



Internal Audit

FINAL

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

Summary Internal Controls Assurance (SICA)
Report

2019/20

August 2019

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 29th August 2019.

Progress against the 19/20 Annual Plan

2. Our progress against the Annual Plan for 2019/2020 is set out in Appendix A. The results of these reviews are also summarised at Appendix A. A copy of the Annual Plan for the year is included at Annex B.

Internal Control Framework

3. The key strategic governance, risk management and control matters identified from the one review completed since the previous SICA are summarised below. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Key Strategic Governance, Risk Management and Control Matters

Review	High level
Counter fraud - Whistleblowing	<p>Robust processes are in place for reporting and investigating internal concerns. However, this process does not refer to whistleblowing guidance in either governing literature or decision making. Specifically:</p> <ul style="list-style-type: none"> • There is no standalone specific <i>Whistleblowing Policy</i> in place and whistleblowing does not form part of other reporting concerns policies. • The process of assessing concerns does not take into consideration whether a case could be categorised as whistleblowing and therefore follow the guidance.

Emerging Governance, Risk and Internal Control Related Issues

4. We have identified no emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the organisation.

Audits Completed since the last report to Joint Audit Committee

5. The table below sets out details of the one audit finalised since the previous meeting of the Joint Audit Committee.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
Counter fraud - Whistleblowing	Reasonable	30/07/2019	31/07/2019	01/08/2019	0	1	2	0

Changes to the Annual Plan 2019/20

6. No further changes have been made since the previous Joint Audit Committee other than to the timing of some of the planned audits. As previously reported, an additional review of Collaborative Change review was requested by South Wales and Gwent Police. The 10 day audit is being split equally between the two forces and a single report has been issued.

Changes to the Internal Audit Strategy

7. An updated audit plan has been issued which includes the areas identified by the four Welsh Forces for collaborative review. Indicative dates have been provided for each audit. Planning meetings have been held and audit planning memorandums are being issued for each review.

Frauds/Irregularities

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

Liaison

9. **Liaison with external audit:** We maintain ongoing communication with the Wales Audit Office

Progress actioning Priority 1 recommendations

10. 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

11. We have not issued any Audit Committee Briefing Notes or Fraud Digests since the last Joint Audit Committee:

Responsibility/Disclaimer

12. 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 2019/20

System	Planned Quarter	Days	Current Status	Comments
Counter Fraud – Whistleblowing	2	7	Final report issued 1 st August 2019	
Collaborative Change Control	N/A	5*	Draft report issued 8 th August 2019	* Additional audit not included in plan Initial draft issued 5 th August 2019
Duty Resource Management	2	6	Draft report issued 9 th August 2019	
Risk Management – Mitigating Controls	2	10	Draft report issued 30 th August 2019	
HR Management – Absence Management	2	7	Fieldwork ongoing	Start date was moved to 22nd August from 19th August because of staff holidays
Fleet Management – Single System Follow Up	2	5	Fieldwork ongoing	
Fleet Management – Repairs and Maintenance	2	5	Planned – 9 th September 2019	APM issued
Follow Up – Interim (Quarter 2)	2	5	Planned – 23 rd September 2019	APM issued
Victims Hub	3	6	Planned – 7 th October 2019	APM issued
New HQ – Contract Management – (Quarter 2)	2	4	Planned – 19 th October 2019	Moved from planned quarter 2 – APM to be issued
Fixed Assets	3	5	Planned – 4 th November 2019	APM issued
General Ledger	3	5	Planned – 6 th November 2019	APM issued
Budgetary Control	3	5	Planned – 25 th November 2019	APM issued
Treasury Management	3	5	Planned – 28 th November 2019	APM issued
Local Policing – Property and Cash	3	6	Planned – 2 nd December 2019	APM issued
New HQ – Contract Management (Quarter 4)	4	4	Planned – 20 th January 2020	APM to be issued
Performance Management	4	10	Planned - 3 rd February 2020	APM to be issued
Corporate Communications	4	6	Planned – 10 th February 2020	APM to be issued

