



The Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police

Internal Audit Annual Plan

2017/18

Internal Audit Annual Plan

INTRODUCTION

This Annual Plan is drawn up in accordance with the Terms of Reference of TIAA and the Internal Audit Strategic Plan.

AUDIT STRATEGY METHODOLOGY

We adopt a risk based approach to determining your audit needs each year which includes reviewing your risk register and risk management framework, previous internal audit work for Police and Crime Commissioner and the Chief Constable, external audit recommendations together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. The Strategy will be based predominantly on our understanding of the inherent risks facing the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police and those within the sector and has been developed with senior management and Committee.

JOINT AUDIT COMMITTEE RESPONSIBILITY

It is the responsibility of the Joint Audit Committee on the advice of the Police and Crime Commissioner and the Chief Constable to determine that the number of audit days to be provided, the planned audit coverage is sufficient and the areas selected for review are adequate to provide assurance against the key risks within the organisation.

INTERNAL AUDIT ANNUAL PLAN

The Annual Plan (Annex A) sets out the reviews that will be carried out, the planned times and the scopes for each of these reviews. The rolling strategic plan is set out in Annex B. The rolling strategic plan will be subject to ongoing review and could change as the risks change for the organisation and will be formally reviewed with senior management and the Committee mid-way through the financial year or should a significant issue arise.

The planned time set out in the Annual Plan for the individual reviews includes: research, preparation and issue of terms of reference, production

and review of working papers and reports and site work. The timings shown in the Annual Plan assume that the expected controls will be in place.

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police and additional time will be required to carry out such testing. The Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police are responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

REPORTING

Assignment Reports: A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of the Public Sector Internal Audit Standards (PSIAS).

Progress Reports: Progress reports will be prepared for each Joint Audit Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

Annual Report: An Annual Report will be prepared for each year in accordance with the requirements set out in the Public Sector Internal Audit Standards (PSIAS). The Annual Report will include our opinion of the overall adequacy and effectiveness of the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police's governance, risk management and operational control processes.

SATISFACTION QUESTIONNAIRES

An annual client satisfaction survey will be issued with the annual report with the feedback received from this survey being used to develop staff and the service we provide.

LIAISON WITH THE EXTERNAL AUDITOR

We will liaise with the Wales Audit Office as the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

BACKGROUND

The Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police provides a policing service in an area covering 600 square miles of rural and urban area. The road network carries large volumes of traffic through the M4 link to the East and the Second Severn Crossing. Shown below are some of the challenges facing the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police in the coming year:

- Continued increasing financial pressures
- Increased demand on services
- New Chief Constable.

ASSESSMENT OF THE KEY RISK CONTROL OBJECTIVES

For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks will be provided. The assurance mapping process is set out in Annex C.

AUDIT REMIT

The Audit Remit (Annex D) formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police and defines the scope of internal audit activities and ensures compliance with the PSIAS.

CONFLICT OF INTEREST

We are not aware of any conflicts of interest and should any arise we will manage them in line with PSIAS requirements, the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police's requirements and TIAA's internal policies.

LIMITATIONS AND RESPONSIBILITY

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are

prepared solely for management's use and are not prepared for any other purpose.

Jonathan Maddock
Client Manager

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PERFORMANCE

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan (Figure 1 below):

Figure 1 - Performance Targets

Area	Performance Measure	Target
Achievement of the plan	Completion of Planned Audits	100%
	Audits Completed in Time Allocation	100%
Reports Issued	Draft report issued within 10 working days of exit meeting	95%
	Final report issued within 10 working days of receipt of responses	95%
Professional Standards	Compliance with Public Sector Internal Audit Standards	100%

RELEASE OF REPORT

The table below sets out the history of this plan.

Date plan issued:	5 th December 2016
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KEY CONTACT INFORMATION

Name	Contact Details
Vicky Davies Director	vicky.davies@ttaa.co.uk 07980 787924
Clive FitzGerald Director of Audit	clive.fitzgerald@ttaa.co.uk 07977 447191

Annual Plan – 2017/18

Quarter	Audit	Type	Days	Rationale
1	Governance – Strategic Planning	Assurance	10	<p><u>Rationale</u> Rolling programme of Governance reviews covering key risk areas.</p> <p><u>Scope</u> The review considers the arrangements by which the Force Boards and the Police and Crime Commissioner ensure that the corporate plans for the organisations remain achievable in times of economic uncertainty. The scope of the review does not include consideration of the strategic control arrangements or the appropriateness of decisions taken by the Boards.</p> <p><u>Executive Leads</u> Sian Curley - Chief of staff, Nigel Stephens - Assistant Chief Officer Resources.</p> <p><u>Departmental Lead</u> To be advised.</p>
1	Risk Management – Mitigating Controls	Compliance	10	<p><u>Rationale</u> Included in each year of the Strategic Plan to ensure that there are effective controls in place for the most significant risks. Number of days will cover the review of two risks</p> <p><u>Scope</u> Five risks currently included in the organisation’s business significant risk map will be selected and the effectiveness of the identified controls will be reviewed. The scope of the review does not include consideration of all potential mitigating arrangements or their effectiveness in minimising the opportunities for the identified risks to occur.</p> <p><u>Executive Lead</u> To be advised.</p> <p><u>Departmental Lead</u> Chief Supt. Kirk</p>

