

**POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE AND
HAMPSHIRE CONSTABULARY**

JOINT AUDIT COMMITTEE – 10 MAY 2013

INTERNAL AUDIT PROGRESS REPORT 2012/13

**REPORT OF THE CHIEF FINANCE OFFICER TO THE POLICE AND
CRIME COMMISSIONER**

1. PURPOSE

- 1.1 The purpose of this paper is to provide the Joint Audit Committee with an overview of internal audit activity against assurance work completed in accordance with the approved audit plan and to provide an overview of the status of 'live' reports.

2. RECOMMENDATIONS

This report recommends that:

- 2.1 the Joint Audit Committee approves the progress of internal audit work for the period ending 30 April 2013.

3. BACKGROUND

- 3.1 Under the Accounts and Audit (England) Regulations 2011, the Office of the Police and Crime Commissioner and Hampshire Constabulary are responsible for:
- ensuring that financial management is adequate and effective and that a sound system of internal control exists which facilitates the effective exercise of functions and includes arrangements for the management of risk; and
 - undertaking an adequate and effective internal audit of accounting records and the systems of internal control in accordance with the proper practices in relation to internal control.
- 3.2 In accordance with proper internal audit practices and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to the Joint Audit Committee, 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.

Karen Shaw
Chief Internal Auditor

For further information please contact Karen Shaw, Chief Internal Auditor, on (01962) 846194 or e-mail: karen.shaw@hants.gov.uk

APPENDICES:

Appendix A - Internal Audit progress report 2012/13. Summary of the activities of internal audit for the period ending 30 April 2013.

Police and Crime Commissioner for Hampshire and Hampshire Constabulary

Appendix A

Joint Audit Committee

10 May 2013

Internal Audit progress report 2012/13

Report of the Chief Finance Officer to the Police and Crime Commissioner

1. Opinion definitions

Opinion	Framework of governance, risk management and management control
Substantial assurance	A sound framework in place that is operating effectively. Some immaterial evidence of inconsistent application.
Adequate Assurance	Basically a sound framework in place with possible opportunities to improve controls or recurring evidence of inconsistent or material non-compliance
Limited assurance	Critical weakness(es) identified within the framework and / or significant evidence of inconsistent application.
No assurance	Fundamental weaknesses have been identified or the framework is ineffective or absent.

2. Status of 'live' reports, those cleared since the last progress report and 2012/2013 reports

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending	Overdue
2011/12								
Revenue Contracts	22/11/11	CFO to the CC	Adequate	Adequate	4(3)	3(3)		1(0)
Employment Practices	26/04/12	D of HR	Adequate	Adequate	5(4)	5(4)		
Payroll	21/08/12	CFO to the CC	Adequate	Adequate	9(2)	9(2)		
Pensions Transitional Arrangements	04/09/12	CFO to the CC	Adequate	Adequate	6(4)	5(3)	1(1)	
2012/13								
Firearms Licensing	23/07/12	DCC	Adequate	Adequate	7(0)	6(0)		1(0)
Service centre (Finance and facilities)	11/12/12	DCC	Adequate	Adequate	16(11)	15(10)		1(1)
Tasking and co-ordination	18/12/12	DCC	Adequate	Adequate	8(7)	8(7)		

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending	Overdue
Business continuity	19/12/12	DCC	Limited	Limited	6(0)	3(0)		3(0)
Accounts receivable	08/01/13	CFO to the CC	Adequate	Adequate	15(12)	3(1)	4(4)	8(7)
Workforce planning and utilisation	11/02/13	Dir of HR	Adequate	Adequate	9(1)		3(1)	6(0)
Pro active fraud – credit cards	16/04/13	CFO to the CC	Adequate	Adequate	9(8)		9(8)	

3. Executive summaries of new reports published where critical weaknesses or unacceptable levels of risk were identified

Business continuity (visit 1)

- 3.1 At the time of the audit the Constabulary were in the process of setting up a new department which included business continuity, to be headed by a new post of Strategic Risk Manager. Prior to requesting the review, Constabulary management were aware that this business area may need improved controls and our review was timed to enable the new Strategic Risk Manager to address any action points on their arrival.
- 3.2 The scope of this audit did not include business continuity for policing operations or availability of police staff or officers, IT disaster recovery or emergency planning. The scope related to the business continuity section who deal with business interruptions caused by events such as fire, flood and spillage.

- 3.3 Business continuity in stations used to be a responsibility held by the Finance and Business Managers out in the areas, however, these posts were removed during the restructure. The business continuity role was not reallocated through the force change process, and it does not appear that there are any appropriate roles remaining in the areas which could take on this area of responsibility. The system is therefore being completely re-designed to take into account the resources available.
- 3.4 At the time of our audit the Constabulary were between the old and new business continuity processes. However our discussions with the Risk Management Coordinator (RMC) found that some compensatory controls had been put in place to cover the Constabulary during this period.
- 3.5 A follow up review is currently taking place to assess the progress that has been made in this area.

4. Internal audit performance

- 4.1 The 2012/13 internal audit plan was prepared in line with the internal audit strategy and was approved by the Hampshire Police Authority's Governance Committee in March 2012. The original plan totalled 244 days and this has been revised to 238.5 at year end due to unused contingency time. As at 30 April 2013 we have delivered 96% of this revised plan.

5. Rolling work programme

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
2012/13 Audit Plan						
Business continuity and disaster recovery Part 1	DCC	✓	✓	✓	✓	19/12/12
Business continuity and disaster recovery Part 2	DCC	✓	✓	✓	✓	
Supply chain management	DCC and CFO to the CC	✓	✓	✓	✓	
Recording and management of assets	CFO to the CC	✓	✓	✓	✓	
Workforce planning and utilisation	Dir of HR	✓	✓	✓	✓	11/02/13
Firearms licensing	DCC	✓	✓	✓	✓	23/07/12
Tasking and co-ordination	DCC	✓	✓	✓	✓	18/12/12
Scientific services	DCC	✓	✓	✓		
HR modernisation project	Dir of HR	✓	✓	✓		
Collaboration arrangements	DCC	✓	✓	✓	✓	
Service centre (Finance and facilities)	DCC	✓	✓	✓	✓	11/12/12

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Risk management	DCC	✓	✓	✓	✓	
National fraud initiative	CFO to the CC	n/a	✓			
Pro-active fraud work	Head of PSD	✓	✓	✓	✓	16/04/13
Accounts receivable	CFO to the CC	✓	✓	✓	✓	08/01/13
Payroll	CFO to the CC	✓	✓	✓	✓	
Pension arrangements	CFO to the CC	✓	✓	✓	✓	

Key to sponsors

DCC	Deputy Chief Constable
D of HR	Director of Human Resources
CFO to the CC	Chief Finance Officer to the Chief Constable
ACC C&CJ	ACC Crime and Criminal Justice
Head of PSD	Head of Professional Standards Department