

SCOTTISH POLICE  
AUTHORITY

<b>Meeting</b>	<b>Audit Committee Public Session</b>
<b>Date</b>	<b>22 January 2018</b>
<b>Location</b>	<b>Pacific Quay, Glasgow</b>
<b>Title of Paper</b>	<b>Internal Audit Progress Report</b>
<b>Item Number</b>	<b>4.2</b>
<b>Presented By</b>	<b>Helen Berry</b>
<b>Recommendation to Members</b>	<b>For Noting</b>
<b>Appendix Attached</b>	<b>No</b>

**PURPOSE**

This paper presents our internal audit progress report. The report provides a summary of internal audit activity, and confirms the reviews planned for the coming quarter, identifying any changes to the original Annual Plan.

The paper is presented in line with the Internal Audit contract with Scottish Police Authority.

*The paper is submitted For Noting.*

## **1. BACKGROUND**

- 1.1 The Internal Audit Progress Report provides a summary of progress against the 2017/18 internal audit plan and agreed KPIs.

## **2. FURTHER DETAIL ON THE REPORT TOPIC**

- 2.1 2017/18 Audit Plan progress: We have completed six of the 19 audits in the Internal Audit Plan for 2017/18.
- 2.2 The paper contains a summary of proposed changes to the Annual Internal Audit Plan 2017/18, following discussions with management and the Audit Committee. The Audit Committee is asked to approve the proposed changes.
- 2.3 Appendix 1 reflects the internal audit plan for 2017/18, incorporating the proposed changes.
- 2.4 Appendix 2 shows progress against our KPIs for 2017/18. We have currently met nine of our 10 KPIs. For the one KPI not met:
- KPI 9, submission of IA outputs to SPA 10 days before the A&RC meeting, is "yellow".

## **3. FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications in this report.

## **4. PERSONNEL IMPLICATIONS**

- 4.1 There are no personnel implications associated with this paper.

## **5. LEGAL IMPLICATIONS**

- 5.1 There are no further legal implications in this paper to those listed above.

## **6. REPUTATIONAL IMPLICATIONS**

- 6.1 There are no reputational implications associated with this paper.

## **7. SOCIAL IMPLICATIONS**

7.1 There are no social implications associated with this paper.

**8. COMMUNITY IMPACT**

8.1 There are no community implications associated with this paper.

**9. EQUALITIES IMPLICATIONS**

9.1 There are no equality implications associated with this paper.

**10. ENVIRONMENT IMPLICATIONS**

10.1 There are no environment implications associated with this paper.

**RECOMMENDATIONS**

Members are requested to note the progress that is being made to deliver the 2017/18 plan and approve the proposed changes to the plan.



# Scottish Police Authority Internal Audit Progress Report

January 2018



# Scottish Police Authority

## Internal Audit Progress Report

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# Summary of Progress

This paper provides a summary of internal audit activity, and confirms the reviews planned for the coming quarter, identifying any changes to the original Annual Plan.

## Action for Audit Committee

The Audit Committee is asked to note the contents of this report and to approve the plan for the next quarter. We also invite any comments on the format or content of this report. Contact details are as follows:

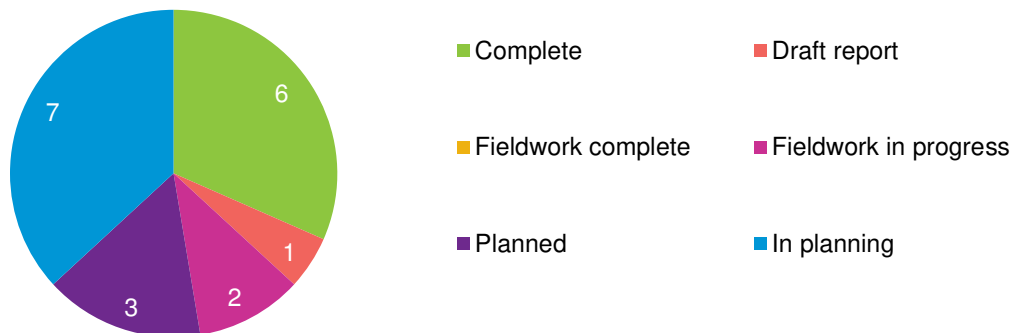
Gary Devlin, Partner [gary.devlin@scott-moncrieff.com](mailto:gary.devlin@scott-moncrieff.com) 0131 473 3500

