

**Police and Crime Commissioner for Hampshire and
Hampshire Constabulary**

Item: 8

Joint Audit Committee

21 September 2017

Internal Audit progress report 2017/18

Report of the Chief Internal Auditor

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

- 2.1 That the Joint Audit Committee considers and makes recommendations as appropriate on the progress of internal audit work for the 2017/18 internal audit plan.

3. Background

- 3.1 Under the Accounts and Audit (England) Regulations 2015, the Office of the Police and Crime Commissioner and Hampshire Constabulary are responsible for:
- establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.
- 3.2 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.
- 3.3 In accordance with the Public Sector Internal Audit Standards and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to the Joint Audit Committee, summarising internal audit's performance relative to the agreed plan.

Karen Shaw

Chief Internal Auditor

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APPENDICES

Appendix A = Internal Audit progress report 2017/18. Summary of the activities of internal audit for the 2017/18 internal audit plan.

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Internal Audit Progress Report

September 2017

**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’ are laid down in the Public Sector Internal Audit Standards, updated in 2017, [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.

2. Purpose of report

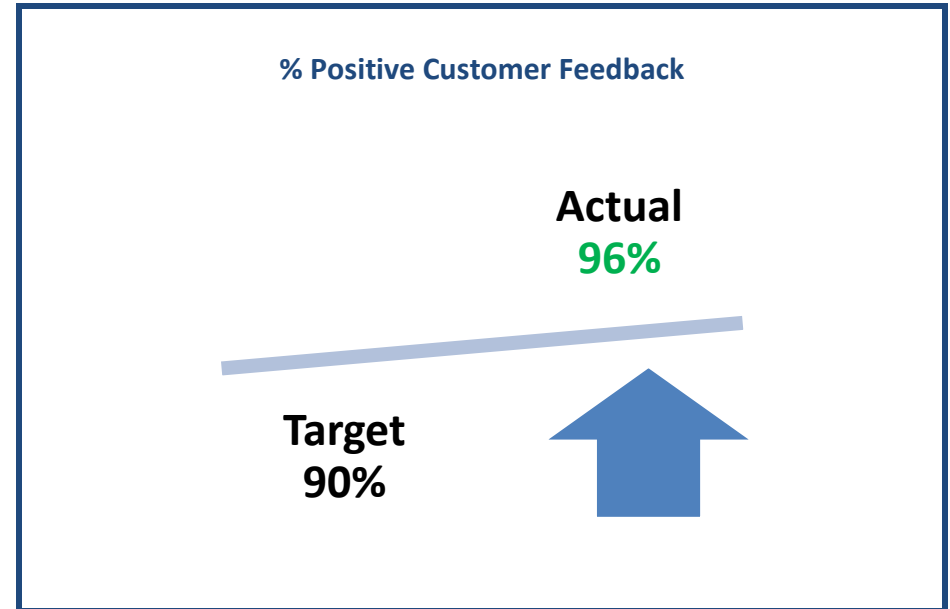
In accordance with proper internal audit practices (Public Sector Internal Audit Standards) and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:

- 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 of 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 Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015. The report concluded:

'It is our view that the Southern Internal Audit Partnership 'generally conforms' (top grading) to all of the principles contained within the International Professional Practice Framework (IPPF); Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).

4. Status of 'Live' Reports and reports closed since our last progress report

Audit Review	Audit Scope	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
Contract management 2015/16	This audit covered the arrangements in place for contract management at the Constabulary/OPCC after they have been let by Shared Services.	2.6.16	CFO to the CC & CFO to the PCC	Adequate	2(2)			2(2)	
Local management of Shared Services processes 2015/16	Audit testing focused on procurement cards.	2.6.16	CFO to the CC & CFO to the PCC	Limited	6(0)			6(0)	
Change programme 2016/17	This audit covered the very early stages of the	14.12.16	DCC	Limited	13(0)			9(0)	4(0)

Audit Review	Audit Scope	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
	HC2020 programme.								
Health and safety 2016/17	The scope of this review focused on the strategic arrangements for ensuring health and safety requirements are appropriate at the Constabulary and Office of the Police and Crime Commissioner. This review did not extend to operational policing.	14.02.17	DCC	Limited	8(1)			5(0)	3(1)
Joint Operations Unit Collaboration 2016/17	The scope of this review focused on the governance and performance management	18.04.17	DCC	Limited	16(1)		1(0)	12(1)	3(0)

Audit Review	Audit Scope	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
	frameworks and financial arrangements for the collaboration.								
Psychological services	This audit focused solely on the control framework around one provider, looking at how the screening service provided is managed by the Occupational Health and Wellbeing Service and Hampshire Constabulary. We have not looked at the quality or appropriateness of the service provided.	24.05.17	DCC	No	16(11)		4(4)	9(7)	3(0)

5. Planning & Resourcing

The internal audit plan for 2017/2018 was approved by the Police and Crime Commissioner and Chief Constable following feedback from the Joint Audit Committee in February 2017.

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

6. Rolling Work Programme

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
2017/18 Audit plan									
Health and safety arrangements – follow up	PCC and DCC	✓	✓					✓	
OPCC Commissioning	PCC Chief Exec	✓						✓	
Workforce strategy	DCC	✓	✓	✓				✓	

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Change programme – follow up	DCC	✓						✓	
Collaboration arrangements – Contact management	DCC	Q3/4						✓	
Procurement	CFO to the PCC and CFO to the CC	✓						✓	
HR reassessment	CFO to the PCC and CFO to the CC	✓	✓	✓				✓	
Pension auto-enrolment	CFO to the PCC and CFO	✓	✓	✓				✓	

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
	to the CC								
Pro-active fraud work	Head of PSD	✓	N/A	✓	N/A		N/A	✓	
NFI	CFO to the CC	N/A	N/A	✓	N/A	N/A	N/A	✓	
Shared services reviews 2016/17									
Payroll		✓	✓					✓	
Payroll support		✓	✓					✓	
Order to cash		✓	✓					✓	
Purchase to pay		✓	✓	✓				✓	
Treasury management		✓	✓	✓				✓	
Debt collection		✓	✓					✓	
BACS		✓	✓	✓	✓	✓	Adequate		

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Governance arrangements		✓	✓					✓	
Statutory Checks		✓	✓					✓	
Recruitment		✓	✓	✓				✓	
Category Management								✓	
Contract Management								✓	
Collaboration audits 2017/18									
ICT Application lifecycle management	TVP								
ICT Asset management	TVP								
ICT Infrastructure Library Change Management	TVP								
Information management data	TVP								

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ⌚ Delay)	Comment
security and encryption									

*Date received from Thames Valley Police Internal Auditors.

Key to TVP assurance ratings	
Substantial	The system of internal control is strong and risks are being effectively managed. Some minor action may be required to improve controls.
Reasonable	The system of internal control is good and the majority of risks are being effectively managed. Some action is required to improve controls.
Limited	The system of internal control is limited and the majority of risks are not being effectively managed. Actions are required to improve controls.
Minimal	The system of internal control is weak and risks are not being effectively managed. Significant action is required to improve controls.

Key to abbreviations:	
CFO to the CC	Chief Finance Officer to the Chief Constable

CFO to the PCC	Chief Finance Officer to the Police and Crime Commissioner
DCC	Deputy Chief Constable
HoPSD	Head of Professional Standards Department
TVP	Thames Valley Police
N/A	Not applicable