangement has now ended. We are pleased to have delivered the 2021/22 audit plan. Whilst it has been challenging delivering the reviews this year, due to a continuation of COVID and availability of key contacts to progress the reviews, the frequent meetings we implemented with the Joint Chief Finance Officer has helped significantly to advance the work so that the full plan has been delivered. It is also very pleasing to report that we have received a lot of positive feedback, both verbally and through feedback forms, on how the work has been delivered in our final year, including the professionalism of the team.

### **Statement of Conformance with Public Sector Internal Audit Standards**

- 4.37 The risk based approach has been designed to ensure internal audit work is conducted in accordance with the Public Sector Internal Audit Standards. All audit work has been conducted in line with the agreed audit methodology and has been subject to quality assurance checks by Internal Audit management.



## **Internal audit performance**

- 4.38 A suite of performance measures was used to monitor Internal Audit's performance during 2021/22. The results are shown at Appendix 3.

## **Results of the Quality Assurance and Improvement Programme**

- 4.39 The Public Sector Internal Audit Standards require that the 'Chief Audit Executive' must develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity'. For the Shared Internal Audit Service the Chief Audit Executive is the Group Audit Manager.
- 4.40 The QAIP is designed to provide assurance that the work of internal audit is undertaken in conformance with the Public Sector Internal Audit Standards.
- 4.41 The Quality Assurance and Improvement Programme (QAIP) would normally be brought to the Joint Audit Committee with the annual plan for the next year. As the Shared Service will not deliver the 2022/23 internal audit plan, the QAIP is included as Appendix 4 to this report for completeness. We can confirm that the QAIP was followed in 2021/22.

## **Final Comments**

- 4.42 As we have said, this is the final annual report and Head of Internal Audit opinions from Cumbria Shared Internal Audit service as the arrangement has now ended. We would like to take this opportunity to wish the Police and Crime Commissioner and Chief Constable, and their staff, all the best for the future.

**Richard McGahon**  
**Group Audit Manager**  
June 2022

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## **APPENDICES**

***Appendix 1: Final reports issued to 8<sup>th</sup> June 2022***  
***Appendix 2: Progress on all risk based audits from the 2021/22 plan***  
***Appendix 3: Internal audit performance measures to 8<sup>th</sup> June 2022***  
***Appendix 4: Quality Assurance and Improvement Plan (QAIP)***

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## Appendix 1 – Final reports issued to 8<sup>th</sup> June 2022

Assignments	Status	Assessment
Agile workforce (OPCC)	Report circulated to members of the Joint Audit Committee and included in 17 <sup>th</sup> November Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Substantial
Agile workforce (Constabulary)	Report presented to Joint Audit Committee at 17 <sup>th</sup> November 2021 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
Complaint Review Process (OPCC)	Report circulated to members of the Joint Audit Committee and included in 16 <sup>th</sup> March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Substantial
Financial systems – Payroll	Report circulated to members of the Joint Audit Committee and included in 16 <sup>th</sup> March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Benefits delivery process	Report circulated to members of the Joint Audit Committee and included in 16 <sup>th</sup> March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Partial
Digital Leadership Process	Report circulated to members of the Joint Audit Committee and included in 16 <sup>th</sup> March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
COVID-19 response	Report circulated to members of the Joint Audit Committee and included in 16 <sup>th</sup> March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Substantial
Preparedness for McCloud Remedy	Report circulated to members of the Joint Audit Committee and included in 16 <sup>th</sup> March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable

## Appendix 1 – Final reports issued to 8<sup>th</sup> June 2022

Assignments	Status	Assessment
Financial systems - Inventory	Report circulated to members of the Joint Audit Committee and included in 16 <sup>th</sup> March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Resource allocation / workforce planning	Report circulated to members of the Joint Audit Committee and included in 22 <sup>nd</sup> June 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Financial sustainability	Report circulated to members of the Joint Audit Committee and included in 22 <sup>nd</sup> June 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Business Transformation Project – Finance (Phase 2)	Report circulated to members of the Joint Audit Committee and included in 22 <sup>nd</sup> June 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Business Transformation Project (BTP) Duties Management	Report circulated to members of the Joint Audit Committee and included in 22 <sup>nd</sup> June 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Establishment processes (Recruitment)	Report circulated to members of the Joint Audit Committee and included in 22 <sup>nd</sup> June 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable

OPCC / Constabulary Review		Audit	Stage	Feedback form returned
Constabulary / OPCC	Financial sustainability	Completed	Completed	N/A – Not yet due. Form issued 01/06/22
Constabulary / OPCC	Benefits delivery process	Completed	Completed	Yes
Constabulary	Establishment processes (Recruitment)	Completed	Completed	N/A – Not yet due. Form issued 31/05/22
Constabulary	New Business Transformation Project (BTP) finance (Phase 2)	Completed	Completed	N/A – Not yet due. Form issued 31/05/22
Constabulary	New Business Transformation Project (BTP) Duties Management	Completed	Completed	Yes
Constabulary	Digital leadership Programme	Completed	Completed	No - Form issued 24/02/22  Reminders sent on 12/04/22 and 01/06/22
Constabulary	Agile workforce	Completed	Completed	No - Form issued 11/10/21  Reminders sent 27/10/21, 24/02/22, 12/04/22 and 01/06/22
OPCC	Agile workforce	Completed	Completed	Yes
Constabulary	Resource allocation / workforce planning	Completed	Completed	Yes
Constabulary	COVID-19 and the organisation's response to	Completed	Completed	Yes

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
	COVID-19		
OPCC	Complaint review process	Completed	Yes
Constabulary	Preparedness for the McCloud remedy	Completed	Yes
Constabulary	Financial systems – Payroll	Completed	Yes
Constabulary	Financial systems - Inventory	Completed	Yes
Constabulary	Use of Estate moving forward (advisory / consultancy)	Removed from the plan as agreed by Collaborative Board.	N/A
Constabulary / OPCC	Risk management and governance	Complete - Work has contributed to the Head of Internal Audit's Annual Opinions	N/A
	Attendance at Police Audit Training & Development event	Virtual event attended on 4 <sup>th</sup> and 5 <sup>th</sup> November 2021.	
	Internal audit management		

Key: Complete Work in progress Not yet started

### Appendix 3 – Internal Audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Completion of audit plan	% of audits completed to final report	95% (annual target)	100%	Of the work in the 2021/22 audit plan, 14 were planned to result in a written report with an assurance rating. The 100% completion figure represents all 14 finalised reports.  The other piece of planned work was work on risk management and governance (completed with an outcome of 'reasonable assurance' and incorporated into the annual opinion)
Days delivered	Number of planned days delivered was 281 per shared service agreement plus 10 days carried forward for BTP Finance - Phase 2 less 25 days for Use of estate moving forward which has been removed from the plan.	266	266	
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%	

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Draft reports issued by agreed deadline	Draft reports to be issued in line with agreed deadline or formally approved revised deadline where issues arise during fieldwork.	70%	100%	
Timeliness of final reports	% of final reports issued for Chief Officer / Director comments within five working days of management response or closeout meeting.	90%	100%	
Recommendations agreed	% of recommendations accepted by management	95%	100%	
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	100%	
Quality assurance checks completed	% of QA checks completed	100%	100%	
Customer Feedback	% of customer satisfaction surveys returned	100%	82%	Fourteen forms were issued for audits finalised in 2021/22. Eleven were due by this date, nine have been returned, three are not yet due and a reminder has been sent requesting return of the two outstanding forms.

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	89%	Based on the nine forms returned.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	71%	



## Appendix 4 – Quality Assurance and Improvement Plan (QAIP)

### INTERNAL ASSESSMENTS (PSIAS ref: 1311)

On-going reviews conducted through	Elements
Supervision of engagements	<ul style="list-style-type: none"> <li>• Work is allocated from the annual risk based plan by the internal audit management team across the shared service</li> <li>• Staff are involved in developing audit scope in conjunction with audit clients prior to commencement</li> <li>• Work is supervised to ensure that it complies with the approved methodology for carrying out an audit</li> <li>• Audit Manager attends close out meetings to support the auditor and ensure that key messages are relayed appropriately</li> <li>• Internal Audit reports signed off by Audit Manager</li> <li>• Audit reports with less than Reasonable Assurance subject to final review by Group Audit Manager</li> </ul>
Regular, documented review of working papers during engagements	<p>Audit Manager reviews each audit file to ensure:</p> <ul style="list-style-type: none"> <li>• The scope and objectives of the audit have been agreed with clients and adequately documented and communicated</li> <li>• Key risks have been identified</li> <li>• The audit testing strategy has been designed to meet the objectives of the audit and testing undertaken to the extent necessary to provide an audit opinion for each piece of work</li> <li>• Audit has been completed in a thorough, accurate and timely manner</li> <li>• The standard of working papers and evidence collected during the audit are in accordance with audit processes and procedures</li> <li>• The draft audit report fully reflects all findings from the audit and these are properly explained and practical recommendations made</li> <li>• The assurance rating is fully supported by the working papers and can be justified by the auditor</li> <li>• The audit has been completed within the time allocation</li> </ul>