Helen Berry, Audit Director [helen.berry@scott-moncrieff.com](mailto:helen.berry@scott-moncrieff.com) 0131 473 3500

## Progress against annual audit plan

We have completed eight of the 19 audits in the 2017/18 Internal Audit Plan since the last Audit Committee meeting. A more detailed summary of the 2017/18 internal audit programme is set out in Appendix 1.

### Status of Annual Plan



## Plan for next quarter

We plan to present the following reports to the March 2018 Audit Committee:

- Workforce Planning
- Organisational Change Management
- HR Management Reporting
- Risk Management Strategy commentary

## Review of Changes to Annual Plan



As the audit year has progressed, we have worked with members of the Audit Committee and SPA and PS senior management to revise the internal audit plan in order to provide assurance in relation to emerging risk areas. In Appendix 3, we have provided a table with the full original 2017/18 plan and the updated plan, which incorporates all previously approved and proposed changes to the plan. This allows Audit Committee members to track all of the changes made to the internal audit plan during the year. The table below sets out the proposed changes to the internal audit plan since the October 2017 Audit Committee meeting. The Audit Committee members are asked to approve these proposed changes to the plan.

2017/18 Audits	Original days	Updated days	Comments
B.4 Risk Management	25	5	The full review of risk management arrangements has been deferred until 2018/19, to allow for embedding of the revised risk management process. Five days have been retained in 2017/18, to provide commentary on the design of the revised risk management strategy.
C.5 Staff Performance Management	30	1	We propose to defer this review until 2018/19, to allow completion of a full cycle of the revised staff performance management process. The 1 day remaining represents elapsed time in relation to audit planning.
C.5 British Transport Police Integration Governance and Assurance	0	50	We propose to complete a review of the British Transport Police Integration project governance and assurance arrangements. This review will cover the governance structure, the assurance mechanisms and an assessment of the extent to which these structures and mechanisms provide the expected assurance.
C.6 HR Management System – feeder system dependencies & reliability	20	30	The focus of this review has been amended to assess the completeness and accuracy of data within the draft HR performance reporting dashboard. An additional 10 days have been allocated, to allow assessment of the extent to which data available within SCOPE could be used to further support management decision-making.
C.11 Call Handling	25	0.5	Our discussions with HMICS highlighted that assurance is available in this area from work completed by HMICS. To avoid duplication and maximise audit coverage, we propose to remove this review from the internal audit plan, and allocate these days to the requested review of British Transport Police Integration Governance and Assurance review. The 0.5 days remaining represents elapsed time in relation to audit planning.
E3. Annual Accounts preparedness	0	15	Review of accounts preparation plans and review of draft accounts against the Financial Reporting eManual (FReM), as requested by SPA management.
Contingency	29	27.5	Additional days released from proposed changes and not allocated to new reviews have been moved to contingency days. Twenty-three days of contingency time have been used to date, with 4.5 days remaining.
<b>TOTAL</b>	<b>129</b>	<b>129</b>	

# Summary of Findings

## Reports Issued

The table below summarises the internal audit reports finalised since the October 2017 Audit Committee:

Review	Control objective assessment	No. of issues per Grading			
		4	3	2	1
PS and SPA GDPR - PS		1	3	2	-
PS and SPA GDPR - SPA		2	2	-	-
Follow Up – Q2 2017/18	Not applicable				

The full reports will be presented to the Audit Committee under separate agenda items. Definitions of the ratings used for management actions and control objectives are set out below.

