

**Warwickshire and West Mercia Police and Crime Commissioners
Warwickshire and West Mercia Chief Constables**

**Joint Audit Committee
20 March 2017**

Progress against 2016/17 Internal Audit Plan

Report by the Head of Internal Audit

Summary

This report summarises progress against the agreed Internal Audit plan.

Recommendation

The Committee is requested to note the report and endorse the proposed changes to the 2016/17 Internal Audit plan.

1. This report summarises in Appendix A the audit work undertaken since 1 April compared to the 2016/17 Internal Audit plan agreed by the Committee at its meeting on 20 June 2016.
2. The Internal Audit plan that is presented to the Committee at the start of the year is only an indicative one as it has to be responsive to changes in risks and hence the actual days required on individual jobs may vary from the original plan and new jobs may need to be added or jobs deleted or amended.
3. Following discussions with the Director of Finance and the Treasurer the following amendments have been made to the plan:
 - Following the request to defer the Demand Management audit, as mentioned at the last meeting, it has been agreed that the Road Safety Partnership audit be carried out from the agreed reserve list.
 - ACC Blakeman has requested that the Firearms Licensing audit is deferred until 2017/18, it is therefore proposed that work is commenced on advisory work in respect of financial system changes.
 - An additional day has been required to complete the Capital Programme, Bank Reconciliation and Risk Management audits.
 - The Contract Management audit required an additional 5 days to complete and the Creditors audits and Crime Property audits have required additional resources to complete. All these reports are currently at draft stage so may require additional time to convert to final reports.
 - The net effect of these amendments is that no change is required to the overall plan days of 430.

4. The Committee will recall that the key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits will be given one of four levels depending on the strength of controls and the operation of those controls. The four categories ranging from the lowest to highest are Limited, Moderate, Substantial and Full. The opinion reflects both the design of the control environment and the operation of controls. The Bank Reconciliation, Cashiers, Risk Management and Capital Programme Management audits have now been issued as final reports. The opinions and a summary of the findings are provided at Appendix B.

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Head of Internal Audit

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February 2017

Appendix A: Police Internal Audit Workplan 2016/2017 Progress report as at 31 January 2017

Topic		Priority	Latest planned days	Actual days	Proposed revised planned days	Latest Status
PCCs¹						
Youth Offending Scheme (West Mercia Only).		M	20	4	20	In progress
Chief Constables²						
Change Programme		H	20	9	20	In progress
IT – Service delivery standards		H	10	8	10	In progress
IT – Programme/projects benefits realisation		H	15	12	15	In progress
Crime Property		H	25	29	30	Overall draft report being prepared
Demand Management		H	25	1	1	Deferral to 2017/18
Capital Programme Management		H	15	16	16	Final report issued
Vetting		H	15	15	15	Final report issued
Health and Wellbeing		H	20	20	20	Final report issued
Bank Reconciliation		H	10	11	11	Final report issued
Partnerships (including Place Partnership, Warwickshire MASH and regional		M	20	19	20	Draft report issued.

¹ These jobs will cover both PCCs and will result in two separate reports unless otherwise stated.

² Unless otherwise stated these jobs will cover both forces.

Topic		Priority	Latest planned days	Actual days	Proposed revised planned days	Latest Status
collaborations)						
IT – Active Directory management		M	15	12	15	In progress
Covert Funds		M	20	10	20	In progress
Risk Management (Forces only)		M	15	16	16	Final report issued
Treasury Management		M	15	4	15	In progress
Cashiers/Collection of Income		M	15	15	15	Final report issued
Creditors including Purchase Cards		M	25	25	26	Draft report issued
Contract Management		M	15	20	20	Draft report issued
Firearms Licensing		L	10	1	1	Deferral proposed
Payroll		L	20	3	20	In progress
Reserve Jobs						
Safer Roads Partnership		L	0	1	15	In progress
Sub – total			345	251	341	

Topic		Priority	Latest planned days	Actual days	Proposed revised planned days	Latest Status
Completion of 2015/2016 audits						
Pensions Data Migration			7	7	7	Final report issued
Completion of 2015/2016 audits included in 2015/16 Annual Audit report						
IT			0	0	0	Final report issued
Programme Management - STRADA			9	9	9	Final report issued
Crime Property /Cash Handling			10	10	10	Final reports issued
Cost Centre Management			1	1	1	Final report issued.
Procurement			1	1	1	Final report issued
Firearms Licensing			1	1	1	Final report issued
Vehicle Recovery			1	1	1	Final report issued.
Pensions Advice			2	2	2	Advice provided
Sub - total			32	32	32	

Topic		Priority	Latest planned days	Actual days	Proposed revised planned days	Latest Status
Advice (including corporate governance, IT, learning and development, HR)	Advice Actual advice provided to date: <ul style="list-style-type: none"> • CIPFA Fraud Survey • NFI • Firearms licensing • Financial system changes • Vetting 		13	2	2	Completed
Sub - total	Management			1	1	
					10	
					3	
			13	4	17	
			40	34	40	On-going
	Total		430	321	430	

Appendix B: Summary of audits completed since the previous update.

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Funda-mental	Significant	Merits Attention
Bank Reconciliation	<p>The objective of this audit was to provide an opinion on the effectiveness of the controls and arrangements in place for the bank reconciliation process.</p> <p>The bank reconciliation process was sound with our key concern being that there are no formal contingency arrangements in place to provide cover for the Senior Finance Officer should she be absent long term and therefore be unable to perform the bank reconciliation. It is not acceptable for Systems Administrators to be asked to carry out the reconciliation in her place as this action could compromise segregation of duties.</p>	Substantial	0	1	2
Cashiers	The scope of the audit focussed on the cash handling arrangement at the Cashier's office at Hindlip. The audit reviewed a number of topics including adequacy of policies and procedures, security, controls over the Imprest account and assurance that income is collected	Substantial	0	0	4

	<p>from all appropriate sources, banked promptly and intact and is accounted for fully and accurately.</p> <p>Our work identified a number of areas where controls could be further strengthened, in particular with regard to:</p> <ul style="list-style-type: none"> • Recording of income on receipts • Completing all the relevant information required on Cash Sheets/Remittance Registers/Paying in Slips and Receipt Books. 				
Risk Management (Forces only)	<p>The objective of the audit was to provide an opinion on the adequacy of the Risk Management framework and associated monitoring controls to adequately manage risk.</p> <p>Our key concerns are as follows:</p> <ul style="list-style-type: none"> • The Annual Governance Statement risk detail was not fully supported by the Risk Register data; • Risk Management is not fully embedded within the Alliance for example: <ul style="list-style-type: none"> ○ Supporting Risk Registers for two of the Local Policing geographical areas and for two Change Programme work streams had yet to be completed; ○ The inherent (uncontrolled) risk scoring are not being recorded and reported; ○ Existing controls to mitigate each risk are not appropriately documented; ○ Some risks in the Local Policing Risk Register are operational and performance 	Moderate	1	4	1

	matters rather than risks.				
Capital Programme Management	<p>The objective of the audit was to provide an opinion on the adequacy of the controls to develop, deliver, monitor and fund the capital programme.</p> <p>Our key concerns are:</p> <ul style="list-style-type: none"> • There are currently no formal procedure notes documenting development of the Capital Programme, including amendments, approval and monitoring processes. • There is no documented timetable for completion and submission of proposals for capital projects to be included in the capital programme. 	Substantial	0	3	1

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