On-going reviews conducted through	Elements
	<ul style="list-style-type: none"> <li>• The audit report has been produced to a good standard in an accurate and timely manner</li> <li>• Training and development needs are identified through the review process.</li> <li>• Periodic reviews by the Group Audit Manager to ensure that the quality assurance process is being applied consistently.</li> </ul>
Audit manual containing all key policies and procedures to be used for each engagement to ensure compliance with applicable planning, fieldwork and reporting standards	<ul style="list-style-type: none"> <li>• The audit manual contains the risk based audit methodology and key working papers, the code of ethics and performance measures for the shared internal audit service.</li> <li>• The audit manual is updated on an on-going basis as required.</li> </ul>
Feedback from customer survey on individual assignments	<ul style="list-style-type: none"> <li>• Customer feedback form is linked to performance measures for internal audit.</li> <li>• Feedback form issued for all risk based internal audit assignments</li> <li>• Feedback from client satisfaction forms passed on to individual auditors. Any areas identified for learning and development are taken forward</li> <li>• Any common issues are identified and action taken where necessary</li> </ul>
Analysis of performance measures established to improve internal audit effectiveness and efficiency	<ul style="list-style-type: none"> <li>• Monthly monitoring of performance measures by the audit management team</li> <li>• Feedback to individuals / teams as appropriate</li> <li>• Reporting to Joint Audit Committee on a quarterly basis.</li> </ul>

On-going reviews conducted through	Elements
All final reports and recommendations are reviewed and approved by the Audit Manager	<ul style="list-style-type: none"> <li>• Formal sign off and issue of all final reports and recommendations by Audit Manager.</li> <li>• Audit report template includes comments from Director or equivalent.</li> </ul>
Annual risk assessments for the purposes of annual audit planning	<ul style="list-style-type: none"> <li>• Annual risk assessment of each organisation's audit universe as part of the planning process</li> </ul>
Annual assessment of Internal Audit's conformance with its Charter, PSIAS with an improvement plan produced to address any areas of non-conformance identified	<ul style="list-style-type: none"> <li>• Review of Charter for conformance</li> <li>• Annual completion of CIPFA checklist for assessing conformance with the PSIAS</li> <li>• Improvement plan produced to address areas of non-conformance.</li> <li>• Service development plan identifying actions for service improvement.</li> </ul>
Benchmarking with other Internal Audit service providers	<ul style="list-style-type: none"> <li>• Benchmarking through regional and national level networks including Police Audit Group (national internal auditor group specific to policing)</li> </ul>
Quarterly reports to audit committees on progress with delivery of the audit plan	<ul style="list-style-type: none"> <li>• Preparation of progress report for each Joint Audit Committee and attendance at JAC by Group Audit Manager and / or Audit Manager.</li> </ul>
Annual sign up to Code of Ethics by all internal audit staff	<ul style="list-style-type: none"> <li>• Signed declaration from all internal audit staff</li> </ul>

<b>On-going reviews conducted through</b>	<b>Elements</b>
Annual completion of declaration of business interests from by all internal audit staff	<ul style="list-style-type: none"><li data-bbox="607 309 1294 341">• Signed declaration from all internal audit staff</li></ul>

## **EXTERNAL ASSESSMENTS (PSIAS ref: 1312)**

External Assessments will be carried out in accordance with the requirements of the PSIAS and reported to Joint Audit Committee as appropriate.

The first External Quality Assessment was carried out in November 2017, in line with the requirement of the PSIAS to have an external assessment at least every five years.

## **REPORTING ON THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (PSIAS ref: 1320)**

The results of the quality assurance programme and progress against any improvement plans must be reported in the annual report.

**Internal Assessments** – outcomes of internal assessments will be reported to the Joint Audit Committee on an annual basis;

**External Assessments** – results of external assessments are reported to the Joint Audit Committee and S151 officer at the earliest opportunity following receipt of the external assessors report. The external assessment report was accompanied by a written plan in response to findings and recommendations contained in the report and was reported to Joint Audit Committee in March 2018.

