



Internal Audit

FINAL

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

Summary Internal Controls Assurance (SICA)
Report

2020/21

May 2020

Introduction

1. This summary report provides the Joint Audit Committee (JAC) with an update on the progress of our work for the Police and Crime Commissioner Gwent and the Chief Constable Gwent Police as at 22nd May 2020.

Progress against the 2020/21 Annual Plan

2. Our progress against the Annual Plan for 2019/2020 is set out in Appendix A. A copy of the Annual Collaborative Plan for the year is included at Annex B and the Gwent Police Annual Plan at Annex C. No fieldwork has commenced to date.

Internal Control Framework

3. No audit work has been completed to date on the 2020/21 plan.

Emerging Governance, Risk and Internal Control Related Issues

4. The changes imposed on the organisation as a result of Covid-19 are likely to impact the governance, risk and internal control framework of the organisation. TIAA has produced a series of Client Briefing Notes highlighting potential issues arising and a suggested approach to gaining assurance from an audit perspective in addition to a number of Fraud Alerts to support our clients during this period (details provided at paragraph 10 and Appendix D).

Audits Completed since the last report to Joint Audit Committee

5. No work has been completed on the 2020/21 plan to date.

Changes to the Annual Plan 2019/20

6. There are no changes proposed to the Annual Plan at this time other than timing of the work. Changes to the planned dates are highlighted in Appendix A. The planned dates are currently being agreed with staff. The Committee may want to review the planned days to determine whether any changes are required in response to Covid-19.

Frauds/Irregularities

7. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

Liaison

8. **Liaison with external audit:** We maintain ongoing communication with Audit Wales including attending the Police Practitioner Group meetings.

Progress actioning Priority 1 recommendations

9. We have been advised that progress of completion of recommendations is monitored internally and not to include within this summary report, following a decision at the February 2016 Joint Audit Committee.

Other Matters

10. We have issued the following briefing notes and fraud digests since the last Joint Audit Committee, details of which are included in Appendix D:

- Tips for virtual meetings and video conferencing during the COVID-19 Pandemic (20004);
- Fraud Alert: Mandate Fraud -Increased Exposure;
- Fraud Alert: Payroll Mandate Fraud - Increased Exposure;
- Cyber Threats using the COVID-19 Pandemic (20006);

Responsibility/Disclaimer

11. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against the Annual Plan for 2020/21

System	Planned Quarter	Days	Current Status	Comments
Counter Fraud	1	5	Planned for 15 th June 2020	APM issued
Capital Programme	1	4	Planned for 25 th June 2020	APM issued
Estates Management – Strategy	1	7		
Contract Management	1	6		
Expenses and additional payments	2	5		
Local Policing – Property and Cash	2	6	Planned for 3 rd August 2020	APM issued
Corporate Communications	2	6		
Follow Up – Interim (Quarter 2)	2	5		
Staying Ahead 8 themes	3	4		
HR Management – Wellbeing	3	5		
Performance Management	4	8		
Collaborative approach	1-4	71	N/A	See collaborative elements below
Follow up - Final (Quarter 4)	4	5		
Contingency	1-4	4		
Liaison with Audit Wales		2		
Annual Planning	1	4		
Annual Report	4	4		
Client Portal	1-4	-		
Management, Planning & Joint Audit Committee Reporting/Support	1-4	15		

System	Planned Quarter	Days	Current Status	Comments
Collaborative Audits – Pan Wales				
Vetting of Contractors	1	3		
Risk Management – Mitigating Controls	1	7		
Collaborative Project Review – Office 365 (part of National Enabling programme)	2	6		
Collaborative Project Review – Early Action Together (Adverse Childhood Experiences ACES Project)	3	6		
Collaborative Budgetary Control	3	6	Planned for 23 rd November 2020	APM issued
Procurement – Strategic Lead	3	4		
Strategic Resource Planning	3	8		
Collaborative Audits - Dyfed Powys, South Wales and Gwent Only:				
Fleet Management – Fuel Usage	3	6		
Collaborative Audits - South Wales and Gwent Only:				
General Ledger	3	5		APM issued
Payroll	3	6		
Creditors	3	6	Planned for 12 th October 2020	APM issued
Debtors	3	6	Planned for 12 th October 2020	APM issued

