JOINT AUDIT COMMITTEE
30 March 2023

INTERNAL AUDIT STRATEGY AND INTERNAL AUDIT WORK PROGRAMME FOR 2023/24

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 2023/24.

2. **BACKGROUND**

2.1 The overall objective of internal audit is to provide an opinion on the 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 2023/24 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 2023/24 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 the majority 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 2023/24 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 2022, 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 2023/24.

3.2   Note that no changes are required to the Internal Audit Charter.

CONTACT OFFICER Name: Lynn Joyce Title: Head of Internal Audit	**BACKGROUND DOCUMENTS** None

Internal Audit Strategy

This document sets outs the Internal Audit Strategy 2023/24 for the Police and Crime Commissioner and West Midlands Police Force. These services are provided by the Joint Internal Audit Service. This document complements the Audit Charter.
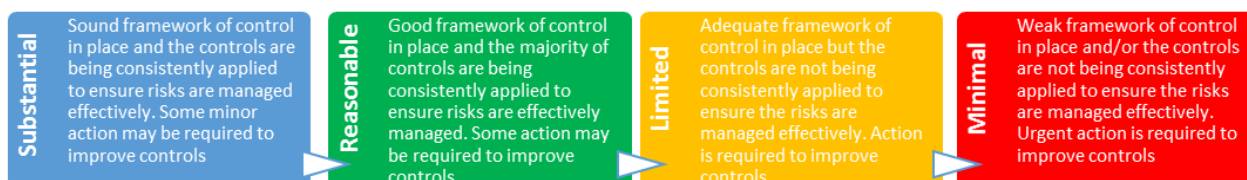

Services

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 2023/24:

Substantial	Reasonable	Limited	Minimal
Sound framework of control in place and the controls are being consistently applied to ensure risks are managed effectively. Some minor action may be required to improve controls	Good framework of control in place and the majority of controls are being consistently applied to ensure risks are effectively managed. Some action may be required to improve controls.	Adequate framework of control in place but the controls are not being consistently applied to ensure the risks are managed effectively. Action is required to improve controls	Weak framework of control in place and/or the controls are not being consistently applied to ensure the risks are managed effectively. Urgent action is required to improve controls

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:

High	Significant	Low
High level of risk Major impact on achievement of objectives	Significant level of risk. Significant impact on achievement of objectives	Action to enhance control May impact on ability to achieve objectives

Advice

The organisation[1] will continue to face major changes in systems, processes, procedures and operating models over the coming months and years and we are able to support the organisation and provide advice, where required, on the control implications of these changes. The role of the internal audit service is to act as a critical friend and challenge the design of

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

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 Strategy.

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, if necessary, 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 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 public sector bodies 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, Chief Constable, 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 overall adequacy and effectiveness of the organisation's framework of governance, risk management and control environment which feeds into the Annual Governance Statement.

Vision, purpose and values

The mission of the Internal Audit Service 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 and the introduction of new ways of working;
- Changes in legislation, policing requirements and operational practices;
- Implementation of new systems and structures;
- Increased demand on services with reduced resources;
- 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).
- The Principal Auditors are Chartered Internal Auditors with the Institute of Internal Auditors (IIA), and one Principal Auditor has an Advanced IT Auditing Certificate also with the IIA and is qualified as a Certified Information Systems Auditor (CISA) with the Information Systems Audit and Control Association (ISACA).
- One Auditor has successfully passed the final exams with CIPFA and is working towards completion of a portfolio of evidence to obtain chartered public accountant status.

Support for professional training will continue during 2023/24. 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. We also participate in wider training provided by the Office of the Police and Crime Commissioner in areas such as trauma informed practice and anti-racist practice and safeguarding processes.

Our approach for 2023/4

The plan covers one year, although it must remain flexible to cover changes in the risk profile of the organisation, and will be revised at key stages throughout the year, particularly as the Force embeds a new operating model. 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, all Assistant Chief Constables and 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:

Head of Internal Audit   Principal Auditor (x2 FTE)   Auditor (x1.6 FTE)
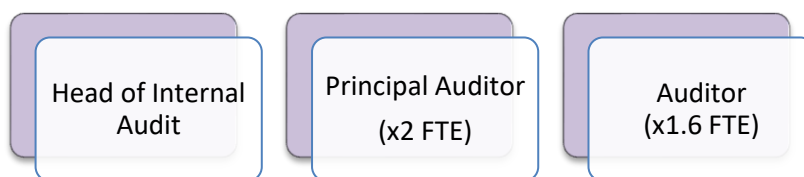
When taking account of any avoidable days, e.g. Annual leave, bank holidays, training, administration time, planned absences etc., this provides a total of 805 productive audit days. The breakdown of days against each of the key activities is provided below:

