



west midlands  
police and crime  
commissioner



**Agenda Item 8**

**JOINT AUDIT COMMITTEE  
29 June 2023**

# Internal Audit

Annual Audit Report 2022/23

Date: 29 June 2023

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## Purpose of Report

This report outlines the work undertaken by Internal Audit during 2022/23 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.

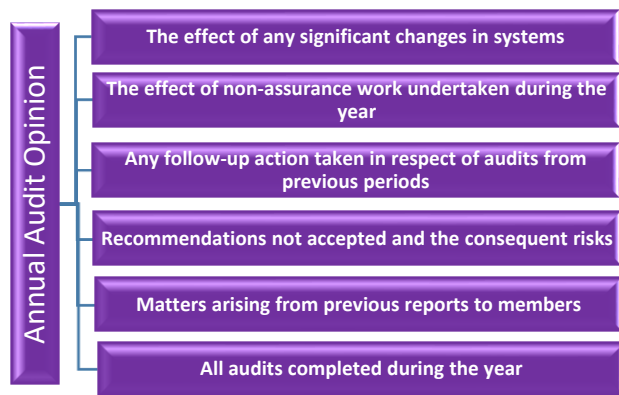
The assurance work culminates in an annual opinion on the adequacy of the West Midlands Police and Crime Commissioner and West Midlands Police control environment which feeds into the Annual Governance Statements.

### 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 Force’s 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 2022 meeting had to be revised due to a shortfall in audit resources. Changes to the audit plan were agreed with Senior Management and Joint Audit Committee Members. Whilst fewer audits have been completed compared to those originally planned we are satisfied that sufficient assurance work has been concluded to allow us to form an annual opinion.

### Head of Internal Audit Opinion

Whilst the majority of audits undertaken during 2022/23 received a reasonable assurance opinion, a small proportion of audits received limited or minimal assurance indicating weaknesses in the governance and control frameworks operating, however these were in specific areas rather than representing an across the board breakdown in control. One audit received substantial assurance demonstrating good governance and a strong application of controls.

There were a small number of high rated recommendations made during the year and some remain outstanding from the previous year. It is clearly important that all issues are addressed and management have demonstrated their commitment to resolving the weaknesses identified.

The level of recommendations fully or partly implemented has dipped slightly to 82%, compared to 86% the previous year. This mainly relates to older recommendations still being progressed, which continue to be monitored and progress updates obtained.

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 2023, 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.**

There have not been any impairments to the independence and objectivity of the Head of Internal Audit or to the Joint Internal Audit Service.

**Basis for the Opinion**

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

**GOVERNANCE**

A review of governance arrangements forms part of most audits to determine how reporting, decision making, oversight and scrutiny is maintained over the relevant function being audited. Governance arrangements at a strategic level are well established and there are clear reporting lines into these groups.

There was some strong examples of governance demonstrated within the Budgetary Controls audit where substantial assurance was given but also relating to Covid - Organisational Learning, Procurement and Fairness and Belonging reviews where reasonable assurance was given.

Strategy, Delivery and Assurance have been progressing a review of the Force governance arrangements to improve consistency and streamline the Boards in place. A review of Force governance arrangements was due to be completed in 2022/23 but has been delayed due to resource issues within Internal Audit. This will be completed during 2023/24.

Recommendations have been made to address weaknesses in governance and Joint Audit Committee are updated on progress on these.



**RISK MANAGEMENT**

A key element of each audit scope is to evaluate the control environment and, in particular, how key risks are being managed and mitigated. Internal audit have therefore been able to place reliance on the systems of internal control and the manner in which risks are being managed by the Force and Office of the Police and Crime Commissioner (OPCC).

Also, through attendance at Joint Audit Committee, internal audit can gain assurance that the Force and OPCC report risk registers to the Committee on a quarterly basis, with any changes in the risk profile being highlighted. This adds to the governance and scrutiny arrangements around risk management.

The Force continue to embed risk management across the organisation. A Risk and Issue Management strategy and a Risk Appetite statement is being developed and a central risk and issue register has been implemented with individual risk registers being decommissioned. Oversight of the Force's risks is via the the Organisational Risk and Learning Board chaired by the Deputy Chief Constable with revisions to the risk register and regular updates on the review being reported to Joint Audit Committee. Similarly, oversight of the OPCC risk register is maintained by the Senior Management Team within the OPCC.



**INTERNAL CONTROL**

As demonstrated through the audit work completed during 2022/23, the majority of audits received a reasonable opinion indicating a good control framework in place. Whilst some audits received a lower assurance opinion, these tended to relate to specific systems or processes rather than an across the board breakdown in control. Examples of control themes identified relate to insufficient training and guidance, documented procedures and performance monitoring arrangements.

