



west midlands
police and crime
commissioner



Agenda Item 10

**JOINT AUDIT COMMITTEE
30 June 2022**

Internal Audit

Annual Audit Report 2021/22

Date: 30 June 2022

Lynn Joyce: Head of Internal Audit

Email: lynn.joyce@west-midlands.pnn.police.uk

Purpose of Report

This report outlines the work undertaken by Internal Audit during 2021/22 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.

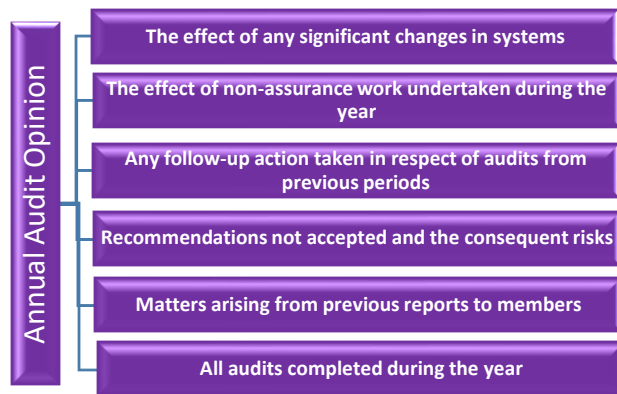
The assurance work culminates in an annual opinion on the adequacy of the West Midlands Police and Crime Commissioner and West Midlands Police control environment which feeds into the Annual Governance Statements.

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 2021 meeting was changed throughout the year to incorporate new risks areas and remove audits where the risks had significantly reduced. 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 2021/22 received a reasonable assurance opinion, a small proportion of audits received limited or minimal assurance indicating weaknesses in the governance, risk and control frameworks operating. Two of the three audits receiving minimal assurance were in vulnerability themes where skills shortages are becoming evident, with many of the issues identified being experienced nationally as demand increases. Countering this, some audits received substantial assurance demonstrating good governance, particularly at a strategic level, with strong application of controls. The risk management arrangements of both organisations have changed in-year and are continuing to develop producing much more dynamic registers.

There were four high rated recommendations made during the year and management have demonstrated their commitment to resolving the weaknesses identified.

The level of recommendations implemented has improved during the year with 86% being fully or partly implemented and a number of long overdue recommendations have been addressed reducing the number outstanding for long periods of time.

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.

