

Internal Audit Progress Report

June 2015

**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

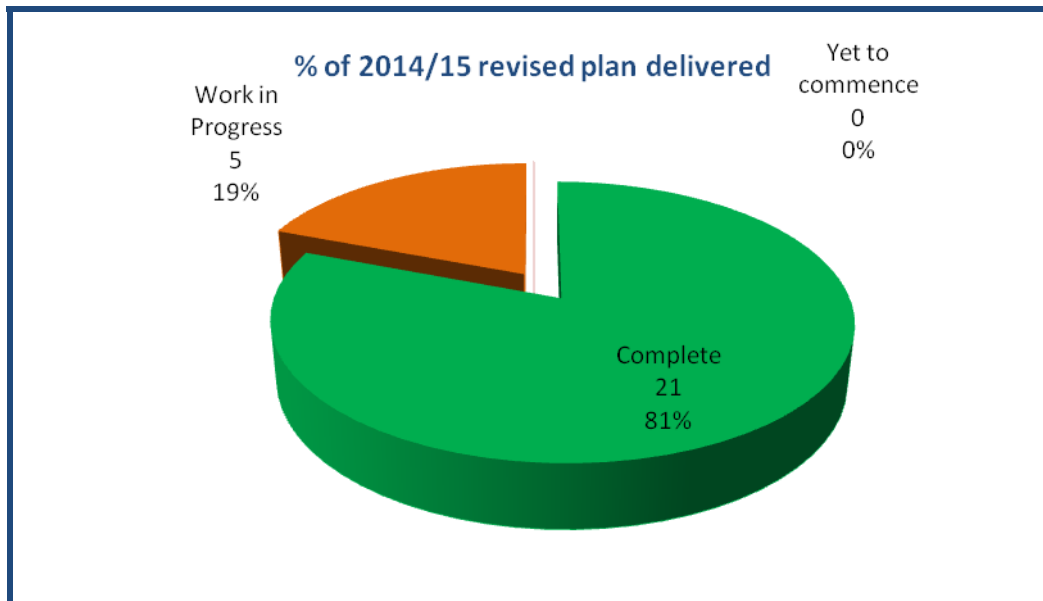
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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



During 2014-15 The Head of the Southern Internal Audit Partnership undertook a self-assessment concluding overall compliance against the Standards and the LGAN.

An external assessment is to be undertaken by the Institute of Internal Auditors (IIA) in September 2015.

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 | Not accepted by HC/PCC |
| 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) | 2(0) | 1(0) | | |
| Health and safety | Full scope review – including arrangements for, and review and monitoring of, health and safety. | 9.4.14 | DCC | Adequate | 8(0) | 4(0) | 4(0) | | |
| Payroll | This was a full scope review | 15.4.14 | CFO to the CC | Adequate | 4(0) | 3(0) | 1(0) | | |
| 2014/15 | | | | | | | | | |
| OPCC Procurement | This review considered general procurement carried out by staff within the Office of the Police and Crime | 12.3.15 | PCC Chief Exec | Adequate | 4(0) | | 4(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 | |
| Commissioner (OPCC) | | | | | | | | | |
| 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 cash and vehicles. | 21.4.15 | DCC | Limited | 26(8) | 6(2) | 11(1) | 9(5) | |

| 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 |
| Compliance unit | This audit covered the scope and reporting of the Constabulary's Compliance unit | 8.6.15 | CFO to the CC | Limited | 3(0) | | 3(0) | | |
| Delivery of the Police and Crime Plan | This audit covered the arrangements in place for the delivery and monitoring of the Police and Crime Plan. | 11.6.15 | DCC & PCC Chief Exec | Adequate | 6(0) | | 3(0) | 3(0) | |

5. Planning & Resourcing

The internal audit plan for 2014/15 was approved by the Joint Audit Committee in June 2015.

