



Agenda Item 10

**JOINT AUDIT COMMITTEE
25 March 2021**

**INTERNAL AUDIT STRATEGY AND
INTERNAL AUDIT WORK PROGRAMME FOR 2021/22**

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 2021/22.

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 2021/22 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 2021/22 and is also attached at Appendix B for endorsement 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 2021/22 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 2020, 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 2021/22.
- 3.2 Note that no changes are required to the Internal Audit Charter.

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

This document sets out the Internal Audit Strategy 2021/22 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.

Services

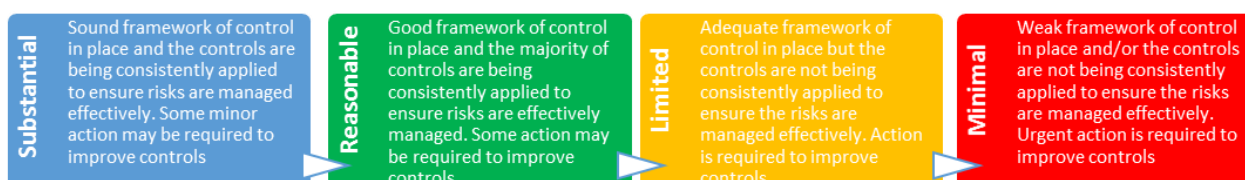
All organisations face risks in every aspect of their work: policy making, decision taking, action and implementation, regulation and spending. The different types of risk are varied and commonly include financial risks, IT risks, operational risks, physical risks to people and damage to the organisations 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 Joint Internal Audit Service is to support managers by providing the following services:

Assurance

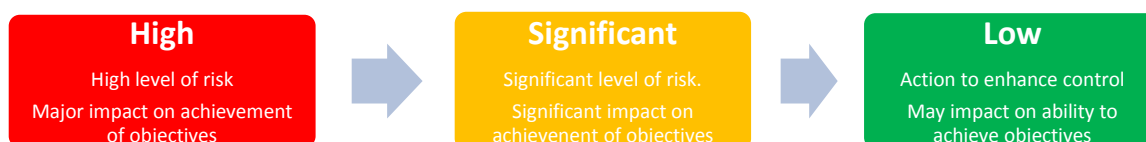
We develop and then deliver a programme of internal audits to provide independent assurance to senior management and the Joint Audit Committee members that significant risks are being addressed. To do this, we will evaluate the quality of risk management processes, systems of financial, management and 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 2021/22:



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 organisation¹ 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

¹ Organisation throughout refers to the Police and Crime Commissioner and West Midlands Police Force

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 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 This Work Matters 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 investigations 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.

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 Service, 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.

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 or working;
- Implementation of new systems;
- Increased demand on services;
- Pressure to reduce costs while improving quality/ effectiveness; and
- 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 (CIPFA).
- 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 and has commenced studying the Certified Information Systems Auditor (CISA) qualification with the Information Systems Audit and Control Association (ISACA).
- Another Principal Auditor has a Certified Internal Audit qualification with the IIA and is currently studying for Chartered status.

- One Auditor has recently become qualified as a Certified Internal Auditor with the IIA.

Support for professional training will continue during 2021/22. In addition, relevant ad-hoc training will be provided during the year on relevant subjects to maintain Continued Professional Development. Examples of ad-hoc training include, attendance at annual audit conferences, Annual Police Audit Group Conference and relevant 'hot topic' sessions and webinars provided by the professional bodies.

Our approach for 2021/22

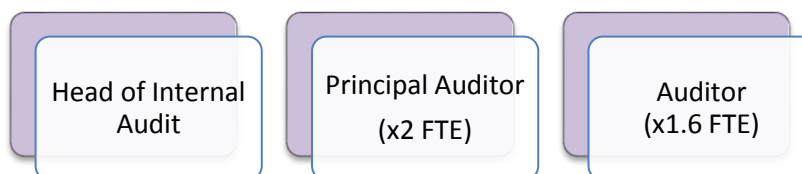
The plan covers one year, although it will remain flexible to cover changes in the risk profile of the organisation and will be revised at key stages throughout the year. The focus of the plan is primarily on the high risk areas, areas of significant change and key organisational processes. Audits of 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 and the Police and Crime Commissioner's (PCC) Chief Executive and Chief Finance Officer.
- Review of the Police and Crime Plan, the Force's three year strategy 'This Work Matters', 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 such as the National Police Audit Group 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 800 productive audit days.