System	Planned Quarter	Days	Current Status	Comments
Internet / Email / Social Media	4	5	Planned – 2 nd March 2020	APM to be issued
Follow Up – Quarter 4	4	5	Planned – 2 nd March 2020	APM to be issued in February 2020
Contingency	1-4	2		As required – note an additional audit – Collaborative Change Control has been undertaken (Budget 5 days)
Liaison with Wales Audit Office	1-4	2		
Annual Planning	1	4	Final collaborative plan issued 16 th June 2019	
Client Portal	1-4			
Management, Planning & Joint Audit Committee Reporting/Support	1-4	15		
Collaborative Audits				
Estate Management - Delivery Lead Force – North Wales	2	6	Indicative date – 27 th September 2019	APM issued 22 nd August 2019. Lead Force start date - 24 th September 2019
Collaborative Review – Single Online Home Lead Force – North Wales	3	5	Planned - 27 th September 2019	Awaiting confirmation
Debtors Lead Force – Dyfed Powys	3	5	Indicative date - 17 th October 2019	APM issued on 22 nd August 2019 – DPP start date 14 th October 2019
Creditors Lead Force – Gwent Police	3	6	Planned – 14 th October 2019	APM issued 28 th August 2019
Payroll Lead Force – South Wales	3	6	Indicative date 13 th December 2019	APM issued 8 th August 2019. Lead Force start date – 28 th November 2019

KEY:

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

Collaborative Annual Plan 2019/20

Quarter	Audits	Type	Days	Rationale and Scope
2	Estate Management - Delivery Lead Force – North Wales	Assurance	24	<p><u>Rationale</u> Collaborative Review.</p> <p><u>Scope</u> The review will consider how two contracts at each Force are delivered in accordance with the Estates Strategy.</p> <p><u>Leads</u> Lead Force – North Wales</p>
3	Debtors Lead Force – Dyfed Powys	Assurance	20	<p><u>Rationale</u> Financial Risk, Collaborative Review.</p> <p><u>Scope</u> The review considers the raising of debtor accounts, collection of income, receipting, storage and banking of income received by each 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. The number of transactions tested in the sampling will be the same for each organisation.</p> <p><u>Leads</u> Lead Force – Dyfed Powys</p>
3	Payroll Lead Force – South Wales	Assurance	24	<p><u>Rationale</u> Financial Risk, Collaborative Review.</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. The number of transactions tested in the sampling will be the same for each organisation.</p> <p><u>Leads</u> Lead Force – South Wales</p>

Quarter	Audits	Type	Days	Rationale and Scope
3	Creditors Lead Force – Gwent Police	Assurance	24	<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 considers the arrangements for authorising and paying costs incurred by each organisation and the arrangements for control of the payment methods and devices. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed. The number of transactions tested in the sampling will be the same for each organisation.</p> <p><u>Leads</u> Lead Force – Gwent</p>
3	Collaborative Review – Single Online Home	Appraisal	20	<p><u>Rationale</u> Collaborative Review.</p> <p><u>Scope</u> The review will appraise the effectiveness of the collaboration arrangements for the pan wales Single Online Home Project. The scope of the review will also include the effectiveness of the Project Management arrangements.</p> <p><u>Leads</u> Lead Force – North Wales</p>
1 - 4	Liaison with Wales Audit Office		8	This time is for liaison with the WAO as External Auditor. This will be undertaken jointly for all organisations.
Total Collaborative Days			120	
Contribution from each Police and Crime Commissioner and Chief Constable			30	

Annual Plan – 2019/20

Quarter	Audit	Type	Days	Rationale and Scope
1	Performance Management	Assurance	10	<p><u>Rationale</u> Key Governance area, reviewed annually.</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	HR Management – Absence Management	Assurance	7	<p><u>Rationale</u> High risk area.</p> <p><u>Scope</u> The review will provide assurance on implementation of Absence Management policy and systems and processes undertaken by line managers at a service level in relation to management of sickness absence, including both short and long term absence.</p>
1	Local Policing – Property and Cash	Compliance	6	<p><u>Rationale</u> Key fraud risk, loss of property and cash.</p> <p><u>Scope</u> The review will assess compliance with the key corporate procedures for Property and Cash in the operational areas of East and West.</p>
2	Risk Management – Mitigating Controls	Assurance	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> Two risks currently included in the organisation's 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>