Category	Days	% of days
Assurance; including contingency	680	84%
Advisory; incl. contingency for ad-hoc advice	20	3%
Counter Fraud/Investigation contingency	30	4%
Management; incl. JAC facilitation and reporting, External Audit Liaison, Audit Planning, Senior Management Liaison etc.	75	9%
Total Productive days available for audit	805	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 risk. The work plan has been prioritised based on the following criteria:

- Links with the objectives in the Police and Crime Plan and the Force's This Work Matters Strategy;
- Links to the Force and PCC risk register;
- Previous known issues that highlight 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 these 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 or build 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. A further example is Forensics Services which is ISO registered and has its own compliance team, we therefore rely on the ISO registration.

A detailed list of topics forming the 2023/24 work plan is shown in Appendix B. The Force is currently implementing a revised operating model and therefore will see significant change over the coming year. This will inevitably result in circumstances where the Head of Internal Audit may have to amend the work plan to reflect the changing environment. Due to this, the audit plan separates those audits we propose to undertake in the first six months of the year which will experience minimal impact from the proposed changes. For the remainder of the audits in the plan we will maintain ongoing dialogue with the Force Executive Team to flex the plan as required to accommodate any changes to the risk profile. 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.

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 and therefore not considered priority. The audit universe will continue to change and be developed and refined during future planning exercises as risk profiles change.

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 2023/24 is summarised at Appendix D.

2023/24 Draft Internal Audit Work Plan

The audits highlighted in blue are the audits we propose to complete in Q1/2. The remainder are proposed for completion during quarter 3 and 4 but these must remain flexible and will subject to further discussion with the Force Executive Team as the risk profile of the organisation may alter due to significant changes over the coming months with the implementation of a Force's new operating model.

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC /Force or Both	Police and Crime plan	This work matters strategy	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Audits to be completed Q1/2											
Force	**Vetting**	Review of vetting arrangements operating within the Force, including the risk assessments and decision making protocols following vetting outcomes.	Both	Good governance, transparency, equality and public	Nurture and Support	H	✓				
Operations	**Firearms Licensing**	This review will focus on the WMP arrangements for managing firearms licensing applications and subsequent checks, including the requirements from the national work and direction from the Policing Minister regarding unlicensed firearms. The review will consider the impact of national changes, how operations have been amended to adopt the changes and will also assess the collaboration agreement with Staffordshire Police who administer the Firearms Licensing function for WMP.	Force	Firearms licensing	A whole-system approach to prevention with external partners	H	✓				
POD	**Overtime**	Standard overtime processes will be reviewed including the controls established within the new overtime app introduced during 2022/23. **CRR27: Overtime app**	Force	Funding, grants, resources, police precept and financial planning. Financial Probity Police Officer and Police Staff pay	Improve through innovation Collaborating partnership	H	✓				
POD	**Debtors**	Processes and systems for raising debtor invoices and recovery of debts. **CRR10 - Financial Management**	Both	Financial Probity	Improve through innovation	H	✓				
POD	**Payroll**	Traditional payroll audit to include review of payroll process, governance, management and addressing knowledge gaps.	Both	Police Officer and Police Staff pay	Nurture and Support	M	✓				