Quarter	Audit	Type	Days	Rationale
1	Fleet Management – Delivery	Appraisal	8	<p><u>Rationale</u> A review of an aspect of Fleet Management has been included in each year of the Strategy.</p> <p><u>Scope</u> The review will appraise the effectiveness of the delivery of the fleet management repairs and maintenance arrangements, including the planning of services and MOT's, responsive repairs and general maintenance.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> Head of Fleet - Julie Reynolds</p>
1	HR Management – Learning and Development	Assurance	4	<p><u>Rationale</u> Review of HR Management arrangements included in each year of the plan. This area requested by Management.</p> <p><u>Scope</u> The review considers the arrangements for: determining the leaning and development requirements; the monitoring arrangements; and reporting to Boards. The scope of the review does not include verification that all staff have been correctly appraised or that all learning and development needs have been correctly assessed, or the arrangements for provision of in-house training. This review is applicable to Police Staff only.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> Neil Lewis, People Services</p>
1	HR Management - Strategy		7	<p><u>Rationale</u> Review of HR Management arrangements included in each year of the plan.</p> <p><u>Scope</u> The review considers the arrangements for: inductions; maintaining staff handbook; maintaining job descriptions and person specifications; appraisals; disciplinaries; sickness and leave monitoring; and exit meetings. The scope of the review does not</p>

Quarter	Audit	Type	Days	Rationale
				<p>include: the training and development arrangements; promotion and/or merit awards.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> Neil Lewis, People Services</p>
1	Vetting	Compliance	8	<p><u>Rationale</u> High risk area if effective arrangements not in place. Issues were identified at other Forces in 2016/17.</p> <p><u>Scope</u> The review will assess compliance with the internal vetting policy. The scope of the review will not include providing assurance that all relevant staff and contractors are vetted.</p> <p><u>Executive lead</u> Assistant Chief Officer – Resources – Nigel Stephens</p> <p><u>Departmental Lead</u> To be advised.</p>
2	Budgetary Control	Assurance	5	<p><u>Rationale</u> Key Audit risk area completed annually. Particularly important due to the continued cuts in funding and preparation for new finance system.</p> <p><u>Scope</u> The review considers the budget preparation process, the monitoring arrangements, and reporting to the Strategy and Performance Board. The scope of the review does not include consideration of the assumptions used in preparing the budgets; depreciation policies; apportionment of central costs; or financial information included in tenders prepared by the organisation.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources Darren Garwood – CFO (PCC)</p> <p><u>Departmental Lead</u></p>

Quarter	Audit	Type	Days	Rationale
				Ken Chedzey – Principal Management Accountant
2	Capital Programme	Assurance	4	<p><u>Rationale</u> Key Audit risk area completed bi-annually. Included in this year's plan due to timing and the preparation for new finance system.</p> <p><u>Scope</u> The review considers the arrangements for accounting for the capital programme. The scope of the review does not include consideration of the funding arrangements or the specification of the projects.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Ken Chedzey, Principal Management Accountant.</p>
2	Counter Fraud	Compliance	7	<p><u>Rationale</u> A review to test areas of exposure to fraud has been included in each year of the plan.</p> <p><u>Scope</u> To be discussed.</p> <p><u>Executive Lead</u> To be advised.</p> <p><u>Departmental Lead</u> To be advised.</p>
2	Estate Management - Delivery	Compliance	7	<p><u>Rationale</u> Newly developed Estate Management Strategy reviewed in 2016/17. Limited internal audit coverage previously.</p> <p><u>Scope</u> The review will consider how the Estates Management Strategy is being delivered. The area of the Strategy to be tested is to be discussed with Chief Officers.</p>

Quarter	Audit	Type	Days	Rationale
				<u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources <u>Departmental Lead</u> Kieran McHugh - Estates
2	Collaborative Project	Compliance	4	<u>Rationale</u> Included in the plan annually, due to the increasing number of collaborative projects. <u>Scope</u> This review across 3 Forces will consider the effectiveness of the Governance and Outcome delivery arrangements for the Joint Scientific Inspection Unit. . <u>Executive Lead</u> To be advised. <u>Departmental Lead</u> To be advised.
2	Staying Ahead 8 - Themes	Compliance	12	<u>Rationale</u> Key Project to drive improvements in efficient and effective delivery and achieve savings. <u>Scope</u> To be discussed. <u>Executive Lead</u> To be advised. <u>Departmental Lead</u> To be advised.
2	Follow Up	F/Up	5	The review ascertains whether management action has been taken to address the Priority 1 & 2 recommendations arising from selected internal audit work carried out in the previous financial year.
3	Treasury Management	Assurance	5	<u>Rationale</u> Key financial risk – audited bi-annually.