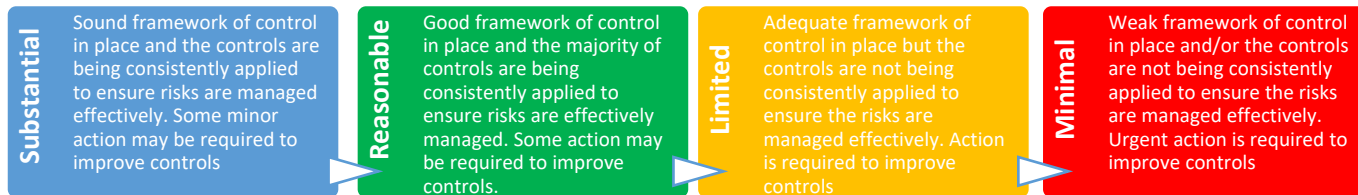
A series of improvement actions have been agreed with management to address the weaknesses, and from the quarterly updates provided to Committee, reasonable progress has been made to implement these to date. Monitoring of progress will continue throughout the next year.

Whilst there are some recommendations that have gone beyond their target implementation date, the number of outstanding recommendations is lower than in previous years and for most, progress could be demonstrated and regular updates on progress have been provided to the Joint Audit Committee.

## Internal Audit Work During 2022/23

### Assurance Work

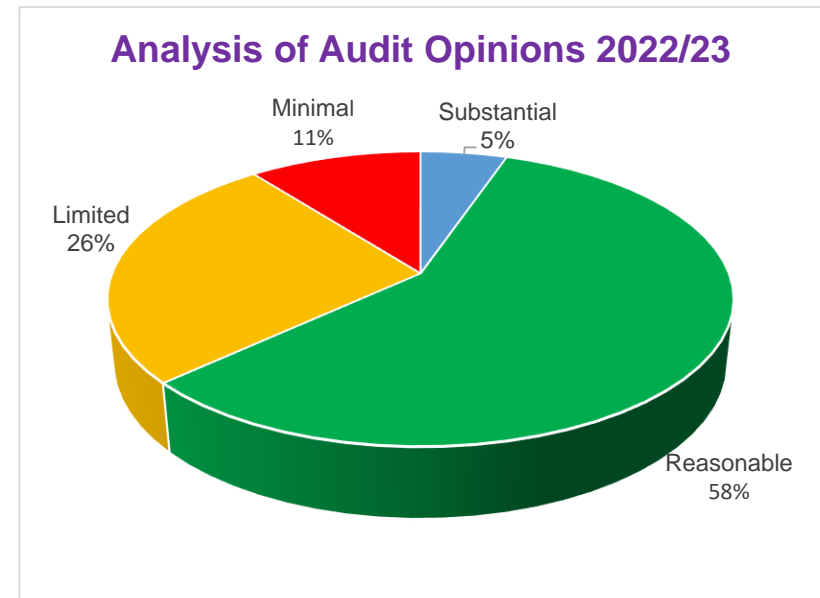
The key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits are given one of four levels of opinion depending on the strength and the operation of those controls. The four categories used during 2022/23 were:



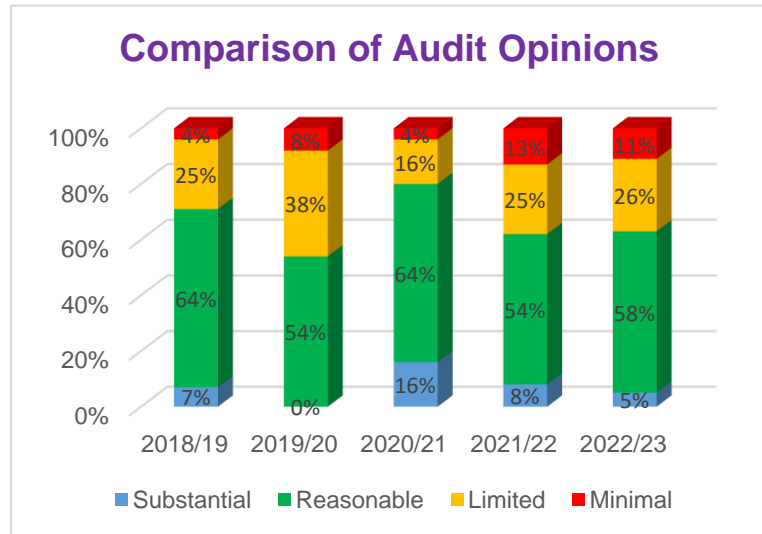
The results of those audits finalised in 2022/23 are positive with most delivering opinions that show a sound or good framework of control. Two audits received a Minimal assurance opinion, demonstrating a weak control framework or where the controls were not being consistently applied and risks not managed effectively. As the audit plan focusses on areas with significant level of risk or extensive transformation, and there are increasing pressures facing the Force and OPCC, some limited and minimal assurance opinions are expected. Regular updates on the assurance work completed has been presented to Joint Audit Committee throughout the year. A summary of completed work is given in Appendix A.

