



west midlands
police and crime
commissioner



Agenda Item 10

JOINT AUDIT COMMITTEE
24 June 2021

Internal Audit

Annual Audit Report 2020/21

Date: 24 June 2021

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Purpose of Report

This report outlines the work undertaken by Internal Audit during 2020/21 and as required by the Accounts and Audit (England) Regulations 2015 and the Public Sector Internal Audit Standards, gives an overall opinion of the control environment of the West Midlands Police and Crime Commissioner and West Midlands Police.

Background

Management is responsible for establishing and maintaining appropriate risk management processes, control systems and governance arrangements, i.e. the control environment. Internal audit plays a vital part in advising the organisation that these arrangements are in place and operating properly.

The Head of Internal Audit is required by professional standards to deliver an annual internal audit opinion and report to those charged with governance timed to support the Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards.

The primary role of audit is to provide assurance to the PCC, Chief Constable, Senior Managers, Managers and the Joint Audit Committee that the organisation maintains an effective control environment that enables it to manage its significant business risks. The service helps the PCC and Force achieve its objectives and provides assurance that effective and efficient operations are maintained.

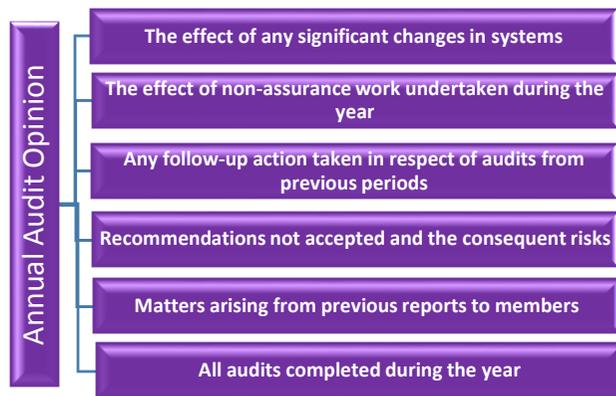
The assurance work culminates in an annual opinion on the adequacy of the West Midlands Police and Crime Commissioner and West Midlands Police control environment which feeds into the Annual Governance Statements.

Recommendation

The Committee is asked to consider and note the contents of the report and the Head of Internal Audit annual opinion.

Head of Internal Audit Opinion

In undertaking its work, internal audit has a responsibility under the Public Sector Internal Audit Standards (PSIAS) to provide an annual internal audit opinion on the overall adequacy and effectiveness of the PCC’s and Forces governance, risk and control framework and a summary of the audit work from which the opinion is derived. In assessing the level of assurance to be given to each organisation, the following aspects are taken into account:



No system of control can provide absolute assurance and the work of internal audit is intended only to provide reasonable assurance to the organisation that there are no major weaknesses in the organisations governance, risk management and control arrangements. The plan agreed at the March 2020 meeting was disrupted during the year due to the Covid-19 pandemic resulting in revisions to the plan being agreed with Senior Management and Joint Audit Committee Members. Whilst fewer audits have been completed compared to those planned I am satisfied that sufficient assurance work has been concluded to allow me to form an annual opinion.

Head of Internal Audit Opinion

Whilst the majority of audits undertaken during 2020/21 received a reasonable assurance opinion, a small proportion of audits received limited or minimal assurance indicating weaknesses in the governance and control frameworks operating, however these were in specific areas rather than representing an across the board breakdown in control. Countering this, some audits received substantial assurance demonstrating good governance, particularly at a strategic level, with strong application of controls.

There were no high rated recommendations made during the year although some remain outstanding from the previous year. It is clearly important that all issues are addressed and management have demonstrated their commitment to resolving the weaknesses identified.

The level of recommendations fully or partly implemented has dipped slightly during the year to 80%, compared to 87% the previous year. This is largely due to the Covid-19 pandemic which particularly impacted progress in the early part of the year. Good progress was however been demonstrated in the last quarter with a number of long overdue recommendations being implemented.

Taking these factors into account, the opinion given to both the West Midlands Police and Crime Commissioner and West Midlands Police Force is outlined below.

