



Agenda Item 08

JOINT AUDIT COMMITTEE
28 March 2024

**INTERNAL AUDIT STRATEGY AND
INTERNAL AUDIT WORK PROGRAMME FOR 2024/25**

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 2024/25.

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 2024/25 is provided at Appendix A.

2.2 Following review of the OPCC risk register and the Force's Risk and Issues Log and extensive discussions with senior officers, a new draft plan has been prepared for 2024/25 and is also attached at Appendix B for endorsement by the Committee. The available days estimated 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.

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 2024/25 has been prepared in accordance with the Charter.

2.4 Whilst there are no changes to the Charter proposed at this time, it should be noted that in January 2024, the International Internal Auditing Standards Board (IIASB) issued the new Global Internal Audit Standards which come into effect no later than January 2025.

The UK Public Sector Internal Audit Standards Advisory Board (IASAB) has begun its review of the new global standards and will determine the implications for the PSIAS, with any subsequent changes being subject to consultation and appropriate transitional arrangements. As a result, changes to the Charter included at Appendix D may be required once a review against any revised standards is completed. The Committee will be briefed on any proposed changes.

3 RECOMMENDATIONS

- 3.1 The Committee approves the proposed Internal Audit Strategy and Internal Audit Work Programme for 2024/25.
- 3.2 Note that no changes are required to the Internal Audit Charter.

<p>CONTACT OFFICER Name: Lynn Joyce Title: Head of Internal Audit</p>

<p>BACKGROUND DOCUMENTS None</p>

Internal Audit Strategy

This document sets out the Internal Audit Strategy 2024/25 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

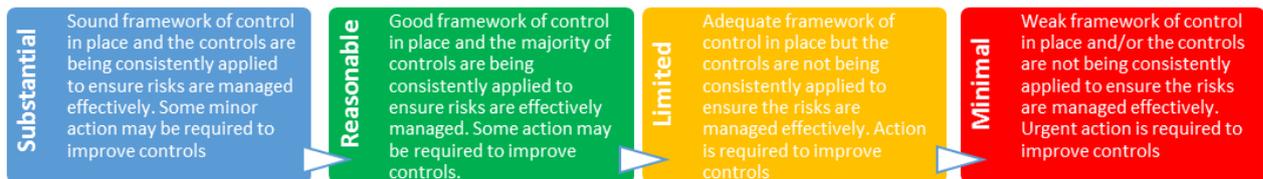
All organisations face risks in every aspect of their work: policy making, decision taking, action and implementation, regulation and spending. The different types of risk are varied and commonly include financial risks, IT risks, operational risks, physical risks to people and damage to the organisations 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 will deliver our strategy through a range of assurance outputs to provide independent assurance to senior management and the Audit Committee 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 and issues are addressed. We will use four categories of opinion in 2024/25:



A report, incorporating an agreed action plan, will be issued for every audit, the results of which are also reported to the Audit Committee. To assist managers in addressing areas for improvement, recommendations will be made, which are classified as:



Advice

The organisation¹ will continue to face major changes in systems, structures, processes and procedures 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

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

critical friend and challenge the design of processes to reduce the risk of failure. It is more constructive for us to advise on design of processes during the change process rather than identify problems after the event when often it is too late to make a difference. By doing this we are able to challenge current practice and champion best practice, so that the organisation as a whole achieves its objectives.

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 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 advancing use of technology to deliver services;
- Changes in legislation, policing requirements and operational models and practices;
- Implementation of new systems and structures;
- Increased demand on services within an envelope of reduced resources, whilst improving quality and effectiveness; and
- Increase in partnerships/collaboration.

These, and other developments, require a responsive and flexible Internal Audit Service to review existing arrangements and provide advice on new ones.

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 Auditor is a Chartered Internal Auditor with the Institute of Internal Auditors (IIA), and has an Advanced IT Auditing Certificate also with the IIA and 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 in the final stages of achieving full membership.

