



Police and Crime Commissioner and Chief Constable Gwent Police

Summary Internal Audit Progress Report

2015/16

June 2016

Summary Internal Audit Controls Assurance Report

June 2016

INTRODUCTION

1. This Summary Report provides the Joint Audit Committee with an update on the Controls Assurance framework at Gwent Police as at 16th June 2016 following our work undertaken to date against the Annual Plan for 2015/16. The Summary Internal Controls Assurance report ('SICA') is based on the internal audit work carried out by TIAA and management representations that have been received during the period.

PROGRESS AGAINST THE 2015/16 ANNUAL PLAN

2. The Joint Audit Committee agreed the Annual Plan for 2015/16 at the meeting in March 2015 (extract attached at Appendix A). Our progress against the plan for the year 2015/16 is set out in Appendix B.

AUDITS CARRIED OUT

3. The table below sets out details of audits carried out since the previous meeting of the Joint Audit Committee.

Review	Evaluation	Draft issued	Responses received	Final issued	Recommendations Made			
					1	2	3	OEM
Local Policing East	Limited	27/10/2015	08/03/2016	09/03/2016	1	4	2	1
Counter Fraud Procurement	Reasonable	12/02/2016	03/05/2016	04/05/2016	0	1	1	0
Corporate Communications – OPCC only	No assessment given	17/02/2016	15/06/2016	16/06/2016	0	1	2	2
Commissioners Objectives- Victims Hib	Substantial	15/04/2016	20/04/2016	22/04/2016	0	0	0	0
Follow Up	-	24/03/2016	07/04/2016	20/04/2016				

CHANGES TO THE ANNUAL PLAN

4. The review of the Communication arrangements for the Force has been deferred until 2016/17. The 2015/16 review includes the arrangements for the Police and Crime Commissioner only. There were no other changes and all work for 2015/16 has been completed, as reported in Appendix B.

LIAISON MEETINGS

5. We have ongoing liaison meetings with the Wales Audit Office (WAO) as external auditor.

FRAUDS/IRREGULARITIES

6. We have not been advised of any frauds or irregularities during the period.

PROGRESS IN ACTIONING PRIORITY 1 RECOMMENDATIONS

7. At the Joint Audit Committee in February 2016, it was agreed that this report would not include the tracking of priority 1 recommendations as this is done internally.

PERFORMANCE MONITORING

8. The performance against targets for the reports finalised to 14th June 2016 as are as follows:

Achievement of the plan

- Completion of Audits with the agreed timetable and budget – **100% target – on target for completion by year end**
- Number of Audits conducted vs number of Audits Planned – **100% target – 1 reviewed deferred to 2016/17**

Reports Issued

- Draft issued within 10 working days of exit meeting – **95% target - 100% actual**
- Number of days between draft and final reports – **Less than 20 for 50% of the reports – 24% on finals for the year**
- Final issued within 10 working days of receipt of responses – **95% target - 100% actual**

Recommendations

- Recommendations accepted – **90% target - 100% actual**

RESPONSIBILITY

9. 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 was 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.

Annual Plan – 2015/16

Quarter	Audit	Type	Days	Scope and Rationale
1	Governance - Collaborations	Assurance	5	<p><u>Scope</u></p> <p>The review will consider the arrangements for obtaining assurance that: where services are provided in collaboration there are arrangements to provide assurance jointly with other organisations; where neither the Chief Constable nor the PCC are the lead partner that there are internal controls in place and operating effectively which are designed to ensure that the funding provided can be accounted for. The review does not include consideration as to whether the assurance arrangements currently in place for such services are in place and operating effectively.</p> <p>The review will identify the services which are provided in collaboration and are operationally active and establish whether legal agreements, effective governance arrangements and an Audit provision are in place.</p> <p>Assessing what form of assurance should be obtained from the lead partners and the timing of receipt of such that internal audit can seek to rely upon these assurances when making our head of audit annual opinion.</p> <p><u>Rationale</u></p> <p>Collaboration is increasing so there is a need to ensure that there are effective arrangements in place to provide assurance.</p> <p><u>Executive Lead</u></p> <p>DCC</p> <p><u>Departmental Lead</u></p> <p>Chief Superintendent</p>
1	People Services – Training and Development	Assurance	7	<p><u>Scope</u></p> <p>The review considers the arrangements for: determining the training requirements; the monitoring arrangements; and reporting to the L&D Strategy Group. The scope of the review does not include verification that all staff have been correctly appraised or that all training needs have been correctly assessed, or the arrangements for provision of in-house training.</p>