**Follow up** – All audits receiving less than reasonable assurance will be followed up.

## EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
<b>Nature of internal auditing (Standard 2100 Nature of internal audit work)</b>			
<p><u>Finding 1</u> Risk based internal audit is most effective when the organisation has a clear definition of its strategic risks with detailed identification of the controls and monitoring arrangements designed to mitigate the risks to an acceptable level. From this it is then possible to match who is best placed to provide assurance mitigation is working (an assurance map based on the 3 lines of defence) to prevent gaps or duplication in assurance. The annual internal audit plan can then be derived from the assurance map and include review of those other forms of assurance.</p> <p>Our recommendations below are designed to achieve this objective and will further facilitate general conformance to professional internal auditing standards. However, we would ask the Joint Audit &amp; Standards Committee to consider its overall aim for risk based auditing and how a risk based culture will be reinforced.</p>	<p><u>Action 1</u> – OPCC and Constabulary action</p> <p>Both the OPCC and Constabulary consider their approach to risk management is robust and meets the needs of the organisations.</p> <p>The OPCC and Constabulary consider that the current Internal Audit approach to planning gives a broader base than focusing solely on strategic risks.</p>	<p>No action required.</p>	<p>Complete as reported in March 2019</p>

Finding	Action	What we have done	Status
<b>Coordination and reliance (Standard 2010 Planning – non-conformance)</b>			
<p><u>Finding 2</u> We acknowledge the work to date to develop strategic risk management processes. As part of this progress management should begin to map who is best placed to provide assurance that the risk mitigation for strategic risks is reliable and working. Active participation by the Group Audit Manager to achieve a coordinated approach will help to maximise assurance resources and achieve conformance to the standard.</p>	<p><u>Action 2</u> – OPCC, Constabulary and Internal Audit action</p> <p>Internal Audit set time aside in the 2018/19 audit plan to support the OPCC and Constabulary in undertaking an assurance mapping exercise.</p>	<p>We provided information on assurance mapping to the Constabulary and OPCC. The Constabulary produced a document setting out the ‘Assurance Landscape for Policing’ which was appended to the updated risk management policy approved in May 2019.</p>	Complete
<b>Responsibilities regarding governance and risk management (Standard 2110 Governance and Standard 2120 Risk management – partial conformances)</b>			
<p><u>Finding 3</u> The aim of the internal audit plan is to provide a broad range of assurance to enable the board to deliver an annual statement of control. In support of this aim we suggest that the Group Audit Manager gives an annual opinion upon:</p> <p>a) The development of an effective risk culture and risk maturity through specific governance audits and risk management</p>	<p><u>Action 3</u> – Internal Audit action</p> <p>Provision has been included within the 2018/19 audit plan for additional liaison with Risk Management colleagues to fulfil this requirement. In addition, regular audits will continue to include an assessment of risk management arrangements where appropriate. Future audit plans will also include provision for reporting an opinion on risk management.</p>	<p>The annual opinion for 2018/19 included specific commentary on the areas suggested. Work is underway to deliver the 2020/21 opinions.</p> <p>Time has been included in the 2021/22 internal audit plan to report an opinion on risk management.</p>	Complete

<p>audits.</p> <p>b) The application of corporate risk management arrangements, including implementation of processes, management of emerging risks, and the effectiveness of training.</p> <p>c) The development of operational risk management based upon specific assessment of risk processes in individual audits.</p> <p>d) Progress towards assurance mapping and the coordination of assurance arising from specific assurance audits.</p>			
<p><b>Direct interaction with the Joint Audit &amp; Standards Committee (Standard 1111 – partial conformance)</b></p>			
<p><u>Finding 4</u> The recommendations above regarding coordination and planning will be challenging and we feel further interaction with the Joint Audit &amp; Standards Committee, along with senior management consultation, is needed to explore how they will be delivered and monitored, particularly with regard to annual priorities.</p>	<p><u>Action 4</u> – Internal Audit action</p> <p>This action plan together with a longer term plan for the Internal Audit service will be reported to Joint Audit &amp; Standards Committee on a regular basis to give clear oversight of the actions planned to further develop the service.</p>	<p>As part of the production of the 2021/22 Internal Audit Plan we continued to have more discussion at Collaborative Board level. This update provides Joint Audit Committee with progress on delivery of improvement actions identified through the EQA and the continuous improvement of the Shared Internal Audit Service</p>	<p>Complete</p>



