



**Agenda Item 09**

**JOINT AUDIT COMMITTEE  
28<sup>th</sup> March 2019**

**INTERNAL AUDIT STRATEGY AND  
INTERNAL AUDIT WORK PROGRAMME FOR 2019/20**

**1. PURPOSE OF REPORT**

1.1 The purpose of this document is to provide the Joint Audit Committee with:

- An understanding of Internal Audit's risk-based approach to developing its Strategy and Plan
- The proposed Internal Audit Work Plan for 2019/20.

**2. BACKGROUND**

2.1 The overall objective of internal audit is to provide an opinion on the overall adequacy and effectiveness of the organisation's control systems. To do this, audit work during the year needs to be planned to cover the significant risks facing the Police and Crime Commissioner and West Midlands Police Force. Internal Audit Professional Standards require this strategy/plan to be considered by the Joint Audit Committee. The proposed Strategy for 2019/20 is provided at Appendix A.

2.2 Following review of risk registers and extensive discussions with senior officers, a new draft plan has been prepared for 2019/20 and is also attached at Appendix B for approval by the Committee. The available days is considered sufficient to cover the higher level reviews and a significant number of those categorised as medium, and therefore will allow appropriate coverage on which to provide an assurance opinion. Also provided at Appendix D is a summary of audit coverage against the key risks of both the Force and Police and Crime Commissioner.

2.3 An Audit Charter is a requirement of the Public Sector Internal Audit Standards and sets out the purpose, authority and responsibility of internal audit. It has to be formally agreed and approved by the organisation and periodically reviewed. The Charter establishes the internal audit activity's position within the organisation, including the nature of the service's functional reporting relationship; authorises access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities. The Internal Audit Work Plan for 2019/20 has been prepared in accordance with the Charter.

2.4 In accordance with best practice the existing Audit Charter, considered by the Joint Audit Committee in March 2018, has been reviewed to ensure it remains appropriate. There

are no changes required to the Charter at this time. The Charter is attached at Appendix E for information.

**3 RECOMMENDATIONS**

- 3.1 The Committee approves the proposed Internal Audit Strategy and Internal Audit Work Programme for 2019/20.
- 3.2 Note that no changes are required to the Internal Audit Charter.

<p><b>CONTACT OFFICER</b> Name: Lynn Joyce Title: Head of Internal Audit</p>
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<p><b>BACKGROUND DOCUMENTS</b>  None</p>
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## Internal Audit Strategy

This document sets out the Internal Audit Strategy 2019/20 for the Police and Crime Commissioner and West Midlands Police Force. These services are provided by the Internal Audit Service. This document complements the Audit Charter.

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### Services

All organisations face risks in every aspect of their work: policy making, decision taking, action and implementation, regulation and spending. The different types of risk are varied and commonly include financial risks, IT risks, operational risks, physical risks to people and damage to the organisations reputation. The key to an organisations success is to manage these risks effectively.

The management of risks is the responsibility of every manager – the role of the Internal Audit Service is to support managers by providing the following services:

#### Assurance

We develop and then deliver a programme of internal audits to provide independent assurance to senior management and the Joint Audit Committee members that significant risks are being addressed. To do this, we will evaluate the quality of risk management processes, systems of financial, management and operational control and governance processes and report this directly and independently to senior management.

In accordance with regulatory requirements a risk based audit approach is applied to most individual assurance assignments. We give an opinion on how much assurance systems give that significant risks are addressed. We will use four categories of opinion in 2019/20:



Detailed explanations of these assurance assessments are set out in full in each audit report

A report, incorporating an agreed action plan, will be issued for every audit, the results of which are also reported to the Joint Audit Committee. To assist managers in addressing areas for improvement, recommendations will be made, which are classified as:



#### Advice

The organisation<sup>1</sup> will continue to face major changes in systems, processes and procedures over the coming years and we are able to support the organisation and provide advice, where required, on the control implications of these changes. The role of the internal audit service is to act as a critical friend and challenge the design of processes to reduce the risk of failure. It

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<sup>1</sup> Organisation throughout refers to the Police and Crime Commissioner and West Midlands Police Force

is more constructive for us to advise on design of processes during the change process rather than identify problems after the event when often it is too late to make a difference. By doing this we are able to challenge current practice and champion best practice, so that the organisation as a whole achieves the objectives set in the Police and Crime Plan and Force's Ambitions Plan.

## Irregularities

It is the responsibility of every manager to have systems in place to prevent and detect irregularities. The service liaises with the Professional Standards Department in respect of the investigation into allegations of fraud and corruption. Whilst investigations will predominantly be undertaken by the Professional Standards Department, the relevant senior manager/ member of Executive Team, in consultation with the Head of Internal Audit, should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. This service helps foster the anti-fraud approach of the organisation.

## Counter Fraud

The service also undertakes specific counter fraud work, which involves checking large numbers of transactions, for example, travel claims, credit card expenditure, fuel card usage, to identify errors and potential frauds. This is time-consuming work and thus the number of exercises that can be undertaken each year is very limited.

The service also leads on the organisations participation in the National Fraud Initiative, which is an exercise based upon the exchange and comparison of information with other authorities and agencies. It identifies possible fraudulent activity across a range of areas, including payroll, pensions and creditor payments.

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## Context

The Accounts and Audit Regulations 2015 require organisations to have a sound system of internal control which:

- facilitates the effective exercise of their functions and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective; and
- includes effective arrangements for the management of risk.

The Regulations require accounting systems to include measures to ensure that risk is appropriately managed. The requirement for an internal audit function is also contained in the Regulations which requires the organisation to:

*“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 Police and Crime Commissioner and Chief Constable has delegated responsibilities for internal audit to the Head of Internal Audit.

### Definition of Internal Auditing:

*“Internal auditing is 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 role of audit is to provide assurance to the organisation (Managers, Heads of Services, Assistant Directors, Executive Team, PCC and the Joint Audit Committee) that the organisation maintains an effective control environment that enables it to manage its significant risks effectively. We help the organisation achieve its objectives by providing assurance that effective and efficient operations are maintained.

The assurance work culminates in an annual opinion on the adequacy of the organisations control environment which feeds into the Annual Governance Statement.

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## Vision, purpose and values

The mission of the Internal Audit Service, as set out in the Audit Charter, is *“to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”*

To deliver on our mission we will:-

- demonstrate integrity and promote appropriate ethics and values within the organisation;
- provide independent and objective risk based assurance;
- be proactive and forward thinking;
- continually improve the quality of our services and promote organisational improvements through our work.
- continue to demonstrate competence and due professional care and develop internal audit staff to ensure we are fully equipped to respond to the organisations demands;
- add value by aligning our work with the strategies and objectives of the organisation focusing our resources on the most significant risks;
- communicate effectively and work with managers to improve controls and performance generally; and
- be appropriately positioned and adequately resourced and consider, where necessary and appropriate to do so, obtaining competent advice and assistance if there is a lack of knowledge, skills or other competencies needed to perform all or part of an engagement.

Our customers will continue to be affected by a variety of local and national issues, including:-

- The increasing use of technology to deliver services;
- Agile working arrangements;
- Changes in legislation, policing requirements and operational practices;
- The introduction of new ways of working;
- Implementation of new systems; and
- Increased demand on services
- Pressure to reduce costs while improving quality/ effectiveness.
- Increase in partnerships/collaboration

These, and other developments, require a responsive and flexible Internal Audit Service to review existing systems and provide advice on new systems.