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC /Force or Both	Police and Crime plan	This work matters strategy	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Contact Response and Corporate Comms (CRC)	**Crime recording, validation and allocation**	This audit will focus on the arrangements in place to record crimes and Crime Services Team arrangements in place to validate crime report prior to them being allocated. **CRR05 Demand Management**	Force	Preventing & reducing crime Accurate crime recording and confidence to report under-reported crime	Act with precision.	H	✓				
Crime	**PPU Complex Adult Abuse**	Review of the end to end process for managing complex adult abuse cases from allegations to investigation and finalisation. The review will also consider the outcomes and progress on implementing actions from Operation Soteria. **CRR01 Vulnerability and Hidden Crimes**	Force	Preventing & reducing violent crime:	A whole-system approach to prevention with external partners	H	✓				
Crime	**Mental Health in Custody**	Incidents are low in number, but serious incidents can escalate quickly in such situations requiring officers to use of force for detention. This audit will look at compliance with guidance and assess management of those being detained in custody where local authorities don't have sufficient beds to transfer them. **CRR01 Vulnerability and Hidden Crimes**	Force	Working in partnership locally An effective and efficient CJS	A whole-system approach to prevention with external partners	H	✓				
Local Policing	**Citizen's Experience/satisfaction (C/Fwd from 2022/23)**	This cross cutting review will consider citizen's experience and confidence in policing assessing the way in which the Force obtains feedback from victims and witnesses and determining whether effective victim and care strategies are in place and operating across the Force. The review will assess the data gathered from public contact and assess how this is being used to inform delivery etc. Overall look at how the Force are improving public confidence.	Force	Understanding, measuring and improving public confidence in policing and satisfaction with service	Improve the public's experience and be clearer on expectations	M	✓				
Commercial Services	**Environmental Strategy (C/Fwd from 2022/23)**	Now that the Force has formalised the Environmental Strategy, this review will assess the delivery planning arrangements for taking forward the strategy.	Force/PCC	A greener West Midlands Police	Continue to modernise and ensure a sustainable WMP	M	✓				

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC /Force or Both	Police and Crime plan	This work matters strategy	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Audits to be completed Q3/4											
Crime	**Child Protection/ abuse**	To assess progress made on the recommendations and actions agreed through the Vulnerability & Improvement Board for the prevention of future child deaths. This will also include a detailed review of the 2022/23 Child Abuse Internal Audit. **CRR01 Vulnerability and Hidden Crimes** **CRR23 JTAI Connect Risk**	Force	Preventing & reducing violent crime	A whole-system approach to prevention with external partners	H	✓				
Crime	**Supervision of FCID investigations**	To review the adequacy of supervision throughout FCID investigations in line with the new operating model and changes in working practices due in April 2023. **CRR08 Investigative and Criminal Justice Process and Outcome**	Force	Preventing and Reducing Crime	Collaborating partnership	H	✓				
Crime	**Missing Persons Process**	This review will assess the effectiveness of new processes in place to manage risk and vulnerability for missing people.	Force	Reducing Violence	A whole-system approach to prevention with external partners Working in collaboration	M	✓				
Crime	**PND**	Audit requested by Chief Constable – scope to be confirmed	Force			TBC	✓				
POD	**Performance Management - Officers and Staff**	Review of the arrangements in place for managing performance of staff and officers and the implementation of the pay progression standard that went live during 2022/23 and also the staff rating process that was introduced in Jan 22.	Force	Supporting the workforce, organisational change and new technology	Nurture and Support	M	✓				
POD	**Occupational Health**	Assess the effectiveness of the new processes and working arrangements introduced in Occupational Health following the review that is currently underway. Audit to focus on structure, access, referral and treatment processes. **CRR06 Corporate Health, Safety & wellbeing**	Force	Supporting the workforce, organisational change and new technology	Nurture and Support	M	✓				
POD/ Local Policing	**Citizens in Policing (Volunteers / cadets/**	Assess the arrangements in place for volunteers / cadets/ Appropriate Adults / Custody Visitors with specific focus on safeguarding.	Both	Increased confidence in West Midlands Police	Connect with People	M	✓				