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

Category	Days	% of days
Assurance; including contingency	655	82%
Advisory; incl. contingency for ad-hoc advice	35	4%
Counter Fraud/Investigation contingency	35	4%
Management; incl. JAC facilitation and reporting, External Audit Liaison, Audit Planning, Senior Management Liaison etc.	75	10%
Total Productive days available for audit	800	100%

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/Force's three year strategy;
- Links to the risk register;
- Previous known issues that highlighted potential control weaknesses (from HMICFRS, Internal Audit, External Audit, reports to Strategic Policing and Crime Board etc.);
- Other scrutiny and assurance processes in place;
- Key new system or service priorities
- 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 2021/22 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 consists 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. The audit universe will continue to change and be developed and refined during future planning exercises as risk profiles change, the Force continues through its transformation programme and the Police and Crime Commissioner develops the Policing and Crime Plan for 2021 and beyond.

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 2021/22 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 will be revised as circumstances change. The Joint Audit Committee will be consulted on any such changes and will be provided with regular updates on progress.

2021/22 Draft Internal Audit Work Plan

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to This Work Matters	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Crime	Domestic Abuse	Changes are being made to the processes for managing domestic abuse cases. This review, planned for later in the year, will assess the effectiveness of those changes to ensure processes for managing domestic abuse cases are robust and the proposed benefits are being delivered. This will include areas such as response times, outcome rates, capacity monitoring, staff wellbeing and supporting victims. CRR40 Vulnerability and Hidden Crimes	Force	Protecting from harm	Act with Precision Maximise the impact of every intervention to keep people safe	Cfwd from 2020/21 as agreed by Senior Mgt and JAC	✓				
Corporate	Force Risk Management	This review of organisational risk management arrangements will assess the embeddedness of risk management across the force.	Force	Effective accountability and Governance	All aspects of This Work Matters	Cfwd from 2020/21 as agreed by Senior Mgt and JAC	✓				
Local Policing	Integrated Offender Management	The review will provide assurance around the Integrated Offender Management arrangements in place across the Force. Changes to the existing arrangements are proposed to take place in spring/summer. This review will be undertaken later in the year to confirm the changes have been embedded and the new arrangements are operating robustly. There is also a national review underway which will see a new national strategy being released.	Force	Reducing crime and harm Reducing offending and reoffending	Act with Precision Maximise the impact of every intervention to keep people safe	Cfwd from 2020/21 as agreed by Senior Mgt and JAC	✓				

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to This Work Matters	Priority	Assurance	Advice	Investigations	Counter fraud	Management
POD/ Commercial Services	Detained Property	The Force has moved to centralised property stores which has seen changes in how property is booked in and out. This review will consider the robustness of the new arrangements in place.	Force	Building a modern police service WMP2020	Improve through Innovation Continually searching for new and better ways of working	Cfwd from 2020/21 as agreed by Senior Mgt and JAC	✓				
Security	Terrorist Offender Management	Review of the arrangements for managing terrorist offenders, include record keeping, information sharing, case management, relationships with other agencies/partners, communication around risks and prioritisation of responses around National Risk Assessment, learning outcomes from external reviews etc.	Force	Tackling national and international threats	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	Cfwd from 2020/21 as agreed by Senior Mgt and JAC	✓				
Operations	Brexit	This review will consider the robustness of the mitigation specified on the Force risk register to reduce the impact of Brexit on the Force CRR47 Britain's exit from the EU	Force	Tackling national and international threats	All aspects of This Work Matters	H	✓				
Crime/ Security /OPCC	Rape and Serious Sexual Offences (RASSO)	Due to low outcome rates for successful rape cases, action plans have been developed to improve success. This review will determine the robustness of action plans to drive improvements in success rates and the effectiveness of governance and scrutiny arrangements to monitor the plans to ensure improvements are delivered. The review will also consider how the Force is taking forward the learning from the HMICFRS Inspections and the development in partnership networks within the OPCC to ensure appropriate support networks in place and national model is embedded. CRR40 Vulnerability and Hidden Crimes	Both	Protecting from harm	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	H	✓				