To help achieve our mission and to ensure we are best placed to meet the challenges facing the service, we invest heavily in continued professional development. There are a number of staff within the team holding or studying for professional qualifications:

- The Head of Internal Audit is a qualified member of the Chartered Institute of Public Finance and Accountancy.
- One Principal Auditor is a Chartered Internal Auditor with the Institute of Internal Auditors (IIA), and has an Advanced IT Auditing Certificate also with the IIA.
- Another Principal Auditor has a Certified Internal Audit qualification with the IIA and is currently studying for Chartered status.
- One Auditor is studying for the IIA Certified Internal Auditor qualification.

Support for this professional training will continue during 2019/20. In addition, relevant ad-hoc training will be provided during the year on relevant subjects. Examples of ad-hoc training include, attendance at annual audit conferences, Annual Police Audit Group Conference and relevant 'hot topic' sessions provided by the professional bodies.

## Our approach for 2019/20

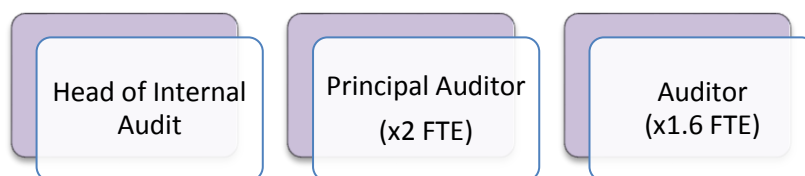
The plan covers one year, with the focus being primarily on the high risk areas, areas of significant change and key organisational processes. Audits of this nature are a more effective use of limited resources and are key to providing the appropriate assurance to the organisation that its overall governance arrangements remain effective.

As far as possible, our work is aligned with the organisations risk base by reviewing both the Force and Police and Crime Commissioner's risk register and consulting extensively with senior management to identify other risk areas for review where management require assurance that systems of control are adequate and operating effectively. The consultation process for devising the Audit Plan included the following:

- Individual meetings with the Deputy Chief Constable, Assistant Chief Constables, Directors, a selection of Assistant Directors, Force Risk Manager and the Police and Crime Commissioner's (PCC) Chief Executive and Chief Finance Officer.
- Review of the Police and Crime Plan, WMP Ambition Plan, Force Corporate Risk Register and the PCC's Risk Register.
- Review of other sources of information including national and local strategies and policies, organisational changes, HMICFRS reports and consideration of collaborative arrangements in place.

In addition, the Head of Internal Audit has access to various professional networks which highlight wider issues affecting internal audit, which have also been considered when determining the programme of work.

The Internal Audit Service consists of five members of staff (4.6 FTEs). The team consists of:



When taking account of any avoidable days, e.g. Annual leave, bank holidays, training, administration time, planned absences etc., this provides a total of 845 productive audit days.

The breakdown of days against each of the key activities is provided below:

Category	Days	% of days
Assurance; including contingency	715	85
Advisory; incl. contingency for ad-hoc advice	30	4
Counter Fraud/Investigation contingency	25	3
Management; incl. JAC facilitation and reporting, External Audit Liaison, Audit Planning, Senior Management Liaison etc.	75	8
<b>Total Productive days available for audit</b>	<b>845</b>	<b>100%</b>

As in previous years, the number of potential audit areas exceeds the days available this year, and a number of topics cannot therefore be accommodated within the resources available. This is not unusual across most audit services and therefore the work plan has to be prioritised to identify those audits with the highest priority. The work plan has been prioritised based on the following criteria:

- Links with the objectives in the Police and Crime Plan/Forces Ambition Plan;
- Links to the Force / PCC risk register;
- Previous known issues that highlighted potential control weaknesses (from HMIC, Internal Audit, External Audit, reports to Strategic Police and Crime Board etc.);
- Other scrutiny and assurance processes in place;
- Time since last review.

Based on this criteria, the audits have been scored and prioritised as high, medium and low and we will focus resource on those areas with the highest score.

To minimise duplication and make the best use of limited resources we aim to rely on work undertaken by other assurance providers rather than undertake our own detailed checks. For example, if the Information Management function undertakes compliance checks on information management and security policies, we will evaluate their approach and if it is sound then future audit work on the topics covered can be limited. The Internal Audit Service therefore builds upon the work on other assurance providers.

A detailed list of topics forming the 2019/20 work plan is shown in Appendix B. The available days is considered sufficient to cover the higher level reviews and a significant number of those categorised as medium, and therefore will allow appropriate coverage on which to provide an assurance opinion.

An illustrative list of topics that we are not planning to audit based on the existing level of resource is also provided at Appendix C. The illustrative topics consist of suggestions received through the annual planning exercise and is not a complete list of potential auditable topics (the audit universe). Being transparent about topics that cannot be audited is a key requirement of the Public Sector Internal Audit Standards. Some of the illustrative topics are in mid change and are therefore more suitable subjects for future years. Others are low level or already have scrutiny arrangements in place. As the Force is progressing through a phase of transformation, the audit universe will continue to change and be developed and refined during future planning exercises.

Priority has been given to those areas of activity with links to the key risks identified in the strategic risk registers. A summary of existing risks and the audit coverage in previous years and planned for 2019/20 is summarised at Appendix D.

There will inevitably be circumstances where the Head of Internal Audit may have to amend the work plan, e.g. when risks change or a specific project becomes a matter of priority. There may be cases where individual lower priority audits have to be rescheduled because of competing priorities. Also, as a number of the areas in the work plan are new areas, estimating time on individual audits can be difficult. As a result, throughout the year the plan will be closely monitored and updated to ensure it remains relevant. In year changes to the plan to reflect such variances are accepted as best practice. This plan, therefore, is not set in stone and may need revising as circumstances change. The Joint Audit Committee will be consulted on any such changes and will be provided with regular updates on progress.





## 2019/20 Draft Internal Audit Work Plan

Portfolio	Area	2019/20 description	PCC/ Force or Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Corporate / WMP2020	<b>DDI</b>	Review of operational use, access and usage arrangements and monitoring etc.  <i>(Risk 42 – significant IT change)</i>	Force	Building trust and confidence <i>(WMP2020)</i>	Building trust and confidence in our police  (Use our information to improve insight and decision making)	H	✓				
Corporate	<b>Training</b>	A significant level of transformation requires the workforce to be trained in various systems. This review will aim to establish the processes in place for commissioning and planning for significant levels of training. In addition, non-attendance at training events is high, which impacts on operational areas. The review will also consider the robustness of systems and processes in place maximise attendance on training courses to ensure workforce skills are maintained.  <i>(This has been categorised as a corporate audit. Whilst L&amp;D falls under POD, other aspects of the scope go beyond POD's remit)</i>	Force	Building a modern police service (Developing a modern workforce and supporting our staff)	Making better use of our people and resources  (Invest in the development of our workforce)	H	✓				
Corporate	<b>MyTime Pre-implementation review</b>	Assurance over implementation process for duty management system MyTime, including: User Acceptance Testing (UAT); Data migration, Interfaces etc.  <i>(Risk 42 – significant IT change)</i>	Force	Building a modern police service <i>(WMP2020)</i>	Making better use of our people and resources  (Optimise our efficiency and effectiveness)	H	✓				