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC /Force or Both	Police and Crime plan	This work matters strategy	Priority	Assurance	Advice	Investigations	Counter fraud	Management
	Appropriate Adults /Custody Visitors) Safeguarding	National guidance has been issued and the audit would assess compliance and the effectiveness of processes adopted by the Force.									
POD	Health & Safety	To assess compliance with statutory obligations across the Local Police Areas and governance arrangements including the reporting into Performance Panel	Force	Estates	Improve through Innovation	M	✓				
Security	Intelligence - Threat to Life Scenarios	To review the categorisation, arrangements and ownership of threat across Mission Support, ROCU and other Force departments to ensure processes are robust. **CRR01 Vulnerability and Hidden Crimes**	Force	Preventing & reducing violent crime Bringing offenders to justice	Act with Precision	M	✓				
Security	Prevent & Pathfinder Nominals - CTU	A review of Prevent within CTU to provide assurances that in the Prevent space CTU are adhering to guidance and prevent cases are being managed consistently across the Hubs in respect of risk, intelligence and information sharing. The review will also consider the arrangements in place for pathfinder nominals managed by CTU. *This forms part of Section 22a arrangements and findings may be made available to the other Forces within the collaboration.*	Force	Police collaboration - Counter Terrorism	A whole-system approach to prevention with external partners	M	✓				
Commercial Services	Financial Savings Governance	This review will consider the governance and management of the proposed financial savings across WMP following the PBB and other changes identified. The review will cover governance arrangements, management and monitoring of savings plans and how these are being translated into a recurring sustainable position. **CRR10 - Financial Management**	Force	Funding, grants, resources, police precept and financial planning. Financial Probity Financial Planning	Improve through innovation Collaborating partnership	H	✓				
Commercial Services	Treasury Management	Review to provide assurances that investment funds are being management effectively and returns are maximised. Also to ensure borrowing processes are robust. **CRR10 - Financial Management**	Both	Funding, grants, resources, police precept and financial planning. Financial Probity	Improve through innovation	M	✓				
Commercial Services	Freedom of Information Requests	Review of the process in place within FOI team and review management of requests and decisions prior to sharing information.	Force	Good governance, transparency, equality and	Connect with People Act with precision	M	✓				

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC /Force or Both	Police and Crime plan	This work matters strategy	Priority	Assurance	Advice	Investigations	Counter fraud	Management
				public engagement:	Collaborating partnership						
Commercial Services	**IT Audit (Pool allocation)**	Pool allocation for IT audits	Both			TBC	✓				
Contact Response and Corporate Comms (CRC)	**Force Contact**	This audit will focus on the improvement plan that was in place to improve Force Contact response times and review the wider arrangements in place within Force Contact (including Support Desk). **CRR05 - Demand Management**	Force	Increase confidence in WMP	Connect with People	H	✓				
Operations	**Firearms Culture & Behaviour**	A cultural assessment is currently underway within Firearms and this review will consider the outcomes of that assessment and how actions and learning are taken forward and embedded.	Force	Supporting the workforce, organisational change and new technology	Nurture and Support	M	✓				
Force	**Project and Benefits**	Audit requested by Chief Constable – scope to be confirmed	Force			TBC	✓				
oPCC	**Governance transition to the WMCA (Advisory)**	Advisory Time allocation for support in the governance transition process.	OPCC	Good governance, transparency, equality and public				✓			
Mandatory	**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.					✓				
Mandatory	**Management**	Includes Audit committee planning, reporting and attendance, Audit Planning and ongoing liaison, effectiveness review, general management etc.									✓
Mandatory	**Contingency for investigations**	Includes liaison with PSD on ad-hoc investigation							✓		
Mandatory	**Contingency for Ad-hoc advice**	Time allocated to provide advice on request that is not already included as part of this plan, including advice required resulting from operating model changes						✓			
Mandatory	**Follow-ups**	Time allocation to follow-up on audit recommendations to confirm implementation					✓				
Mandatory	**C/Fwd Days of jobs in progress**	Time allocation for completion of carry forward jobs from 2021/22 plan					✓				
Mandatory	**NFI**	Providing data downloads to Cabinet Office and investigating matches and subsequent investigation of matches reported	Both							✓	

Illustration of Auditable Topics (<u>not</u> planned for 2023/24)

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 2023/24. 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 2023/24. 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.

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC/Force or Both	Police and Crime plan	This work matters strategy	Priority	Comments
Local Policing	**Use & effectiveness of Independent Advisory Groups**	Audit to review the use of IAGs, governance structures, including rotation of chairs, purpose and remit as well as outcomes from IAG work.	Force	Working in Partnership Locally	Collaborative partnership A whole-system approach to prevention with external partners	L	
Contact Response and Corporate Comms (CRC)	**Social Media**	To review social media management, monitoring and governance following the Hotton report.	Force/PCC	Public affairs Performance management of officers and staff	Connect with People	L	
Operations	**Cannabis Disposals**	Audit to review the systems, processes and efficiencies in the disposal of Cannabis.	Force	Reducing the harm caused by illicit drugs	Collaborative partnership Improve through innovation	L	
Crime	**Digital Forensics**	Audit to assess compliance with SLAs and how performance is monitored and reported in line with standards and policy.	Force	Preventing & reducing violent crime Bringing offenders to justice	Act with Precision Collaborative partnership	L	
Crime	**Use of Civil Orders**	Audit for Q3/4 to assess the outcome of the internal assessment being undertaken on the use of Civil Orders and progress on implementing agreed solutions.	Force	Preventing and Reducing Crime	Collaborating partnership Working in collaboration	L	
Security	**Covert Funds - ROCU**	To assess, review and provide assurances that the procedures and operating protocols in place for ROCU	Force	Oversight of the use of covert	Collaborative partnership	L	

