



**Office of the Police and Crime Commissioner for Gwent and Chief
Constable Gwent Police**

Internal Audit Annual Plan

2016/17

February 2016

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 and assessments, external audit recommendations together with key corporate documentation such as the Police and Crime Plan, standing orders and financial regulations. The Strategy will be based predominantly on our understanding of the inherent risks facing Office of the Police and Crime Commissioner for Gwent and Chief Constable Gwent Police and those within the sector and has been developed with senior management and Committee.

AUDIT COMMITTEE RESPONSIBILITY

It is the responsibility of the Joint Audit Committee to determine that the number of audit days to be provided, the planned audit coverage is sufficient to meet the Committee's requirements and the areas selected for review are adequate 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 Office of the Police and Crime Commissioner for Gwent and Chief Constable Gwent Police and additional time will be required to carry out such testing. Office of the Police and Crime Commissioner for Gwent and Chief Constable Gwent Police is 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 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 Office of the Police and Crime Commissioner for Gwent and Chief Constable Gwent Police's governance, risk management and operational control processes.

Gwent Police and defines the scope of internal audit activities and ensures compliance with the PSIAS.

LIAISON WITH THE EXTERNAL AUDITOR AND OTHER ASSURANCE PROVIDERS

We will liaise with Office of the Police and Crime Commissioner for Gwent and 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.

We will also liaise with the local counter fraud and security management teams throughout the year to ensure there is no duplication of work.

BACKGROUND

Office of the Police and Crime Commissioner for Gwent and Chief Constable Gwent is responsible for the effective delivery of Policing in Gwent.

Shown below are some of the challenges facing Office of the Police and Crime Commissioner for Gwent and Chief Constable Gwent Police in the coming year:

- Police and Crime Commissioner elections
- Ongoing significant financial challenges
- Continued increasing demand on services

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

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 Office of the Police and Crime Commissioner for Gwent and 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.

Director and Head of Audit	07980 787924
Clive FitzGerald Audit Manager	Clive.FitzGerald@ttaa.co.uk 07977 447191

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:	19 th January 2016
Date revised plan issued:	18 th February 2016

KEY CONTACT INFORMATION

Name	Contact Details
Ian Sharp Contract Director	ian.sharp@ttaa.co.uk 07855 829485
Vicky Davies	Victoria.Davies@ttaa.co.uk

Annual Plan – 2016/17

Quarter	Audit	Type	Days	Scope and Rationale
1	Governance – Performance Management	Assurance	10	<p><u>Scope</u> The review considers the arrangements for providing assurance to the Chief Officer Groups, senior management and relevant panel and Board through the use of Key Performance Indicators and the systems that are used to track and manage the attainment of the Police and Crime Plan targets. The scope of the review does not include consideration of the accuracy or completeness of all reports presented to the committees/groups or the appropriateness of all decisions taken.</p> <p><u>Rationale</u> Key area of Governance included in each year of the Strategy.</p> <p><u>Executive Lead</u> DCC Guildford</p> <p><u>Departmental Lead</u> Ch Supt Kirk</p>
1	Risk Management – Board Assurance	Assurance	10	<p><u>Scope</u> The review considers the actions taken by the organisation to put in place and effective process for mapping the assurance received against the risks associated with the achievement of the corporate plan objectives to provide a structured internal control assurance environment including the appropriateness of the monitoring arrangements. The scope of the review does not include providing assurance that the arrangements cover all the risks facing the organisation or that the controls and/or monitors identified by the organisation are operating continuously and effectively.</p> <p><u>Rationale</u> To provide a key link between, risk, assurance, performance and the Police and Crime Plan objectives.</p>