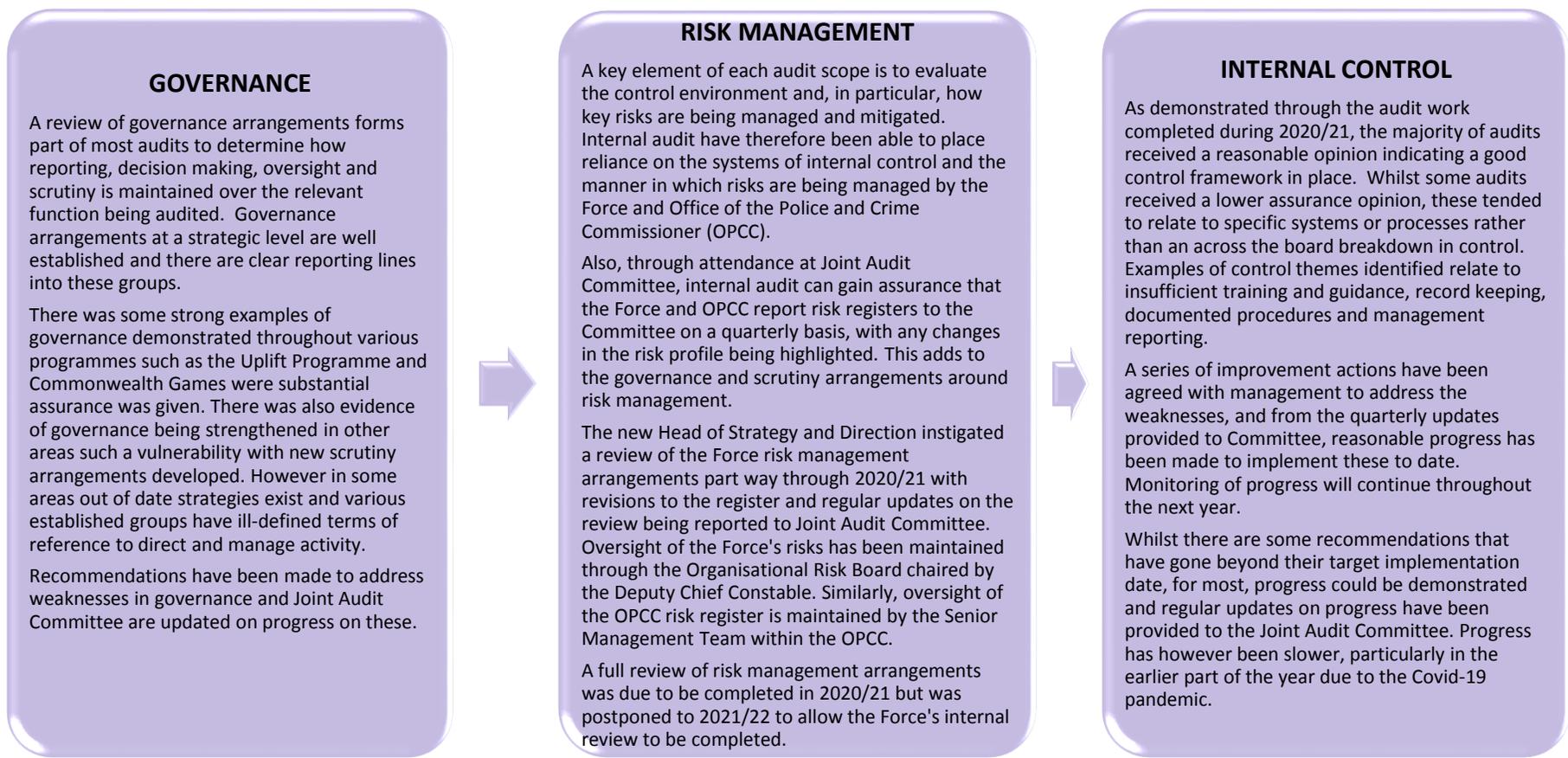
Based upon the results of work undertaken for the 12 months ended 31 March 2021, and the action taken by management to address audit recommendations, the Head of Internal Audit opinion is as follows for both the:

- **Police and Crime Commissioner; and**
- **Chief Constable:**

Reasonable Assurance can be given that the Governance, Risk Management and Control frameworks in place are good and are adequate to support achievement of the organisations objectives, and that controls are generally operating effectively in practice.

Basis for the Opinion

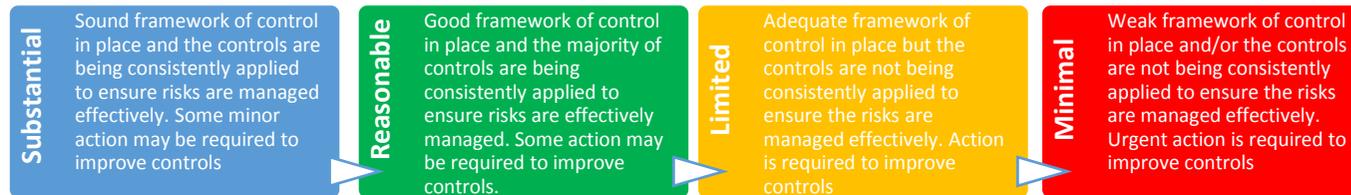
Internal audit applies a risk-based approach and the audits consider the governance framework, the risk management process, as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, assurance can be provided that management have in place an effective control environment and, whilst further remedial actions are needed in some areas, internal audit are assured that management are making progress to implement audit recommendations, which will continue to be reported to and monitored by the Joint Audit Committee.



