

**Internal Audit Progress Report**

**March 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:

- |                    |  |
|--------------------|--|
| <b>Substantial</b> | A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified   |
| <b>Adequate</b>    | 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 |
| <b>Limited</b>     | 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) |         |         |         |
|---------------------------------------|---|-------------|----------------|-----------------|---|---------|---------|---------|
|                                       |   |             |                |                 | Reported  | Pending | Cleared | Overdue |
| <b>2014/15</b>                        |   |             |                |                 |   |         |         |         |
| Commissioning                         | This audit covered the OPCC commissioning grants process  | 20.4.15     | PCC Chief Exec | Adequate        | 8(6)  | 7(6)    | 1(0)    |         |
| Seized and found property (inc. cash) | This audit covered the arrangements for seized and found property, including cash and vehicles. | 21.4.15     | DCC            | Limited         | 26(8)   | 24(8)   | 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 |
| 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)  |         | 4(1)    |         |                        |
| Risk management                    | This audit focused on strategic risk management at both the OPCC and HC – in particular the internal control mechanisms to identify and manage risk. | 21.9.15     | DCC and PCC Chief Exec | Adequate        | 12(3)   |         | 11(3)   | 1(0)    |                        |
| Decision making and accountability | This audit considered the lines of decision making and accountability at the OPCC, the Constabulary and the linkages between the                     | 30.10.15    | DCC & PCC Chief Exec   | Adequate        | 10(2)   |         | 9(2)    | 1(0)    |                        |

| Audit title         | Audit scope  | Report date | Audit Sponsor | Audit Assurance | Management Actions<br>(of which are 'high' priority) |         |         |         | Not accepted by HC/PCC |
|---------------------|--|-------------|---------------|-----------------|--|---------|---------|---------|------------------------|
|                     |  |             |               |                 | Reported   | Pending | Cleared | Overdue |                        |
|                     | two. As part of the review we also considered the complaints process at both the OPCC and Constabulary.  |             |               |                 |  |         |         |         |                        |
| 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)    |         |                        |
| Forensic sciences   | This audit focused on the Joint Forensic Partnership with Portsmouth University.   | 1.12.15     | DCC           | Adequate        | 5(0)   |         | 4(0)    | 1(0)    |                        |
| Departmental        | Audit testing focused  | 3.12.15     | CFO to the CC | Limited         | 8(1)   |         | 8(1)    |         |                        |



| 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 |
| responsibilities (Local management of Shared Services processes) | primarily on procurement cards with limited controls work on overtime claims. |             | & CFO to the PCC |                 |   |         |         |         |                        |

## 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. We had originally planned to cover this in the last quarter of 2015/16 however this has been deferred to early in 2016/17 due to some technical changes that are currently taking place within this area. 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 number of 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         |                     |                    |                     |                     |
|---|-----------------|---------------------|-------------------------|------------------------|---------------------|--------------------|---------------------|---------------------|
|   |                 |                     |                         | Audit Outline issued   | Fieldwork commenced | Fieldwork complete | Draft report issued | Final report issued |
| <b>Shared services reviews 2014/15</b>                                  |                 |                     |                         |                        |                     |                    |                     |                     |
| Governance arrangements   |                 |                     | ✓                       | ✓                      | ✓                   | ✓                  | ✓                   | 12/1/16             |
| Recruitment and induction / manage positions and organisation hierarchy | Adequate        |                     | ✓                       | ✓                      | ✓                   | ✓                  | ✓                   | 7/7/15              |
| Accounts receivable – Order to Cash                                     |                 |                     | ✓                       | ✓                      | ✓                   | ✓                  | ✓                   | 14/10/15            |
| Accounts payable  | Adequate        |                     | ✓                       | ✓                      | ✓                   | ✓                  | ✓                   | 18/8/15             |
| Procurement – category management                                       |                 |                     | ✓                       | ✓                      | ✓                   | ✓                  | ✓                   |                     |
| <b>Audit plan 2015/16</b>   |                 |                     |                         |                        |                     |                    |                     |                     |
| Data quality  |                 | DCC                 |                         | Removed from the plan. |                     |                    |                     |                     |
| Business continuity   |                 | DCC                 | ✓                       | ✓                      | ✓                   | ✓                  | ✓                   | 24/11/15            |
| Recording and management of assets                                      |                 | DCC & CFO to the CC | ✓                       | ✓                      | ✓                   |                    |                     |                     |

