



west midlands
police and crime
commissioner



Agenda Item 07

JOINT AUDIT COMMITTEE
27 June 2024

Internal Audit

Annual Audit Report 2023/24

Date: 27 June 2024

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Purpose of Report

This report outlines the work undertaken by Internal Audit during 2023/24 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.

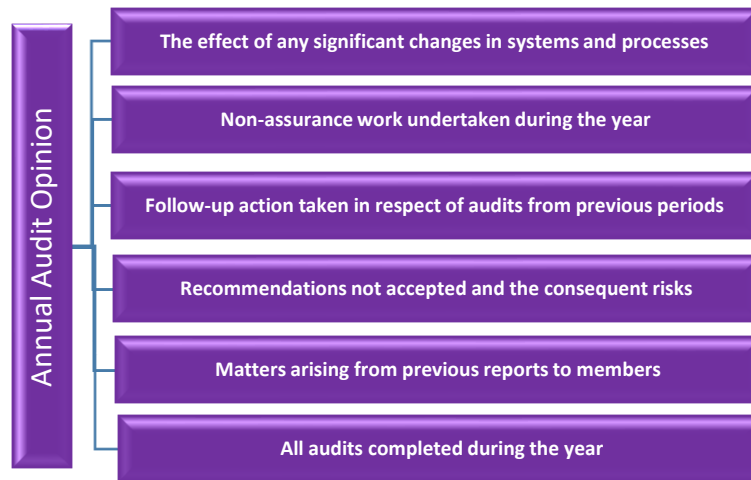
The assurance work culminates in an annual opinion on the adequacy of the West Midlands Police and Crime Commissioner and West Midlands Police control environment which feeds into the Annual Governance Statements.

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 considered:



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 2023 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

In December 2023 WMP were put into “Engage” status, following a HMICFRS PEEL inspection. There were four key areas of concern: Responding to the Public, Management of sex offenders, backlogs in MARACs and the quality of investigations. The Force reports regularly into the PCC to provide updates on how the PEEL findings are being addressed and the PCC and Chief Constable attend the Police Performance Oversight Group (PPOG) meetings, which oversees the performance monitoring of WMP, whilst it is in Engage.

Although the audits completed during 2023/24 didn’t include any thematic reviews in the areas specifically mentioned within the PEEL inspection, our follow up work, particularly in relation to vulnerability themes such as Child Abuse and RASSO where previously we had reported weaknesses in management review and oversight arrangements, identified a much-improved picture that resulted in the closure of some long outstanding recommendations. Improvements in reporting arrangements have demonstrated greater oversight of caseloads across teams as well as the volume of unallocated cases and supervision reviews, which has strengthened the governance and holding to account regimes in place.

Whilst during 2023/24 one audit received substantial assurance demonstrating good governance and a strong application of controls, the majority received a reasonable assurance opinion, which represents a positive position. A small proportion of limited assurance opinions were issued, indicating weaknesses in the governance and control frameworks operating, but no audits received minimal assurance. Similarly, no high rated recommendations were made during the year, although two remain open from previous years and it is clear that management remain committed to resolving the weaknesses identified.

The level of recommendations fully or partly implemented has remained at 82%. There are some older recommendations still being progressed, which we will continue to focus on with management and report progress into Joint Audit Committee.

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 2024, 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

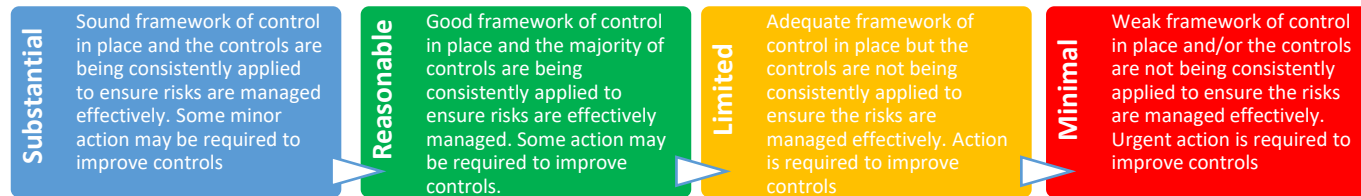
Internal audit applies a risk-based approach and the audits consider the governance framework, the risk management process, as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, assurance can be provided that management have in place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



Internal Audit Work During 2023/24

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 2023/24 were:

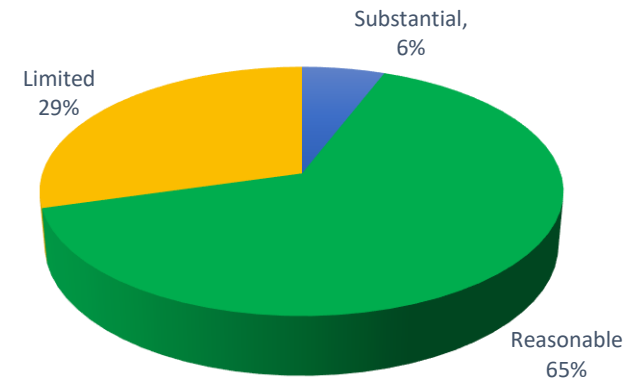


The results of those audits finalised in 2023/24 are positive with most delivering opinions that show a sound or good framework of control. No audits received a Minimal assurance opinion. As the audit plan focusses on areas with significant level of risk or extensive transformation, and there are increasing pressures facing the Force and OPCC, some lower level 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 by internal audit to final report stage covering a wide range of areas of governance, risk and control. We have also completed work on the National Fraud Initiative. At the time of reporting we have been unable to bring some 2023/24 jobs to a conclusion and consequently 3 audits were in progress and 2 were in draft, awaiting management comments.

In addition to the audits completed, 34 audits from previous periods were followed up during 2023/24 to establish progress made in implementing the 186 audit recommendations attributed to those audits. 82% of the recommendations were fully or partly implemented, thereby contributing to an improved control environment.

Analysis of Audit Opinions 2023/24



Comparison of Audits by Year

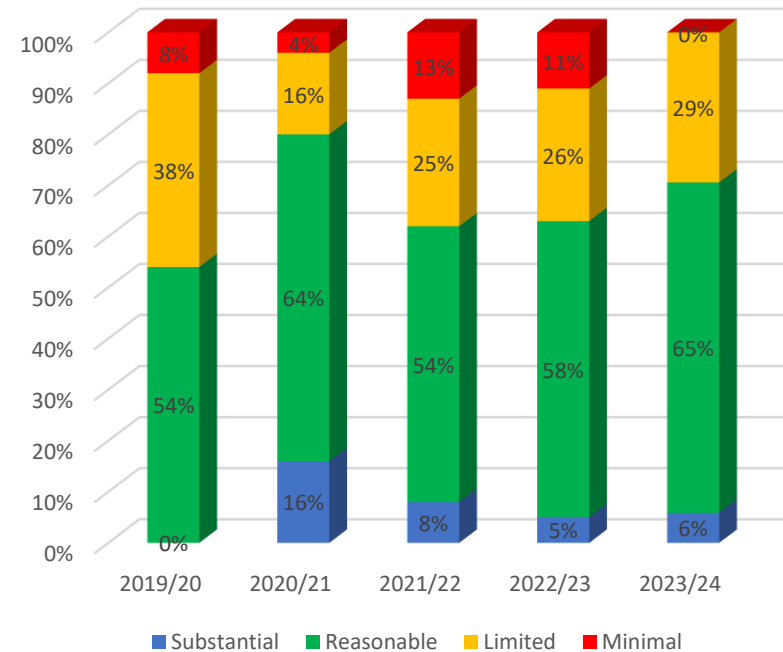
The outcome of this year’s audits compared to the previous year’s shows the number of audits given the lowest levels of opinion have reduced, and more audits receiving a reasonable opinion, which is a positive direction of travel. Caution should however be taken when interpreting the chart as the topics 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 2023/24 is the follow up work internal audit have undertaken on Child Abuse – Learning from Inspection reports, and RASSO, both of which received Minimal assurance opinions in previous years. The follow-ups undertaken have seen significant progress made to address the weaknesses with the vast majority of recommendations being closed.

Comparison of Audit Opinions



Recommendation Analysis

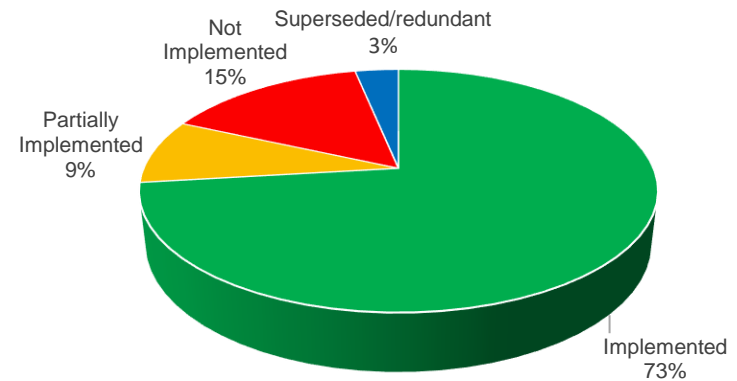
Recommendations are categorised according to the risks they are intended to mitigate. The categories used during 2023/24, were: High, Medium and Low. The number of recommendations made against each of these categories is recorded below.