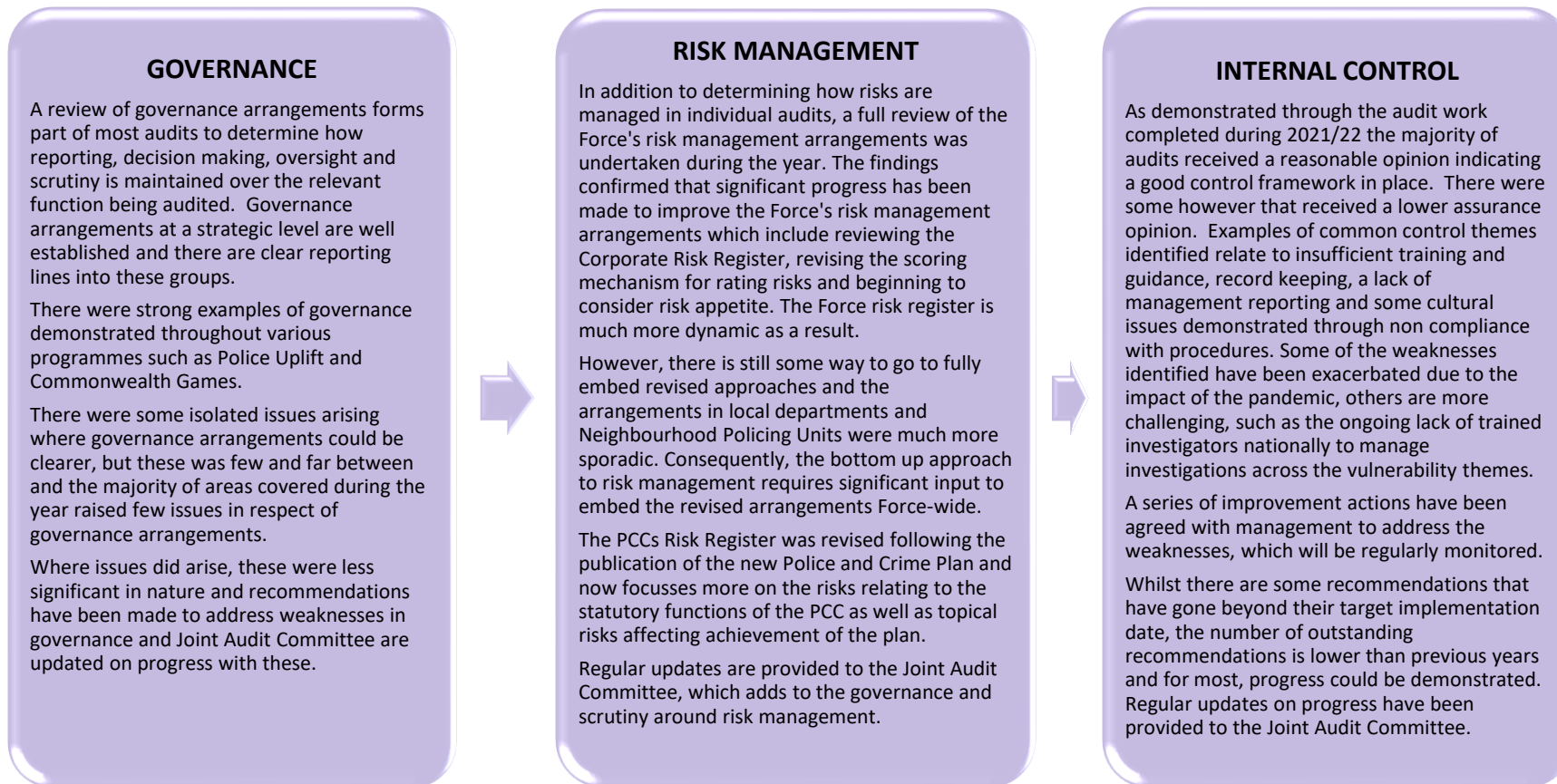
Based upon the results of work undertaken for the 12 months ended 31 March 2022, and the action taken by management to address audit recommendations, the Head of Internal Audit opinion is as follows for both the:

- **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

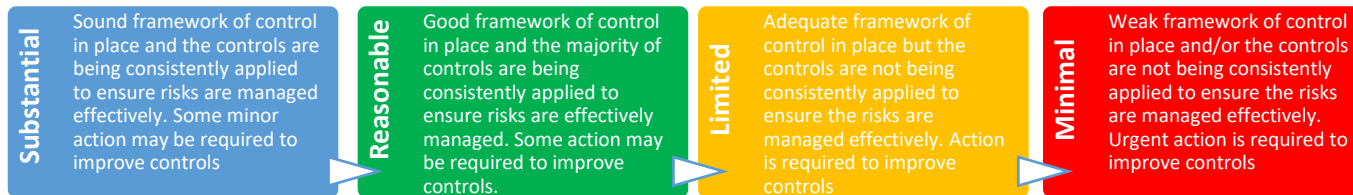
Internal audit applies a risk-based approach and the audits undertaken consider the governance framework, the risk management process, as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, assurance can be provided that management 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 2021/22

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 2021/22 were:

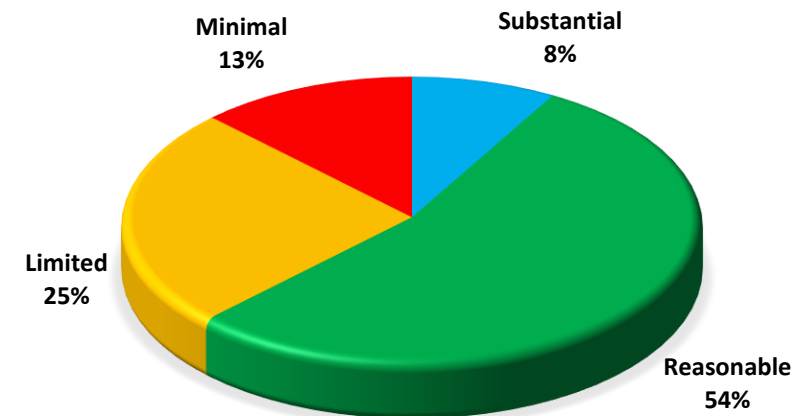


The results of those audits finalised in 2021/22 are positive with most delivering opinions that show a sound or good framework of control. Three audits received a Minimal assurance opinion, demonstrating a weak control framework or where the controls were not being consistently applied and risks not managed effectively. As the audit plan focused 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 24 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 2021/22 jobs to a conclusion and consequently one audit was in progress and two were in draft, awaiting management comments.