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to This Work Matters	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Crime	Victims Satisfaction	This audit will review the victims expectations against service levels set in service level agreements have been met during the investigation of a crime. The review will also consider whether the decisions not to investigate are proportionate and include clear engagement with victims and how victims satisfaction is measured and reported and referral mechanisms are utilised. CRR40 Vulnerability and Hidden Crimes	Force	Building trust and confidence in our police. Confidence in policing. Satisfaction with service	Connect with People Build Trust, confidence and strengthen the communities	H	✓				
Crime/ Security	Hidden Crimes (Modern Day Slavery/Human Trafficking/ Exploitation)	This review planned for later in the year cuts across Crime and Security portfolios and will consider the operating protocols for the new SOCEX hub and how embedded this now is in the investigative process and whether benefits have been achieved. CRR40 Vulnerability and Hidden Crimes	Force	Protecting from harm: Preventing and detecting 'hidden crimes'	Act with Precision Maximise the impact of every intervention to keep people safe	H	✓				
Operations	Covid - Organisational Learning	This audit will focus of the outcomes and learning from the HMICFRS inspection of Covid across all forces to see how the Force is taking forward the learning from the inspection. The review will also consider the robustness of new practices that have been adopted by the Force during the Covid pandemic as part of business as usual. CRR48 - Covid-Organisational	Force	WMP2020 & wider change programmes as a result of COVID-19	All aspects of This Work Matters	H	✓				
Crime	Connect - Case Management aspects	This review will determine the process for managing cases within Connect to ensure practices are robust and Connect has been embedded into business as usual approaches. CRR50 WMP2020 Benefits Realisation	Force	Building a modern police service WMP2020	Improve through Innovation Continually searching for new and better ways of working	H	✓				

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to This Work Matters	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Corporate	Connect - Benefits Realisation	This audit will assess the governance arrangements for benefits realisation following the implementation of Connect. The review will be undertaken in 2 parts - phase 1 will assess the governance process established for monitoring benefits. Phase 2 will determine whether the benefits have been recorded and assessed accurately and have been achieved. CRR50 WMP2020 Benefits Realisation	Force	Building a modern police service WMP2020	Improve through Innovation Continually searching for new and better ways of working	H	✓				
DCC	Crime Data Integrity	This review will consider the governance and audit regimes around Crime Data Integrity to ensure any issues raised by HMICFRS are continuing to be progressed by the Force CRR20 - Information Management - Records Management & Crime Data Integrity	Force	Building Trust and Confidence in our police Accurate recording and increased reporting of crime	Act with Precision Maximise the impact of every intervention to keep people safe	H	✓				
POD	Accounts Payable	This audit will be an end to end review of the accounts payable process to ensure key controls are in place and complied with for paying providers timely. Controls to prevent fraud and misappropriation will be considered as part of this review.	Both	Building a modern police service Budget	All aspects of This Work Matters	H	✓				
Crime	Management of Suspects (including use of Released Pending Investigation)	This review will look at compliance with policy requirements around how suspects are processed through the system, including decision making processes, use of Release Pending Investigation, circulation on PNC, prioritisation etc. CRR51 Criminal Justice Case Backlog	Force	Supporting Victims of Crime Victim-focussed Restorative Justice	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	H	✓				

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to This Work Matters	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Security	Commonwealth Games	Scope to remain flexible and agreed throughout the year – work in collaboration with the Organising Committee. Possible areas include: - Procurement – including intelligence checks in the supply chain - Staffing/volunteering plans - Any learning from City of Culture	Force	Strengthening communities and growing the economy Commonwealth games 2020	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	M	✓				
POD	Pensions	Advisory piece The Force is progressing national advice following the McCloud and Sergeant rulings and it is anticipated that officers may imminently begin to request transition back to the old pension scheme. This brief advisory piece will be limited to assessing the process in place to manage this transition.	Force	Building a modern police service	Nurture and Support Sustain a healthy, capable and engaged workforce	M		✓			
POD/ Commercial services	Financial Systems/ processes	Pool of time allocated to review financial systems.	Both	Building a modern police service Budget	All aspects of This Work Matters	M	✓				
Commercial Services	Mobile and Agile Working	Increased numbers of staff and officers are working from home as a result of Covid. This review will determine the robustness of processes in place to ensure agile working is managed effectively, including aspects such as management of equipment and assets, guidance around information management etc.	Both	Building a modern police service WMP2020	Nurture and Support Sustain a healthy, capable and engaged workforce	M	✓				
Crime	Victim Service Assessment Team	Advisory piece Internal Audit to hold regular liaison meetings with VSA team to discuss results from local audit process.	Force	Building trust and confidence in our police	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	M		✓			