A total of 19 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 2022/23 jobs to a conclusion and consequently six audits were in progress and three were in draft, awaiting management comments.

In addition to the audits completed, 38 audits from previous periods were followed up during 2022/23 to establish progress made in implementing the 200 audit recommendations attributed to those audits. 82% of the recommendations were fully or partly implemented, thereby contributing to an improved control environment.



## Comparison of Audits by Year



The outcome of this year's audits compared to the previous year shows the number of audits given the lowest levels of opinion remaining static. 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. We therefore consider other factors when forming the 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 2022/23 is the work internal audit have undertaken on Child Abuse – Learning from Inspection reports, which received a Minimal assurance opinion and the follow up review undertaken on Rape and Serious Sexual Offence (RASSO) Investigations, where the Minimal assurance opinion remains.

The Child Abuse – Learning from Inspection reports audit was undertaken to review the arrangements in place to effectively investigate child abuse following the recommendations made from the Joint Targeted Inspection (JTAI) for Solihull and the National Child Safeguarding Practice review. The audit identified significant risks within Force Contact in respect of the quality of THRIVE+ assessments, the lack of compliance with escalation processes and the practice of downgrading logs to manage response times and performance. As reported previously in other vulnerability areas within PPU, there was also a lack of trained and experienced officers and high workloads impacting, not only on the early identification of threat and risk, but also on the progression of investigations, the service delivered to victims and staff wellbeing.

No new recommendations were made as a result of the RASSO follow up review and the recommendations continue to be progressed. WMP were selected as a pilot Force for Project Bluestone (Op Soteria) which aims to improve the investigation and victim engagement in rape and serious sexual offences. Op Soteria made 62 recommendations with work underway to implement these recommendations, with some similar themes being identified as those reported in the initial internal audit report. A further follow up review of RASSO is planned in 2023/24 to assess progress in implementing the internal audit recommendations.

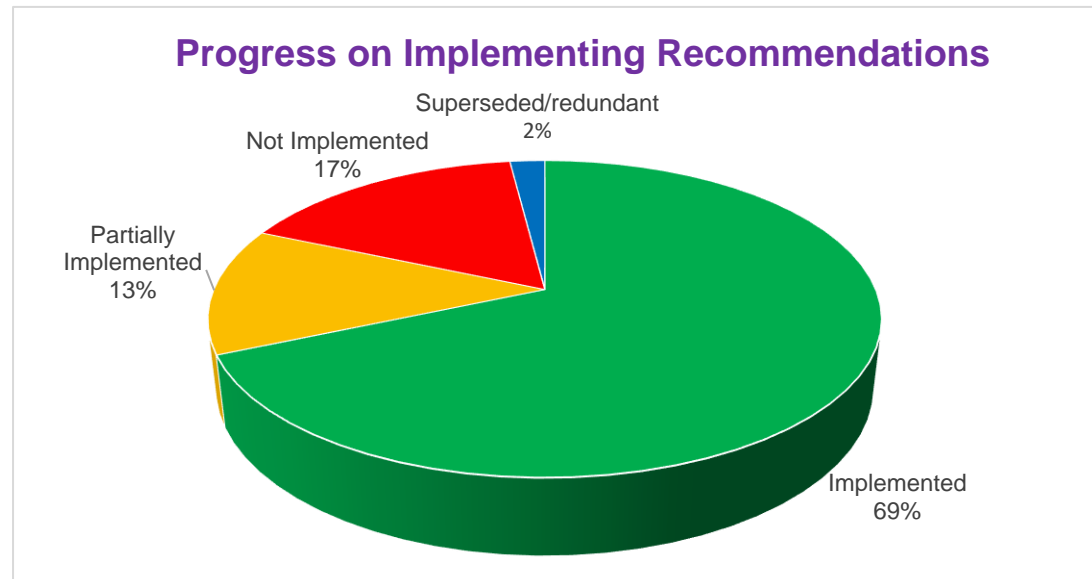
## Recommendation Analysis

Recommendations are categorised according to the risks they are intended to mitigate. The categories used during 2022/23, were: High, Medium and Low. The number of recommendations made against each of these categories is recorded below.



During the year 84 recommendations were agreed to address weaknesses in control, two of which were categorised as high, which related to the Child Abuse audit. 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 2022/23, 38 audits were followed up. Good progress has been made in implementing recommendations, with 82% of recommendations followed up during the year being fully or partly implemented. A small number (2%) are considered redundant or superseded. Recommendations for those audits concluded during the year will continue to be progressed during 2023/24.