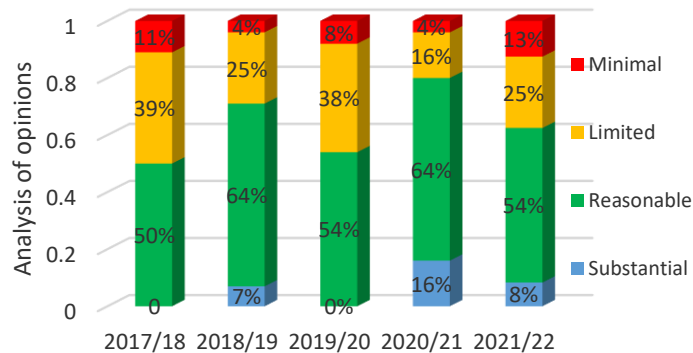
In addition, 44 audits from previous periods were followed up during 2021/22 to establish progress made in implementing the 184 audit recommendations attributed to those audits. 86% of the recommendations were fully or partly implemented, thereby contributing to an improved control environment.

ANALYSIS OF AUDIT OPINIONS 2021/22



Comparison of Audits by Year

Comparison of Audit Opinions



The outcome of this year's audits compared to the previous year shows an increase in the 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. Other factors are therefore considered 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 2021/22 is the work internal audit have undertaken on Rape and Serious Sexual Offences (RASSO), Domestic Abuse Management of Investigations and Detained Property, all of which received minimal assurance.

The RASSO and Domestic Abuse audits had very similar findings. The key themes include insufficient trained and experienced investigators, lack of supervision, gaps in victims contact and scarce management information. High volume workloads were also of concern, impacting not only on officer welfare but also potentially on victim attrition. The issues identified in the RASSO audit were akin to those reported in the national Joint Inspection of Rape: Part One which was a joint inspection by HMICFRS and HMCPSI.

The Detained Property audit recognised the significant transition from local to central property stores. This transition, coupled with the Covid-19 pandemic, has exacerbated some inherent issues around investigating missing items and returning items to their owners which are now seeing increased volumes. There was also a lack of quality assurance checks and management reporting to highlight these areas as a growing concern. Underpinning these control issues were cultural issues with officers not always following required procedures for seizing, packaging, storing and recording property.

Recommendation Analysis

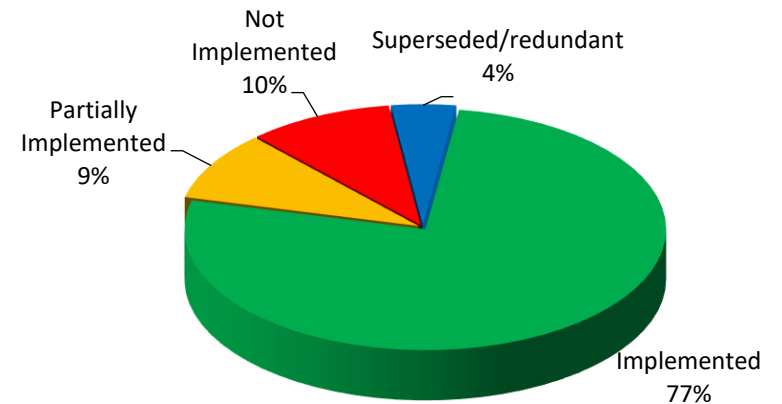
Recommendations are categorised according to the risks they are intended to mitigate. The categories used during 2021/22, were: High, Medium and Low. The number of recommendations made against each of these categories is recorded below.



During the year 106 recommendations were agreed to address weaknesses in control, of which five were categorised as high. None of the recommendations made during the year were rejected by management.

Internal audit regularly follow-up recommendations to ensure they have been implemented. This is based on reviewing the initial actions agreed by management. In 2021/22, 44 audits were followed up. Good progress has been made in implementing recommendations, with 86% of recommendations followed up during the year being fully or partly implemented. A small number (4%) are considered redundant or superseded. Recommendations for those audits concluded during the year will continue to be progressed during 2022/23.