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC/Force or Both	Police and Crime plan	This work matters strategy	Priority	Comments
		covert funds are efficient and effective in respect of governance, imprest accounts and management oversight.		surveillance powers			
		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)					
Crime	**Children in Custody**	To assess whether a trauma informed approach is taken and review the process for safeguarding children in custody and referrals into appropriate pathways for children brought into custody. This audit will also assess the quality of information recorded.	Force	Recognising trauma in victims and offenders Children in custody	A whole-system approach to prevention with external partners	L	
POD	**Apprenticeship Levy**	To review the processes in place to ensure the apprenticeship levy is appropriately managed.	Force	Financial Probity Police Recruitment Securing social value	Nurture and Support	L	
Commercial Services	**Fleet Telematics**	To assess whether the system is effective and efficient, and there is optimum use of reports to maximise use of the fleet.	Force	A Greener WMP	Improve through innovation:	L	
Operations	**Strategic Protests**	To review how the Force assesses threat, risk and harm and uses intelligence regarding strategic protests and then how WMP respond as a force as well as a region.	Force	Strategic Policing Requirement	Act with Precision: Collaborate in partnership.	L	
Crime	**Victim Code**	Audit to assess compliance with the victim code, charter and ensuring victims get their rights.	Force	Working in Partnership Locally	A whole-system approach to prevention with external partners.	L	
POD	**Workforce Planning**	To review planning and governance arrangements for workforce planning	Force	Increased confidence in WMP	Nurture and Support	L	
CWG	**CWG Legacy assurance (proposed C/Fwd from 2022/23)**	The Commonwealth Games took place in Summer 2022 and a significant focus was on legacy benefits. A legacy strategy has been developed by the Force. This	Force	Supporting a friendly, safe and secure	Pursue collaboration with policing partners	L	Although proposed carry forward from 2022/23, other audits now supersede this as priority

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC/Force or Both	Police and Crime plan	This work matters strategy	Priority	Comments
		review will determine how the Force is delivering against the strategy		Commonwealth Games			
Crime	**Powers in Custody**	Assessing the use of powers in custody to ensure compliance when persons are detained.	Force	Good governance, transparency, equality and public	Collaborating partnership	L	
Contact Response and Corporate Comms / Local Policing	**Force Response**	To review operating model changes for Force Response officers across the 7 LPA's to ensure they are operating consistency and effectively.	Force	Rebuilding community policing	Connect with People	H	New operating model -Post Implementation Review – consider for 2024/25
OPCC	**OPCC – Delivery Planning process (proposed C/Fwd from 2022/23)**	This review will provide assurance on the monitoring mechanisms in place for the delivery of the Police and Crime Plan including management oversight, impact of activities on budget and understanding and utilising data available to monitor performance.	OPCC	All aspects of plan	N/A	M	Short timescale of PCC's remaining term in office.

Audit Coverage of Key Risk Areas

This table summarises the previous and planned audit coverage against risks within the Force and PCC Risk Registers (as at January 2023)