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 |
| Audit Plan 2014/15 | | | | | | | | |
| Seized and found property | Limited | DCC | ✓ | ✓ | ✓ | ✓ | ✓ | 21.4.15 |
| Firearms licensing | Adequate | DCC | ✓ | ✓ | ✓ | ✓ | ✓ | 20.6.14 |
| Commissioning | Adequate | PCC Chief Exec | ✓ | ✓ | ✓ | ✓ | ✓ | 20.4.15 |
| Estates strategy review | | CFO to the PCC | ✓ | ✓ | ✓ | | | |
| Change programme | | DCC | ✓ | ✓ | ✓ | | | |
| Risk management | Adequate | DCC & PCC Chief Exec | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Decision making and accountability | Adequate | DCC & PCC Chief Exec | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Delivery of the Police and Crime Plan | Adequate | DCC & PCC Chief Exec | ✓ | ✓ | ✓ | ✓ | ✓ | 11.6.15 |
| Departmental responsibilities (Local management of H3 responsibilities) | | CFO to the CC & CFO to the PCC | ✓ | ✓ | ✓ | ✓ | | |

| Audit title | Audit Assurance | Audit Sponsor | Audit Progress | | | | | Final report issued |
|---|-----------------|--------------------------------|--|----------------------|---------------------|--------------------|---------------------|---------------------|
| | | | Audit Scoping Commenced | Audit Outline issued | Fieldwork commenced | Fieldwork complete | Draft report issued | |
| Compliance unit | Limited | CFO to the CC | ✓ | ✓ | ✓ | ✓ | ✓ | 8.6.15 |
| Insurance costs and compensation | Adequate | CFO to the CC | ✓ | ✓ | ✓ | ✓ | ✓ | |
| OPCC Procurement | Adequate | CFO to the PCC | ✓ | ✓ | ✓ | ✓ | ✓ | 12.3.15 |
| Transfer to SAP data system – HR/Finance/Payroll | Substantial | CFO to the CC & CFO to the PCC | ✓ | ✓ | ✓ | ✓ | ✓ | 13.2.15 |
| Pro-active fraud | N/A | Head of PSD | Time included in Departmental responsibilities review. | | | | | |
| National Fraud Initiative | N/A | CFO to the CC | N/A | N/A | ✓ | ✓ | N/A | N/A |
| 2014/15 Collaboration audits | | | | | | | | |
| ICT – Disposal of equipment | Majority* | Thames Valley | N/A | N/A | N/A | N/A | N/A | 11.3.15 |
| ICT – South East Police Shared Network Services Agreement (SEPSNA) Part 1 | Majority* | Thames Valley | N/A | N/A | N/A | N/A | N/A | 11.3.15 |
| ICT – South East Police Shared Network Services Agreement (SEPSNA) Part 2 | Majority* | Thames Valley | N/A | N/A | N/A | N/A | N/A | 23.4.15 |

| 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 – Mobile devices | Majority* | Thames Valley | N/A | N/A | N/A | N/A | N/A | 23.4.15 |
| ICT – Leavers and movers | Leavers – Majority* Movers – Limited* | Thames Valley | N/A | N/A | N/A | N/A | N/A | 23.4.15 |
| H3 reviews | | | | | | | | |
| Governance arrangements | | | ✓ | ✓ | ✓ | ✓ | | |
| Recruitment and induction / manage positions and organisation hierarchy | | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Payroll | Substantial | | ✓ | ✓ | ✓ | ✓ | ✓ | 8/5/15 |
| Payroll support | Substantial | | ✓ | ✓ | ✓ | ✓ | ✓ | 26/11/14 |
| Planning, budgeting and forecasting | Adequate | | ✓ | ✓ | ✓ | ✓ | ✓ | 12/2/15 |
| Accounts receivable | | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Accounts payable | Adequate | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Main accounting system (SAP) | Substantial | | ✓ | ✓ | ✓ | ✓ | ✓ | 28/1/15 |
| Treasury management | Substantial | | ✓ | ✓ | ✓ | ✓ | ✓ | 7/4/15 |
| Procurement – category management | | | ✓ | ✓ | ✓ | ✓ | | |
| ICT 1 – User acceptance testing (UAT)/Regression testing | | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| ICT 2 – Access controls - advice | | | ✓ | ✓ | ✓ | ✓ | N/A | N/A |

***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. |