Internal Audit Work During 2020/21

Assurance Work

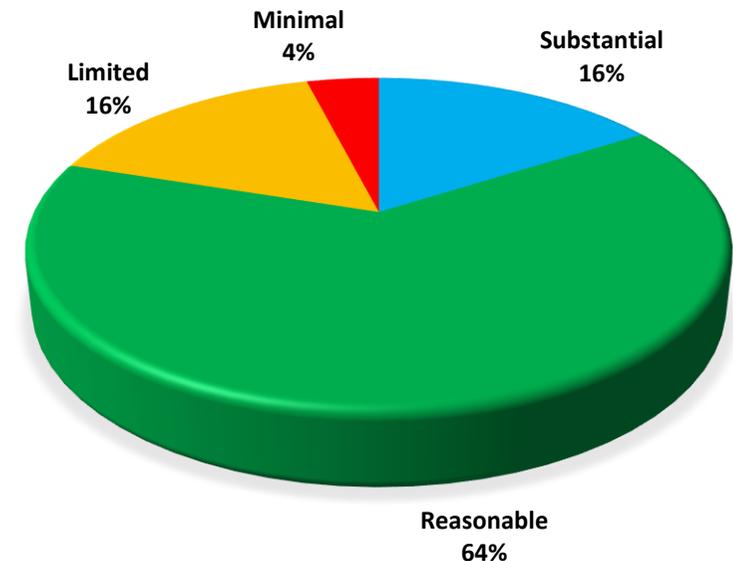
The key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits are given one of four levels of opinion depending on the strength and the operation of those controls. The four categories used during 2020/21 were:



The results of those audits finalised in 2020/21 are positive with most delivering opinions that show a sound or good framework of control. Only one audit received a Minimal assurance opinion, demonstrating a weak control framework or where the controls were not being consistently applied and risks not managed effectively. As the audit plan focusses on areas with significant level of risk or extensive transformation, and there are increasing pressures facing the Force and OPCC, some limited and minimal assurance opinions are expected. Regular updates on the assurance work completed has been presented to Joint Audit Committee throughout the year. A summary of completed work is given in Appendix A.

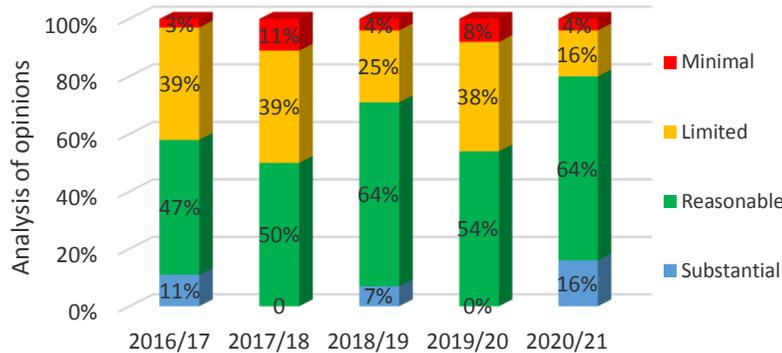
A total of 25 audits have been completed to final report stage covering a wide range of areas of governance, risk and control. At the time of reporting we have been unable to bring some 2020/21 jobs to a conclusion and consequently two audits were in progress and two were in draft, awaiting management comments. In addition, 44 audits from previous periods were followed up during 2020/21 to establish progress made in implementing the 238 audit recommendations attributed to those audits. 80% of the recommendations were fully or partly implemented, thereby contributing to an improved control environment.

ANALYSIS OF AUDIT OPINIONS 2020/21



Comparison of Audits by Year

Comparison of Audit Opinions



The outcome of this year’s audits compared to the previous year shows fewer audits given the lowest levels of opinion. Caution should however be taken when interpreting the chart as the topics covered each year vary, so inevitably there will be fluctuations.

Naturally, the risk based approach to audit planning focusses on areas where weaknesses identified may result in higher level recommendations and lower opinions. I therefore consider other factors when forming my opinion, including results from follow up reviews, the National Fraud Initiative, other assurance reviews and any advisory work undertaken.