Support for professional training will continue during 2024/25. 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, Police Audit Group Conferences 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, safeguarding and anti-racist practice.

Our approach for 2024/25

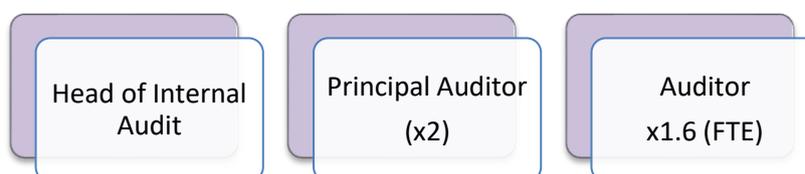
Whilst the plan covers one year, it must remain flexible to cover changes in the risk profile of the organisation, and will be revised at key stages throughout the year. The focus of the plan is primarily on the high risk areas, areas of significant change and key organisational processes. Audits of this nature are a more effective use of limited resources and are key to providing the appropriate assurance to the organisation that its overall governance arrangements remain effective. We also ensure we cover areas of financial and information management processes on a cyclical basis to ensure robust arrangements are maintained in these critical areas.

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, the Director of Commercial Services, the Assistant Director of IT & Digital, and the Police and Crime Commissioner's (PCC) Chief Executive and Chief Finance Officer.
- Review of the Police and Crime Plan, the Force Risk and Issues Log 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 substantive structure consists of five members of staff (4.6 FTEs). The team consists of:



For 2024/25 the Internal Audit service will have access to an external provider as part of a co-sourced arrangement under a call off contract. This arrangement will allow us to access a range of specialist resource in areas such as IT, Cyber, Data Analytics, Contract, Fraud, Risk Management etc.

When taking account of any avoidable days, e.g. Annual leave, bank holidays, training, administration time, planned absences etc., the breakdown of days against each of the key assurance areas is provided below:

Category	% of days
Assurance; including contingency	83%
Advisory; incl. contingency for ad-hoc advice	4%
Counter Fraud/Investigation contingency	4%
Management; incl. JAC facilitation and reporting, External Audit Liaison, Audit Planning, Senior Management Liaison etc.	9%

As in previous years, the number of potential audit areas exceeds the available resources, therefore the work plan has been prioritised to identify those audits with the highest risk. The work plan has been prioritised based on the following criteria:

- Links with objectives in the Police and Crime Plan;
- Links to the Force Risk and Issues Log and PCC risk register;
- Previous known issues that highlight potential control weaknesses (from HMICFRS, Internal Audit, External Audit);
- Other scrutiny and assurance processes in place;
- Key or 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. 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 2024/25 work plan is shown in Appendix B. At the time of writing this Strategy the Force is in HMICFRS enhanced level monitoring, known as 'Engage'. The Force is currently addressing the issues raised by HMICFRS in its PEEL report in December 2023, which may result in further changes 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 these changes. We will maintain ongoing dialogue with the Senior Management 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. The 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 early project phase or in mid change and are therefore more suitable subjects for future years. Others are low level and therefore not considered priority at this time. This list is therefore considered as a pipeline of potential audits that we will consider throughout the year and add to or amend as required. This will help us progressively move to a rolling audit plan which changes frequently to adapt to the risk environment.

2024/25 Draft Internal Audit Work Plan

The proposed Internal Audit Plan is outlined below. The plan is not set in stone and will be flexed to respond to the risks of the organisation.