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to This Work Matters	Priority	Assurance	Advice	Investigations	Counter fraud	Management
POD	Uplift programme	This review will provide additional assurance that the governance arrangements in place for the Uplift programme continue to be managed robustly to achieve objectives. CRR45 Uplift	Force	Building a modern police service Developing a modern workforce and supporting our staff	Act with Precision Maximise the impact of every intervention to keep people safe	M	✓				
Operations	Contact Service Levels	This review will focus of fairness and transparency in service levels the public can expect regardless of which medium is used to contact the Force. The digital deflection project outcomes and the guidance within the National Contact Strategy and National Social media strategies will be considered as part of this review.	Force	Building a modern police service	Act with Precision Maximise the impact of every intervention to keep people safe	M	✓				
Local Policing	Special Constabulary	A review of the special constabulary including onboarding, training, capacity, deployment, performance management regimes etc.	Force	Building a modern police service Developing a modern workforce and supporting our staff	Nurture and Support Sustain a healthy, capable and engaged workforce	M	✓				
Commercial Services	Environmental Strategy	Advisory piece The Force are in the process of appointing a new Environmental Manager to take forward the Environmental Strategy agenda. This is an advisory piece to liaise with the new manager about the action planning and governance around the Strategy going forward.	Force	Building a modern police service	Improve through Innovation Continually searching for new and better ways of working	M		✓			
OPCC	Strategic Policing and Crime Plan	Advisory piece Advisory work around mechanisms and governance arrangements in place to develop the strategic policing and crime plan and take it forward into delivery	PCC	All	N/A	M		✓			

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to This Work Matters	Priority	Assurance	Advice	Investigations	Counter fraud	Management
OPCC	Casework	This review will consider how correspondence and casework into the OPCC is managed and processed, including systems access and used, performance monitoring regimes, record keeping, escalation protocols etc.	PCC	All	N/A	M	✓				
Contingency	Contingency for assurance work	Due to uncertainty in time required for some jobs - contingency established to be allocated to audits that merit further allocation of time.	Both	N/A	N/A	N/A	✓				
Management	Management	Includes Audit committee planning, reporting and attendance, Audit Planning and ongoing liaison, effectiveness review, PSIAS requirements, general management etc.		N/A	N/A	N/A					✓
Contingency	Contingency for investigations	Includes liaison with PSD on ad-hoc investigation	Both	N/A	N/A	N/A			✓		
Contingency	Contingency for Ad-hoc advice	Small amount of time to provide advice on request that is not already included as part of this plan	Both	N/A	N/A	N/A		✓			
Follow-ups	Follow-ups	Time allocation to follow-up on audit recommendations to confirm implementation	Both	N/A	N/A	N/A	✓				
Mandatory	NFI	Investigation of key data matches	Both	N/A	N/A	N/A				✓	

Illustration of Auditable Topics (not planned for 2021/22)

In addition to the audit work plan above, the Public Sector Internal Audit Standards requires the strategy to be transparent about those audit areas not covered in 2021/22. 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 2021/22. 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	Description	PCC/ Force or Both	PCP/Risk register	Force This Work Matters	Total Score	Comments
POD	On-Line Overtime	This audit will consider the robustness of the controls in place to submit and process overtime claims on-line for payment. This new process is due to go-live in April 2021	Force	Building a modern police service Budget	Nurture and Support Sustain a healthy, capable and engaged workforce	M	MyTime audit underway which is considering implementation of on-line overtime
Operations	ANPR	This review will consider how the force utilises ANPR to maximise effectiveness of this technology.	Force	Protecting from harm The road network is not safe and secure and is inefficient	Act with Precision Maximise the impact of every intervention to keep people safe	M	
Corporate	Priority Based Budgets Implementation	The Force is reviewing its budgeting arrangements to respond to budget pressures. Plans have been prepared cutting across a three year period. This review will determine how the Force is driving forward those plans to deliver priority based budgets.	Force	Building a modern police service Resources are insufficient to meet the priorities of the Police and Crime Plan	All aspects of This Work Matters	M	
POD	Duty Management	This audit will consider how the Force utilise the new resourcing portal to analyse and determine what resources are available across teams and utilise the information to manage the workforce.	Force	Building a modern police service	Improve through Innovation Continually searching for new and better ways of working	M	Review of MyTime underway as part of 2020/21 plan
Corporate	Office 365	A review of the roll out of Office 365, who is using what are we utilising full capabilities, what are the plans going forward, Is the Force using it effectively for briefing and tasking etc.	Both	Building a modern police service WMP2020	Improve through Innovation Continually searching for new and better ways of working	M	Not yet in pilot phase – suggest deferring to 2022/23