| Audit title                                      | Audit Assurance | Audit Sponsor                    | Audit Scoping Commenced | Audit Progress                            |                     |                    |                     |                     |
|--|-----------------|----------------------------------|-------------------------|---|---------------------|--------------------|---------------------|---------------------|
|  |                 |                                  |                         | Audit Outline issued                      | Fieldwork commenced | Fieldwork complete | Draft report issued | Final report issued |
| Tasking and coordination                         |                 | DCC                              |                         | Removed from the plan.                    |                     |                    |                     |                     |
| Forensic services                                |                 | DCC                              | ✓                       | ✓   | ✓                   | ✓                  | ✓                   | 1/12/15             |
| Strategic partnering (OPCC)                      |                 | PCC CExec                        | ✓                       |   |                     |                    |                     |                     |
| Estates strategy review                          |                 | CFO to the PCC                   | ✓                       |   |                     |                    |                     |                     |
| Risk Management                                  |                 | DCC & PCC CExec                  | ✓                       | ✓   | ✓                   |                    |                     |                     |
| National Fraud Initiative                        |                 |                                  | N/A                     |   |                     |                    |                     |                     |
| Pro-active fraud work                            |                 | H of PSD                         | Q4                      |   |                     |                    |                     |                     |
| Departmental responsibilities                    |                 | CFO to the CC and CFO to the PCC | ✓                       | ✓   |                     |                    |                     |                     |
| Contract management                              |                 | CFO to the CC and CFO to the PCC | ✓                       | ✓   |                     |                    |                     |                     |
| Pension arrangements – employer responsibilities |                 | CFO to the CC and CFO to the     |                         | Review moved to the Shared Services plan. |                     |                    |                     |                     |

| Audit title                               | Audit Assurance | Audit Sponsor | Audit Scoping Commenced | Audit Progress       |                     |                    |                     |                           |
|---|-----------------|---------------|-------------------------|----------------------|---------------------|--------------------|---------------------|---------------------------|
|   |                 |               |                         | Audit Outline issued | Fieldwork commenced | Fieldwork complete | Draft report issued | Final report issued       |
| PCC                                       |                 |               |                         |                      |                     |                    |                     |                           |
| <b>2015/16 Collaboration audits</b>       |                 |               |                         |                      |                     |                    |                     |                           |
| Information management                    |                 | Thames Valley | N/A                     | N/A                  | N/A                 | N/A                | N/A                 |                           |
| ICT – follow up                           |                 | Thames Valley | N/A                     | N/A                  | N/A                 | N/A                | N/A                 |                           |
| ICT – Windows 8 Delivery                  | Full            | Thames Valley | N/A                     | N/A                  | N/A                 | N/A                | N/A                 | 26/11/15                  |
| ICT – Shared Infrastructure Platform      |                 | 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                 |                           |
| Contact Management Programme              |                 | Thames Valley | N/A                     | N/A                  | N/A                 | N/A                | N/A                 |                           |
| <b>Shared services reviews 2015/16</b>    |                 |               |                         |                      |                     |                    |                     |                           |
| Information governance                    |                 |               | ✓                       | ✓                    | ✓                   |                    |                     |                           |
| ICT – User accesses                       |                 |               |                         |                      |                     |                    |                     | Moved to HCC ICT Plan     |
| Recruitment and induction                 |                 |               |                         |                      |                     |                    |                     | Removed from 2015/16 plan |
| Occupational Health Unit                  |                 |               |                         |                      |                     |                    |                     | Removed from 2015/16 plan |
| Payroll                                   |                 |               | ✓                       | ✓                    | ✓                   |                    |                     |                           |

| Audit title                              | Audit Assurance | Audit Sponsor | Audit Progress          |                      |                     |                    |                     | Final report issued        |
|--|-----------------|---------------|-------------------------|----------------------|---------------------|--------------------|---------------------|----------------------------|
|  |                 |               | Audit Scoping Commenced | Audit Outline issued | Fieldwork commenced | Fieldwork complete | Draft report issued |                            |
| Employment practices casework            |                 |               | ✓                       | ✓                    | ✓                   | ✓                  | ✓                   | 22/1/16                    |
| 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  |
| Debt collection                          |                 |               | ✓                       | ✓                    | ✓                   |                    |                     |                            |
| Procurement – category management        |                 |               | ✓                       | ✓                    |                     |                    |                     |                            |
| Procurement cards – strategy and process |                 |               | ✓                       | ✓                    | ✓                   | ✓                  |                     |                            |
| Property management                      |                 |               |                         |                      |                     |                    |                     | Moved to the 2016/17 plan. |
| Procurement strategy and processes       |                 |               |                         |                      |                     |                    |                     | Removed from 2015/16 plan  |
| Employer pension responsibilities        |                 |               |                         |                      |                     |                    |                     | Moved to the 2016/17 plan. |

**\*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.                       |