Quarter	Audit	Type	Days	Rationale
				<p><u>Scope</u> The review considers the arrangements for controlling the investment and borrowing arrangements; compliance with the organisation's overall policy; banking arrangements; reconciliations and the reporting to committee. The scope of the review does not include consideration of the appropriateness of any individual financial institution or broker or of individual investment decisions made by the organisation.</p> <p><u>Executive Lead</u> Darren Garwood Pask – Chief Finance Officer PCC</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>
3	General Ledger	Assurance	5	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the arrangements for providing an effective audit trail for data entered onto the general ledger and the appropriateness of the reports generated. The scope of the review does not extend to the budgetary control arrangements and bank reconciliations.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>
3	Payroll	Assurance	5	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the arrangements for: the creation, amendment and deletion of payroll records; payment of allowances and pay awards; and payment of salaries. The scope of the review does not include determination of salary scales, appointment and removal of staff, severance payments or reimbursement of travel and subsistence expenses, or pension arrangements.</p>

Quarter	Audit	Type	Days	Rationale
				<p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>
3	Creditors	Assurance	5	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the arrangements for authorising and paying costs incurred by the organisation and the arrangement for control of the organisation's cheques and automated payments. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u> Hywel Morgan - Financial Accountant</p>
3	Debtors	Assurance	4	<p><u>Rationale</u> Key financial risk area completed annually</p> <p><u>Scope</u> The review considers the raising of debtor accounts, collection of income, receipting, storage and banking of income received by the organisation. The scope of the review does not include identification of the activities giving rise to income for the organisation, the basis of calculating the rates to be charged or that all income receivable has been identified.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer – Resources</p> <p><u>Departmental Lead</u></p>

Quarter	Audit	Type	Days	Rationale
				Hywel Morgan - Financial Accountant
1 - 4	Finance and Resource System Implementation	Appraisal	6	<p><u>Rationale</u> Proactive review to provide advice and guidance during the new system implementation.</p> <p><u>Scope</u> Advice and guidance on the controls in the new finance system being implemented with South Wales Police will be provided throughout the year as required.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Steph Bradly, FIRMs Project Manager</p>
4	Follow Up	F/Up	5	The review ascertains whether management action has been taken to address the Priority 1 & 2 recommendations arising from selected internal audit work carried out in the previous financial year.
1 - 4	Liaison with WAO		3	
1	2018/19 Annual Plan		2	
1	Strategic Plan		4	
4	2017/18 Annual Report		2	
1-4	Audit Management		15	This time includes attendance at Joint Audit Committee meetings and overall contract management.

Quarter	Audit	Type	Days	Rationale
		Total days	152	

The Annual Plan contains the following changes to the plan set out in the Internal Audit Strategy for 2017/18.

Review	In strategic plan for 2017/18	Change made	Rationale for the change
ICT Change Management	Yes	Removed from Plan	ICT reviews completed by Torfaen CBC.
Staying Ahead 8	Yes	Time reduced	Used for review of Vetting.
Vetting	No	Added	Risk area identified during 2016/17 at other forces.
FIRMS	No	Added	Additional time allocated for 2017/18 if needed due to current project timings.

Rolling Strategic Plan

Review Area	Type	Days Required				
		2015/16	2016/17	2017/18	2018/19	2019/20
Governance						
Governance – Collaborations	Assurance	5				
Governance – Performance Management	Assurance		10			10
Governance – Strategic Planning	Assurance			10		
Governance – Assurance Framework	Assurance				10	
Risk Management						
Risk Management – Business Continuity	Assurance	8			10	
Risk Management – Board Assurance	Assurance		10			10
Risk Management – Mitigating Controls	Assurance		2	10		
ICT						
ICT Security – Network Security	Assurance	10	ICT reviews are completed by Torfaen CBC Internal Audit			
Finance						
Budgetary Control	Assurance	5	5	5	5	5
Treasury Management	Assurance	5		5		5
General Ledger	Assurance	5	5	5	5	5
Payroll	Assurance	5	5	5	5	5
Creditors	Assurance	5	5	5	5	5
Debtors	Assurance	4	4	4	4	4
Fixed Assets	Assurance		5		5	
Pensions	Assurance		5		5	
Expenses and additional payments	Compliance		5		5	
Capital Programme	Assurance	4		4		4
Counter Fraud	Compliance	5	7	7	7	7
Finance and Resource System - Implementation	Appraisal	-	8	6		
Estates Management						