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC /Force or Both	Police and Crime plan	Internal Audit Priority	Assurance	Advice	Investigations	Counter fraud	Management
Crime	RASSO	This review will determine progress to improve the RASSO investigation processes made since the previous RASSO audit, including progress as a result of Op Soteria, to provide assurance that improvements reported are sustained and the process followed is robust.	Force	Bringing offenders to justice.	H	✓				
Crime	VAWG delivery plan	This review will assess the progress made in developing and delivering a VAWG Strategy that is aligned to the national vulnerability action plan, including governance, oversight, responsibilities and accountabilities, performance measures and monitoring mechanisms.	Force	Preventing and reducing crime	H	✓				
DCC	HMICFRS Causes of Concern/Area For Improvement	Pool of time/Rolling programme of work - To consider areas of concerns within HMICFRS PEEL. Areas to be discussed and agreed with Deputy Chief Constable and Exec leads at mid-year point. Anticipate this will be rolling programme of work from Q3/4 and continue throughout 2025/26. Areas for consideration include Child Protection / MARAC / OCSET / Sex Offender Management / Custody	Force	Responding to HMICFRS and other criminal justice inspections, reviews and the outcomes of "Super Complaints"	H	✓				
DCC	Section 18 PACE - Entry and search after arrest	This review will assess the arrangements in place for identifying, approving and recording when S18 searches are conducted.	Force	Bringing offenders to justice	L	✓				
Operations	Firearms Culture & Behaviour	To review the outcomes of the cultural assessment that was completed in 2023/24 to confirm governance and oversight arrangements are effective and ensure recommendations are addressed and progress is sustained.	Force	Supporting the workforce, organisational change and new technology	M	✓				
Operations	Dogs Unit	A review of the arrangements within the Dogs Unit to ensure delivery of objectives. This will incorporate development and delivery of a strategy, governance, management oversight, performance framework, delivery plans etc.	Force	Supporting the workforce, organisational change and new technology	M	✓				

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC /Force or Both	Police and Crime plan	Internal Audit Priority	Assurance	Advice	Investigations	Counter fraud	Management
Operations / Commercial Services	Uniform and Equipment	Uniform and Equipment will be an in-house service with effect from 1st April. This review will determine the robustness of the new arrangements in place for ordering, delivery, allocation and disposal of uniform and equipment, including governance and oversight arrangements.	Force	Supporting the workforce, organisational change and new technology	M	✓				
Local policing	Neighbourhood Policing engagement	This review will consider neighbourhood policing approach to community engagement in line with the neighbourhood policing framework and establish how information obtained from engagement is reported and utilised.	Force	Rebuilding community policing	M	✓				
Local policing	LPA Governance and Performance Management	Rolling programme - Time allocation for rolling programme of individual Local Policing Area reviews to assess robustness of governance, data, decision making and performance management regimes across all areas of an LPA (2 LPA's to be reviewed during 2024/25)	Force	Rebuilding community policing	H	✓				
Security	Covert Funds - ROCU	To assess, review and provide assurances that the procedures and operating protocols in place for ROCU covert funds are efficient and effective in respect of governance, imprest accounts and management oversight. 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.	Force	Serious and Organised Crime	H	✓			✓	
Security	ROCU - Enabling Services	ROCU enabling services includes Finance, HR, Onboarding and Departures, IT&D, Governance, employee resourcing, Estates, support functions etc for ROCU. This review will assess the robustness of business support processes operating.	Force	Serious and Organised Crime	M	✓				
Commercial Services	Financial Savings Governance (postponed from 23/24)	Governance and management of financial savings across WMP. The review cover governance arrangements, management and monitoring of savings plans and how these are being translated into a recurring sustainable position.	Force	Funding, grants, resources, police precept and financial planning. Financial Probity	H	✓				
Commercial Services	Insurance	This review will assess whether adequate insurance arrangements are in place that are aligned to the level of business risk.	Both	Financial Probity	M	✓				
Commercial Services	Museum	This review will assess the strength of processes operating within the museum to ensure they comply with best practice. This will include areas such as financial management, cash handling, stock management and safeguarding arrangements.	Force		M	✓				
Commercial Services	General Ledger	The audit will seek to give assurances that the general ledger accurately reflects the financial transactions and that Financial regulations are complied with.	Both	Funding, grants, resources, police precept and financial	H	✓				

