
Southern Internal Audit Partnership

Assurance through excellence
and innovation

THE POLICE & CRIME COMMISSIONER FOR HAMPSHIRE & ISLE OF WIGHT AND THE CHIEF CONSTABLE OF HAMPSHIRE & ISLE OF WIGHT INTERNAL AUDIT STRATEGY AND RISK BASED INTERNAL AUDIT PLAN 2024-25

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Introduction

This paper provides an overview of our approach to risk assessment and planning and the process to ensure the risk-based internal audit plan is appropriately focused and aligned to organisational needs and objectives.

Background

The role of internal audit is that of an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisation's 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 Police and Crime Commissioner and Chief Constable's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations' strategic and operational objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risks to the achievement of the organisations' objectives are identified, assessed and managed to a defined acceptable level.

The risk based internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisations.

Public Sector Internal Audit Standards and Chartered Institute of Internal Auditors requirements for planning

The Standards require:

'2010 Planning - The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.'

Interpretation: - to develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls.

The Audit Strategy

The Strategy adopted by SIAP is in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) as outlined above, with the risk environment reviewed during the planning process and then on an ongoing basis throughout the year. The approach recognises that the control environment constantly changes, requiring continuous review and re-evaluation to ensure that emerging risks are identified, assessed, and included as appropriate in the audit plan.

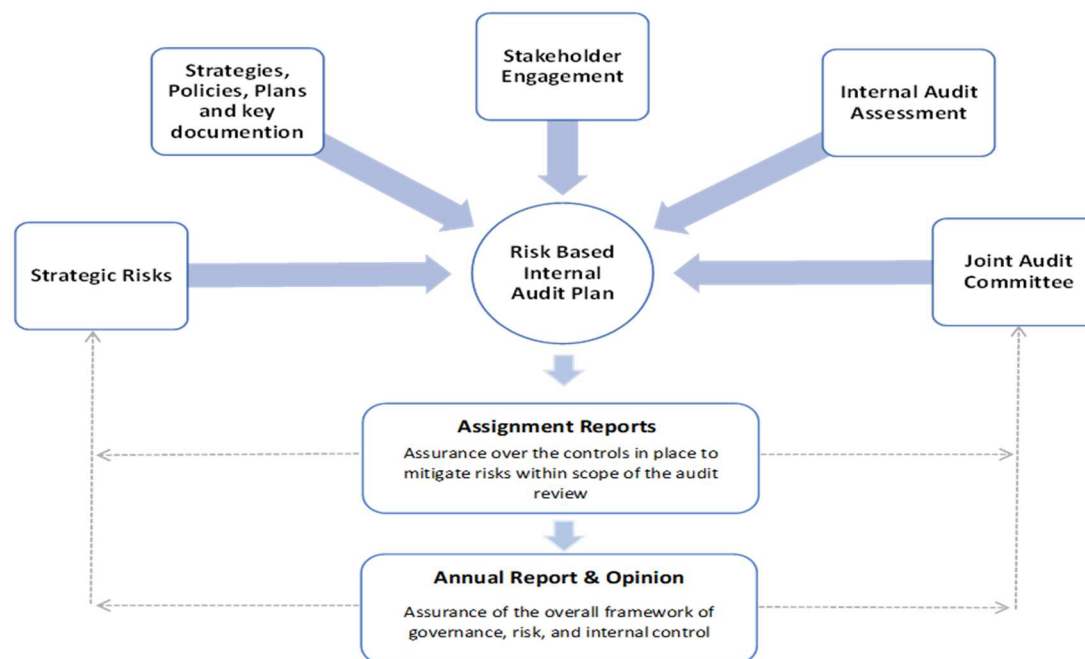
Given the unprecedented challenges facing the Public Sector, this means that the strategy has in-built flexibility to consider:

- Greatest risks to the achievement of the organisations' objectives.
- New areas of activity.
- Issues of local significance and importance.
- Changing issues and priorities.
- Changes to models for service delivery and partnership working; and
- The impact of changes on existing control structures.

