

Internal Audit Progress Report

January 2016

**Office of the Police and Crime Commissioner for
Hampshire and Hampshire Constabulary**

**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’.

The standards for proper practices in relation to internal audit are laid down in the Public Sector Internal Audit Standards 2013 [‘the Standards’].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Police and Crime Commissioner and Chief Constable are responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Police and Crime Commissioner and Chief Constable that these arrangements are in place and operating effectively.

The Office of the Police and Crime Commissioner for Hampshire and Hampshire Constabulary’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations objectives.

The responsibility for maintaining an adequate and effective system of internal audit within the OPCC and Hampshire Constabulary lies with the Chief Finance Officers for the PCC and Hampshire Constabulary (the Section 151 Officers).

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:

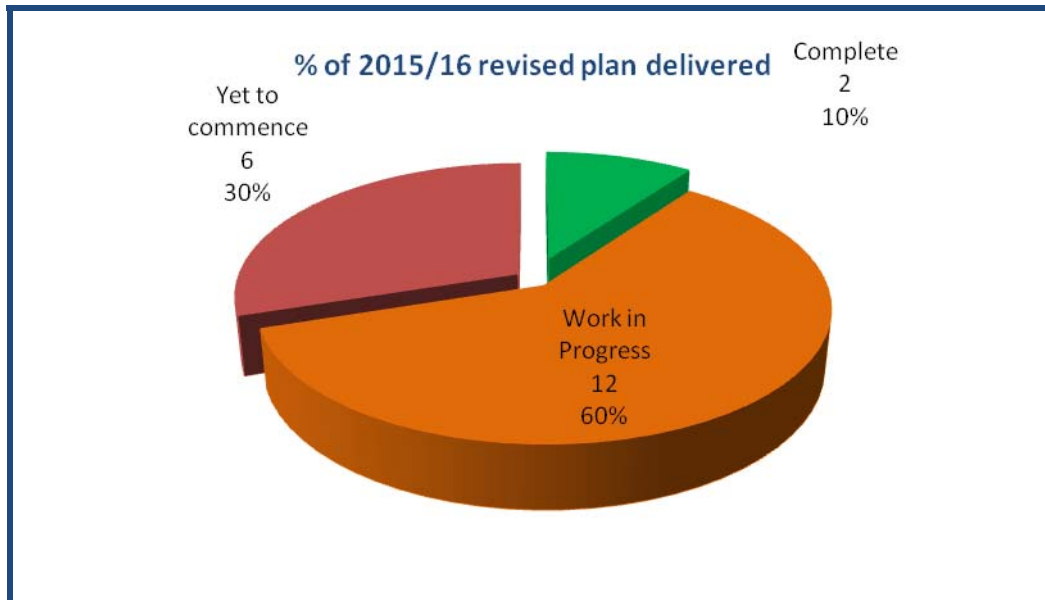
- The status of 'live' internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary a significant issues that impact on the Chief Internal Auditor's annual opinion

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

- Substantial** A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified
- Adequate** Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified
- Limited** Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk

No Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards / Local Government Application Note

An external assessment was undertaken by the Institute of Internal Auditors (IIA) in September 2015 and confirmed that the Southern Internal Audit Partnership conforms to the IIA’s professional standards and that work is performed in



accordance with the International Professional Practice Framework (IPPF).

4. Status of Live Reports

Audit title	Audit scope	Report date	Audit Sponsor	Audit Assurance	Management Actions (of which are 'high' priority)				Not accepted by HC/PCC
					Reported	Pending	Cleared	Overdue	
2013/14									
Recruitment, pre-employment checks and leavers	This audit covered the recruitment of both police officers and police staff.	17.12.13	Dir of HR	Adequate	3(0)		3(0)		
2014/15									
Commissioning	This audit covered the OPCC commissioning grants process	20.4.15	PCC Chief Exec	Adequate	8(6)	1(0)	7(6)		
Seized and found property (inc. cash)	This audit covered the arrangements for seized and found property, including	21.4.15	DCC	Limited	26(8)		19(5)	7(3)	

Audit title	Audit scope	Report date	Audit Sponsor	Audit Assurance	Management Actions (of which are 'high' priority)				Not accepted by HC/PCC
					Reported	Pending	Cleared	Overdue	
	cash and vehicles.								