During the year 72 recommendations were agreed to address weaknesses in control, none were categorised as high. All of the recommendations made during the year were accepted by management.

Internal audit regularly follow-up recommendations to ensure they have been implemented. This is based on reviewing progress against the initial actions agreed by management. In 2023/24, 34 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 (3%) are considered redundant or superseded. Recommendations for those audits concluded during the year will continue to be progressed during 2024/25.

Progress on Implementing Recommendations



Effectiveness of Internal Audit

This section of the report sets out information on the effectiveness of the internal audit service and focuses on customer feedback and performance against agreed KPIs. This section of the report should be read in conjunction with the Quality Assurance and Improvement Programme (QAIP) report which provides a detailed compliance assessment against the PSIAS and the QAIP agreed for 2023/24. The latest self-assessment against PSIAS indicates that internal audit is 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 2023/24 are summarised in the following table:

KPI Description	Narrative	Target	Actual
Output Indicators:			
Audit Coverage	% of Audit Plan Delivered*	90%	71%
Report Production	Completion of Draft Audit Report within 10 working days.	95%	87%
Report Production	Completion of Final Report within 5 days of agreement of the draft.	95%	100%
Audit Recommendations	Recommendations accepted v made.	100%	100%
Quality Indicators:			
Client Satisfaction	% of Post Audit Questionnaires in which management have responded "Very Good" or "Good".	95%	100%
Compliance:			
Public Sector Internal Audit Standards Compliance	Level of Compliance with PSIAS	100%	100%

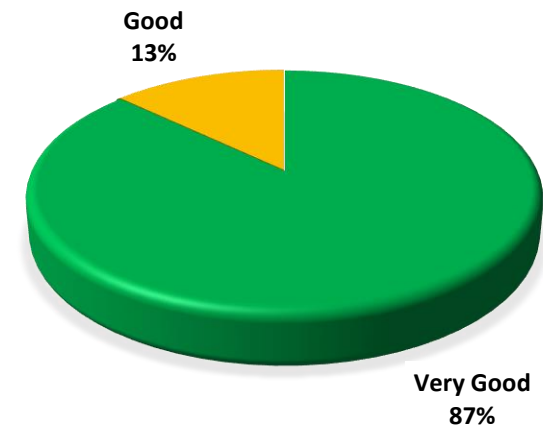
**Audits completed to draft and final stage*

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:

- *I found the suggestions raised from the audit very useful. I was unaware of some of the reports available to us, so this highlighted them and gives us a better way of processing and checking the expenses claimed.*
- *The auditor was very clear about the objectives of the audit and what was required from us. This was great as we knew what we needed to do and what information the auditor required.*
- *The Auditor was really helpful in regards to understanding what the audit was about and helped us all gain better understanding of the business needs.*
- *The audit was professional and friendly.*
- *Very practical. Useful guidance that we could act on.*
- *Spending time with every area of the business 1-2-1 was very good, real time investment to understand the work.*
- *The auditor took the time needed to sit and understand the work, the context and the objectives, she was fair and considered the APP and NDM with her feedback.*
- *The audit pointed out areas that we were to be covering properly with governance. The auditor was thorough and helped us see where inconsistencies lie - in safeguarding inconsistencies put young people at risk, so it was really holistically valuable.*
- *Excellent communication between both parties*
- *The auditor was very fair and thorough, and listened to the responses provided.*
- *Professional throughout.*

POST AUDIT SURVEY RESULTS 2023/24



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 2023/24 that contribute to the annual audit opinion

Audit	Status	Opinion / Comments
Organisational Learning - Manchester Arena Bombing	Final	Reasonable
Expenses	Final	Limited
IT Change Management (including configuration, release and patch management processes)	Final	Reasonable
ROCU Tasking	Final	Reasonable
Hidden Crimes (Modern Day Slavery-Human Trafficking-Exploitation)	Final	Reasonable
Force Governance Arrangements	Final	Reasonable
Training	Final	Substantial
Recruitment	Final	Limited
Wellbeing	Final	Limited
Nat Fraud Initiative (AC)	Complete	High quality matches have been investigated and anomalies identified are with Accounts Payable and Pensions teams for recovery.
Debtors	Final	Reasonable
Firearms Licensing		Staffordshire Police Force completed under Section 22A arrangement. (Substantial Assurance given)
Citizens in Policing Safeguarding (Appropriate Adults /Custody Visitors/Youth Commissioners)	Final	Limited
Citizens in Policing Safeguarding (Cadets)	Final	Reasonable
Vetting	Final	Reasonable
PND (Reviewed as part of Vetting audit (PND wash))	Final	
Overtime	Final	Limited
Payroll	Final	
Health & Safety	Final	Reasonable
Treasury Management	Final	Reasonable
Freedom of Information Requests	Final	Reasonable