Portfolio	Area	2019/20 description	PCC/ Force or Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Corporate	<b>Connect</b>	Assurance over implementation process for new Force system, including: - User Acceptance Testing (UAT), - Data migration, - Interfaces, - Audit logs etc.  <i>(Risk 42 – significant IT change)</i>	Force	Building a modern police service	Making better use of our people and resources (Optimise our efficiency and effectiveness)	H	✓				
Commercial Services	<b>IT Audit - System/database access and administration</b>	Review within IT&D to ensure that IT main system database access and administration controls within IT&D are robust for key IT systems.	Force	Protecting people from harm	Making better use of our people and resources (Offer modern digital services that meet the needs of communities, staff and partners)  Protecting people from harm	H	✓				
Commercial Services	<b>IT Audit - IT Strategy</b>	There are 4 IT strategies covering end user devices, application blueprint, security and enterprise architecture. Review the adequacy and effectiveness of the governance, processes and key controls over the delivery of the IT strategy/roadmap to help the Force meet its objectives  <i>(Risk 42 – significant IT change)</i>	Force	Building a modern police service <i>(WMP2020)</i>	Making better use of our people and resources (Offer modern digital services that meet the needs of communities, staff and partners) (Improve access to, and mobility of, our workforce)	H	✓				
Commercial Services	<b>Centre for Applied Automation (CAA)</b>	The CAA is responsible for robotics and automation solutions for the Force. Robotics solutions are already used within Shared Services and will evolve into other areas of the force. This review will assess the processes used for determining, prioritising, programme parameters, access to parameters, change control processes etc.	Force	Building a modern police service <i>(WMP2020)</i>	Making better use of our people and resources (Optimise our efficiency and effectiveness)	H	✓				

Portfolio	Area	2019/20 description	PCC/ Force or Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Commercial Services	<b>Supplier and contract management</b>	New supplier relationship framework has been introduced to ensure robust and effective contract management processes exist. This framework also includes Social Value aspects in supplier contracts. Review of the effectiveness of the new framework following pilot currently underway.	Force	Strengthening Communities & Growing the Economy (Supporting economic development)	Making better use of our people and resources (Optimise our efficiency and effectiveness)	M	✓				
Commercial Services /POD	<b>Financial systems/ processes</b>	Pool of time allocated to review financial systems. To include at a minimum accounting for VAT, Fixed Asset Management and use of credit cards.	Both	Building a modern police service	Making better use of our people and resources (Optimise our efficiency and effectiveness)	M	✓				
Commercial Services/DCC	<b>WMP2020 Post Implementation Review</b>	Review of post implementation review process to establish whether what was proposed in the projects has been delivered in practice and established as part of business as usual.	Force	Building a modern police service (WMP2020)	Making better use of people and resources (Optimise our efficiency and effectiveness)	M	✓				
Commercial Services	<b>GDPR</b>	Following an ICO inspection during 2018/19, supplemented by an internal audit, this review will determine progress in implementing the high risk actions arising from the inspection regimes to ensure gaps in GDPR are addressed.  <i>(Risk 20 - Records Management)</i>	Both	Building trust and confidence in our police <i>(Effective accountability and Governance)</i>	Building trust and confidence in our police	M	✓				
Crime	<b>Missing Persons Process</b>	A review to assess how the new Missing Persons Policy is being complied with.	Force	Protecting from Harm Collaboration	Protecting people from harm	H	✓				
Crime	<b>Safeguarding Boards</b>	The Government has issued revised statutory guidance on how safeguarding partners should operate, including the transition arrangements until they are completed. Following the completion of the transition arrangements, this review will establish WMP's adherence to legislation, including leadership arrangements with partners, clarity around roles and responsibilities, and	Force	Protecting people from harm <i>(Supporting victims of crime)</i>  Building trust and confidence	Protecting people from harm  (Increase integration with partners to deliver improved services)	M	✓				

Portfolio	Area	2019/20 description	PCC/ Force or Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
		accountability and governance arrangements of safeguarding boards.									
Crime	<b>Vulnerability</b>	This review will assess the robustness of governance arrangements around vulnerability, including the Vulnerability Improvement Board, Sub Groups and Regional Boards to ensure the governance arrangements are fit for purpose and are robustly addressing actions within the Vulnerability Improvement Plan. The review will consider the various governance streams to ensure they are working well and have clear actions, owners, accountabilities and mapped interdependencies.  <i>(Risk 40 – Vulnerability)</i>	Force	Protecting from harm	Protecting people from harm (Protect the most vulnerable from abuse)	H	✓				
Crime	<b>Disclosure</b>	The Attorney General's office has undertaken a review of the efficiency and effectiveness of disclosure in the criminal justice system with a report published in November 2018. This audit will review how the Force is progressing with the actions raised in this national report. There are also a number of new processes in WMP around disclosure, including digital evidence, which require risk based decisions. This review will consider the support available to move forward some of these new processes and review the performance monitoring regimes around disclosure in areas such as CJS, Forensics and PPU etc.  <i>(Risk 34 – Disclosure)</i>	Force	Building Trust and Confidence in our police <i>(Confidence in policing)</i>	Building trust and confidence in our police  Protecting people from harm (Improve the way in which we investigate crime)	H	✓				

Portfolio	Area	2019/20 description	PCC/ Force or Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Local Policing	<b>Management of Repeats (Victims and offenders)</b>	Review of the process in place to identify and establish a robust course of action of repeat offenders and victims by NPUs. The review will consider how NPUs are problem solving such cases and working with partners.	Force	Strengthening the Communities and Growing the Economy (Supporting local policing and public engagement)  Protecting from Harm (Reducing Crime and Harm)	Strengthening the Communities and Growing the Economy (Prevent dependency on public services by effective engagement with repeat victims, repeat callers and persistent offenders)	M	✓				
Operations	<b>Controlworks (Command and Control System) Pre-implementation review</b>	Assurance over implementation process for new Force system, including - User Acceptance Testing (UAT); - Data migration, - Interfaces, - Audit logs etc.  <i>(Risk 42 – significant IT change)</i>	Force	Building a modern police service	Making better use of people and resources	H	✓				
Operations	<b>Commonwealth Games</b>	Small amount of advisory allocation to liaise with Commonwealth Games project leads to discuss progress / governance arrangements / external assurance regimes etc.	Force	Strengthening communities and growing the economy  Collaboration	Making better use of people and resources	H		✓			
Operations	<b>Drones</b>	The future use of drones is currently being considered following a WMP2020 pilot project. Once the future strategy has been determined, this review will consider the robustness of the police/procedure around use and deployment of drones, training requirements and licensing arrangements, access to equipment and security around data gathered etc.	Force	Building a modern police service (WMP2020)	Making better use of people and resources	M	✓				
Operations	<b>National Police Air Service (NPAS)</b>	Review of the robustness of mechanisms in place to request deployment of a police helicopter to ensure a consistency in application and appropriate usage.	Both	Strengthening Communities and Growing the Economy  Collaboration	Making better use of people and resources  Strengthening Communities and Growing the Economy	M	✓				