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued

Collaborative Annual Plan 2020/21

Quarter	Audits	Type	Days	Rationale and Scope
1	Vetting of Contractors	Compliance	12	<p><u>Risk</u> Reputational and Fraud risk.</p> <p><u>Rationale</u> Inherent risk area identified. Potential for further collaboration. The number of days will be split equally for this review.</p> <p><u>Scope</u> The review will consider the contractor vetting arrangements across all four welsh forces and police and crime commissioners. The scope of the review will assess the arrangements in place, check compliance with the arrangements and compare across the organisations and identify areas for collaboration. The scope of the review does not include any other aspect of the vetting arrangements.</p> <p><u>Leads</u> Lead Force – North Wales</p>
2	Risk Management – Mitigating Controls	Compliance	28	<p><u>Risk</u> Selected risks.</p> <p><u>Rationale</u> Included in all Strategic Plan for 2020/21. The number of days will be split equally for this review.</p> <p><u>Scope</u> Two risks/uncertainties which are included in each the organisation’s risk registers will be selected and the effectiveness of the identified controls will be reviewed. A comparison of the listed controls and assurance in each organisation will be undertaken. 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>Leads</u> Lead Force – South Wales</p>
2	Collaborative Project Review – Office 365 (part of National Enabling programme)	Appraisal	30	<p><u>Risk</u> Financial and Reputational risk.</p> <p><u>Rationale</u> Pan Wales Project – Collaborative project review. The time allocation will be split according to the agreed apportionment.</p> <p><u>Scope</u> The review will appraise the effectiveness of the collaboration arrangements for the Office 365 Project. The scope of the review will also include the effectiveness of the Project Management arrangements.</p> <p><u>Leads</u> Lead Force – Gwent Police</p>

Quarter	Audits	Type	Days	Rationale and Scope
2	Collaborative Project Review – Early Action Together (Adverse Childhood Experiences ACES Project)	Appraisal	30	<p><u>Risk</u> Reputational risk.</p> <p><u>Rationale</u> Pan Wales Project – Collaborative project review. The time allocation will be split according to the agreed apportionment.</p> <p><u>Scope</u> The review will appraise the effectiveness of the collaboration arrangements for the Early Action Together Project. The scope of the review will also include the effectiveness of the Project Management arrangements. It was noted that the project is currently funded until 31st March 2020 and dependent on the funding decision there may be none of the current programme infrastructure left in place to support the audit. In the event of no further funding, the audit will consider how the arrangements are embedded into each Force's own arrangements.</p> <p><u>Leads</u> Lead Force – North Wales</p>
3	Collaborative Budgetary Control	Assurance	30	<p><u>Risk</u> Financial risk.</p> <p><u>Rationale</u> Financial Risk, Collaborative Review included in each plan for 2020/21. The time allocation will be split according to the agreed apportionment.</p> <p><u>Scope</u> The review will consider the arrangements for financial control over the collaborative budget and project financial arrangements. The scope of the review will include consideration of the apportionment of collaborative costs, income generation and recharges apportionment.</p> <p><u>Leads</u> Lead Force – Dyfed Powys</p>
3	Procurement – Strategic Lead	Appraisal	20	<p><u>Risk</u> Financial and reputational risk</p> <p><u>Rationale</u> New collaborative area, financial risk. The time allocation will be split according to the agreed apportionment.</p> <p><u>Scope</u> The review will appraise the effectiveness of the new arrangements for delivery of a strategic lead for procurement across the Welsh Police organisations. The detailed scope for the review will be agreed at the next Joint Finance and Resources Group meeting and will include the consistency of approach across the organisations, working links with other public sector bodies, social values and learning from each other. The scope of the review will not include any aspect of the local procurement arrangements in place and will not include compliance testing.</p> <p><u>Leads</u> Lead Force – South Wales</p>