Audit title	Audit scope	Report date	Audit Sponsor	Audit Assurance	Management Actions (of which are 'high' priority)				
					Reported	Pending	Cleared	Overdue	Not accepted by HC/PCC
Insurance costs and compensation	This audit covered insurance arrangements and claims along with compensation payments made by the Constabulary.	17.7.15	CFO to the CC	Adequate	4(1)	1(0)	3(1)		
Operational change programme	This audit focused on the programme's governance arrangements, change control, stakeholder engagement and reporting/monitoring.	16.9.15	DCC	Substantial	0(0)				
Risk management	This audit focused on strategic risk management at both the OPCC and HC – in particular the internal control mechanisms to identify and	21.9.15	DCC and PCC Chief Exec	Adequate	12(3)		9(2)	3(1)	

Audit title	Audit scope	Report date	Audit Sponsor	Audit Assurance	Management Actions (of which are 'high' priority)				Not accepted by HC/PCC
					Reported	Pending	Cleared	Overdue	
manage risk.									
Estates strategy	This audit focused on the governance arrangements, planning, communications and monitoring of the estates strategy.	29.10.15	CFO to the PCC	Adequate	1(0)		1(0)		

Audit title	Audit scope	Report date	Audit Sponsor	Audit Assurance	Management Actions (of which are 'high' priority)				Not accepted by HC/PCC
					Reported	Pending	Cleared	Overdue	
Decision making and accountability	This audit considered the lines of decision making and accountability at the OPCC, the Constabulary and the linkages between the two. As part of the review we also considered the complaints process at both the OPCC and Constabulary.	30.10.15	DCC & PCC Chief Exec	Adequate	10(2)	9(2)	1(0)		
Business continuity	Our review focused on the arrangements in place for the Constabulary and the OPCC business processes. It did not include IT disaster recovery or Emergency planning.	24.11.15	DCC	Adequate	4(0)	2(0)	2(0)		

Audit title	Audit scope	Report date	Audit Sponsor	Audit Assurance	Management Actions (of which are 'high' priority)				
					Reported	Pending	Cleared	Overdue	Not accepted by HC/PCC
Forensic sciences	This audit focused on the Joint Forensic Partnership with Portsmouth University.	1.12.15	DCC	Adequate	5(0)	1(0)	4(0)		
Departmental responsibilities (Local management of Shared Services processes)	Audit testing focused primarily on procurement cards with limited controls work on overtime claims.	3.12.15	CFO to the CC & CFO to the PCC	Limited	8(1)	2(1)	6(0)		

5. Planning & Resourcing

The internal audit plan for 2015/16 was approved by the Police and Crime Commissioner and Chief Constable following feedback from the Joint Audit Committee in June 2015. Due to Her Majesty's Inspectorate of Constabulary (HMIC) reviews also being carried out at the Constabulary on the same topics, the Data Quality and Tasking and Co-ordination reviews have been removed from this years internal audit plan.

The employer responsibilities for pension arrangements now fall under Shared Services and this audit review has therefore been moved to the Shared Services plan. The user accesses audit has also been moved to the Hampshire County Council internal audit plan as this area of activity

is outside the scope of the shared services agreement. A further 5 lower priority shared service reviews have also been deferred to future year's plans to facilitate higher priority advisory work which has been completed for the wider partnership on system integration, migration testing and work relating to data merging of police pension and payroll data.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Police and Crime Commissioner and Hampshire Constabulary. Progress against the plan is detailed within section 6.