Quarter	Audit	Type	Days	Scope and Rationale
				<p><u>Executive Lead</u> DCC Guildford</p> <p><u>Departmental Lead</u> Ch Supt Kirk</p>
1	Risk Management – Mitigating Controls	Assurance	2	<p><u>Scope</u> The review considers the organisation’s arrangements for identifying and monitoring the mitigating controls with regards to the organisation’s business significant risk map. One risk 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>Rationale</u> Included in each year of the Strategic Plan to ensure that there are effective controls in place for the most significant risks. This risk selected is to be advised.</p> <p><u>Executive Lead</u> DCC Craig Guildford Chief Executive OPCC</p> <p><u>Departmental Lead</u> Chief Supt Rhiannon Kirk - Strategic Lead Staying Ahead 8</p>
1	ICT – Internet/Email/Social Networking	Assurance	10	<p><u>Scope</u> The review considers the arrangements for internet, website, social networking and e-mail security, meeting business needs, operational responsibilities, change management and physical and logical security. The scope of the review does not include consideration of e-commerce. The review will also appraise the strategy for Social Networking from a marketing and HR perspective.</p> <p><u>Rationale</u> Previous Internal Audit ICT reviews have resulted in a “Limited Assurance” assessment.</p>

Quarter	Audit	Type	Days	Scope and Rationale
				<p><u>Executive Lead</u> ACO-R Stephens</p> <p><u>Departmental Lead</u> Paul Higgs</p>
2	Collaborative Projects	Assurance	4	<p><u>Scope</u> The review will consider the arrangements for providing effective governance arrangements in a collaborative project delivered joint across Gwent, South Wales and Dyfed Powys Police. (With a total 12 days). Joint Scientific Investigating Unit</p> <p><u>Rationale</u> Included in the plan annually, due to the increasing number of collaborative projects.</p> <p><u>Executive Lead</u> ACC Julian Williams <u>Departmental Lead</u> To be advised (Supt Tony Brown – SWP)</p>
2	Counter Fraud – Learning from cases	Compliance	7	<p><u>Scope</u> The review will appraise how effective the organisation is in learning from cases of internal and external fraud in the business environment. The scope of the review does not include identification of any potential fraudulent transactions.</p> <p><u>Rationale</u> A review to test areas of exposure to fraud has been included in each year of the plan. The area for 2016/17 was requested by the Assistant Chief Officer Resources.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources <u>Departmental Lead</u> Supt Ruth Price</p>

Quarter	Audit	Type	Days	Scope and Rationale
2	Budgetary Control	Assurance	5	<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>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>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources Darren Garwood – CFO (PCC)</p> <p><u>Departmental Lead</u> Ken Chedzey – Principal Management Accountant</p>
2	Estate Management Strategy	Appraisal	7	<p><u>Scope</u> The review will consider the arrangements for the preparation and development of the Estates Strategy.</p> <p><u>Rationale</u> Limited Internal Audit coverage previously. Newly developed Estates Strategy.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Kieran McHugh</p>
2	Fleet Management - Strategy	Appraisal	5	<p><u>Scope</u> The review will consider the arrangements for the preparation and development of the Fleet Management Strategy.</p> <p><u>Rationale</u> Significant area of spend.</p>

Quarter	Audit	Type	Days	Scope and Rationale
				<u>Executive lead</u> ACO-R Stephens <u>Departmental Lead</u> Julie Reynolds
2	HR Absence Management	Appraisal	7	<u>Scope</u> The review will appraise the effectiveness of the HR absence management system. <u>Rationale</u> Key area of HR risk and loss of resources through absence. <u>Executive Lead</u> DCC Guildford <u>Departmental Lead</u> Neil Lewis, People Services
3	Fixed Assets	Assurance	5	<u>Scope</u> The review considers the identification of assets that need to be recorded in the asset register, the identification, locating and recording of assets; inventories; and the disposal of assets. The scope of the review does not include consideration of the purchasing, depreciation policies or insurance arrangements. <u>Rationale</u> Key financial risk area - completed on 3 year cycle. <u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources <u>Departmental Lead</u> Senior Finance Accountant – tba
3	General Ledger	Assurance	5	<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.

