

Service Level Agreement

Provision of Internal Audit Services to Warwickshire Police and Crime Commissioner West Mercia Police and Crime Commissioner Warwickshire Chief Constable West Mercia Chief Constable By Warwickshire County Council

2019 - 2020

1 Outline of the Service

- 1.1. This agreement is for the provision of internal audit services to the Warwickshire and West Mercia Police and Crime Commissioners and the Warwickshire and West Mercia Chief Constables by the Internal Audit Service of Warwickshire County Council (the organisations).

2 Regulatory background

- 2.1 The requirement for an internal audit function is contained in The Accounts and Audit Regulations 2015 which require police and crime commissioners and chief constables to:

“undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

- 2.2 The regulations also lay down far-reaching requirements regarding systems of internal control. They require each organisation to:

- Have a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives and which includes effective arrangements for the management of risk”;
- Conduct a review at least once in a year of the effectiveness of its system of internal control; and
- Prepare an Annual Governance Statement.

The regulations and standards require a much wider role for internal audit compared to the historical focus on financial systems.

- 2.4 The PSIAS forms the basis of internal audit for the PCC and Strategic Alliance. The standards define internal audit as:

“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

3 Responsibilities

3.1 Summary

The organisation is responsible for the system of internal control and should put in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit provides assurance to the organisations through the joint Audit Committee on the effectiveness and reliability of their control system.

3.2 The internal audit provider is responsible for:

- Delivering the internal audit service in accordance with regulatory requirements, PSIAS, this SLA and the Audit Charter
- Preparing an internal audit plan
- Delivering the audits in the approved audit
- Providing an annual audit report timed to support the annual governance statement including an opinion on the overall adequacy and effectiveness of the organisation’s governance, risk and control framework (based upon the work done during the year)
- Liaising with external audit on control matters
- Undertaking fraud / irregularity related work when requested to do so and subject to agreement of the relevant parties.

3.3 Each organisation is responsible for:

- Maintaining an Audit Committee in accordance with all regulatory requirements and guidance.¹
- Maintaining a sound system of internal control and risk management.
- Conducting a review at least once in a year of the effectiveness of its system of internal control.
- Preparing an Annual Governance Statement in accordance with regulatory requirements and relevant guidance.

3.4 The Audit Committee is responsible for:

- Reviewing, assessing and approving the audit plan.
- Considering the internal audit annual report.
- Reviewing the organisations internal control system and scrutinising the Annual Governance Statement.

¹ Audit Committees: Practical Guidance for Local Authorities and Police 2018

- Taking whatever action it considers necessary as a result of an audit.
- Agreeing variations to the audit plan during its currency.

3.5 The section 151 officers to the chief constables and Police and Crime Commissioners are responsible for ensuring that their organisation:

- Responds within 2 weeks to draft terms of reference and audit reports
- Implements audit recommendations within the timescales agreed at the end of audits
- Allows internal audit:
 - a) to enter any land, buildings, vehicle or plant owned or used by the PCCs;
 - b) to have access to, to possess or to take copies of, any records, documents or correspondence;
 - c) to have access to any information stored by mechanical, electric or electronic means; and
 - d) to interview any employees.
- Gives all possible assistance to enable Internal Audit to carry out its obligations in accordance with this agreement
- Consults internal audit about proposals to introduce new procedures or systems or change existing ones
- Notifies internal audit promptly of any material change in the risks facing the organisation
- Notifies Internal Audit immediately of any suspected frauds or irregularities that come to its attention
- Decides whether internal audit or Professional Standards investigates allegations of irregularities and what action to take following an investigation
- Complies with the organisation's contract and financial regulations
- Operates an efficient and effective control environment
- Takes whatever action they consider necessary as a result of an audit.
- Has a rigorous process for monitoring the implementation of internal audit recommendations
- Reports regularly to the joint audit committee on the implementation of recommendations

4 Rights of Internal Audit

- 4.1 The Head of Audit has the right of direct access to the Police and Crime Commissioners, Chief Constables, Chief Executives, Chair of the Audit Committee and section 151 officers.

5 Customer Liaison

- 5.1 Regular meetings will be held between the Director of Finance, Treasurer to the police and crime commissioners and internal audit to discuss the service provided, changes in risk and any changes required to the audit plan.
- 5.2 The audit committee and senior staff of the organisation will be consulted annually about the following year's plan.

- 5.3 Managers will be consulted about individual audits by being able to:
- Discuss terms of reference for each audit.
 - Attend a closing meeting at the end of each audit to discuss issues arising.
 - Comment on draft audit reports.
 - Complete a post audit questionnaire to provide feedback on each audit.

6 Contacts

- 6.1 The head of audit is
Garry Rollason
e-mail: garryrollason@warwickshire.gov.uk
telephone: 01926 412679 or 07584 490287

7 Charges

- 7.1 The total charge for 2019/20 will be £103,040 for the provision of 344 days which equates to a daily rate of £299.54. The charge will be adjusted to reflect any shortfall in the days provided or any over provision.

8 Charging Mechanism

- 8.1 An invoice will be submitted each quarter to the Treasurer to the PCCs for the actual days provided. Invoices must be paid within 30 days.

9 Termination

- 9.1 Any party may terminate this Agreement by giving to the other parties to the agreement, those parties being Warwickshire Police and Crime Commissioner, West Mercia Police and Crime Commissioner, Warwickshire Chief Constable, West Mercia Chief Constable and Warwickshire County Council, not less than 1 years prior written notice to expire on 31 March in any year.

21 February 2019