### Control assessments

- R** Fundamental absence or failure of key controls.
- A** Control objective not achieved - controls are inadequate or ineffective.
- Y** Control objective achieved - no major weaknesses but scope for improvement.
- G** Control objective achieved - controls are adequate, effective and efficient.

### Management action grades

4	3	2	1
<ul style="list-style-type: none"> <li>• Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>• High risk exposure - absence / failure of key controls that create significant risks within the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.</li> </ul>



# Appendix 1 – Progress against 2017/18 internal audit plan

Ref and Name of report	Audit Sponsor	Status	Quarter	Planned A C'ttee	Actual A C'ttee
A.4 Budgeting and Reporting	CFO	Planned	Q3	<del>Jan 2018</del> Apr 2018	
A.8 Financial Ledger	CFO	Planned	Q4	Apr 2018	
B.2 Performance Management	TBC	Planning	Q4	Apr 2018	
B.3 Estates Strategy	DCO	Complete	Q3	Jan 2018	Oct 2017
B.4 Risk Management (2)	Chief Executive	Planned	Q1	<del>Oct 2017</del> Mar 2018	
B.5 Governance	DCO	Planning	Q3	Apr 2018	
C.2 Workforce Management	Director of P&D	Planning	Q2-3	Jul 2018	
C.3 Workforce Planning	Director of P&D	In Progress	Q2	<del>Jan 2018</del> Mar 2018	
C.5 Staff Performance Management (1)	Director of P&D	N/A	Q3	Jan 2018	N/A
C.5 British Transport Police Project Governance (1)	TBC	Planning	Q4	Jul 2018	
C.6 HR Management Reporting	Director of P&D	Draft Report	Q4	<del>Jul 2018</del> Mar 2018	
C.8 Training (incl. income generation)	Director of P&D	Planning	Q4	Apr 2018	
C.11 Call Handling (1)	TBC	N/A	Q2	Apr 2018	N/A
C.13 Organisational Change Management	Director of Change	In Progress	Q2	<del>Apr 2018</del> Mar 2018	
D6. GDPR review	Director of ICT	Complete	Q3	Jan 2018	Jan 2018
E.1 Follow Up - Q1		Complete	Q1	Jul 2017	Jul 2017
E.1 Follow Up - Q2		Complete	Q2	Oct 2017	Oct 2017
E.1 Follow Up - Q3		Complete	Q3	Jan 2018	Jan 2018
E.1 Follow Up - Q4		Planning	Q4	Apr 2018	
E2. National Fraud Initiative	CFO	Complete	Q2	Oct 2017	Oct 2017
E3. Annual Accounts preparedness (3)	CFO	Planning	Q1 '19	Jul 2018	
Internal Audit Annual Report	n/a	n/a	n/a	Jul 2018	

**Notes:**

- (1) We propose to replace Call-handling and Staff Performance Management reviews with a review of British Transport Police Project Governance, if approved by the Audit Committee.
- (2) Detailed review of risk management deferred to 2018/19. The results of a desk-top review of draft Risk Management Strategy will be presented to the April 2018 meeting of the Audit Committee.
- (3) Additional review at management's request

**Key:**

<b>Complete</b>	Report has been agreed and finalised	<b>In progress</b>	The audit work is in progress.
<b>Draft Report</b>	A draft report has been issued	<b>Planned</b>	The assignment plan has been agreed
<b>Fieldwork complete</b>	The audit work is complete but the draft report has not yet been issued.	<b>Planning</b>	The scope of the audit has yet to be agreed with management