Review Area	Type	Days Required				
		2015/16	2016/17	2017/18	2018/19	2019/20
Estate Management - Strategy	Appraisal		7			7
Estate Management - Delivery	Compliance			7	7	
Fleet Management						
Fleet Management - Strategy	Appraisal		5			5
Fleet Management - Delivery	Compliance			8	5	
HR Management						
HR Management – Training and Development	Assurance	7		4	7	
HR Management – Absence Management	Assurance		7			7
HR Management - Strategy	Assurance			7		
Services						
Collaborative projects (three forces)	Assurance	4	4	4	4	4
Contract Management	Appraisal	6			6	
Local Policing East/West/Crime	Compliance	14			14	
Internet/Email/Social Media	Appraisal		5			5
First Point of Contact	Appraisal		15			
Duty Resource Management	Appraisal	6				6
Corporate Communications	Appraisal	6				6
Staying Ahead 8 themes	Appraisal			12	6	10
Victims Hub	Appraisal	6				6
Information Management	Appraisal		10			
Vetting	Appraisal			8		
Other						
Follow up	F/up	10	10	10	10	10
Liaison with WAO		3	3	3	3	3
Strategic Plan		-	4	4	4	4
Annual Plan		-	2	2	2	2
Annual Report		2	2	2	2	2
Audit Management		15	15	15	15	15
	Totals	150	170	152	151	152

- 2015/16 and 2016/17 reviews included for information.

Assurance Mapping

Corporate assurance risks

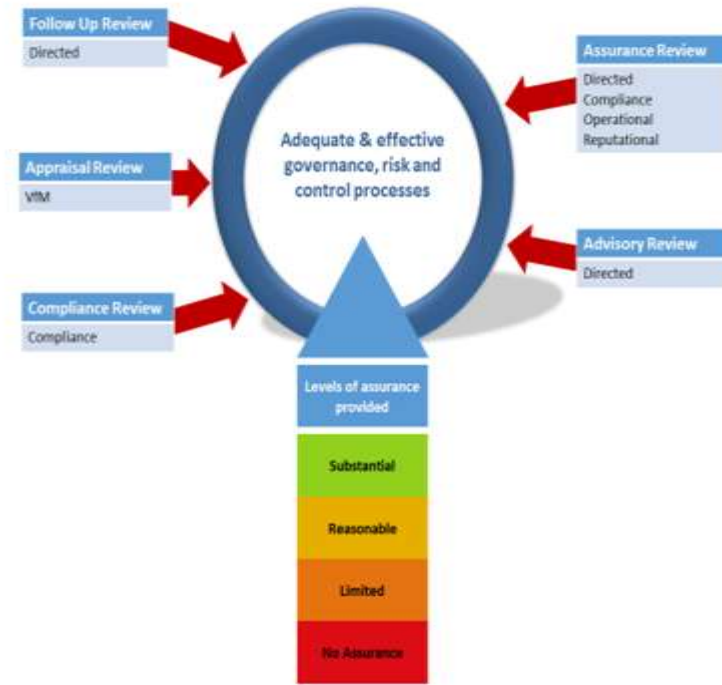
We consider four corporate assurance risks; directed; compliance; operational and reputational. The outcomes of our work on these corporate assurance risks informs both the individual assignment assurance assessment and also the annual assurance opinion statement. Detailed explanations of these assurance assessments are set out in full in each audit report.

Assurance assessment gradings

We use four levels of assurance assessment: substantial; reasonable, limited and no. Detailed explanations of these assurance assessments are set out in full in each audit report.

Types of audit review

The Annual Plan includes a range of types of audit review. The different types of review focus on one or more of the corporate assurance risks. This approach enables more in-depth work to be carried out in the individual assignments than would be possible if all four assurance risks were considered in every review. The suite of audit reviews and how they individually and collectively enable us to inform our overall opinion on the adequacy and effectiveness of the governance, risk and control arrangements is set out in the assurance mapping diagram.



Audit Remit

Role

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police's framework of governance, risk management and control. TIAA is responsible for giving assurance to The Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police's "Governing Body" (being the body with overall responsibility for the organisation) on the adequacy and effectiveness of The Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police's risk management, control and governance processes.

Scope

All Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police's activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police's management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions. However, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the board, audit committee or the nominated officer (being the post responsible for the day to day liaison with the TIAA), provided such reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS.

Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of the Police and Crime Commissioner for Gwent and the Chief

Constable Gwent Police and is authorised to obtain such information and explanations as they

consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day to day administrative purposes only, TIAA reports to a nominated officer within the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the board, the chair of the audit committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police's management.

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2003.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making

recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.