Quarter	Audit	Type	Days	Scope and Rationale
				<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>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources Darren Garwood-Pask - CFO</p> <p><u>Departmental Lead</u> Senior Finance Accountant – tba</p>
3	Payroll	Assurance	5	<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>Rationale</u> Key Audit risk area completed annually due to large percentage of overall budget. Particularly important due to the continued cuts in funding and preparation for new finance system.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources Darren Garwood-Pask - CFO</p> <p><u>Departmental Lead</u> Christine Wells-West - Integrated Resource Service Centre Manager</p>
3	Creditors	Assurance	5	<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>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>

Quarter	Audit	Type	Days	Scope and Rationale
				<p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources Darren Garwood-Pask - CFO</p> <p><u>Departmental Lead</u> Senior Finance Accountant – tba</p>
3	Debtors	Assurance	4	<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>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>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources Darren Garwood-Pask - CFO</p> <p><u>Departmental Lead</u> Senior Finance Accountant – tba</p>
3	Pensions	Assurance	5	<p><u>Scope</u> The review considers the arrangements for: the management and control of the administration of pensions.</p> <p><u>Rationale</u> Key Audit risk area completed bi-annually.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Senior Finance Accountant – tba</p>

Quarter	Audit	Type	Days	Scope and Rationale
3	Expenses and other additional payments	Appraisal	5	<p><u>Scope</u> The review considers the arrangements for authorising and paying allowable expenses and additional payments incurred by staff working on behalf of the organisation. 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>Rationale</u> Key Audit risk area completed bi-annually.</p> <p><u>Executive Lead</u> ACO-R Stephens</p> <p><u>Departmental Lead</u> Chris Wells-West</p>
3	Finance and Resource System Implementation	Appraisal	8	<p><u>Scope</u> This review has been deferred from 2015/16. 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>Rationale</u> Proactive review to provide advice and guidance during the new system implementation.</p> <p><u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Steph Bradly, FIRMs Project Manager</p>
3	First Point of Contact	Appraisal	15	<p><u>Scope</u> The review will consider the arrangements for the implementation of the First Point of Contact project. The exact scope of the review will be determined in further discussions with the Assistant Chief Officer Resources.</p> <p><u>Rationale</u> Large Force Project and area of spend.</p>

Quarter	Audit	Type	Days	Scope and Rationale
				<u>Executive Lead</u> Nigel Stephens – Assistant Chief Officer Resources
	Follow Up	F/UP	10	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	2016/17 Strategic Plan		4	
1	Annual Plan		2	
4	Annual Report		2	
1 - 4	Audit Protocol and liaison with WAO		3	
1-4	Audit Management		15	This time includes attendance at Audit Committee meetings and overall contract management.
		Total days	160	

The Annual Plan contains the following changes to the plan set out in the Internal Audit Strategy for 2016/17.

Review	In strategic plan for 2016/17	Change made	Rationale for the change
Finance and Resource System Implementation	No	Brought forward from 2015/16	Timing of the new system implementation.

Rolling Strategic Plan

Review Area	Type	Days Required			
		2015/16	2016/17	2017/18	2018/19
Governance					
Governance – Collaborations	Assurance	5			
Governance – Performance Management	Assurance		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		
Risk Management – Mitigating Controls	Assurance		2	10	
ICT					
ICT Security – Network Security	Assurance	10			
ICT Security – Internet/Email/Social Networking	Assurance		10		
ICT Security – Change Management	Assurance			10	
ICT Security – Data Assurance	Assurance				10
Finance					
Budgetary Control	Assurance	5	5	5	5
Treasury Management	Assurance	5		5	
General Ledger	Assurance	5	5	5	5
Payroll	Assurance	5	5	5	5
Creditors	Assurance	5	5	5	5
Debtors	Assurance	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	

Review Area	Type	Days Required			
		2015/16	2016/17	2017/18	2018/19
Counter Fraud	Compliance	5	7	7	7
Finance and Resource System - Implementation	Appraisal	8 (cfwd)	8		
Estates Management					
Estate Management - Strategy	Appraisal		7		
Estate Management - Delivery	Compliance			7	7
Fleet Management					
Fleet Management - Strategy	Appraisal		5		
Fleet Management - Delivery	Compliance			10	5
HR Management					
HR Management – Training and Development	Assurance	7			7
HR Management – Absence Management	Assurance		7		
HR Management - Strategy	Assurance			7	
Services					
Collaborative projects (three forces)	Assurance	4	4	4	4
Contract Management	Appraisal	6			6
Local Policing East/West/Crime	Compliance	14			14
First Point of Contact	Appraisal		15		
Duty Resource Management	Appraisal	6			
Corporate Communications	Appraisal	6			
Staying Ahead 8 themes	Appraisal			20	6
Victims Hub	Appraisal	6			
Other					
Follow up	F/up	10	10	10	10
Liaison with WAO		3	3	3	3
Strategic Plan		-	4	4	4
Annual Plan		-	2	2	2
Annual Report		2	2	2	2
Audit Management		15	15	15	15
	Totals	150	160	154	161