Portfolio	Area	2019/20 description	PCC/ Force or Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
POD	<b>Diversity &amp; Inclusion</b>	This audit will review the Diversity and Inclusion Strategy with emphasis around 'Colleague Diversity', for which the goal is 'Our workforce will better reflect the communities we serve in order to better serve the communities we reflect'. The review will consider how the Force is progressing with achieving this goal.	Force	Building a modern police service (Developing a modern workforce and supporting our staff)	Making better use of people and resources (Actively build a workforce that is representative of our communities)	M	✓				
POD	<b>Occupational Health</b>	The previous audit of occupational health made several recommendations that were reliant on the implementation of the new system that was introduced during 2018/9. This review will confirm the weaknesses previously identified have been addressed and effectiveness of the new processes introduced to reduce waiting times and improve attendance, e.g. self-referral process, triage process etc.	Force	Building a modern police service (Developing a modern workforce and supporting our staff)	Making better use of people and resources (Care for our colleagues and ensure their wellbeing)	M	✓				
DCC	<b>Vetting</b>	Following a minimal assurance opinion given in 2017/18, this review will establish progress in addressing the aftercare vetting backlog, and review of the action plan to address backlog and manage existing vetting demand.	Force	Building Trust and Confidence in our police	Building Trust and Confidence in our police	M	✓				
DCC	<b>Crime Data Integrity</b>	Following the inadequate opinion of HMIC inspection of Crime Data Integrity, this review will aim to determine progress with the action plan to address weaknesses.	Force	Building Trust and Confidence in our police <i>(Accurate recording and increased reporting of crime)</i>	Building Trust and Confidence in our police	M	✓				
DCC	<b>PSD Case Management (complaints/ investigations)</b>	Review to establish the robustness of case management arrangements relating to allegations/complaints made. This will include a review of contact plans with staff subject to allegations/complaints, and complainants.	Force	Building trust and confidence in our police <i>(Satisfaction with service &amp; Complaints and misconduct)</i>	Building Trust and Confidence in our police	M	✓				

Portfolio	Area	2019/20 description	PCC/ Force or Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Security	<b>CTU Business Support</b>	This area includes employee resourcing, facilities & estates and finance support areas for CTU. Review of how the robustness of business support processes operating within CTU.	Force	Building a modern police service	Making better use of people and resources (Optimise our efficiency and effectiveness)	M	✓				
PCC	<b>Complaints</b>	Advisory piece of work relating to processes to be established to implement the changes in complaints regulations due to come into force during 2019/20. This may involve some collaboration working with other forces.	PCC	Building trust and Confidence in our police (Complaints and Misconduct)		H		✓			
PCC	<b>Grant Funding/ Commissioning outcomes</b>	This advisory piece will consider how the OPCC can demonstrate that commissioning has achieved the intended outputs and outcomes, exploring different methodologies to evidence achievements.	PCC	Protecting from harm Reducing crime and harm (Reducing offending and re-offending)		M		✓			
PCC	<b>Appropriate Adults</b>	An Appropriate Adult Scheme is operated by the PCC. This review will assess the arrangements in place to ensure compliance with the scheme procedures to ensure the effectiveness of the scheme is maximised.	PCC	Building trust and confidence (Confidence in policing)		M	✓				
Mandatory	<b>National Fraud Initiative</b>	Investigation of matches reported from NFI exercise.	Both	N/A	N/A	N/A				✓	
Follow-ups	<b>Follow-ups</b>	Time allocation to follow-up on audit recommendations to confirm implementation	Bothe	N/A	N/A	N/A	✓				
Contingency	<b>Contingency</b>	Contingency for assurance work, JAC directed requests, ad-hoc advisory requests and investigations, including liaison with PSD	Both	N/A	N/A	N/A	✓	✓	✓		
Management	<b>Management</b>	Includes Audit committee planning, reporting and attendance, Audit Planning and ongoing liaison, effectiveness review, general management, etc.		N/A	N/A	N/A					✓

### Illustration of Auditable Topics (not planned for 2019/20)

In addition to the audit work plan above at Appendix B, the Public Sector Internal Audit Standards requires the strategy to be transparent about those audit areas not covered in 2019/20. Based upon the planning discussions with senior management and subsequent communication around proposed audit areas, Internal Audit's professional judgement and the results of previous audits the following topics are not planned for 2019/20. However, should any of the planned audits not take place this list will be used to substitute, in consultation with Senior Management and Joint Audit Committee. The audit universe will continue to be developed and refined during future planning exercises and liaison meetings.

Portfolio	Area	2019/20 description	PCC/ Force/ Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Comments
POD	<b>Police Education Quality Framework (PEQF)</b>	A new contract is being let early 2019 - due to go live July 2019 – This review will determine contract management arrangements, effectiveness of scheme. The review will also consider draw down from the government apprenticeship levy.	Force	Building a modern police service	Making better use of people and resources	M	New contract due to be signed imminently – scheme not yet implemented. Considered too soon to review effectiveness of scheme. Defer to 2020/21
POD	<b>MyTime - Post implementation</b>	A new duty management is to be introduced during 2019. The system will inform pay elements, such as overtime, based on new booking in and booking out processes being established force wide, it will also calculate TOIL and RDIL. This review will establish compliance with the new requirements of the system, which is planned to be implemented in phases.	Force	Building a modern police service (WMP2020)	Making better use of people and resources	H	System due to go-live during 2019/20, on phased basis, with automated overtime payments due to implement later in 2019/20. As overtime is a key risk area, and work is already planned on pre-implementation work during 2019/20. Defer until 2020/21 so full effectiveness review can be undertaken.
Commercial Services	<b>Income Generation</b>	The Force is establishing a corporate approach to income generation. This review will consider the income generation strategy and approaches adopted, including decision making arrangements for determining uses of any income generated.	Force	Building a modern police service (Budget)	Making better use of people and resources	M	New governance arrangements and strategy being established for income generation. Defer audit until 2020/21 until new arrangements are in place and embedded.
Commercial Services	<b>Estates strategy/ management</b>	Review of progress with implementation of the estates strategy and process for managing acquisitions and disposal of property	Force	Building a modern police service (WMP2020)	Making better use of people and resources	M	Lots of existing scrutiny around governance boards, including Strategic Police and Crime Board.
Commercial Services	<b>Vehicle recovery</b>	Review of the operation of the framework contract in place for vehicle recovery, including review of contract requirements to inform future procurement exercises.	Force	Strengthening Communities & Growing the Economy (Supporting economic development)		M	