Quarter	Audits	Type	Days	Rationale and Scope
3	Strategic Resource Planning	Appraisal	40	<p><u>Risk</u> Reputational risk.</p> <p><u>Rationale</u> Identified as collaborative area for all organisations at the Joint Finance and Resources Group. The time allocation will be split according to the agreed apportionment.</p> <p><u>Scope</u> The review will appraise the arrangements in place at each force for strategic resource planning, considering the national initiative for recruitment of additional Police Officers. The detailed scope of the review will be agreed at the next Joint Finance and Resources Group meeting. The scope of the review will not include the overall strategic planning and the links to the Police and Crime Plan.</p> <p><u>Leads</u> Lead Force – North Wales</p>
1 - 4	Liaison with Wales Audit Office (WAO)		8	This time is for liaison with the WAO as External Auditor. This will be undertaken jointly for all organisations.
Dyfed Powys/South Wales and Gwent Only:				
3	Fleet Management – Fuel Usage	Compliance	18	<p><u>Risk</u> Financial risk</p> <p><u>Rationale</u> Joint fleet management arrangements. In Dyfed Powys, Gwent and South Wales plans for 2020/21. The time allocation will be split equally.</p> <p><u>Scope</u> The review will check compliance with the fuel usage arrangements in place at each organisation. Good practice and benchmarking across the three organisations will be shared as appropriate.</p> <p><u>Leads</u> Lead Force – Gwent</p>
South Wales and Gwent Only				
3	General Ledger	Assurance	11	<p><u>Risk</u> Business risk</p> <p><u>Rationale</u> Key financial risk area completed annually. Time allocation: 5 Gwent, 6 South Wales</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>Leads</u> Lead Force – Gwent</p>

Quarter	Audits	Type	Days	Rationale and Scope
3	Payroll	Assurance	14	<p><u>Risk</u> Business risk</p> <p><u>Rationale</u> Key financial risk area completed annually. Time allocation: 6 Gwent, 8 South Wales</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> <p><u>Leads</u> Lead Force – South Wales</p>
3	Creditors	Assurance	12	<p><u>Risk</u> Business risk.</p> <p><u>Rationale</u> Key financial risk area completed annually. Time allocation: 6 Gwent, 6 South Wales.</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>Leads</u> Lead Force – South Wales</p>
3	Debtors	Assurance	11	<p><u>Risk</u> Business risk.</p> <p><u>Rationale</u> Key financial risk area completed annually. Time allocation: 6 Gwent, 5 South Wales.</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>Leads</u> Lead Force - Gwent</p>
Total Collaborative Days			264	198 pan Wales.
South Wales Police Allocation			93	Includes Fleet Usage and Two Force Finance review collaboration
North Wales Police Allocation			50	
Dyfed Powys Police Allocation			50	Includes Fleet Usage
Gwent Police Allocation			71	Includes Fleet Usage and Two Force Finance review collaboration

Annual Plan – 2020/21





Quarter	Review	Type	Days	Risk, Rationale and Scope
1	Counter Fraud	Appraisal	5	<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> The review tests for potential significant fraud exposures due to non-compliance with the organisation's procurement arrangements and/or inadequate or ineffective segregation of duties. The scope of the review does not include identification of all potential fraudulent transactions.</p>
1	Capital Programme	Assurance	4	<p><u>Rationale</u> Key financial risk area completed bi-annually.</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>
1	Estates Management Strategy	Assurance	7	<p><u>Rationale</u> High area of spend.</p> <p><u>Scope</u> The review considers the effectiveness of the arrangement for the management of the fleet of vehicles used by the Force and the Police and Crime Commissioners Office.</p>
1	Contract Management	Assurance	6	<p><u>Rationale</u> Key risk area, a contract management review is included in each year of the plan.</p> <p><u>Scope</u> The review will consider the effectiveness of the Project and Programme management arrangements in relation to a selected contract. This should include consideration of financial viability, quality and monitoring of delivery.</p>
2	Expenses and additional payments	Compliance	5	<p><u>Rationale</u> Key financial risk area completed bi-annually</p> <p><u>Scope</u> The review will check compliance with the expenses and additional payments policy and procedure. The scope of the review will not include any other aspect of the Payroll arrangements.</p>