The approach taken by SIAP to review risk and produce the risk-based plan is explained in detail below. The key aims are:

- To gain an understanding of the organisations' assurance needs to enable SIAP to provide an overall opinion each year on the organisations' risk management, control and governance framework to the Police and Crime Commissioner, Chief Constable and the Joint Audit Committee to support the Annual Governance Statement. This includes taking into account our own external horizon scanning and insights from other clients across the partnership.
- To produce an annual internal audit plan to review the organisations' risk management, control and governance systems through an approach which assesses risks to the organisations' objectives and prioritises internal audits accordingly.
- The identification of internal audit resources required to deliver a service which meets the PSIAS and achieves the necessary level of audit coverage to enable an opinion to be given on the organisations' control environment.
- The identification of other sources of assurance from other assurance providers which can be relied upon to inform the focus of internal audit activity.
- Co-operation with the external auditors and any other relevant review bodies to ensure that assurance functions work effectively together.
- Identification of responsibilities for providing assurance where services are delivered in partnership.

The approach taken to producing the risk-based internal audit plan each year is outlined below, based on a range of inputs as illustrated in the following diagram.



Office of the Police and Crime Commissioner for Hampshire and Isle of Wight; and Hampshire and Isle of Wight Constabulary

Hampshire and the Isle of Wight has a population in excess of two million people, with the three largest urban areas being Portsmouth, Southampton and Basingstoke. Both counties have large rural areas which makes policing more challenging and adds to the complexities of crime detection. The majority of residents live in towns, villages, and rural areas across the two counties. The Police and Crime Plan, 'More Police, Safer Streets,' sets out the PCC's priorities for 2021-24 and how these will be delivered with Hampshire and Isle of Wight Constabulary:

- 600 more police officers by 2023.
- Improve police visibility – bringing policing to your community.
- Tackle anti-social behaviour.
- Zero tolerance approach to knife crime.
- Prevent youth offending.

- More customer focused police call handling.
- Crack down on unauthorised encampments.
- Improved outcomes for victims including female victims of violence.
- A voice for rural communities.

By focussing on the higher risk areas, internal audit can provide independent, objective assurance and consulting activity designed to add value and support ongoing developments and achievement of the organisations' objectives.

The Office of the Police and Crime Commissioner and the Constabulary have a clear framework and approach to risk management. The strategic risks assessed by the organisations are a key focus of our planning for the year to ensure the internal audit plan meets the organisations' assurance needs and contributes to the achievement of objectives. We will monitor the Risk Register developments closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

Audit Universe

The audit universe comprises of individual auditable areas that have been identified across the organisations that may be subject to internal audit activity (recognising that this may not be an exhaustive list). This, together with organisational risks registers and discussions with management provides the basis for determining the risk based internal audit plan in line with the PSIAS.

Whilst the retention and maintenance of an audit universe is not a requirement of the Standards, it does help provide clarity and demonstrate effective internal audit coverage, as well as a degree of rigour and transparency around areas not being audited, helping inform and support decisions over internal audit resourcing requirements.

SIAP use cumulative sector knowledge to construct the audit universe to cover all relevant aspects of the organisations and SIAP continuously review the audit universe to capture any new or emerging risks, organisational changes or factors impacting our risk assessment that may necessitate an internal audit focus.

Risk assessment

This risk assessment process will culminate in a risk rating being assigned to each area of the universe as outlined below and this will be updated or reviewed on a regular basis (at least annually) to reflect changes identified. Significant changes in the business environment may also require re-assessment of risks that the organisation is exposed to. The risk rating is based on the Audit Manager / Chief Internal Auditor judgement following review of the information obtained during the planning process.

Low

Medium

High

In assessing the risk rating, the Audit Manager and Chief Internal Auditor will consider a number of factors including:

- Legislation / Regulation.
- Management concern.
- Corporate and departmental risks.
- Sector knowledge e.g., national or local issues and emerging risks.
- Inherent risk.
- Significant changes to systems, processes, or key personnel.
- Previous internal audit assurance work (including any outstanding actions).
- Susceptibility to fraud.
- Reliance on third parties involved in a process or control, and whether assurance is available to support this involvement.
- Other sources of assurance that are available.

Risk registers are also reviewed, and discussions are held with key managers across the organisations to inform the risk assessment by exploring the following:

- Key high and medium risks to achieving the strategic objectives of the organisations.
- Business as usual risks where systems or processes are key to achieving strategic objectives.
- Any new or emerging risks that need to be considered and their potential impact on the organisations' ability to meet strategic objectives.