Portfolio	Area	2019/20 description	PCC/ Force/ Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Comments
Commercial Services	<b>Non Contracted Spend/Contract Award Governance</b>	Data analytical review to analyse spend to establish if there are any incidents of spend that may merit formal contract/tendering to confirm VFM or to identify contracts that have been let outside formal Contract Standing Order routines.	Force	Strengthening Communities & Growing the Economy <i>(Supporting economic development)</i>	Making better use of our people and resources	M	
Crime	<b>POCA / PPA compliance</b>	Review of policies and processes in place to comply with Proceeds of Crime Act (POCA), including whether Policies are fit for purpose and cover new technological advances such as cryptocurrency to maximise opportunities.	Force	Protecting From Harm (Reducing Crime and Harm)	Protecting people from harm	M	
Crime	<b>Asset Recovery Fund</b>	The aim of Asset Recovery Funds (formally known as POCA or Proceeds of Crime Act) is to fund crime fighting where there is an opportunity to seize assets from criminals (including stolen goods). NPU/Departments can submit bids to access the fund. This review will focus on the robustness of the process for allocating funds ensuring objectives are being met and funds are being put to best use.	Force	Protecting From Harm (Reducing Crime and Harm)	Protecting people from harm (Keep crime low)	M	
Crime	<b>Forensics - Biometric Sampling</b>	A review of biometric sampling rates to ensure WMP are taking and processing the right samples from the right people. Review will include voluntary attendees and consideration of the Protection of Freedoms Act.	Force	Building trust and confidence in our police <i>(Evidence based policing)</i>		M	
Local Policing	<b>Activating Citizens/ Volunteers</b>	Review of the arrangements for onboarding volunteers into various roles, including safeguarding, vetting, record keeping etc. This review could incorporate non-police cadet leaders.	Force	Strengthening the Communities and Growing the Economy <i>(Supporting local policing and public engagement)</i>	Strengthening the Communities and Growing the Economy	M	
Local policing	<b>Princes Trust Programme Governance and Performance</b>	WMP run Princes Trust Team Programmes through police stations. This review will include appropriateness of policies and compliance with procedures, including safeguarding policies, records management, working with partners etc. The review will also consider governance and performance management arrangements to measure and monitor outputs and outcomes.	Force	Standing up for young people		M	
Operations	<b>CMPG Collaboration</b>	Review of the robustness of the governance arrangements in place for the Central Motorway Police Group. This is a Section 22a collaboration between Staffordshire Police and WMP	Both	Protecting from Harm  Collaboration	Protecting from Harm	M	

Portfolio	Area	2019/20 description	PCC/ Force/ Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Comments
Operations	<b>Firearms capability/ deployment</b>	Following completion of an internal review of firearms capability and deployment mechanisms currently underway, this audit will review the outcome of the internal review and confirm whether new arrangements established are effective at maintaining a robust firearms capability.	Force	Protecting from harm	Protecting from Harm	M	
Operations	<b>ANPR (Automatic Number Plate recognition).</b>	New policy has being established and the Force is seeking to upgrade all ANPR cameras. Review to establish compliance with the new policy.	Force	Protecting from harm	Protecting from Harm	M	Upgrade to cameras is planned as part of an ongoing Highways Agency project, however timings not yet known. Defer to 2020/21 to maximise benefit
Operations	<b>Shallow Water Search Unit</b>	WMP have a shallow water search unit, and buy-in a diver function if needed. A peer review was undertaken by Cheshire Constabulary in the summer. This review will assess the outcome of the action plan following the Cheshire peer review to determine the progress made by WMP in considering and implementing the actions. The review will also consider the deployment mechanisms for the search unit and diver functions.	Force	Protecting from harm	Protecting from Harm	M	
POD	<b>Offboarding</b>	Review of arrangements in place to ensure staff leaving the organisation are offboarded effectively and all assets issued are recovered. Review will also consider recovery of overpayments, leave entitlement, outstanding salary sacrifice agreements etc.	Both	Building a modern police service	Making better use of our people and resources	L	
POD	<b>Shared Services Customer Services Team</b>	There has been extensive investment in improving the customer experience for staff and officers as part of the next generation shared services transformation project. This review will consider the operational arrangements in place to ensure customer charter is being complied with, performance is being managed and service standards are being maintained.	Force	Building a modern police service (WMP2020)	Making better use of our people and resources	L	
Security	<b>CTU/ROCU covert funds</b>	Pool allocation for review of a selection of covert funds to provide assurance that monies are being spent as intended and ensuring proper governance. (covert funds include: CHIS, Assisting Offenders Unit, Regional Undercover unit, TIDU, CTU)	Force	Tackling national and international threats	Tackling national and international threats	M	Four covert funds were reviewed during 2018/19 with no major concerns arising.

## Audit Coverage of Key Risk Areas

Force Risk Register				
Risk ID	Risk Description and cause	Current Score	Previous audit coverage (17/18 to 18/19)	Proposed Internal Audit 2019/20
20	<p><b>Records Management</b></p> <p>The Force has an immature records management capability, which means that we have difficulty accessing physical and digital records and once accessed there is limited assurance of the quality. There is a lack of understanding regarding the legacy rules that apply to digital searches within specific systems therefore searches can return inconsistent results.</p>	9	Information Management and Ownership audit  GDPR readiness	GDPR
34	<p><b>Disclosure</b></p> <p>West Midlands police is committed to bringing offenders to justice. Part of that requirement is compliance with CPIA. There have been high profile examples nationally where failures in disclosure within the Criminal Justice System have led cases collapsing or charging being brought inappropriately.</p>	7.34	Disclosure - focus on recommendations from Joint Inspection	Disclosure – focus on digital evidence and performance monitoring regimes
36	<p><b>Airwave Replacement</b></p> <p>There is a risk that the introduction of the new airwave replacement will lead to increased costs and additional change requirements being placed on WMP impacting on service delivery.</p>	6.9		
40	<p><b>Vulnerability</b></p> <p>The cumulative impact of increased understanding of 'hidden crimes' and the continued increase in reporting create a risk that capacity could be outstripped by demand impacting on our ability to protect the vulnerable from harm.</p>	6.9	Thrive+ Vulnerability - focus on delivery plan and domestic abuse	Vulnerability - Governance arrangements
42	<p><b>Significant IT Change</b></p> <p>The cumulative impact of a number of major IT changes replacing legacy systems coming into force in a short time frame could create a risk to effective service delivery</p>	6.9	IT Change Control IT Business Continuity and Disaster recovery Fusion implementation (UAT, Interfaces etc.)	IT Strategy Replacement systems Implementation (Connect, DMS, Control-works- UAT, Interfaces etc.)
39	<p><b>Police Settlement</b></p> <p>Current flat cash settlement means that there are still savings required. Lifting the public sector pay cap with no additional funding is creating additional budgetary pressure and the change to pension arrangements creates further uncertainty.</p>	11	Budget Management General Ledger Treasury Management	Financial systems/processes
26	<p><b>Workforce Demographics</b></p> <p>Due to sustained Austerity inhibiting recruitment for a number of years, some functions within the Force are less representative of the communities we serve. This creates a risk to public confidence and operational service delivery.</p>	6	Workforce Planning, Diversity and inclusion	Diversity and Inclusion
35	<p><b>Detective Resilience</b></p> <p>In terms of detective resilience it is a challenge to recruit detectives, and to provide them</p>	6		

<b>Force Risk Register</b>				
<b>Risk ID</b>	<b>Risk Description and cause</b>	<b>Current Score</b>	<b>Previous audit coverage (17/18 to 18/19)</b>	<b>Proposed Internal Audit 2019/20</b>
	with the skills to carry out their roles, resilience becomes particularly difficult at PIP3 and 4 in particularly stressful roles			
41	<b>Demand</b> Increased demand in policing with limited understanding of how it moves through the system impacts on our ability to create and execute effective plans to ensure effective and efficient delivery of policing	6	WMP2020 Force response Thrive+ Intelligence Mgt & Tasking	DDI
43	<b>Specialist Recruitment &amp; Retention</b> Changing and increasing requirements for specialist skills within the workforce create a risk that WMP will not be able to recruit and retain sufficiently skilled people to deliver the service we aspire to.	6	Workforce Planning, Diversity and inclusion	
38	<b>Partnership Working</b> There is a risk that changes to funding of partner agencies could impact on our ability to deliver collaborative services in the future	4	Mental Health Sex Offender Management S22a Collaboration	Safeguarding Boards
33	<b>Workforce Resilience</b> Despite substantial recruitment, there is concern as to whether this will address attrition rates due to sustained austerity (retirement rates)	3	Workforce Planning, Diversity and inclusion	