Risk ID	Risk Name	Description	Residual Risk Rating	Previous audit coverage (19/20 to 2022/23)	Proposed Internal Audit 2023/24
CRR03	**Operational Training and Embedded Learning**	**Op Plato Embedding** There is a risk that Operational Officers fail to adopt the national Joint Operating Principles introduced to WMP in December 2020 in a timely manner. A new challenge with this risk is the lack of ownership locally now that ORU have rolled out the training to keep this an annual refresher on CPD days within departments.	Medium	• Marauding Terrorist Attacks • Civil Contingencies	
CRR08	**Investigative and Criminal Justice Process and Outcome**	- 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. There is also the risk of an additional strain on CJS resources, particularly in Witness Care, due to the new court listings process. - 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 practices of investigations officers and staff, with a short turnaround time for adhering to the guidance.	High	• Management of Suspects including Release Pending investigation • RASSO • Domestic Abuse Management of Investigations	• Supervision of FCID investigations
CRR09	**Recruitment & Retention / Uplift**	There is a risk of being unable to recruit staff across the Force in a timely manner and aligned with the strategic workforce planning requirements. 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. There is a risk that a number of student officers have been identified as potentially being at risk of dismissal due to repeated failures of university modules.	High	• Diversity and inclusion • Uplift Programme • Recruitment (in progress)	
CRR13	**Cybersecurity**	Failure of the Force's IT&D systems (due to cyber-attack, hardware failure, loss of IT systems via IT services provider or other data security breaches) will lead to severe disruption to service delivery and response.	High	• Cybersecurity • IT Business Continuity and Disaster recovery (in progress)	
CRR06	**Corporate Health, Safety and Wellbeing**	- There may be an increase in employee related mental health and wellbeing issues which impacts WMP's ability to deliver and recover operational services during the d post pandemic environment.	Medium	• Occupational health	• Occupational Health
CRR23	**JTAI Connect Risk**	Following the Joint Targeted Area Inspection (JTAI) earlier in the year, inspectors raised a concern in relation to the data held within the Connect system. This was specifically in relation to multiple and/or incomplete records held against the same person. There is a risk that incomplete records within Connect could lead to at risk individuals not being linked and identified in a timely manner against individuals who could pose a risk to them.	High	• Child Abuse/Organisational Learning from Inspection Reports	• Child Protection/abuse

Risk ID	Risk Name	Description	Residual Risk Rating	Previous audit coverage (19/20 to 2022/23)	Proposed Internal Audit 2023/24
CRR18	Core Skills Resilience & Training Risk	There has been a drop in Police Officers trained in core skill areas, this has partly been due to COVID and self-isolation measures. This has led to a reduction in the percentage numbers and resilience of Police Officers trained in core skills such as Personal Safety Training, Driver Training, Public Order Skills and Taser. The reduced capacity has also led to a reduced offer from L&D.	High	• Training (in progress)	
CRR01	Vulnerability and Hidden Crimes	There is a risk that the increased identification of vulnerability in demand, and hidden crimes (includes child exploitation, modern day slavery, human trafficking, domestic abuse, missing people) poses a challenge to the Force to manage its complexity. The risk could also impact the response levels provided impacting the delivery of an effective service to those in need.	High	• Vulnerability - focus on delivery plan and domestic abuse • Vulnerability-Governance arrangements • Domestic Abuse Serial Perpetrators • Vulnerability in Calls/THRIVE+ • Missing Persons • Domestic Abuse Case Management • Hidden Crimes • Rape and Serious Sexual Offences	• PPU Complex Adult Abuse • Mental Health in Custody • Child Protection/abuse • Intelligence - Threat to Life Scenarios
CRR05	Demand Management	There is a risk that the Force fails to respond to and manage the effective and efficient policing requirements of the region as a result of the increased volume and complexity in demand. The nature of the rise requires an increasing level of sophistication to understand how it moved through the system and may be compounded by resourcing constraints.	High	• Intelligence Management & Tasking • Data Driven Insight • Use of Intelligence • Contact Service Levels	• Crime recording • Force Contact
CRR19	WMP Website – Server Capacity	Due to server capacity issues of the WMP website the site can be prone to crashing. There is a risk should the live chat function be unavailable during a major incident.	High		
CRR07	Workforce Representation	Failure to attract, recruit and retain a diverse and representative workforce across the Force and support their progression within the organisation to deliver our services to our diverse communities.	Medium	• Diversity and Inclusion • Uplift Programme • Fairness and Belonging	
CRR10	Financial Management	i. There is a risk that WMP's finances are not sustainable over the medium term and/or efficiency savings required may adversely impact the operational services. Whilst the police grant has increased for 22/23 to fund increase in officer numbers, there are still unfunded inflationary pressures. 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.	High	• General Ledger • Treasury Management • Budget Management (In progress)	• Debtors • Financial Savings Governance • Treasury Management
CRR/25	Lack of Briefing Functionality in CONNECT	Implementation of CONNECT and lack of functionality for officer briefings Briefing system within CONNECT since go live does not meet the business requirement and is unworkable with over 150+ individual entries - this cannot be objectively viewed in timescale for a briefing for staff The number of interventions and Civil Orders recorded on Connect (Person Card) continue to increase. Progress is being made to store orders but we are not able to brief officers of persons with orders living on the local area and therefore enforcement is not where it should be. Tasking from LTDB is reliant upon local briefings rather than corporate system. There is a risk that via CONNECT we are unable to effectively brief our officers for their tours of duty, therefore, we are unable to supply them with the required knowledge and updates.	High		