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 2021/22. 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 2021/22 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%	95%
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%	98%
Compliance:			
Public Sector Internal Audit Standards Compliance	Level of Compliance with PSIAS	100%	100%

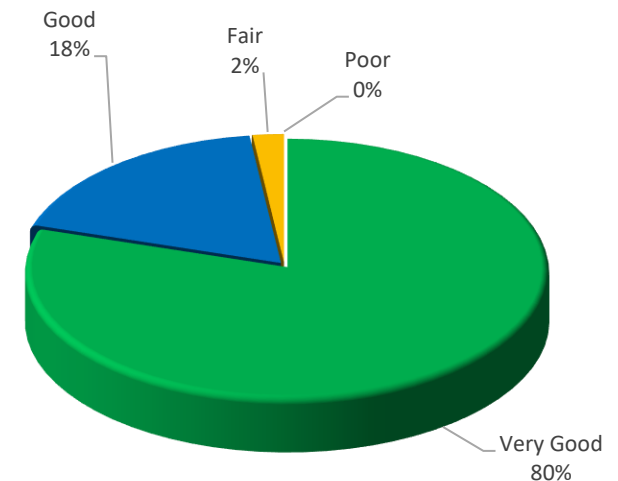
**Audits completed to draft and final stage based on revised plan.*

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 98% 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:

- *I especially liked the personal approach in sitting with us in gathering the evidence that suits busy time scales which showed flexibility and 1:1 interview format was fab.*
- *The auditor was able to grasp a huge complex area and focus in on the specific issues.*
- *Auditor was very professional and attentive.*
- *The offer to assist the team develop and embed the recommendations is really helpful*
- *The auditor was approachable and understood many of the complexities of the project which they needed to be aware of in order to complete the audit fully.*
- *The audit was conducted incredibly efficiently and within impressively tight timescales. However, this did not impact on the quality and depth.*
- *The approach was professional and flexible and the recommendations were valuable.*
- *The auditor was professional and thorough with the review. They took time to sit with investigators and learn the process so that they could understand the context but also ask probing questions. The audit took place during lockdown, however the Auditor kept me updated regularly and did not allow COVID to be an excuse during the process.*
- *I was dreading the whole thing but the assessor talked the thing through with me very well and was very fair in their assessment and recommendations.*
- *Very good sensible approach to audit by the lead auditor. Did not disrupt a busy programme.*
- *Given the reduction in resources across the team, the Auditor was very understanding around the limited time team members have on any given day/week and accommodated the team around BAU and availability.*
- *It focused on the key issues and made relevant appropriate recommendations*
- *The auditor made time whenever we needed it, supported officers throughout the process, listened to the opinions and views being given, which has produced a report that almost mirrors exactly where we feel we are at this point and the developments required. The auditor deserves real credit for the management of this audit and the accuracy reflected.*

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 2021/22 that contribute to the annual audit opinion

Audit	Status	Opinion / Comments
Controlworks (Command and Control System)	Final	Reasonable
Estates - Critical Success Planning	Final	Reasonable
Vulnerability in calls - THRIVE+	Final	Limited
IT&D Service Management (Service Desk)	Final	Reasonable
Detained Property	Final	Minimal
Strategic Policing and Crime Plan	Final	Reasonable
Accounts Payable	Final	Limited
Special Constabulary	Final	Reasonable
Uplift Programme	Final	Reasonable
Force Risk Management Arrangements	Final	Limited
Victims Satisfaction	Final	Limited
New Financial Systems Implementation-Cash Services	Final	Reasonable
Connect - Benefits Realisation	Final	Limited
Commonwealth Games - Procurement	Final	Substantial
Commonwealth Games - Volunteer Strategy	Final	Reasonable
Commonwealth Games - Resources Strategy	Final	Substantial
Terrorist Offender Management	Final	Reasonable
Domestic Abuse - case management	Final	Minimal
Violence Reduction Unit	Final	Reasonable
Integrated Offender Management	Final	Reasonable
Rape and Serious Sexual Offences (RASSO)	Final	Minimal
Management of Suspects	Final	Limited
Mobile and Agile Working	Final	Reasonable
OPCC Casework	Final	Reasonable