<b>PCC Risk Register</b>				
<b>Risk ID</b>	<b>Risk Description and cause</b>	<b>Current Score</b>	<b>Previous audit coverage</b>	<b>Proposed Internal Audit 2019/20</b>
1	<b>Protecting From Harm</b> The road network is not safe and secure and is inefficient	25		
2	<b>Tackling National and International Threats</b> There is not a coherent set of actions to support the police and wider agencies to tackle cybercrime resulting in cybercrime increasing	25	Cybercrime Section 22a Governance	
3	<b>Protecting From Harm</b> Crime does not reduce across the West Midlands	20	Performance Management Active Citizens	Grant Funding/Commissioning Outcomes (advisory)
4	<b>Strengthening Communities &amp; Growing the Economy</b> The criminal justice system (CJS) is ineffective and not transparent	16	Disclosure Victims Code Compliance Custody Bail Management	Disclosure Vulnerability - Governance arrangements
5	<b>Strengthening Communities &amp; Growing the Economy</b> Partnerships are ineffective and do not tackle and reduce crime	16	Section 22a Governance Victims Code Compliance Victims Service Grants	PCC Grant Funding/Commissioning Outcomes (Advisory)

<b>PCC Risk Register</b>				
<b>Risk ID</b>	<b>Risk Description and cause</b>	<b>Current Score</b>	<b>Previous audit coverage</b>	<b>Proposed Internal Audit 2019/20</b>
6	<b>Building a Modern Police Service</b> Resources are insufficient to meet the priorities of the Police and Crime Plan	16	Budget Management	Pool time for Financial processes
7	<b>Building Trust and Confidence</b> Confidence in policing in the West Midlands does not increase	15	Performance Management	DDI Crime Data Integrity
8	<b>Tackling national and international threats</b> The Force's contribution to national threats is not comprehensive, effective or properly resourced	12	Covert Funds Section 22a Governance Civil Contingencies	National Police Air Service Drones
9	<b>Building Trust and Confidence</b> The public's satisfaction with services from the Force does not increase	12	Performance reporting Digital Experience for Citizens	PSD Case Management Complaints (Advisory) Crime Data Integrity
10	<b>Building Trust and Confidence</b> Complaints and incidents of misconduct are not dealt with effectively	12	Body Worn Video	PSD Case Management Complaints (Advisory)
11	<b>Standing up for Young People</b> The organisation does not undertake activities to create, provide and improve pathways into employment and training for young people	12	Procurement / Contract Management Cadets	Supplier and Contract Management
12	Unauthorised encampments increase and become more problematic	12		



# Commissioner / Chief Constable Joint Internal Audit Charter



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## **1 Introduction**

- 1.1 The Police and Crime Commissioner West Midlands (PCC) and the Chief Constable (CC) are both responsible for maintaining an effective Internal Audit function under the Accounts and Audit Regulations 2015. These regulations specifically require that a *“relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.”*
- 1.2 This Charter defines the purpose, authority and responsibility of the Internal Audit service and is consistent with the Public Sector Internal Audit Standards (2017), which are mandatory.
- 1.3 The Charter is periodically reviewed and approved by senior management and the relevant board (definitions provided in Section 2 below.)

## **2 Definitions**

### **2.1 Internal Auditing**

The definition of Internal Auditing is a mandatory part of the PSIAS and is as follows:

*“Internal Auditing is 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.”*

### **2.2 Assurance**

Assurance activity is defined as *‘An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.’*

### **2.3 Consultancy**

Consultancy activity is defined as *‘Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation’s governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.’*

### **2.4 Independence**

The PSIAS define independence as *‘the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity requires the head of the activity to have direct and unrestricted access to senior management and the board. This can be achieved*



*through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional and organisational levels’.*

## 2.5 **Objectivity**

The PSIAS define objectivity as *‘an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional and organisational levels’.*

## 2.6 **The Chief Audit Executive**

The PSIAS describes the role of Chief Audit Executive as *‘a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework.’*

The specific responsibilities of the Chief Audit Executive are undertaken by the Head of Internal Audit. Within this Charter, all references from here on are to the Head of Internal Audit.

## 2.7 **The Board**

The PSIAS informs that the Board *‘...may refer to an audit committee to which the governing body has delegated certain functions’.*

The Joint Audit Committee will perform the function of the Board. Within this Charter, all references from here on are to the Joint Audit Committee.

## 2.8 **Senior Management**

The PSIAS does not provide a definition of ‘senior management’ however it does require that the Head of Internal Audit *‘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’* when developing the risk based plan. It also states the Head of internal Audit *‘has direct and unrestricted access to senior management and the board.’*

For the purposes of this Charter, Senior Management consists of the Chief Executive, the Chief Finance Officer (PCC), the Force Director of Commercial Services and the Deputy Chief Constable.

# 3 **Internal Audit Mission, Core Principles and Objectives**

## 3.1 The mission of the service is

*“to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”*

In order to achieve this mission, Internal Audit must demonstrate achievement of the following core principles:

- Demonstrate integrity.
- Demonstrate competence and due professional care.
- Be objective and free from undue influence (independent).
- Align with the strategies, objectives, and risks of the organisation.
- Be appropriately positioned and adequately resourced.
- Demonstrate quality and continuous improvement.
- Communicate effectively.
- Provide risk-based assurance.
- Be insightful, proactive, and future-focused.
- Promote organisational improvement.

3.2 The Internal Audit service evaluates the adequacy and effectiveness of controls in responding to risks within the PCC and CC's governance and operation systems regarding the:

- achievement of the organisations' strategic objectives;
- adequacy of risk management, identification, assessment and mitigation;
- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations and programmes
- safeguarding of assets; and
- compliance with laws, regulations, policies, procedures and contracts.

3.3 In addition, the other objectives of the function are to:

- support the PCCs and Forces Section 151 officers in discharging their statutory duties for ensuring proper administration of the PCCWM / CC's financial affairs;
- provide appropriate input to the Annual Governance Statements or other assurance processes of the PCC and CC;
- support management to understand their exposure to risks and advise on risk management principles / methods;
- supporting the Joint Audit Committee in fulfilling its governance responsibilities;
- promote a counter fraud culture across the Office of the PCC and Force, through the development and effective implementation of the Anti-Fraud, Bribery and Corruption Policy; and
- undertake consultancy type reviews and provide advice as requested by senior management of the PCC and Force.

3.4 Internal Audit will incorporate knowledge of controls gained from consulting engagements into evaluation of the organisation's control processes.