Portfolio	Area	Description	PCC/ Force or Both	PCP/Risk register	Force This Work Matters	Total Score	Comments
Corporate	Collaboration	There are a number of collaborations in place with other forces for various aspects such as ROCU, Legal services, Forensics etc. This review will consider the administration and governance arrangements around these and determine whether the benefits and opportunities are being explored	Force	Strengthening the community and growing the economy Partnerships are ineffective and do not tackle and reduce crime	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	M	
Corporate	Connect Transition and Decommissioning of systems	This audit will consider the transition arrangement for the implementation of Connect, considering support mechanisms for users, emerging themes and organisational learning, action planning to address emerging issues, and preparation and planning to decommission services.	Force	Building a modern police service WMP2020	Improve through Innovation Continually searching for new and better ways of working	M	Aspects will be covered during proposed review of Connect Benefits Realisation
POD	Performance Management process	This review will consider the embeddedness of performance management arrangements implemented across the force through WMP conversations	Force	Building a modern police service	Nurture and Support Sustain a healthy, capable and engaged workforce	M	
Operations	Force Gyms	An audit of the provision of Force gyms including access and usage policies, equipment provision and maintenance, operating procedures and operational requirements. This forms part of the wider wellbeing package for officers.	Force	Building a modern workforce	Nurture and Support Sustain a healthy, capable and engaged workforce	M	
Crime / Local Policing	Adult Safeguarding	Local Commanders represent the Force at safeguarding boards, which require consideration and awareness of widespread areas, particularly in respect of adult safeguarding. This review will consider how the Force equips relevant officers with knowledge and awareness to contribute successfully to these boards. CRR52 - Safeguarding Local Policing	Force	Protecting from harm	Act with Precision Maximise the impact of every intervention to keep people safe	M	Review of Safeguarding undertaken in 2019/20. Recommendations continue to be followed-up.
Local policing	Volunteers / Active Citizens	A review of the volunteer/activating citizen arrangement to ensure the processes operated by the Force are appropriate and are focussing on the right objectives/key areas.	Force	Strengthening to community and growing the economy	Connect with People Build Trust, confidence and strengthen the communities	M	

Portfolio	Area	Description	PCC/ Force or Both	PCP/Risk register	Force This Work Matters	Total Score	Comments
Commercial Services	Robotics	This review will follow on from the audit undertaken in 2019/20 and assess how the department has developed this capability, including how proactive the department is in determining where robotics could be used, the governance around requests for automations including risk assessment and prioritisation, how automations are tested and approved as fit for purpose, through to benefits being tracked etc.	Force	Building a modern police service WMP2020	Improve through Innovation Continually searching for new and better ways of working	M	Audit completed in 2019/20. New system recently implemented and resources being recruited in attempt to increase capacity. Suggest deferring until 2022/23 until new resources recruited and embedded.
Commercial Services	Use of Mobile Apps	Mobility is a key tool for driving efficiencies across the Force. This review will consider whether benefits have been achieved and mobility apps are being utilised to full extent.	Force	Building a modern police service WMP2020	Improve through Innovation Continually searching for new and better ways of working	M	
Commercial Services	Police Commercial Organisation	A Police Commercial Organisation has been established which will change the future procurement mechanisms, moving to a national approach. The review will assess the Force's transition to the new approach	Force	Building a modern police service	Improve through Innovation Continually searching for new and better ways of working	M	Police Commercial Organisation is in its infancy – suggest deferring to 2022/23
Commercial Services	Subject Access Requests	A review of the robustness of arrangements in place to manage and administer Subject Access Requests into the Force.	Force	Building trust and confidence in our police Effective accountability and governance	Connect with People Build Trust, confidence and strengthen the communities	M	
Security	Regional Prison Intelligence Unit	A review of the Regional Prison Intelligence Unit to ensure it is operating in compliance with procedures. The Unit has recently been uncoupled from ROCU and now sits within Counter Terrorism	Force	Tackling National and International Threats	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	M	
Crime	Victims Attrition	Gathering evidence from the community can be essential to secure a prosecution, but objections/resistance can reduce the timeliness and success of an investigation significantly. This review will consider how the Force works with the community to secure evidence, including rates of 'drop out' preventing the investigation continuing and ensuring appropriate victim/witness care.	Force	Building trust and confidence in our police. Confidence in policing. Satisfaction with service	Connect with People Build Trust, confidence and strengthen the communities	M	