Quarter	Audit	Type	Days	Scope and Rationale
				<p><u>Rationale</u> Review of HR Management arrangements included in each year of the plan.</p> <p><u>Executive Lead</u> DCC</p> <p><u>Departmental Lead</u> Learning And Development Manager</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 Business Continuity Planning.</p> <p><u>Executive Lead</u> DCC Chief Executive OPCC</p> <p><u>Departmental Lead</u> Chief Supt - Strategic Lead Staying Ahead 8</p>
1	ICT – Network Security	Assurance	5-10	<p><u>Scope</u> The review considers the arrangements for the physical and access security of hardware and software. The scope of the review does not include consideration of the merits of the types of hardware and software used, the access rights to the individual software; or the depreciation policies. The review will only consider the arrangements for the Policing ICT network within the Shared Resource Service.</p> <p><u>Rationale</u> Previous Internal Audit reviews have resulted in a “Limited Assurance” assessment. In discussion with Senior Officers it was identified that this continues to be an area of risk. The time will be dependent on the detailed work carried out as part of the review and the</p>

Quarter	Audit	Type	Days	Scope and Rationale
				<p>APM agreed.</p> <p><u>Executive Lead</u> ACC</p> <p><u>Departmental Lead</u> Head Of Criminal Justice, Data Management Information Security Officer</p>
2	Collaborative Projects	Assurance	4	<p><u>Scope</u> The review will consider the arrangements for providing effective governance arrangements in the Joint Firearms Unit. The costs of the review will be shared across Gwent, South Wales and Dyfed Powys Police. (With a total 12 days).</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</p> <p><u>Departmental Lead</u> Chief Executive</p>
2	Risk Management – Business Continuity	Assurance	8	<p><u>Scope</u> The review considers the arrangements for business continuity planning including policy/strategy and procedures, organisational responsibility, plan details for various scenarios and testing. The scope of the review does not include providing assurance that the business continuity planning covers all the risks faced, or that the arrangements proposed operate continuously and effectively.</p> <p><u>Rationale</u> Previous Internal Audit reviews have resulted in a “Limited Assurance” assessment. In discussion with Senior Officers it was identified that this continues to be an area of risk.</p>

Quarter	Audit	Type	Days	Scope and Rationale
				<p><u>Executive Lead</u> ACC</p> <p><u>Departmental Lead</u> Detective Chief Superintendent</p>
2	Counter Fraud - Procurement	Compliance	5	<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 review will consider the arrangements for single tender actions. The scope of the review does not include identification of all 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 2015/16 was requested by the Chief Executive of the PCC's Office as a result of the previous Internal Audit Review of single tender actions.</p> <p><u>Executive Lead</u> Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Procurement Officer</p>
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> Assistant Chief Officer Resources CFO (PCC)</p> <p><u>Departmental Lead</u> Principal Management Accountant</p>

Quarter	Audit	Type	Days	Scope and Rationale
2	Contract Management	Appraisal	6	<p><u>Scope</u> The review considers the identification of: the arrangements for monitoring contracts managed by the organisation. The scope of the review does not include consideration of the funding arrangements or the specification of the contracts.</p> <p><u>Rationale</u> Large value contract being let and a key risk area not included in the plan for a number of years.</p> <p><u>Executive Lead</u> Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Head of Procurement</p>
2	Local Policing East Local Policing West Crime	Compliance	14	<p><u>Scope</u> The review will assess compliance with the key corporate procedures for delivery of Policing in the new defined areas of East and West. The review will include compliance with Evidential Property, Cash, personnel and training arrangement and duty of care policies.</p> <p><u>Rationale</u> Large scale change and key Staying Ahead 8 theme.</p> <p><u>Executive lead</u> ACC Chief Superintendent Acting Chief Superintendent</p> <p><u>Departmental Lead</u> East - Supt - Local Policing Area Commander West - Supt - Local Policing Area Commander Crime – Supt (PPU)</p>
2	Duty Resource Management	Appraisal	6	<p><u>Scope</u> The review will appraise the effectiveness of the duty resource management system.</p> <p><u>Rationale</u> Staying Ahead 8 theme, included at the request of the ACO-R</p>

Quarter	Audit	Type	Days	Scope and Rationale
				<p><u>Executive Lead</u> Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Integrated Resource Service Centre Manager</p>
3	Treasury Management	Assurance	5	<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 the JAC and PCP. 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>Rationale</u> Key financial risk area - completed on 3 year cycle.</p> <p><u>Executive Lead</u> Chief Finance Officer PCC</p> <p><u>Departmental Lead</u> Principal Financial Accountant</p>
3	General Ledger	Assurance	5	<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>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> Assistant Chief Officer Resources CFO</p> <p><u>Departmental Lead</u> Principal Financial Accountant</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</p>