Assurance Mapping

Corporate assurance risks

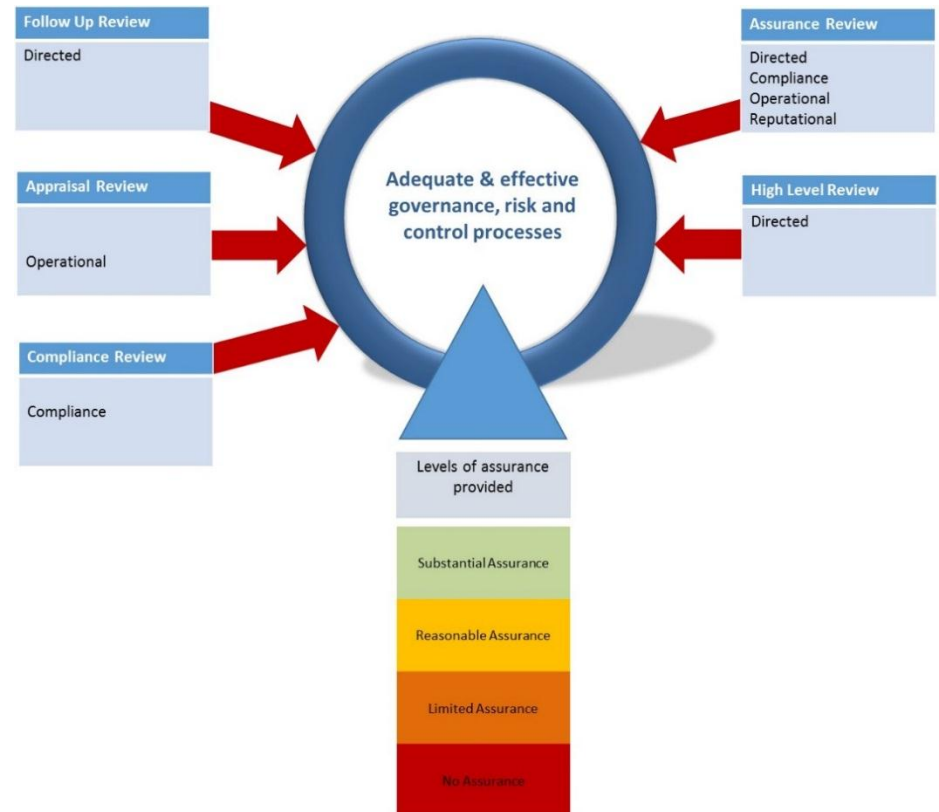
We consider four corporate assurance risks; directed; compliance; operational and reputational. The outcomes of our work on these corporate assurance risks informs both the individual assignment assurance assessment and also the annual assurance opinion statement. Detailed explanations of these assurance 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 Office of the Police and Crime Commissioner for Gwent and Chief Constable Gwent Police's framework of governance, risk management and control. TIAA is responsible for giving assurance to Office of the Police and Crime Commissioner for Gwent and Chief Constable Gwent Police's "Governing Body" (being the body with overall responsibility for the organisation) on the adequacy and effectiveness of Office of the Police and Crime Commissioner for Gwent and Chief Constable Gwent Police's risk management, control and governance processes.

Scope

All Office of the Police and Crime Commissioner for Gwent and 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 Office of the Police and Crime Commissioner for Gwent and 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 Office of the Police and Crime Commissioner for Gwent and Chief Constable Gwent Police and is authorised to obtain such information and explanations as they consider necessary to form their opinion.

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 Office of the Police and Crime Commissioner for Gwent and 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 Office of the Police and Crime Commissioner for Gwent and 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. The objective of any consultancy work is to add value and improve governance, risk management and control processes. Internal audit will never take or assume management responsibility.

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.