- The impact of any significant changes to structure, key staff, systems etc.
- Other sources of independent assurance that confirm that processes and controls are working effectively and that can be relied upon rather than duplicating work.eg HMICFRS.

Risk-based audit plan

The risk-based plan is prepared based on the information gathered throughout the risk assessment process, including consideration of the date of last internal audit review and outcome, and discussions with management about best timing for reviews to ensure they add value. Therefore, not all medium to high risks will be included in the risk-based plan every year. Given the level of internal audit resources available, internal audit work must be prioritised and focused to ensure efficient and effective use of resources, directed at those areas of most significant risk to the organisations. Areas assessed as low risk will not generally be included in the risk-based internal audit plan. However, there may be regulatory expectations or requirements to undertake specific audit work. These topics would typically be included in the audit plan regardless of the results of the risk assessment.

The overall output is a prioritised list of audits for the next planning period.

The summarised risk-based internal audit plan is discussed with business stakeholders with the purpose of obtaining their feedback and providing a check as to its alignment with management's view of major risks to achieving strategic objectives. While the final approval of the plan lies with those charged with governance, SIAP will ensure that management's views are understood and any differences in viewpoints as to priorities are clearly explained. The proposed risk-based audit plan is then presented to the Joint Audit Committee for review, comment and to make recommendations to the PCC and Chief Constable prior to their approval.

The risk-based internal audit plan is reviewed throughout the course of the year through discussions with management and review of risk registers to ensure it continues to reflect the organisational risk profile and will be adjusted to accommodate new and emerging risks and the changing needs of the organisations. Any changes will be discussed with management and reported to the Joint Audit Committee for consideration and comment through the regular progress reports. Engagement with key stakeholders is achieved through our regular liaison meetings with management and engagement with external audit at key points in the year. We also attend all Joint Audit Committees and meet privately with the Chairman on a regular basis.

Resources

The Internal Audit Charter provides commentary regarding the adequacy of resources to meet organisational need:

'The Chief Internal Auditor will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience, reflecting the responsibilities that arise from the need to liaise internally and externally with members of the Joint Audit Committee, senior management and other professionals.

The Chief Finance Officer will provide the Chief Internal Auditor with the resources necessary to fulfil the OPCC and Constabulary's requirements and expectations as to the robustness and scope of the internal audit opinion.

The Chief Internal Auditor will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit charter and operational audit plan.

The annual operational plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources'.

Where the risk-based plan identifies that more coverage is required than the contract allows, and where agreement cannot be reached for an increase in resources, the impact on the plan and SIAP's ability to provide an internal audit opinion will be clearly documented at the planning stage. This is also outlined in the internal audit charter as follows:

'Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to senior management, the Board and the JAC.

If the Chief Internal Auditor, the Board or Senior Management consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Standards is prejudiced, they will advise the Chief Finance Officer and JAC accordingly.'

Hampshire and Isle of Wight OPCC and Constabulary – key areas and themes for consideration within the audit strategy for future year plans

As part of the planning process, we review both the local and national risk environments affecting Hampshire and Isle of Wight OPCC and Constabulary. We do this through discussions with management (including outcomes of inspections etc), knowledge of working with other police Forces, review of national news, membership of the Police Audit Group etc. The Police Audit Group comprises internal audit representative from Forces across the UK and meets through an annual conference and virtually during the year, to discuss topics such as internal audit planning as the need arises. The conference includes a wide range of speakers as well as workshops to enable a focus on key risks and emerging issues and to facilitate shared knowledge and practice.

Key themes for ongoing or future consideration in planning discussions are outlined below.

National and Local Policing Issues

High profile incidents directly affecting other Forces continue to impact on policing generally. Discussions will therefore continue around audit needs arising from such national issues, whether arising from specific incidents or HMICFRS inspections, for example the impact on vetting, ethics, legitimacy, firearms licensing etc. There are also risks around the wider system, in terms of the impact of delays in the Criminal Justice system. We will also continue to discuss Strategic Policing Requirements and the priorities arising as a result, with regard to assurance needs.

Planning discussions for 2024-25 highlighted a number of policing areas that are subject to ongoing review and change as a result of national initiatives and guidance. Where appropriate, our plans will include work to review the governance and processes underpinning key policing strategies that have been developed by the Constabulary as a result.

Over the last few years significant effort has been made to extend the risk-based planning process and universe across all areas of the OPCC and Constabulary and this will continue through consultation with key strategic managers.