Portfolio	Area	Description	PCC/ Force or Both	PCP/Risk register	Force This Work Matters	Total Score	Comments
Corporate	Continuous Improvement / Post Implementation Review	As WMP2020 transformation is approaching its end, this review will consider the plans to move towards a continuous improvement approach	Force	WMP2020	Improve through Innovation Continually searching for new and better ways of working	M	Internal review not yet commenced – suggest deferring to 2022/23
Security	Covert Funds	Pool allocation for review of a selection of covert funds to provide assurance that monies are being spent as intended and ensuring proper governance arrangements are in place. (Covert funds to include: CHIS, Assisting Offenders Unit, Regional Undercover unit, TIDU, CTU)	Force	Tackling National and International Threats	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	M	Review of CTU covert funds in 2020/21 received substantial assurance. No major concerns raised in previous years.
Operations	CBRN	This review will assess the robustness of operating processes within CBRN to ensure they comply with national and regional policies	Force	Tackling National and International Threats	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	M	
POD	Vehicle Recovery	Vehicle recovery includes recovery, compounding, disposing etc. of seized vehicles. A new contract is due to be implemented from end 2021 when a new process will be implemented for vehicle recovery. This is an advisory piece advising on the robustness of the new proposed arrangements prior to implementation.	Force	Strengthening Communities & Growing the Economy Supporting Economic Development	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	M	
Commercial Services	Information Management - site checks	A review of information management site visit arrangements to ensure compliance with the National Infrastructure Guidelines and the robustness of the process for addressing weaknesses identified.	Force	Building trust and confidence in our police Effective accountability and governance	All aspects of This Work Matters	M	Internal Audit attend the Force's Information Assurance Working Group and Strategic Information Management Board to which results from site checks are reported. Assurance will be gained from this process.
POD	Diversity and Inclusion	A review of the arrangements in place to ensure Diversity and Inclusion are given the right focus across the organisation, including a review of plans in place around being proportionate and inclusive.	Force	Building a modern police service	Nurture and Support Sustain a healthy, capable and engaged workforce	M	
Security	NABIS	West Midlands Police Forensic Services Unit is the location of the National Ballistics Intelligence Service (NABIS) Central Hub. This review will review the collaborative arrangements operating and ensure compliance with national and statutory guidance.	Force	Tackling National and International Threats	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	M	

Portfolio	Area	Description	PCC/ Force or Both	PCP/Risk register	Force This Work Matters	Total Score	Comments
Security	Intelligence - Strategic protests	Strategic protests has recently transferred from Counter Terrorism unit into Intelligence. This review will ensure the operating processes remain robust since the transition to Intelligence.	Force	Tackling National and International Threats	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	M	
Security	Counter Terrorism Security Advisors	This review will consider how areas are zoned and how risks of threats and security risks are considered. This will include how WMP work with partners in re-hardening zones.	Force	Tackling National and International Threats	Collaborate in Partnership Tackling the most complex demand and vulnerability at the earliest opportunity	M	
OPCC	Drugs Policy	This will be a thematic review around the PCCs drugs policy to establish how the strategy is being taken forward.	PCC	Protecting from Harm Crime does not reduce		M	
Operations	Public Order Training	A regional arrangement is in place for the provision of public order training using Cosford as the main base. This review would consider the robustness of the training in place including governance and resilience.	Force		Nurture and Support Sustain a healthy, capable and engaged workforce	L	
POD	PEQF	Over the next couple of years the Force will see a number of new recruits join the organisation. This audit will consider whether the training offered to new recruits is sufficient to deploy them into their roles.	Force	Building a modern police service	Nurture and Support Sustain a healthy, capable and engaged workforce	L	
POD	Training	A review of the commissioning arrangements around training ensuring there is an understanding of the requirements, options appraisal of approaches for delivery, robust evaluations and learning. Also, arrangements to fully understand the true cost of training to the Force.	Force	Building a modern police service Developing a modern workforce and supporting our staff	Nurture and Support Sustain a healthy, capable and engaged workforce	L	Previous audit undertaken in 2020/21 – follow up will be undertaken during 2021/22

