

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

**Joint Audit and Standards Committee
18 March 2019**

Internal Audit Plan 2019/20

Report by the Head of Audit

Summary

This report summarises the proposed audit strategy for 2019/20.

Recommendation

The Committee is requested to:

1. note the uncertainties facing the chief constables and PCCs and the impact on the internal audit plan,
2. approve the proposed plan,
3. consider rolling forward of the existing service level agreement, and
4. note that no changes are currently required to the audit charter.

- 1 Police and Crime Commissioners (PCCs) and Chief Constables have a duty to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account relevant auditing standards.
- 2 The role of internal audit is primarily to provide reasonable assurance to the organisation (including managers, Chief Constables, PCCs and the Joint Audit and Standards Committee) and ultimately the taxpayers that the four policing bodies maintain an effective control environment that enables them to manage its significant business risks. Internal Audit does this **by providing risk-based and objective assurance, advice and insight**. In addition to providing assurance the audit service also undertakes consultancy and advisory work designed to add value and offer insights that will improve the effectiveness of risk management, control and governance processes e.g. acting as a critical friend when process changes are being developed.
- 3 To ensure the best use of limited audit resources audit work needs to be carefully planned. In accordance with best practice the audit committee's role is to review and approve the annual internal audit work plan. The plan is developed in consultation with senior managers and takes account of the organisation's aims, strategies, key objectives, associated risks, and risk management processes (as required by the Public Sector Internal Audit Standards). It also takes into account those topics which have not recently been audited or which feature in the PCC / Alliance risk register or which when last audited received a low opinion. This year consultation has continued to be

extensive with the dominant issue being the future collaborative arrangements between Warwickshire and West Mercia.

- 4 The plan attached (**Appendix 1**) incorporates a description and diagram of the sources of assurance which was requested by members. The resourcing of the plan is based on a further 5% reduction in the audit budget as agreed in March 2018. The Committee will note that the level of change and hence the risk profile of the organisations is significantly different to that which existed when the reduction was agreed and the Committee may wish to review whether a reduction is still appropriate. The list of potential topics arising from the planning process, was considered by the Alliance Governance Group on 13 March, and a verbal update of AGG's views will be provided at the meeting.
- 5 The aim is to give a high-level overview of audit areas noting that the detailed scope of some audits will need to be refined during the year. The Committee will also note that as usual it will not be possible to audit each possible topic and some topics in the proposed plan will not be covered comprehensively. The Committee is able to accept a plan on this basis, provided this matches its "risk appetite" for independent assurance, also recognising that management have the prime accountability for managing processes and risks (and therefore assurances can be obtained directly from them where necessary).
- 6 Good practice requires us to recognise that the plan should be responsive to changes in risks during the year which is particularly relevant for the coming year. I anticipate preparing a revised plan once decisions on future collaborative arrangements have been made. Linked to this, a larger than usual contingency provision has been included.
- 7 As explained at previous meetings an Audit Charter is a requirement of the Public Sector Internal Audit Standards and sets out the purpose, authority and responsibility of internal audit. It has to be formally agreed and approved by the organisation and periodically reviewed. The Charter establishes the internal audit activity's position within the organisation, including the nature of the service's functional reporting relationship; authorises access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities. In accordance with best practice the existing Audit Charter has been reviewed to ensure it remains appropriate and no changes are proposed at this time. The existing document with minor typographical changes is attached for reference (**Appendix 2**).
- 8 At its March 2018 meeting the Committee declined to convert the rolling 12 month SLA with Warwickshire County Council to a 3 year one and instead agreed to roll forward the document to 31st March 2019. The Committee therefore now needs to consider whether to extend the SLA further and if so for what period. The document remains fundamentally sound and it is suggested that the SLA is again rolled forward. The existing document with minor amendments to reflect changes in budget referred to in paragraph 4 above and post titles is attached (**Appendix 3**).

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21 February 2019