Shared Services

Services provided under the shared service arrangements with Hampshire County Council and Hampshire and Isle of Wight Fire and Rescue Authority continue to be reviewed via a joint internal audit plan that provides assurance to all parties to avoid duplication of effort, however changes to this approach took effect from 2019/20 for some areas as outlined below. All four organisations contribute audit days to this plan. An internal audit protocol for this work has been agreed with partner and shared services management.

The results of this work are reported to all four partners in accordance with agreed reporting protocols and contribute to their annual internal audit opinions. Plans are developed jointly following the processes outlined above.

For services provided by the Integrated Business Centre, assurance is primarily provided by Ernst and Young in accordance with the International Standard on Assurance Engagements No. 3402 (see below), however, SIAP will continue to provide assurance to the OPCC and Constabulary and partner organisations for those systems and process outside of the scope of the ISAE 3402, through the shared internal audit plan. At the time of writing this report, the shared services internal audit plan is still being developed and is agreed separately through Shared Services governance mechanisms. Progress against the audit plan, including the Shared Services aspects of the plan, will, however, be provided through the regular progress updates to the Joint Audit Committee.

Following a review of the shared services arrangements, a number of phased changes are taking place over 2023 and 2024, with a number of services transferring back to the Constabulary and OPCC relating to finance, HR and estates. The impact of the changes has been considered during the planning process and reflected in the plan with regards to HR and estates. This will continue to be re-assessed to ensure that assurance needs are met going forwards as the changes embed and further programmes, particularly around the estate, develop.

Shared Services - International Standard on Assurance Engagements No. 3402

ISAE 3402 has been developed to provide an international assurance standard for allowing public bodies to issue a report for use by user organisations and their auditors (user auditors) on the controls at a service organisation that are likely to impact or be a part of the user organisation's system of internal control over financial reporting.

The Integrated Business Centre (IBC) is a shared service function hosted by Hampshire County Council, delivering transactional processing and business support services to a growing number of public sector bodies. Such services include general ledger; Order to Cash; Purchase and Payables; Cash & Bank; Payroll; and Information Systems.

Due to the significance of the business processes provided on behalf of partner organisations it is appropriate for Hampshire County Council to provide assurance on its service through compliance with such international standard requirements. Assurance against the international standard is now provided by Ernst & Young.

Collaborated Services – IT and Information Management

An internal audit protocol has been agreed for collaborative arrangements to avoid duplication of work and identify any gaps in assurance. The overriding principle is that the lead Force for each area provides internal audit assurance to each of the collaborative partners. Thames Valley Police lead on IT and information management and details of their internal audit plan are yet to be confirmed. However, this will be included in the regular progress updates to the Joint Audit Committee when known.

IT continues to be inherently high risk in nature, and due to the reliance of the organisations on IT to deliver services, any related issues identified through the planning process are referred to the Chief Internal Auditor for Thames Valley Police for consideration when developing his internal audit plan. The Chief Internal Auditor for Thames Valley Police also seeks the view of Hampshire and Isle of Wight senior managers as part of the planning process.

Sustainability

To date, we have done minimal work in this area. The need for more targeted reviews of the strategies in place across the OPCC and Constabulary will be discussed in subsequent planning discussions.

Finance and resources

Both finance and staffing resources increasingly feature in risk registers across the public sector due to the economic climate, police funding arrangements and the resulting need for savings programmes, as well as the impacts of difficulties in attracting staff to the public sector in the current, competitive labour market. The effects of the Uplift programme on officer numbers and the impact on supporting systems (training, uniform and equipment etc) is also important to take into consideration. Audit needs arising from this will continue to be reviewed each year.

