

Internal Audit Progress Report

June 2018

**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

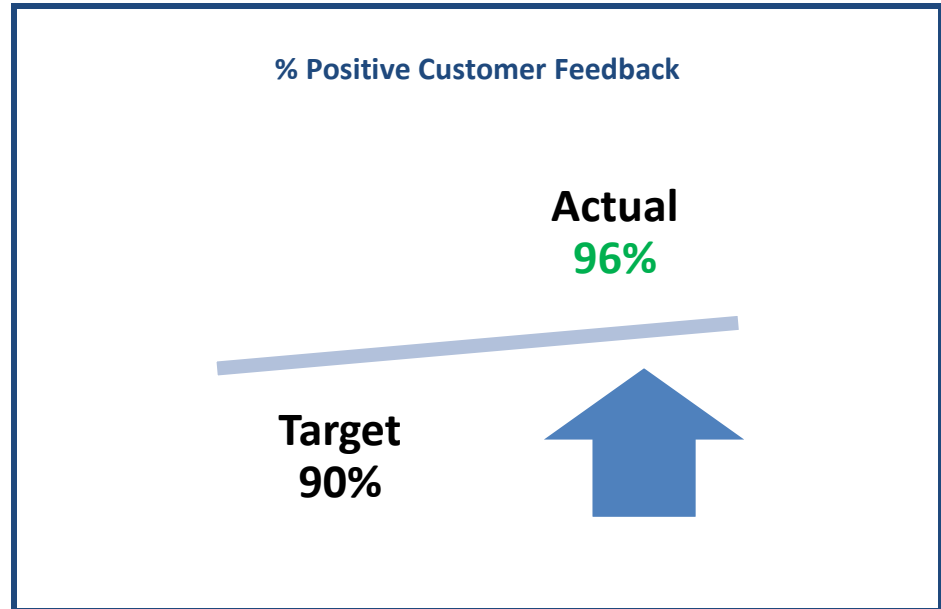
In accordance with proper internal audit practices (Public Sector Internal Audit Standards) and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:

- 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
Procurement	The audit reviewed the end to end procurement process for the OPCC and Constabulary.	9.5.18	CFO to the PCC and CFO to the CC	Adequate	3(1)		2(1)	1	
Change Programme – follow up	The scope of this review focused on assessing progress in implementing the actions resulting from the 2016/17 audit.	10.5.18	DCC	Majority of actions implemented	5(4)		4(3)	1(1)	
Workforce Strategy	The review considered whether the Constabulary has controls in place to ensure they are recruiting, training and retaining people	15.5.18	DCC	Limited	3(1)		3(1)		

Audit Review	Audit Scope	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
	with the correct skills to meet current objectives and changing crime profiles.								
OPCC Commissioning	The review covered the processes in place for commissioning including grant awards, procurement processes and monitoring to ensure that services are delivered to agreed specifications.	10.5.18	PCC Chief Executive	Adequate	2(0)			2(0)	

5. Planning & Resourcing

The internal audit plan for 2018/2019 was approved by the Police and Crime Commissioner and Chief Constable following feedback from the Joint Audit Committee in February 2018.

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.

The audit of Data Quality has been cancelled to allow sufficient time for the new Contact Management Platform (CMP) and Record Management System (RMS) systems to become fully embedded. An audit of General Data Protection Regulations (GDPR) has been added which will specifically look at OPCC arrangements.

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										
Statutory Checks (shared services)		✓	✓	✓				↻		
2018/19 Audit Plan										
Data Quality	DCC	Removed from Plan								
GDPR (new)	CFO	✓								New audit

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Business Continuity	DCC	✓	✓	✓					
Workforce Development Strategy	DCC								
Use of Volunteers	DCC	✓							
Estates Strategy Review	OPCC CxEc	✓	✓	✓					
Governance of Change	DCC	✓							
Risk Management	DCC & CxEc								
HR Reassessment	CFO's	✓	✓	✓					
Grievances	DCC	✓	✓	✓					
Contract Management	CFO's	✓	✓	✓					
National Fraud Initiative (NFI)	CFO to CC								
Pro-active Fraud	HoPSD, CFO's	✓							

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Shared Service Audit Plan 2018/19									
Payroll	CR								
Order to Cash (OTC)	CR								
Purchase to Pay (P2P)	CR								
Debt Collection	CR								
Treasury Management	CR								
Governance Arrangements	CR	✓							
User Access Management	CR	✓							
Recruitment	CR	✓							
Workforce Development	CR								
Ill Health Retirement & Death in Service	CR	✓	✓						
Sick Pay	CR	✓	✓						

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
IR35	CR								
Occupational Health	CR								
Category Management	CR								
Procurement (General)	CR								
Master Data Team	CR	✓							
Collaboration audits 2018/19*									
ICT Asset Management									
ICT Knowledge Transfer									
ICT Network Management									
Information Management - GDPR									

*Data 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