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC /Force or Both	Police and Crime plan	Internal Audit Priority	Assurance	Advice	Investigations	Counter fraud	Management
				planning Financial Probity						
Commercial Services	Fixed Asset Register	This audit will review the arrangements in place to capture assets that are procured and disposed of to ensure they are depreciated and accounted for appropriately and financial standards are complied with.	Both	Financial Probity	M	✓				
Commercial Services	Accounts Payable	This audit will be an end to end review of the accounts payable process to ensure key controls are in place and complied with for paying providers timely. Controls to prevent fraud and misappropriation will be considered as part of this review.	Both	Funding, grants, resources, police precept and financial planning Financial Probity	M	✓				
Commercial Services	Use of credit cards	To assess, review and provide assurances that the processes in place when using corporate business cards are working effectively and efficiently. The audit will include governance and monitoring arrangements; credit card usage, processing and reconciliation arrangements; adequacy of security arrangements.	Both	Financial Probity	M	✓				
Commercial Services / Change and Force Contact	Subject Access Requests	Review process in place within the Civil Disclosure Unit for managing Subject Access Requests and decisions prior to sharing information.	Force	Good governance, transparency, equality and public engagement	M	✓				
Commercial Services / Change and Force Contact	Information Governance and Decision Making (ICO/DPA processes)	This review will assess the robustness of information governance arrangements and decision-making processes to ensure compliance with data protection legislation. This will include aspects such as data breach management, security incidents, ICO reporting etc. to ensure the Senior Information Risk Owner (SIRO) responsibilities are discharged effectively.	Force	Good governance, transparency, equality and public engagement	M	✓				
Commercial Services / Change and Force Contact	Application Management	Processes in place for managing the operation, maintenance, versioning and upgrading of an application throughout its lifecycle	Force	Supporting the workforce, organisational change and new technology	L	✓				
Commercial Services / Change and Force Contact	Database Access and Administration	This review will seek to provide assurances that appropriate controls are in place for database access and administration. Specifically, this will consider security policies and procedures, password management for database/server admin/domain admin and other key roles, permissions, audit logging and monitoring, encryption of data, management of remote connections.	Force	Supporting the workforce, organisational change and new technology	M	✓				
Commercial Services / Change and Force Contact	IT Service Desk	Review of the effectiveness of the IT&D service desk function ensuring it delivers a robust service meeting customer expectation. The review will explore the various platforms utilised to drive efficiencies and review performance management regimes.	Force	Supporting the workforce, organisational change and new	M	✓				

Portfolio	Area	Description (CRR – Links to Force Risk register)	PCC /Force or Both	Police and Crime plan	Internal Audit Priority	Assurance	Advice	Investigations	Counter fraud	Management
				technology						
Force Contact and Change	Force Contact Quality Assurance Process (Advisory)	Advice to be provided on redesign of quality assurance processes within Force Contact	Force	Access to Police Services	N/A		✓			
OPCC	Subject Access Requests	Review process in place within Business Support for managing Subject Access Requests, including the management of requests and decisions making prior to sharing information.	OPCC	Good governance, transparency, equality and public engagement	M	✓				
OPCC	Freedom of Information	Review process in place within Business Support for managing Subject Access Requests and Freedom of Information requests, including the management of requests and decisions making prior to sharing information.	OPCC	Good governance, transparency, equality and public engagement	M	✓				
OPCC	Governance /Process changes (Advisory)	Time allocation for advice on any process/governance changes following election.	OPCC	Good governance, transparency, equality and public engagement	N/A		✓			
OPCC	Appropriate adult scheme (Advisory)	Time allocation for support any process changes proposed regarding the future of the appropriate adult scheme.	OPCC	Safer detention	N/A		✓			
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.	Both		N/A	✓				
Mandatory	Management	Includes Audit committee planning, reporting and attendance, Audit Planning and ongoing liaison, effectiveness review, general management etc.			N/A					✓
Mandatory	Contingency for investigations	Includes liaison with PSD on ad-hoc investigation	Both		N/A			✓		
Mandatory	Contingency for Ad-hoc advice	Small amount of time to provide advice on request that is not already included as part of this plan	Both		N/A		✓			
Mandatory	Follow-ups	Time allocation to follow-up on audit recommendations to confirm implementation	Both		N/A	✓				
Mandatory	Carry Forward Days of jobs in progress	Time allocation for completion of carry forward jobs from 2023/24 plan	Both		N/A	✓				
Mandatory	NFI	Providing data downloads to Cabinet Office and investigating matches and subsequent investigation of matches reported	Both		N/A				✓	