Quarter	Audit	Type	Days	Rationale and Scope
2	Counter Fraud - Whistleblowing	Appraisal	7	<p><u>Rationale</u> Annual review of Counter Fraud arrangements</p> <p><u>Scope</u> The appraisal will provide details of how the organisation approaches the topic of whistleblowing versus existing policy and procedure, to ensure that its arrangements in place are operating effectively. The scope of the review will cover:</p> <ul style="list-style-type: none"> • Desktop Review of procedural documents. • Reporting mechanisms will be tested for their effectiveness against policy.
2	New HQ Contract Management	Compliance	8	<p><u>Rationale</u> High area of expenditure and high risk project.</p> <p><u>Scope</u> The review considers the arrangements for monitoring the development contract for the new Headquarters building. The scope of the review does not include consideration of the funding arrangements or the specification of the developments.</p>
2	Fleet Management – Repairs and Maintenance	Compliance	5	<p><u>Rationale</u> Previous Limited Assurance assessment, rolling programme of reviews.</p> <p><u>Scope</u> The review considers the identification of need; sourcing; payment of purchases; procedures to ensure the organisation operates within the requirements of the policies; and the claims procedures. The scope of the review does not include not include verification that the most economic and appropriate vehicles are being used.</p>
2	Internet/Email/Social Media	Appraisal	5	<p><u>Rationale</u> Reputational risk.</p> <p><u>Scope</u> The review will consider the extent to which the use of social media exposes the Force to data confidentiality risks by examining the content being placed on the various social media platforms.</p>
2	Duty Resource Management	Appraisal	6	<p><u>Rationale</u> Service delivery risk.</p> <p><u>Scope</u> The review will appraise the effectiveness of the duty resource management system.</p>

Quarter	Audit	Type	Days	Rationale and Scope
2	Corporate Communications	Appraisal	6	<p><u>Rationale</u> Staying Ahead 8 themes, included at the request of the Assistant Chief Officer of the force due to previous audit findings and ongoing changes in the department.</p> <p><u>Scope</u> The scope of the review will appraise the effectiveness of the corporate communication strategy.</p>
2	Fleet Management – Single System	Follow Up	3	<p><u>Rationale</u> A review of an aspect of Fleet Management has been included in each year of the Audit Strategy. Limited Assurance assessment in 2018/19.</p> <p><u>Scope</u> The review will follow up the recommendations for Gwent from the Single system review in 2018/19.</p>
3	Budgetary Control	Assurance	5	<p><u>Rationale</u> Key Audit risk area completed annually. Particularly important due to the continued cuts in funding.</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>
3	Treasury Management	Assurance	5	<p><u>Rationale</u> .</p> <p><u>Scope</u> The review considers the arrangements for controlling the investment and borrowing arrangements; compliance with the organisation's overall treasury management policy; reconciliations; and treasury management 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>
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>

Quarter	Audit	Type	Days	Rationale and Scope
3	Fixed Assets	Assurance	5	<p><u>Rationale</u> New system.</p> <p><u>Scope</u> The review will examine the adequacy and accuracy of the organisation's Fixed Asset Register, taking into account the processes to add and remove items from the register.</p>
3	Victims Hub	Appraisal	6	<p><u>Rationale</u> Commissioner's Project.</p> <p><u>Scope</u> The review will consider the arrangements for the implementation of the 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>
1 - 4	Collaborative approach and Single Home Online project	Assurance	30	Joint contract for 19/20 onwards. Collaborative approach and projects listed in Collaborative Plan in Annex C.
4	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 Audit and Risk Committee.
1-4	Liaison with Wales Audit Office (WAO)		2	This time is for liaison with the WAO as External Auditor.
1 - 4	Contingency		2	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.
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 and Committee Reporting/Support	Management	15	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Audit and Risk Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
		Total days	166	

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
05/08/2019	CBN - 19014	All Sectors – Home Office Guidance on Victims of Modern Slavery	 For Information	No Action Required Audit Committees and Boards/Governing Bodies are advised to note the guidance.
14/06/2019	CBN - 19009	All Sectors - Counter Fraud Arrangements - Welsh Public Sector	 For Action	Audit Committees and Boards/Governing Bodies are advised to consider the points outlined in WAO's counter fraud arrangements report to develop a focused and proportionate anti-fraud strategy.