Hampshire and Isle of Wight Police Risk-Based Internal Audit Plan 2024-25

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	Risk Assessment	2024-25 Indicative days	Quarter
OPCC / Governance						
Victim's Code – follow-up	To follow-up the 22/23 review of the services provided by the Witness Care Unit to victims and witnesses of crime and the respective roles and responsibilities of the OPCC and Constabulary.		22/23 Limited	High	10	TBC
Estates – Service Centre	To review the new processes in place to ensure that issues are reported and resolved promptly. To cover the roles of the OPCC and the Constabulary to manage the service.	OPCC 60/ 69 174		High	15	Q4
Holding the Force to Account - Scrutiny Process	To review the scrutiny process and governance in place to select themes and undertake scrutiny reviews of the Constabulary by the OPCC.	OPCC 68		High	15	Q2
OPCC Vetting	To review the process in place to ensure that all OPCC staff are vetted and re-vetted in line with requirements.	OPCC 67		High	10	Q3
Financial Management & Procurement						
Local Procurement	To review the arrangements in place for procurement below £100K. 24/25 review will cover the arrangements in place to meet the requirements of the new Procurement Act 2023.			Medium	15	Q3 or Q4
Human Resources						
Recruitment	To review the system and controls in place to ensure efficient and effective recruitment, including the handovers between the Constabulary and Shared Services.	187		High	15	TBC
Leavers Process	To follow-up the 2023/24 review to ensure that the leavers process is clearly defined to ensure that leavers are identified and recorded in a		23/24 Limited	High	15	Q4

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	Risk Assessment	2024-25 Indicative days	Quarter
	<p>timely manner, that appropriate notifications take place and that there is a clear audit trail of warrant cards, uniform, equipment etc being returned to the Constabulary.</p> <p>The review will also cover the process to ensure that officers and staff 'leave well' with exit interviews etc to encourage return to workforce.</p>					
Ill Health Retirements	To review the controls in place to ensure that ill health retirements are managed in line with policy and agreed procedures. Including the follow-up review conducted once retired.	187		Medium	15	Q3 or Q4
Professional Standards						
Vetting	To ensure vetting arrangements are robust carried out with sufficient regularity and integrity in accordance with national guidance. To follow-up on any recommendation made in the pending 2024 HMIC inspection.		21/22 Substantial	High	20	Q4
Crime, Criminal Justice and Intelligence						
Forensics - digital	To review the process and management of cases to support how demand is managed and cases are prioritised.			High	15	Q1 or Q2
MASH and MARAC – Governance and Recording	To review the governance and controls in place to ensure that the Constabulary consistently manage and document meetings and outcomes in line with statutory, national and local guidance where welfare concerns have been raised.			Medium	15	TBC
Firearms Licencing	To follow-up the 2023/24 review to ensure that governance and controls are in place to ensure that licenses are reviewed and issued or reissued		23/24 In progress	High	10	Q3 or 4

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	Risk Assessment	2024-25 Indicative days	Quarter
	in line with national guidance for firearms licensing. To include vetting, medical checks and expiry					
Joint Operations Unit and Contact Management						
Right Care, Right Person	To review arrangements in place along with the controls and alignment with national expectations.			High	15	Q1
Local Policing						
Neighbourhood Policing – Strategy and Governance	To review the strategy and governance arrangement in place for neighbourhood policing.			High	15	Q1
Pro-Active Counter Fraud						
National Fraud Initiative	To facilitate participation in the National Fraud Initiative (NFI) electronic data matches to prevent and detect fraud.		Annual		6	Q1-4
Other Direct Audit Activity						
Other Audit Activities	This includes preparation of the audit plan, annual internal audit report, advice and attending management and committee meetings.				26	Q1-4
Shared Services	Plan still under development so days to be confirmed				15 (TBC)	
Total Plan Days	Note: average annual days = 244				247	
Reserve List (rated as lower risk or for further consideration pending ongoing reviews)						

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	Risk Assessment	2024-25 Indicative days	Quarter
Finance – Changes to Shared Services	To review the controls in place following the transfer of functions from Shared Services to the Force e.g. Purchase Orders, Budget monitoring.	189		Medium		
Allowances – Acting-up Payments	To review controls over the payment of Officer acting up allowances.			Medium		
Policing Plus – Student Journey	To review the new processes put in place to support the introduction of Policing Plus and the impact on the student journey	180	20/21 Reasonable 22/23 PEQF Limited	Medium		
Tasers	To review training arrangements, new and reaccreditation, along with the management of capacity across the Constabulary.			Medium		
Armouries	To review that all firearms and ammunitions, used operationally and for training, are stored in secure facilities and that there is an audit trail for the movement of weapons and the issue and use of ammunitions (to be reassessed when outcomes of the 2023/24 review are confirmed)		23/24 In progress	High		
Missing Persons Process	To review the referral process and arrangements in place for the new missing and locate teams. (NB recent changes so review in 2025/26 may be more appropriate)			High		