Illustration of Auditable Topics (not planned for 2024/25)

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 2024/25. 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 2024/25. However, should any of the planned audits not take place this list will be used to substitute, in consultation with Senior Management and Audit Committee.

Portfolio	Area	Description	PCC/Force or Both	Police and Crime plan objectives	Priority	Comments
Security	Covert Funds - CTU	To assess, review and provide assurances that the procedures and operating protocols in place for CTU covert funds are efficient and effective in respect of governance, imprest accounts and management oversight. 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.	Force	Counter-terrorism.	M	Focus this year will be on ROCU covert funds.
Force Contact and Change	Force Contact Quality Assurance Process	This review will consider the robustness of the quality assurance processes within Force Contact to identify areas for improvement and wider learning to ensure robust processes are in place and complied with, improving victim experience.	Force	Access to Police Services	L	Advisory work included in the plan for 2024/25. Potential audit will be considered for 2025/26
Force Contact and Change	Force Contact Crime Desk	A new crime desk is being proposed which will consider crime, contact and initial investigation. This audit is to consider whether the remit, purpose and outcomes are being delivered.	Force	Access to Police Services	L	Crime desk proposal is working through initial project approval phase. Potential audit for 2025/26
Force Contact and Change	Victim Satisfaction (<i>carried forward from 2023/24</i>)	The Force is looking to establish victim satisfaction processes across callers, people crime and within the criminal justice journey. This review will determine whether arrangements established are effective and appropriate to monitor satisfaction and whether the learning from feedback is used to inform delivery and improve public confidence.	Force	Access to Police Services.	M	Project established to review victim satisfaction process. Potential audit for 2025/26
Local policing	Cadets safeguarding/Citizens in policing	A review of safeguarding procedures and operating protocols in place to protect volunteers of the Force to ensure they are effective and comply with national guidelines and internal policy and procedures	Force	West Midlands Police Cadets and Junior PCSOs	L	
Local policing	Special Constabulary	A review of the special constabulary including onboarding, training, capacity, deployment, performance management regimes following implementation of new policies.	Force	Rebuilding Community Policing	L	

Portfolio	Area	Description	PCC/Force or Both	Police and Crime plan objectives	Priority	Comments
Commercial Services	IT Synergy Strategy	Review of the adequacy and effectiveness of the governance, processes and key controls over the delivery of the IT Synergy Strategy to help the Force meet its objectives	Force	Supporting the workforce, organisational change and new technology	L	
Commercial Services	Bank Reconciliation	A review of the robustness of bank reconciliation arrangements to ensure all transactions are correctly accounted for.	Force	Financial Probity	L	
Operations	Police Race Action Plan (PRAP)	The audit will seek assurances around the delivery of the Police Race Action Plan (PRAP), ensuring effective delivery of the actions within the plan and appropriate governance, oversight and scrutiny arrangements.	Force	Increased confidence in West Midlands Police	M	
Commercial Services	Occupational Health (postponed from 23/24)	Assess the effectiveness of the new processes and working arrangements introduced as a result of the internal and external reviews of Occupational Health to ensure processes and wider learning embedded.	Force	Supporting the workforce, organisational change and new technology	M	External review underway. Review in 2025/26 to ensure learning embedded.
Commercial Services	Information Sharing Agreements	To ensure compliance with the WMP Information Sharing Agreement (ISA) policy and provide assurance that systems and processes for sharing information are effective and efficient.	Force	Good governance, transparency, equality and public engagement	L	
OPCC	VRP Delivery Planning	A review of the arrangements within the Violence Reduction Partnership to ensure delivery of objectives. This will incorporate development and delivery of the VRP strategy, governance, management oversight, performance framework, delivery plans etc.	OPCC	Reducing Violence	M	