Audit Coverage of Key Risk Areas

Risk ID	Risk Description and cause	Residual Risk Rating	Previous audit coverage (18/19 to 20/21)	Proposed Internal Audit 2021/22
40	<u>Vulnerability and Hidden Crimes</u> Identification and management of vulnerability in demand (includes child exploitation, modern day slavery, human trafficking, domestic abuse, missing people and hidden crimes).	High	<ul style="list-style-type: none"> • Thrive+ • Vulnerability - focus on delivery plan and domestic abuse • Vulnerability - Governance arrangements • Domestic Abuse Serial Perpetrators • Vulnerability in Calls/THRIVE+ • Missing Persons 	<ul style="list-style-type: none"> • Domestic Abuse Case Management • Hidden Crimes (Modern Day Slavery/Human Trafficking/Exploitation) • Rape and Serious Sexual Offences (RASSO) • Victims Services Assessment Team (Advisory)
48	<u>Covid-19 Organisational</u> Risk of staff infection / requirement to self-isolate / backlog of rest days and leave, as well as the need to deliver against national and local objectives is also placing additional demands on the workforce, outside of their normal business.	High		<ul style="list-style-type: none"> • Covid - Organisational Learning
49	<u>Covid-19 Operational</u> i - Potential of the Coronavirus pandemic to experience further waves of infection that return us to a state of response. Whilst it would now appear, that with the prospect of a vaccine being rolled out, infection waves should diminish, C19 is still fundamentally unpredictable in nature and we could still see spikes in certain parts of society. ii - Concurrence of other incidents to occur that will disrupt recovery/put additional pressure on resources (e.g. Public disorder, Major incident, Mutual Aid mobilisation).	High		<ul style="list-style-type: none"> • Covid - Organisational Learning
50	<u>WMP2020 Benefits Realisation</u> Benefits continue to be assessed on the WMP2020 portfolio (on a mixture of live projects e.g. CONNECT, and those which have now closed e.g. ControlWorks). Benefits reviews could reveal a reduction or slippage in benefits being realised.	High	<ul style="list-style-type: none"> • WMP2020 Benefits Realisation 	<ul style="list-style-type: none"> • Connect Benefits Realisation
20	<u>Information Management - Records Management & Crime Data Integrity</u> i - There is a lack of understanding regarding the legacy rules that apply to digital records searches within specific systems therefore searches can return inconsistent results. ii - WMP has been subject of two Crime Data Integrity inspections by HMIC over the past two years both resulting in findings of requiring improvement. iii - Updates to the Attorney General's Guidelines on Disclosure which sits alongside the Criminal Procedure and Investigations Act ("CPIA") 1996, has an impact on the working	High-Medium	<ul style="list-style-type: none"> • GDPR • Crime Data Integrity • Disclosure • Data Driven Insight 	<ul style="list-style-type: none"> • Crime Data Integrity

Risk ID	Risk Description and cause	Residual Risk Rating	Previous audit coverage (18/19 to 20/21)	Proposed Internal Audit 2021/22
	practices of investigations officers and staff, with a short turnaround time for adhering to the guidance.			
26	WMP Demographics and Legitimacy with Communities Due to sustained austerity inhibiting recruitment, some functions within the force are less representative of the communities we serve. This creates a risk to public confidence and operational service delivery.	High-Medium	<ul style="list-style-type: none"> • Workforce Planning • Diversity and Inclusion • Uplift Programme 	<ul style="list-style-type: none"> • Uplift programme
41	Demand Management Increased volume and complexity in demand on policing, compounded by resourcing constraints, requires an increasing level of sophistication for understanding of demand moves through the system.	High-Medium	<ul style="list-style-type: none"> • Force Response • Thrive+ • Intelligence Management & Tasking • Data Driven Insight • Use of Intelligence 	
44	Serious Violence Under 25s The increase in volume of serious violence (gun and knife crime) in the under 25s and the cumulative risk around community safety.	High-Medium	<ul style="list-style-type: none"> • Serious Violence in Under 25s 	<ul style="list-style-type: none"> • Violence Reduction Unit
47	Britain's exit from the EU Following Britain's exit from the European Union, the country will continue in a period of transition.	High-Medium	<ul style="list-style-type: none"> • Supplier Relationship Management 	<ul style="list-style-type: none"> • Brexit
51	Criminal Justice Case Backlog There is a risk that the case backlog that exists due to COVID may result in victims and witnesses losing faith in the Criminal Justice system. The backlog also puts at risk the cost recovery from Police Led Prosecutions, due to be c.£1M in 2020/21. There is also the risk of an additional strain on CJS resources, particularly in Witness Care, due to the new court listings process.	Medium	<ul style="list-style-type: none"> • Bail Management 	<ul style="list-style-type: none"> • Management of Suspects including Release Pending investigation
39	WMP's Funding Position i. Whilst the police grant has increased for 20/21 to fund increase in officer numbers, there are still unfunded inflationary pressures. One year settlements do not assist medium term financial planning. ii - There is also a risk that as mandated/national initiatives develop (e.g. ESMCP, National Enabling Programme), the actual costs for delivery far exceed the estimated costs within the affordability envelope.	Medium	<ul style="list-style-type: none"> • Budget Management • General Ledger • Treasury Management 	<ul style="list-style-type: none"> • Financial Systems
45	Uplift The uplift targets and their associated entry routes (e.g. PEQF) create significant additional demand on WMP. The failure to meet recruitment targets will impact on the forces resilience and may potentially affect future funding from the Home Office.	Medium	<ul style="list-style-type: none"> • Uplift programme 	<ul style="list-style-type: none"> • Uplift programme
52	Safeguarding - Local Policing Understanding the safeguarding needs and experiences of citizens - young and old - is challenging given range of commissioned and partner-driven arrangements operating across the region.	Medium	<ul style="list-style-type: none"> • Safeguarding 	