Quarter	Audit	Type	Days	Scope and Rationale
				<p>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> Assistant Chief Officer Resources CFO</p> <p><u>Departmental Lead</u> 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> <p><u>Executive Lead</u> Assistant Chief Officer Resources CFO</p> <p><u>Departmental Lead</u> Principal Financial Accountant</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>

Quarter	Audit	Type	Days	Scope and Rationale
				<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> Assistant Chief Officer Resources CFO</p> <p><u>Departmental Lead</u> Principal Financial Accountant</p>
3	Capital Programme	Assurance	4	<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>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> Assistant Chief Officer Resources CFO</p> <p><u>Departmental Lead</u> Principal Management Accountant</p>
4	Corporate Communications	Appraisal	6	<p><u>Scope</u> The scope of the review will appraise the effectiveness of the corporate communication strategy.</p> <p><u>Rationale</u> Staying Ahead 8 themes, included at the request of the ACOR. To review links to the Press Officer in the OPCC.</p>

Quarter	Audit	Type	Days	Scope and Rationale
				<p><u>Executive Lead</u> DCC Chief Executive PCC</p> <p><u>Departmental Lead</u> Head of Corporate Communications Communications Manager</p>
1 - 4	Finance and Resource System Implementation	Appraisal	8	<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>Rationale</u> Proactive review to provide advice and guidance during the new system implementation.</p> <p><u>Executive Lead</u> Assistant Chief Officer Resources</p> <p><u>Departmental Lead</u> Principal Financial Accountant</p>
1-4	Commissioners Objectives: The Commissioners Commissioning Strategy including the Victims Hub	Appraisal	6	<p><u>Scope</u> Each review will consider the arrangements for the implementation of the Commissioning Strategy, policy and procedures for delivering the projects which tie in with the PCC's Police and Crime Plan objectives. The review will also consider the arrangements for monitoring and reporting compliance with the Strategy, Policy and Procedures designed to meet the objectives.</p> <p><u>Rationale</u> Included at the request of the CFO for the PCC.</p> <p><u>Executive Lead</u> PCC - CFO</p>
	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.

Quarter	Audit	Type	Days	Scope and Rationale
1 and 4	2015/16 Annual Plan and 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	150	

Of the 150 days, 12 will be shared collaboratively with SWP and DPP (4 each) relating to the review of JFU.




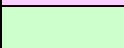
Appendix B

PROGRESS AGAINST THE ANNUAL PLAN FOR 2015/16

System	Planned Qtr	Current Status	Revised Qtr	Comments
Governance – Collaborations	1	Final report issued – 30 th September 2015.	2	
People Services – Training and Development	1	Final report issued - 18 th November 2015	2	
Risk Management – Mitigating Controls	1	Final report issued – 29 th September 2015.	2	
ICT Network Security	1	Final report issued – 26 th October 2015.	2	
Collaborative Projects	1	Final report issued – 4 th January 2016	3	
Risk Management – Business Continuity	2	Final report issued – 7 th January 2016	3	
Counter Fraud - Procurement	2	Final report issued - 4 th May 2016	3	
Budgetary Control	2	Final report issued - 17 th November 2015	2	
Contract Management	2	Final Report issued - 23 rd October 2015	2	
Local Policing East Local Policing West Crime	2	Final reports issued – 24 th February and 9 th March 2016	2	
Duty Resource Management	2	Final issued – 4 th February 2016	2	
Treasury Management	3	Final report issued - 23 rd October 2015	3	

System	Planned Qtr	Current Status	Revised Qtr	Comments
General Ledger / Finance access permissions	3	Final report issued – 25 th January 2016	3	
Payroll	3	Final report issued 23 rd February 2016	3	
Creditors	3	Final report issued – 21 st January 2016	3	
Debtors	3	Final report issued – 11 th February 2016	4	
Capital Programme	3	Final report issued – 26 th January 2016	3	
Corporate Communications	4	Draft report issued – 16th June 2016	4	
Finance and Resource System Implementation	1 - 4	Review deferred to 2016/17	4	
Commissioners Objectives – Victims Hub	1 - 4	Final report issued – 22 nd April 2016	4	
Follow Up	4	Final report issued – 20 th April 2016	4	

KEY:

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