Finding	Action	What we have done	Status
<b>Overall planning of audit assignments (Standard 2200 Engagement planning, Standard 2201 Planning considerations, Standard 2210 Engagement objectives, Standard 2220 Engagement scope – partial conformances)</b>			
<p><u>Finding 5</u> Individual audits need closer alignment to specific risks (identified during the development of the audit plan) to reaffirm their specific purpose and include definition of the key risks and controls associated with that subject as opposed to reference to wider more generic risks. In some cases, this may prompt sessions with management so auditors can assess the adequacy of controls and monitoring as opposed to the current practice of internal audit documenting 'expected controls' in advance of the audit. We note the most successful audits involve consultation with senior managers as sponsors to fine tune and tighten the objectives and scope to specific risks and we encourage this practice. Realistic timetables need to be set for interviews, testing and reporting in advance with the sponsor to help the achievement of such targets. We also recommend the introduction of shorter 3 – 5 day specific reviews that focus on key controls within systems and procedures where risks</p>	<p><u>Action 5</u> – Internal Audit action</p> <p>A project will be established to take this recommendation forward. Some audits within the 2018/19 audit plan have been included with the intention of focusing in on key controls (eg main financial systems).</p> <p>All audits have a scoping meeting with a Chief Officer to agree the scope. This will continue to be an important part of our audit process.</p> <p>The audit plan for 2018/19 includes a number of shorter audits than in previous years. We will continue to develop our approach during 2018/19 with the aim of reducing these further if possible in 2019/20.</p>	<p>We have continued to hold scoping meeting with relevant Senior Officers. This continues to be an important part of our audit process which allows us to focus on specific risks. Key controls testing takes place on main financial systems.</p>	<p>Complete</p>

and controls are known and established.			
<b>Use of resources (Standard 2030 Resource management – partial conformance)</b>			
<p><u>Finding 6</u> The current audit methodology was developed when the team included staff with little or no experience of risk based internal auditing. This has resulted in several supervision points in the process with extensive documentation requirements. As a result many audits often overrun and audit managers do not have time available to undertake audit work. There is now the opportunity to review the audit methodology to streamline the process. For example, revisiting the documentation standards and supervision stages to reduce time spent on these activities.</p> <p>In doing so a target should be set to increase the number of days available to the plan, which may involve assigning more audits to the most senior audit managers thus ensuring the allocation of challenging audits to the most experienced people.</p>	<p><u>Action 6</u> – Internal Audit action</p> <p>The risk based approach was a significant change in audit approach and a detailed methodology was appropriate at the time. Joint Audit &amp; Standards Committee were briefed at the time about the changes and the challenges the new approach presented.</p> <p>Over runs are not considered to be an issue in delivery of our work for the Constabulary and OPCC. Our approach to overruns has been addressed though the Shared Service host authority’s EQA report and action plan.</p> <p>We will review our audit approach during 2018/19 to identify efficiencies in the process, including where appropriate the management and supervision stages.</p> <p>Audits are assigned according to skills, experience, development needs and availability of team members.</p>	<p>Supervision points are in line with the PSIAS and are defined within the QAIP.</p> <p>We continually seek to identify efficiencies in the process whilst ensuring a quality product through management and supervision.</p> <p>We have adapted the audit methodology to respond to changes required to operate the Internal Audit service during COVID-19.</p>	Complete

Finding	Action	What we have done	Status
<b>Tracking audit recommendations (Standard 2500 Monitoring progress – partial conformance)</b>			
<p><u>Finding 7</u>            At present follow up of audit actions is limited and therefore may undermine the overall benefit of internal audit work. Once audit follow-up of partial or limited assurance assignments has been undertaken the responsibility for further progress reporting is handed over to management and there is a risk that some important issues may remain outstanding. We understand that senior managers in some areas have recognised this and have been initiating monitoring and reporting. We recommend that management in all areas are asked to undertake such monitoring and that the Joint Audit &amp; Standards Committee receive regular updates.</p>	<p><u>Action 7</u>            Internal Audit considers that this is already in place at the OPCC / Constabulary. All audit recommendations are reported to and monitored by JAC at each meeting until they are implemented.</p>	<p>No action required.</p>	<p>Complete</p>