Management have responded positively to the audits and have taken prompt action to reduce the most significant risks. Action plans have been agreed to address the weaknesses identified and the Joint Audit Committee has been provided with summaries of the reports, and where appropriate more detailed scrutiny has occurred.

Of particular note during 2020/21 is the work internal audit have undertaken on Missing Persons. This audit was undertaken to establish progress made since the original review undertaken in 2019/20. The audit found that whilst the recommendations from the original audit were being progressed, there was limited impact at the time of review. There continued to be a lack of safe and well checks / return home risk assessments evident in logs and open P2 logs continued to experience delays in being resourced as the escalation doctrine was not being applied, all of which were key issues previously reported. There was therefore no change in the minimal assurance opinion or recommendation ratings at the time of reporting in July 2020. Good progress had however been made in some areas, especially in regard to joint working arrangements between Neighbourhood Policing Units and Locate, and improved governance arrangements in Locate and Force CID.

No new recommendations were made as a result of the Missing Persons review in July 2020 and we have recently conducting a further follow-up to establish the latest progress which is showing positive results. In early 2021 the Force completed a deep dive exercise into the missing persons’ process and through new approaches they have recently reported reduced response times for P2 missing person calls for service which are now within half an hour of the median response times for all P2 calls.

Recommendation Analysis

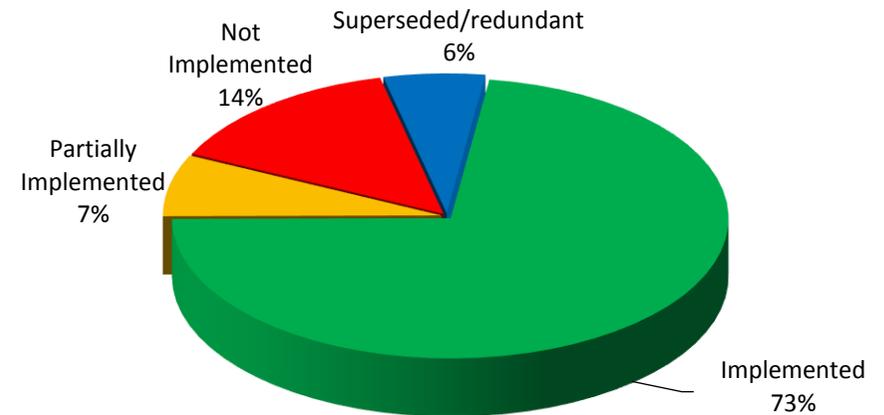
Recommendations are categorised according to the risks they are intended to mitigate. The categories used during 2020/21, were: High, Medium and Low. The number of recommendations made against each of these categories is recorded below.



During the year 88 recommendations were agreed to address weaknesses in control, of which none were categorised as high. None of the recommendations made during the year were rejected by management. It should be noted that recommendations relating to Missing Persons did include high rated recommendations that were originally reported in 2019/20 as part of the original review so were not included in 2020/21 figures.

Internal audit regularly follow-up recommendations to ensure they have been implemented. This is based on reviewing the initial actions agreed by management. In 2020/21, 44 audits were followed up. Good progress has been made in implementing recommendations, with 80% of recommendations followed up during the year being fully or partly implemented. A small number (>1%) are considered redundant or superseded. Recommendations for those audits concluded during the year will continue to be progressed during 2021/22.

Progress on Implementing Recommendations



Effectiveness of Internal Audit

This section of the report sets out information on the effectiveness of the internal audit service and focuses on customer feedback and performance against agreed KPIs. This section of the report should be read in conjunction with the Quality Assurance and Improvement Programme (QAIP) report which provides a detailed compliance assessment against the PSIAS and the QAIP agreed for 2020/21. The latest self-assessment against PSIAS indicates that internal audit are fully compliant.

In accordance with best practice there is a rigorous internal review of all internal audit work. All audits are subject to on-going supervisory input before and during the audit. Once the audit work has been completed, the working paper file is subject to manager review to ensure that the work is to acceptable professional standards.