6. Rolling Work Programme

Audit title	Audit Assurance	Audit Sponsor	Audit Scoping Commenced	Audit Progress					Final report issued
				Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued		
Audit Plan 2014/15									
Estates strategy review		CFO to the PCC	✓	✓	✓	✓	✓	29.10.15	
Change programme		DCC	✓	✓	✓	✓	✓	16.9.15	
Risk management		DCC & PCC Chief Exec	✓	✓	✓	✓	✓	21.9.15	
Decision making and accountability		DCC & PCC Chief Exec	✓	✓	✓	✓	✓	30.10.15	

Audit title	Audit Assurance	Audit Sponsor	Audit Progress					Final report issued
			Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	
Departmental responsibilities (Local management of Shared Services processes)		CFO to the CC & CFO to the PCC	✓	✓	✓	✓	✓	3.12.15
Shared services reviews 2014/15								
Governance arrangements			✓	✓	✓	✓	✓	
Recruitment and induction / manage positions and organisation hierarchy	Adequate		✓	✓	✓	✓	✓	7/7/15
Accounts receivable			✓	✓	✓	✓	✓	
Accounts payable	Adequate		✓	✓	✓	✓	✓	18/8/15
Procurement – category management			✓	✓	✓	✓	✓	
Audit plan 2015/16								
Data quality		DCC		To be removed from the plan.				
Business continuity		DCC	✓	✓	✓	✓	✓	24/11/15
Recording and management of assets		DCC & CFO to the CC	✓					
Tasking and coordination		DCC		To be removed from the plan.				
Forensic services		DCC	✓	✓	✓	✓	✓	1/12/15
Strategic partnering (OPCC)		PCC CExec	Q4					

Audit title	Audit Assurance	Audit Sponsor	Audit Scoping Commenced	Audit Progress				
				Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Estates strategy review		CFO to the PCC	Q4					
Risk Management		DCC & PCC CExec	Q4					
National Fraud Initiative			N/A					
Pro-active fraud work		H of PSD	Q4					
Departmental responsibilities		CFO to the CC and CFO to the PCC	Q4					
Contract management		CFO to the CC and CFO to the PCC	✓					
Pension arrangements – employer responsibilities		CFO to the CC and CFO to the PCC		Review moved to the Shared Services plan.				
2015/16 Collaboration audits								
Information management		Thames Valley	N/A	N/A	N/A	N/A	N/A	

Audit title	Audit Assurance	Audit Sponsor	Audit Progress					
			Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
ICT		Thames Valley	N/A	N/A	N/A	N/A	N/A	
South East Counter Terrorism Unit (SECTU)		Thames Valley	N/A	N/A	N/A	N/A	N/A	
South East Protected Persons Unit (SEPPU)		Thames Valley	N/A	N/A	N/A	N/A	N/A	
Shared services reviews 2015/16								
Information governance			✓	✓				
ICT – User accesses					Moved to HCC ICT Plan			
Recruitment and induction			✓					
Occupational Health Unit					Removed from 2015/16 plan			
Payroll			✓	✓	✓			
Employment practices casework			✓	✓	✓	✓	✓	
Workforce development					Removed from 2015/16 plan			
Workforce planning					Removed from 2015/16 plan			
Planning, budgeting and forecasting			✓	✓	✓			
Order to cash			✓	✓				
Purchase to pay			✓	✓				
Taxation					Removed from 2015/16 plan			

Audit title	Audit Assurance	Audit Sponsor	Audit Progress					
			Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Debt collection			✓					
Procurement – category management			Q4					
Procurement cards – strategy and process			✓	✓	✓	✓		
Property management			✓					
Procurement strategy and processes				Removed from 2015/16 plan				
Employer pension responsibilities			✓					

***Key to Thames Valley audit assurance**

Full	There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.
Majority	There is a good system of internal control in place and the majority of risks are being effectively managed. Some action is required to improve controls.
Limited	There is a limited system of internal control in place and the majority of risks are not being effectively managed. Actions are required to improve controls.
No	The system of internal control is weak and risks are not being effectively managed. Significant action is required to improve controls.