## **4 Scope of Internal Audit**

- 4.1 The Internal Audit service' role applies to all functions and services for which the PCC and CC is responsible. Internal Audit has unrestricted coverage of both organisations activities and unrestricted access to all records and assets which is necessary for it to effectively fulfil its responsibilities, however and wherever these are held. This includes information which is held or managed by third parties on the PCC and CC's behalf.
- 4.2 The Head of Internal Audit has direct access, as appropriate to:
- All levels of management, including the PCC, the CC, the Chief Executive, the Chief Financial Officer (CFO) and the Force Chief Financial Officer (FCFO);
  - The Chair of the Joint Audit Committee and its members;
  - Employees of both organisations;
  - Agents of both organisations.
- 4.3 The Head of Internal Audit can report directly to the Joint Audit Committee and officers at any level.
- 4.4 The Internal Audit service is required (by the PSIAS) to be sufficiently independent of the activities it audits such that it can make impartial and effective professional judgements and recommendations. Independence is achieved through a combination of:
- the organisational status of the service;
  - the objectivity of Internal Auditors and ensuring no conflicts of interest;
  - reporting in own name;
  - the freedom to report directly to the Joint Audit Committee and;
  - being free from direct responsibility for the development, implementation or operation of systems and procedures.
- 4.5 Should the independence or objectivity of the Internal Audit service be impaired in fact or appearance, the Head of Internal Audit will disclose details of the impairment to the CFO and /or the Chair of the Joint Audit Committee depending upon the nature of the impairment.
- 4.6 Internal Audit activity evaluates and contributes to the improvement of governance, risk management and control processes using a systematic and disciplined approach. Internal Audit assesses and makes appropriate recommendations for improving the governance process in its accomplishment of the following objectives:
- promoting appropriate ethics and values within the organisation;
  - ensuring effective organisational performance management and accountability;
  - communicating risk and control information to appropriate areas of the organisation; and
  - co-ordinating the activities of and communicating information among the Audit and Governance Committee, External and Internal Audit and management.
- 4.7 Internal Audit activity reviews the design, implementation and effectiveness of the

organisation's ethics-related objectives, programmes and activities. It also assesses whether the information technology governance within the organisation supports the organisation's strategies and objectives.

- 4.8 Internal Audit activity also evaluates the potential for the occurrence of fraud and how the organisations manage fraud risk.

## **5 INTERNAL AUDIT STAFFING**

- 5.1 The Head of Internal Audit will be professionally qualified (CMIIA, CCAB or equivalent) and will be suitably experienced.

- 5.2 The responsibility regarding the appointment and removal of the Head of Internal Audit is with the CFO. The CFO will review the performance appraisal of the Internal Audit Manager and feedback will also be sought from the Chair of the Joint Audit Committee.

- 5.3 The Head of Internal Audit ensures that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plans.

- 5.4 Internal Audit will be appropriately staffed in terms of number, grade, qualification levels and experience to enable the Audit plan to be delivered effectively. This will be achieved through the recruitment of staff suitably skilled and experienced for the post appointed to and through the performance appraisal and development programme.

- 5.5 Internal Auditors will possess the knowledge, skills and other competencies needed to perform their individual responsibilities. Internal Auditors will enhance their knowledge, skills and other competencies through continuing professional development. The Head of Internal Audit will obtain competent advice and assistance if there is a lack the knowledge, skills or other competencies needed to perform all or part of an engagement.

- 5.6 Internal Auditors will have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by both organisations, but will not all have the expertise of a person whose primary responsibility is detecting and investigating fraud. The responsibility for the investigation of fraud is set out in the Anti-Fraud, Bribery and Corruption Policy.

- 5.7 Internal Auditors will have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work.

- 5.8 The Head of Internal Audit will decline a consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills or other competencies needed to perform all or part of the engagement.

- 5.9 Staff will apply the care and skill expected of a reasonably prudent and competent Internal Auditor.

- 5.10 The Head of Internal Audit ensures that resources are sufficient by matching the staffing levels to the requirements of the approved plans.

- 5.11 The Internal Audit service is not responsible for services outside of the delivery of Internal Audit. Where staff transfer internally to Internal Audit, the Head of Internal Audit will

ensure they do not audit activities they were previously responsible for, for at least 18 months. This includes transfers after periods of secondment whilst undertaking professional training.

## **6 RESPONSIBILITIES OF MANAGEMENT**

6.1 All levels of management have a role to identify key risks to their service and to ensure these risks are effectively mitigated to an adequate degree in accordance with both organisations' stated risk appetites. Management is also responsible for ensuring that staff are aware of the processes and procedures required to operate the internal control systems.

6.2 All managers can assist the process of Internal Audit by:

- providing access at all reasonable times to premises, personnel, documents and assets that the Internal Auditors consider necessary for the purposes of their work;
- giving information and explanations that are sought by the Internal Auditors in the course of their work;
- providing input to both the audit plans and the Terms of Reference for each review, to ensure attention is focused on areas of greatest risk;
- early notification to Internal Audit of plans for change, including new operational systems and processes;
- implementing agreed actions arising from audit recommendations in a timely and effective manner;
- immediately notifying the Head of Professional Standards / Head of Internal Audit of all suspicions of fraud, theft, or other irregularity, in accordance with the Anti-Fraud, Bribery and Corruption Policy. Pending investigation and reporting, the relevant senior manager/ member of Executive Team, in consultation with the Head of Internal Audit, should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration;
- ensuring that where key systems are managed by an external organisation that contractual documentation identifies, in consultation with the Head of Internal Audit, the Internal Audit arrangements for those key systems.

6.3 When the Head of Internal Audit concludes that management has accepted a level of risk that may be unacceptable to the organisation, he/she will discuss the matter with senior management. If the Head of Internal Audit determines that the matter has not been resolved, he /she will communicate the matter to the Joint Audit Committee. It is not the responsibility of the Head of Internal Audit to resolve the risk.

## **7 RESPONSIBILITIES OF THE JOINT AUDIT COMMITTEE**

7.1 The roles of the Joint Audit Committee in relation to Internal Audit include:

- To ensure its independence, objectivity and professionalism;
- To support the effectiveness of the internal audit process;
- To promote the effective use of internal audit within the assurance framework;

- To advise the PCC and the CC on appropriate arrangements for Internal Audit;
- To endorse the Internal Audit Plan; and
- To consider progress reports and receive the annual opinion on the internal control environment.

## **8 AUDIT SERVICES & CONTEXT**

8.1 The Head of Internal Audit is required to manage the provision of a complete audit service to both organisations. This includes:

- Preparing annual plans, including resource requirements, in consultation with senior management, for review and approval by senior management and the Joint Audit Committee. These plans will be prepared using a risk based approach, aligned to the Corporate Risk Register, taking account of the risk maturity of the organisation and any Assurance Frameworks. They will include a risk assessment and will explain the approach to using any other sources of assurance and any work required to place reliance upon those other sources. The risk-based plans will incorporate or be linked to a strategic or high level statement of how the Internal Audit service will be delivered in accordance with this Charter and how it links to the organisational objectives and priorities. The plan will also explain how Internal Audit's resource requirements have been assessed;
- Where the Head of Internal Audit believes that the level of agreed resources will impact adversely on the provision of the annual Internal Audit opinion, the consequences will be brought to the attention of the Joint Audit Committee;
- Providing suitably skilled and experienced staff to undertake Internal Audit reviews;
- Working in conjunction with the authorities' External Auditors, whereby external audit places reliance on the work of Internal Audit;
- Undertaking Internal Audit reviews, including Value for Money reviews, in accordance with the approved Annual Plans and the Internal Audit Manual;
- Agreeing any amendments to the Annual Plan, in response to both organisations' business needs, with senior management. Any such amendments will be reported to the Joint Audit Committee;
- Considering accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements will be included in the plan;
- Seeking approval from the Joint Audit Committee for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement;
- Assessing all requests for non-audit activity particularly where this activity may introduce a conflict of interest or impair independence. Where it is assessed that the non-audit activity does provide a potential conflict, the activity will not be performed unless appropriate mitigation activities are put in place to minimise the potential impact of the conflict;

- Providing an audit opinion on each individual review undertaken together with an Annual Audit opinion on the adequacy of the internal control framework operating within both organisations;
  - Responding to requests for support, advice and guidance on implementing and/or improving control procedures for current and new systems.
- 8.2 The Joint Audit Committee will make appropriate enquiries of management and the Head of Internal Audit to determine whether there are inappropriate scope or resource limitations.
- 8.3 The Head of Internal Audit will also provide an audit opinion on each individual review undertaken for external clients together with an annual audit opinion on the adequacy of the internal control framework operating within those external organisations.
- 8.4 The Internal Audit service will be provided by an in-house service.