## 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 2022/23. The latest self-assessment against PSIAS indicates that internal audit are fully compliant with the Standards.

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 2022/23 are summarised in the following table:

KPI Description	Narrative	Target	Actual
<b>Output Indicators:</b>			
Audit Coverage	% of Audit Plan Delivered*	90%	83%
Report Production	Completion of Draft Audit Report within 10 working days.	95%	100%
Report Production	Completion of Final Report within 5 days of agreement of the draft.	95%	100%
Audit Recommendations	Recommendations accepted v made.	100%	100%
<b>Quality Indicators:</b>			
Client Satisfaction	% of Post Audit Questionnaires in which management have responded "Very Good" or "Good".	95%	100%
<b>Compliance:</b>			
Public Sector Internal Audit Standards Compliance	Level of Compliance with PSIAS	100%	100%

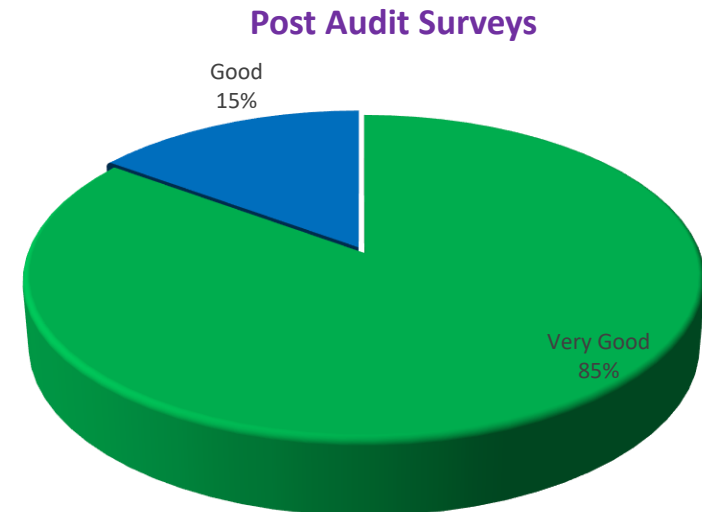
*\*Audits completed to draft and final stage based on revised plan.*



## 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 100% of questions answered being scored ‘good’ or ‘very good.’ A number of positive comments and compliments about the service have also been received, in response to the question on the post audit survey ‘Was there anything about the audit you especially liked?’ including:

- *The auditor was helpful and informative, communication was good throughout.*
- *I was impressed by how quickly you were able to understand the subject area and get to grips with it.*
- *I think the detail was important and the relationship between the auditor and staff as well as communication.*
- *Operation Syrah is first in the country and due to that it was reassuring to be audited to ensure that the process was being carried out in the correct lawful manner. The audit highlighted vulnerabilities in the process that the Airport Policing Unit Team were completing and clearly showed the correct approach in how to proceed.*
- *I felt the conversations, questions and answers throughout the audit extremely useful in pinpointing areas that can be improved to help with our aim for achieving excellence. Always good to have someone from the outside looking in. The audit experience was exceptional due to the understanding of the pensions area focus from the Auditor.*
- *The Auditor was very clear about the information they required and quickly picked up an understanding of the areas they were looking into.*
- *Good engagement and recognised the work we had done as a department so report was balanced in terms of progress made prior to audit and work that will be continued as a result.*
- *I think that given the issues raised during the Child Q case this audit was both timely and necessary.*
- *The Auditor was very engaged – they took the time to speak to relevant people and I felt she had good knowledge of the subject area.*



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 2022/23 that contribute to the annual audit opinion

Audit	Status	Opinion / Comments
Contact Service Levels	Final	Limited
Connect – Case Management	Final	Reasonable
Covid – Organisational Learning	Final	Reasonable
ICT Business Continuity and Disaster Recovery	Final	Reasonable
Parole Board Disclosures	Final	Reasonable
Pensions	Final	Limited
Budgetary Controls	Final	Substantial
Procurement	Final	Reasonable
Fairness and Belonging	Final	Reasonable
Child Abuse – Learning from Inspection reports	Final	Minimal
Airport Insider Threat	Final	Limited
Operations Resilience Unit – Civil Contingencies	Final	Reasonable
Uniform Service	Final	Limited
Body Worn Video	Final	Reasonable
Local Policing Response to Serious Youth Violence Under 25's	Final	Reasonable
Rape and Serious Sexual Offences	Final	Follow up review – opinion remains as Minimal
Local Policing – Impact Areas	Final	Reasonable
Special Branch	Final	Reasonable
Stop and Search – Strip Searches	Final	Limited