Key Performance Indicators

As agreed in the annual Quality Assurance Improvement Programme, internal audit performance is measured against a set of Key Performance Indicators, which are regularly reported to and monitored by Joint Audit Committee. The performance indicators for 2020/21 are summarised in the following table:

KPI Description	Narrative	Target	Actual
Output Indicators:			
Audit Coverage	% of Audit Plan Delivered.*	90%	94%
Report Production	Completion of Draft Audit Report within 10 working days.	95%	100%
Report Production	Completion of Final Report within 5 days of agreement of the draft.	95%	100%
Audit Recommendations	Recommendations accepted v made.	100%	100%
Quality Indicators:			
Client Satisfaction	% of Post Audit Questionnaires in which management have responded "Very Good" or "Good".	95%	96%
Compliance:			
Public Sector Internal Audit Standards Compliance	Level of Compliance with PSIAS	100%	100%

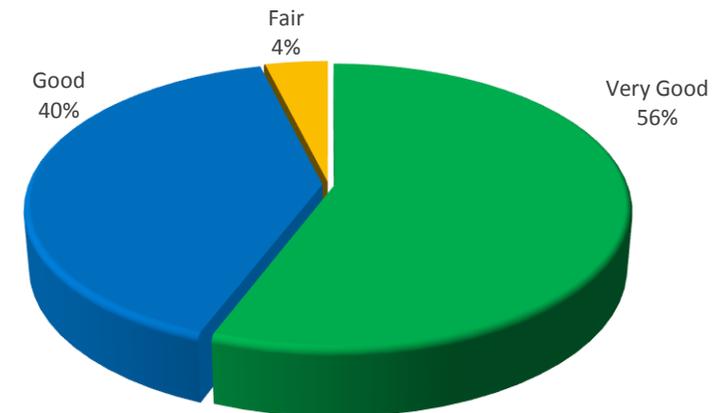
**Audits completed to draft and final stage based on revised plan.*

Post Audit Survey Results

Following planned audits a “post audit survey” is issued to the relevant managers asking for their views on the conduct of the audit. The survey includes a range of questions covering the audit approach, value of findings, professionalism of auditor etc. A key feature of the audit role is the need to sometimes be critical of existing or proposed arrangements. There is therefore sometimes an inherent tension that can make it difficult to interpret surveys. It is however pleasing to report that the post audit survey responses returned continue to be positive with 96% of questions answered being scored ‘good’ or ‘very good.’ A number of positive comments and compliments about the service have also been received, in response to the question on the post audit survey ‘Was there anything about the audit you especially liked?’ including:

- *The internal audit was timely, well received and helpful in terms of an independent review*
- *Very good communication skills. The auditor both listens and articulates*
- *The auditor engaged at the beginning, explained the scope of the audit, what would be covered and the timescales for its conclusion. The auditor engaged throughout the audit*
- *The Auditor found time for a pre-conclusion debrief, received feedback on the draft report and made some changes based on the feedback received*
- *The final report was well structured, very detailed, evidence based and reflects the Auditors findings. The report was timely and will help WMP move forward with improving its practices*
- *It's good to have the support from Audit and their recommendations so we understand where we can improve and also help us to implement these changes across the Force*
- *The Audit assured that the project team are not missing any of the areas of concern highlighted within the audit*
- *The depth of findings and the consultation during the process. The Auditors conduct, professionalism and ability*
- *Good engagement and updates provided, especially around overall objectives and reasons for the audit*
- *The Auditor conducts audits in a professional but very friendly manner*
- *The Auditors were not carrying out the audit as a "tick and check exercise" but were genuinely trying to think about and understand potential weaknesses and the appropriate controls from a more organisationally holistic perspective*

Post Audit Surveys



All respondents answered ‘Yes’ to the question ‘Do you feel that Internal Audit adds value with the work delivered and will the implementation of recommendations made improve performance in your area?’

Appendix A: Summary of audits completed during the 2020/21 that contribute to the annual audit opinion

Audit	Status	Opinion / Comments
PPU - Safeguarding Boards	Final	Reasonable
PPU - Vulnerability	Final	Limited
Missing Persons (2 nd review)	Final	Minimal
Training	Final	Limited
Vetting	Final	Limited
Cyber Security	Final	Reasonable
MyTime	Final	Reasonable
Uplift programme / PEQF	Final	Substantial
CTU Marauding Terrorist Attacks (MTAs)	Final	Reasonable
Commonwealth Games	Final	Substantial
Serious Violence in under 25's (Project Guardian)	Final	Reasonable
Domestic Abuse – serial perpetrators	Final	Limited
Connect - User Acceptance Testing	Final	Reasonable
Connect - Data Migration and Interfaces	Final	Reasonable
Customer Team/Portal (Shared services)	Final	Substantial
Sex Offender Management	Final	Reasonable
Complaints Appeals Process	Final	Reasonable
Commissioning	Final	Reasonable
Fraud and Cybercrime	Final	Reasonable
Use of Intelligence	Final	Reasonable
Bank Reconciliation	Final	Reasonable
Payroll	Final	Reasonable
Environmental Policy	Final	Reasonable
Apprenticeship Levy	Final	Reasonable
Covert Funds	Final	Substantial