Commissioner / Chief Constable Joint Internal Audit Charter



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1 Introduction

- 1.1 The Police and Crime Commissioner West Midlands (PCC) and the Chief Constable (CC) are both responsible for maintaining an effective Internal Audit function under the Accounts and Audit Regulations 2015. These regulations specifically require that a *“relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.”*
- 1.2 This Charter defines the purpose, authority and responsibility of the Internal Audit service and is consistent with the Public Sector Internal Audit Standards (2017), which are mandatory.
- 1.3 The Charter is periodically reviewed and approved by senior management and the relevant board (definitions provided in Section 2 below.)

2 Definitions

2.1 Internal Auditing

The definition of Internal Auditing is a mandatory part of the PSIAS and is as follows:

“Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

2.2 Assurance

Assurance activity is defined as *‘An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.’*

2.3 Consultancy

Consultancy activity is defined as *‘Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation’s governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.’*

2.4 Independence

The PSIAS define independence as *‘the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity requires the head of the activity to have direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional and organisational levels’.*

2.5 Objectivity

The PSIAS define objectivity as *‘an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional and organisational levels’*.

2.6 The Chief Audit Executive

The PSIAS describes the role of Chief Audit Executive as *‘a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework.’*

The specific responsibilities of the Chief Audit Executive are undertaken by the Head of Internal Audit. Within this Charter, all references from here on are to the Head of Internal Audit.

2.7 The Board

The PSIAS informs that the Board *‘...may refer to an audit committee to which the governing body has delegated certain functions’*.

The Joint Audit Committee will perform the function of the Board. Within this Charter, all references from here on are to the Joint Audit Committee.

2.8 Senior Management

The PSIAS does not provide a definition of ‘senior management’ however it does require that the Head of Internal Audit *‘consults with senior management and the board and obtains an understanding of the organisation’s strategies, key business objectives, associated risks and risk management processes’* when developing the risk based plan. It also states the Head of Internal Audit *‘has direct and unrestricted access to senior management and the board.’*

For the purposes of this Charter, Senior Management consists of the Chief Executive, the Chief Finance Officer (PCC), the Force Director of Commercial Services and the Deputy Chief Constable.

3 Internal Audit Mission, Core Principles and Objectives

3.1 The mission of the service is

“to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”

In order to achieve this mission, Internal Audit must demonstrate achievement of the following core principles:

- Demonstrate integrity.
- Demonstrate competence and due professional care.
- Be objective and free from undue influence (independent).
- Align with the strategies, objectives, and risks of the organisation.

- Be appropriately positioned and adequately resourced.
 - Demonstrate quality and continuous improvement.
 - Communicate effectively.
 - Provide risk-based assurance.
 - Be insightful, proactive, and future-focused.
 - Promote organisational improvement.
- 3.2 The Internal Audit service evaluates the adequacy and effectiveness of controls in responding to risks within the PCC and CC's governance and operation systems regarding the:
- achievement of the organisations' strategic objectives;
 - adequacy of risk management, identification, assessment and mitigation;
 - reliability and integrity of financial and operational information;
 - effectiveness and efficiency of operations and programmes
 - safeguarding of assets; and
 - compliance with laws, regulations, policies, procedures and contracts.
- 3.3 In addition, the other objectives of the function are to:
- support the PCCs and Forces Section 151 officers in discharging their statutory duties for ensuring proper administration of the PCCWM / CC's financial affairs;
 - provide appropriate input to the Annual Governance Statements or other assurance processes of the PCC and CC;
 - support management to understand their exposure to risks and advise on risk management principles / methods;
 - supporting the Joint Audit Committee in fulfilling its governance responsibilities;
 - promote a counter fraud culture across the Office of the PCC and Force, through the 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.