Quarter	Review	Type	Days	Risk, Rationale and Scope
2	Local Policing – Property and Cash	Compliance	6	<p><u>Rationale</u> Key operational risk area.</p> <p><u>Scope</u> The review considers the arrangements for managing seized proceeds of crime (property and cash) by Financial Investigation Unit. The review will include visits to two hubs to assess the adequacy of the local arrangements.</p>
2	Corporate Communications	Assurance	6	<p><u>Rationale</u> Key risk area.</p> <p><u>Scope</u> The scope of the review will appraise the effectiveness of the corporate communication strategy.</p>
3	Staying Ahead 8 themes	Appraisal	4	<p><u>Rationale</u> Project risk, key transformational changes.</p> <p><u>Scope</u> The review will appraise the arrangements for the delivery of the Staying Ahead 8 theme project.</p>
3	HR Management – Wellbeing	Assurance	5	<p><u>Rationale</u> Workforce risk area.</p> <p><u>Scope</u> The review appraises the arrangements for ensuring staff wellbeing.</p>
4	Performance Management	Assurance	8	<p><u>Rationale</u> Key Governance area, reviewed annually. This audit has been carried forward from the 2019/20 plan as the new performance management framework was not approved until the final quarter of the year.</p> <p><u>Scope</u> The review considered the arrangements for providing assurance through the demand management and performance management framework that are used to measure the Force’s effectiveness. The scope of the review did not include consideration of the accuracy or completeness of all reports presented to the Board or the appropriateness of all decisions taken.</p>
1-4	Collaborative approach	Various	71	Joint contract for 20/21 onwards. Collaborative approach and projects listed in Collaborative Plan in Annex C.
	Follow up	Follow up	10	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the Organisation is implementing recommendations, and providing reports to the Joint Audit Committee.
1-4	Contingency		4	Contingency allowance to be used as required.
1	Annual Planning	Management	4	Assessing the Organisation’s annual audit needs – requirement of Internal Audit Standards.
4	Annual Report	Management	4	Reporting on the overall conclusions and opinion based on the year’s audits and other information and providing input to the Annual Governance Statement.

Quarter	Review	Type	Days	Risk, Rationale and Scope
1-4	Client Portal			The client portal provides a one stop shop of internal audit reports, progress and recommendation tracker as well as briefings, fraud alerts, fraud updates and committee briefings.
1-4	Management, Planning & Joint Audit Committee Reporting/Support	Management	15	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Joint Audit Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
Total days			164	

Briefings on Developments in Governance, Risk and Control

TIAA produce regular briefing notes to summarise new developments in Governance, Risk, Control and Counter Fraud which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs issued since the last Joint Audit Committee which may be of relevance to Gwent Police is given below. Copies of any CBNs are available on request from your local TIAA team

Date Issued	CBN Ref	Subject	Status	TIAA Comments
April 2020	Fraud Alert	Mandate Fraud - Increased Exposure		Action Required This alert provides information and advice to staff about fraud and economic crime that may occur during the COVID-19 emergency, and the risks associated with it. If you or your organisation has fallen victim to fraud you should report it to your Local Counter Fraud Specialist.
April 2020	Fraud Alert	Payroll Mandate Fraud -Increased Exposure		Action Required This alert provides information and advice to staff about fraud and economic crime that may occur during the COVID-19 emergency, and the risks associated with it. If you or your organisation has fallen victim to fraud you should report it to your Local Counter Fraud Specialist.
06/04/2020	CBN: 20004	All - Tips for virtual meetings and video conferencing during the COVID-19 Pandemic		No Action Required This briefing note has been provided for information only.
13/05/2020	CBN: 20006	All - Cyber Threats using the COVID-19 Pandemic		Action Required Audit Committees and Boards/Governing Bodies are advised to seek assurance from digital / IT teams that a comprehensive programme of protection measures are in place to protect technology, and to raise user awareness.