Risk ID	Risk Name	Description	Residual Risk Rating	Previous audit coverage (19/20 to 2022/23)	Proposed Internal Audit 2023/24
CRR/26	ORU Resilience	Due to the proportion of vacancies within the department and industry standard wage for resilience officer or resilience manager police staff roles not being matched. There is a risk of severe limitations to: WMP's ability to meet statutory obligations under the Strategic Police and Crime Plan, CONTEST, Civil Contingencies Act 2004 and National Guidance. Manchester Arena Inquiry recommendations are key delivery and current capacity does not allow for these to be actioned in a timely way. A lack of robust planning updates and proactive approach to learning lessons from testing & exercising. Some ORU functions have single staffing therefore creating a single point of failure and no resilience e.g. Testing & Exercising Manager; CBRN officer. Transient workforce resulting in a lack of experience, mature knowledge of portfolios and understanding of the wider WMP response to incidents.	Critical	• Organisational Resilience Unit / Civil Contingencies	
CRR/27	Overtime App	The Overtime App is not an end to end process and still requires manual checking and data input to the payroll system. Correctly coded OT entered by officers within the App should have been costed to other cost codes, yet has defaulted to home budgets/cost codes or the manual input is not being entered with the cost code correctly. Pay files are taking too long to come back to Accountancy to check, which causes a number of issues. Files sent back to payroll to be re-input to produce the pay file seems to be having an impact on when we receive the whole payroll file for checking causing basic pay to be incorrect at times and requires additional work in Accountancy to correct this. There is a risk that OT is not being allocated to the correct cost code (either through user error, manual input error or automatic default by App to home cost code). Officers can submit OT claims and be paid for the same OT multiple times.	High		• Overtime

PCC Risk Register

Risk ID	Risk Description and cause	Current Score	Previous audit coverage (19/20 to 22/23)	Proposed Audits 2023/24
1	Arrangements in place do not secure an efficient and effective police force for the West Midlands	High	• Financial systems audits • Force Governance (In Progress)	• Financial Systems audits
2	The PCC does not hold West Midlands Police to account effectively	Medium	• Police and Crime Plan	
4	The priorities and actions of the Police and Crime Plan are not delivered	Medium	• Commissioning	
5	The resources of the PCC are not sufficient to deliver the police and crime plan and for West Midlands Police to operate	High	• Uplift • Budget Monitoring • Financial system audits • Recruitment (in progress) • Budget Management (In progress)	• Financial system audits • Financial savings governance • Treasury Management
6	West Midlands Police does not contribute to national and international policing capabilities	Medium	• Marauding Terrorist Attacks • Terrorist Offender Management • CTU Covert Funds • S22A Governance • NPAS	
7	Lack of effective partnerships	Medium	• Commissioning	• Aspects also in individual audits

Risk ID	Risk Description and cause	Current Score	Previous audit coverage (19/20 to 22/23)	Proposed Audits 2023/24
			• Section 22A Governance • Violence reduction Unit • Aspects also in individual audits	
Themed	Disproportionality in policing – Achieving a target of 1,000 officers extra from underrepresented groups by 2025. Also, retention and progression of workforce	**High**	• Uplift • Recruitment (In progress)	• Aspects covered in individual audits, e.g. Vetting
Themed	Accessing police services - Calls for service and publishing of stop and search information	**High**	• Contact service levels	• Citizens experience
Themed	Stop and search Positive Outcome - Performance target relating to stop and search	**High**	• Stop and Search - Focus on strip search	
Themed	Resources - Long term funding, introduction of green agenda, funding crime prevention activities	**High**	• Violence Reduction Unit	• Environmental Strategy • Financial savings governance
Themed	RASSO improved outcomes in the criminal justice system - Significant challenges in WMP mean performance in this area is still below the national average.	**High**	• RASSO	• PPU Complex Adult Abuse
Themed	West Midlands Police - reduced theft of vehicles - Theft of motor vehicles has seen a significant increase compared to 2019/20.	**High**		
Themed	Disproportionality in policing - stop & search - Black and Asian people are still significantly more likely to be stopped than white people.	**High**	• Stop and Search - Focus on strip search	

Commissioner / Chief Constable Joint Internal Audit Charter

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 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.