Risk ID	Risk Description and cause	Residual Risk Rating	Previous audit coverage (18/19 to 20/21)	Proposed Internal Audit 2021/22
33	Recruitment, Retention and Workforce Resilience Existing working conditions affecting retention, ongoing recruitment may not make up for attrition rates (e.g. due to high levels of upcoming retirements), to address the changing and increased requirements for specialist skills within the workforce.	Medium	<ul style="list-style-type: none"> • Workforce Planning • Diversity and inclusion • Uplift Programme 	<ul style="list-style-type: none"> • Uplift Programme

PCC Risk Register

Risk ID	Risk Description and cause	Current Score	Previous audit coverage (18/19 to 20/21)	Proposed Audits 2021/22
1	Tackling National and International Threats There is not a coherent set of actions to support the police and wider agencies to tackle cybercrime resulting in cybercrime increasing	19	<ul style="list-style-type: none"> • Cybercrime • Cybercrime and fraud 	
3	Building a Modern Police Service Resources are insufficient to meet the priorities of the Police and Crime Plan	16.8	<ul style="list-style-type: none"> • Budget Management • Financial systems • Uplift programme/PEQF 	<ul style="list-style-type: none"> • Financial systems • Uplift programme
2	Protecting From Harm The road network is not safe and secure and is inefficient	16		
4	Protecting From Harm Crime does not reduce across the West Midlands	16	<ul style="list-style-type: none"> • Serious violence in under 25s 	<ul style="list-style-type: none"> • Violence Reduction Unit • Integrated Offender Management
5	Strengthening Communities & Growing the Economy The criminal justice system (CJS) is ineffective and not transparent	15.2	<ul style="list-style-type: none"> • Disclosure • Victims Code Compliance • Custody Visiting Scheme • Bail Management 	<ul style="list-style-type: none"> • Management of Suspects including Release Pending investigation
6	Tackling national and international threats The Force's contribution to national threats is not comprehensive, effective or properly resourced	15	<ul style="list-style-type: none"> • Covert Funds • National Police Air Service • Drones • Marauding Terrorist Attacks • CyberCrime and Fraud • Covert Funds 	<ul style="list-style-type: none"> • Terrorist Offender Management • Brexit
7	Strengthening Communities & Growing the Economy Partnerships are ineffective and do not tackle and reduce crime	14.4	<ul style="list-style-type: none"> • Victims Code Compliance • Commissioning 	<ul style="list-style-type: none"> • Violence Reduction Unit
8	Building Trust and Confidence Confidence in policing in the West Midlands does not increase	12.8	<ul style="list-style-type: none"> • Data Driven Insight • Crime Data Integrity • Complaints (Appeals) 	<ul style="list-style-type: none"> • Victims Satisfaction • Crime Data Integrity • Victims Service Assessment Team (Advisory)
11	Standing up for Young People	12.8	<ul style="list-style-type: none"> • Supplier relationship Management (Social Value) 	

Risk ID	Risk Description and cause	Current Score	Previous audit coverage (18/19 to 20/21)	Proposed Audits 2021/22
	The organisation does not undertake activities to create, provide and improve pathways into employment and training for young people		<ul style="list-style-type: none"> • Apprenticeship Levy 	
9	<u>Building Trust and Confidence</u> The public's satisfaction with services from the Force does not increase	11.4	<ul style="list-style-type: none"> • Digital Experience for Citizens • PSD Complaints and Investigations • Crime Data Integrity • Complaints (Appeals) 	<ul style="list-style-type: none"> • Victims Satisfaction • Crime Data Integrity
10	<u>Building a Modern Police Service</u> Developing a modern workforce and supporting our staff	10	<ul style="list-style-type: none"> • PSD Complaints and Investigations • Complaints (Appeals) 	<ul style="list-style-type: none"> • Connect • Pensions • Mobile and Agile Working • Uplift Programme • Environmental Strategy (Advisory)
12	<u>Building Trust and Confidence</u> Complaints and incidents of misconduct are not dealt with effectively	9	<ul style="list-style-type: none"> • Complaints (Appeals) • PSD Complaints and Investigations 	<ul style="list-style-type: none"> • OPCC Casework



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 Joint Audit 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 Head of Internal Audit 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 role 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 audit 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 Audit Plans and the Internal Audit Manual;
- Agreeing any amendments to the Audit 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. Liaison meetings may also be 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.