## **9 RISK MANAGEMENT**

- 9.1 The Internal Audit team evaluate the effectiveness and contribute to the improvement of risk management processes through the internal auditor's assessment that:
- organisational objectives support and align with each organisation's mission;
  - significant risks are identified and assessed, including the risk of fraud;
  - appropriate risk responses are selected that align risks with the organisation's risk appetite; and
  - relevant risk information is captured and communicated in a timely manner across the organisations, enabling staff, management, the PCC and the Joint Audit Committee to carry out their responsibilities.
- 9.2 Internal Audit will evaluate risk exposures relating to the organisation's governance and operations systems regarding the:
- achievement of the organisations' strategic objectives;
  - reliability and integrity of financial and operational information;
  - effectiveness and efficiency of operations and programmes;
  - safeguarding of assets; and
  - compliance with laws, regulations, policies, procedures and contracts.
- 9.3 During consulting engagements, Internal Auditors will address risk consistent with the engagement's objectives and will be alert to the existence of other significant risks. Internal Auditors will incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes.
- 9.4 When assisting management in establishing or improving risk management processes, Internal Auditors do not assume any management responsibility by actually managing risks.

## **10 AUDIT REPORTING FRAMEWORK**

- 10.1 Internal Audit activity is undertaken to assist management fulfil their objectives of delivering services and contributing to overall strategic objectives. Outputs from Internal Audit work range from informal advice to formal written reports. The Internal Audit process allows management to have the opportunity to agree the factual accuracy of report content and to discuss the action plan.
- 10.2 Final reports are issued to management which include the engagement's objectives and scope, applicable conclusions and identify agreed actions showing responsibilities and implementation dates.
- 10.3 Final reports also include an opinion regarding the level of assurance that can be given for the control environment of the system or unit being audited.
- 10.4 Final reports issued to parties outside the organisation include limitations on distribution and use of the results.
- 10.5 Regular liaison meetings are held with senior management to discuss at a summary level, any issues or themes arising and to agree the timing and content of planned work.
- 10.6 Audit recommendations are followed up six months after final audit reports are issued, and any that remain outstanding will continue to be followed up every three months. The results of this follow up process, including whether senior management has accepted the risk of not taking action, are reported to the Joint Audit Committee.
- 10.7 Internal Audit reports to the Joint Audit Committee in accordance with the reporting timetable agreed with the Committee. This includes quarterly progress reports and an annual audit report which incorporates the following:
- An Annual Audit Opinion;
  - A summary of the work that supports the opinion;
  - A statement on conformance with the UK Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.
- 10.8 The Annual Audit Opinion and report will be used to inform the Annual Governance Statement.
- 10.9 In addition, the Head of Internal Audit will provide a report annually to senior management and the Joint Audit Committee outlining the contents and any updates to the Internal Audit Charter, including the Definition of Internal Auditing, the Code of Ethics and the Standards.

## **11 QUALITY OF SERVICE**

- 11.1 Internal Audit operates in accordance with the Public Sector Internal Audit Standards. These include specific reference to the Code of Ethics which Internal Auditors in UK public sector organisations must conform to. This Code of Ethics includes the following principles: Integrity, Objectivity, Confidentiality and Competency. Breaches of the Code of Ethics will be evaluated and administered according to the Institute of Internal Auditors' Disciplinary Procedures. Disciplinary procedures of other professional bodies and employing organisations may apply to breaches of the Code of Ethics. If individual Internal



Auditors have membership of a professional body then he or she must also comply with the relevant requirements of that organisation.

- 11.2 Internal Auditors must have an impartial, unbiased attitude and avoid any conflict of interest. They must also have regard to the Committee on Standards of Public Life's *Seven Principles of Public Life*. Adherence to expected standards will be subject to management overview through actions 11.3 and 11.4 below.
- 11.3 Internal review of work standards is undertaken through a system of management review involving senior audit staff and the Head of Internal Audit. This incorporates review of all audit documentation and reports prior to release to the relevant manager. Appropriate evidence of review is documented and retained. The Head of Internal Audit is responsible for reviewing and approving the final audit report before it is issued and for deciding to whom and how it will be disseminated. If these duties are delegated, the Head of Internal Audit retains overall responsibility.
- 11.4 If not otherwise mandated by legal, statutory or regulatory requirements, prior to releasing results to parties outside the organisation, the Head of Internal Audit will:
- assess the potential risk to the organisation;
  - consult with senior management and / or legal counsel as appropriate; and
  - control dissemination by restricting the use of the results.
- 11.5 The Head of Internal Audit is responsible for communicating the final results of consulting engagements to clients. During consulting engagements, governance, risk management and control issues may be identified. Whenever these issues are significant to the organisation, they will be communicated to senior management and the Joint Audit Committee.
- 11.6 Quality questionnaires are issued to auditees at the end of each audit review. Completed questionnaires are recorded and monitored against Internal Audit's Performance Indicator for Customer Satisfaction. Regular liaison meetings are also held with senior management across both organisations to discuss quality issues.
- 11.7 A suite of performance indicators and targets has been developed to monitor the quality of the service provided. These indicators are subject to review by the Joint Audit Committee.
- 11.8 A Quality Assurance and Improvement Programme has been developed by the Head of Internal Audit, which includes both internal and external assessments and covers all aspects of the Internal Audit activity. Internal Auditors can report that their engagements are "conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*", only if the results of the quality assurance and improvement programme support the statement.
- 11.9 Periodic self-assessments are conducted to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards. Any areas of non-compliance are reported to the Joint Audit Committee.
- 11.10 External review of the work of Internal Audit takes place through the following mechanisms:

- Regular contact is maintained with the organisations' External Auditors and information will be shared as appropriate to inform its work as part of the statutory external audit of the accounts. External Audit will comment on how the work of internal audit contributes to an effective internal control environment.
- The use of benchmarking to compare performance with other Police Services across the country.
- External assessment of Internal Audit will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Head of Internal Audit will agree the scope of external assessments with an appropriate sponsor, e.g. the CFO or Chair of the Joint Audit Committee as well as with the external assessor or assessment team. The external assessment may be in the form of a full external assessment, or a self-assessment with independent external validation.

11.11 The results of the Quality Assurance and Improvement Programme are reported by the Head of Internal Audit to senior management and the Joint Audit Committee in the annual report.

## **12 STRUCTURE AND LOCATION**

12.1 The Internal Audit Service is within the Office of the Police and Crime Commissioner and is located at Lloyd House, Birmingham. Operationally and administratively, Internal Audit reports to the Chief Finance Officer.