## Appendix 2 – Progress against KPIs

KPI description	Status	Comments
1. The annual internal audit plan is presented to and approved by the Audit Committee prior to the start of the audit year.	GREEN	Delivered in line with management expectation for the 2017/18 annual year.
2. 90% of audit input is provided by the core team and continuity of staff is maintained year on year.	GREEN	Our core team has been defined and planned for the full 2017/18 audit year.
3. Draft reports are issued within 15 working days of completing fieldwork.	GREEN	All 6 reports issued to date have been issued within 15 working days.
4. Management responses are received within 15 working days and final report issued within 10 working days.	GREEN	We do not collate management responses for follow up reports and responses have been received within 15 days for all draft reports for 2017/18.
5. At least 90% of the audit recommendations we make are agreed with and accepted by management.	GREEN	Over 90% of audit recommendations agreed and accepted by management.
6. At least 75% of Audit Committee meetings are attended by an Internal Audit Partner.	GREEN	Over 75% of 2017/18 Audit Committees have been attended by an Internal Audit Partner.
7. The annual internal audit plan is fully delivered within agreed cost and time parameters.	GREEN	
8. The annual internal audit report and opinion is presented to and approved by the A&RC at the first meeting after the year-end each year.	GREEN	Subject to agreeing timings with management, we anticipate that all work will be delivered by year end.
9. All internal audit outputs are finalised and submitted to the SPA at least 10 working days before the AC meeting.	AMBER	Internal audit papers submitted in line with AC deadlines for the 2017-18 plan, but not within 10 working days.
10. Members of senior management and the Audit Committee are invited to participate in the firm's client satisfaction survey arrangements.	N/A	The client satisfaction survey will be issued in November 2017.

### Key

**RED**

More than 15% away from target

**AMBER**

Within 15% of target

**GREEN**

Achieved

# Appendix 3: Summary of changes to 2017/18 Internal Audit Plan

2017/18 Audits	Original days	Updated days	Comments
<b>A. Financial systems</b>			
A.4 Budgeting and Reporting	30	30	No change proposed.
A.8 Financial Ledger	25	25	No change proposed.
<b>Sub-total A</b>	<b>55</b>	<b>55</b>	
<b>B. Governance and Risk Management</b>			
B.2 Performance Management	25	25	No change proposed.
B.3 Estates Strategy	20	20	No change proposed.
B.4 Risk Management	25	5	The full review of risk management arrangements has been deferred until 2018/19, to allow for embedding of the revised risk management process. Five days have been retained in 2017/18, to provide commentary on the design of the revised risk management strategy.
B.5 Police Scotland Governance	30	30	No change proposed.
<b>Sub-total B</b>	<b>100</b>	<b>80</b>	
<b>C. Operational</b>			
C.2 Workforce Management	50	50	No change proposed.
C.3 Workforce Planning	25	25	No change proposed.
C.5 Staff Performance Management	30	1	We propose to defer this review until 2018/19, to allow completion of a full cycle of the revised staff performance management process. The 1 day remaining represents elapsed time in relation to audit planning.
C.5 British Transport Police Integration Governance and Assurance	0	50	We propose to complete a review of the British Transport Police Integration project governance and assurance arrangements. This review will cover the governance structure, the assurance mechanisms and an assessment of the extent to which these structures and mechanisms provide the expected assurance.
C.6 HR Management System – feeder system dependencies & reliability	20	30	The focus of this review has been amended to assess the completeness and accuracy of data within the draft HR performance reporting dashboard. An additional 10 days have been allocated, to allow assessment of the extent to which data available within SCOPE could be used to further support management decision-making.
C.8 Training (including income generation)	30	30	No change proposed.
C.11 Call Handling	25	0.5	Our discussions with HMICS highlighted that assurance is available in this area from work completed by HMICS. To avoid duplication and

2017/18 Audits	Original days	Updated days	Comments
			maximise audit coverage, we propose to remove this review from the internal audit plan, and allocate these days to the requested review of British Transport Police Integration Governance and Assurance review. The 0.5 days remaining represents elapsed time in relation to audit planning.
C.13 Organisational Change Management	30	30	No change proposed.
<b>Sub-total C</b>	<b>210</b>	<b>216.5</b>	
<b>D. Information technology</b>			
D.6 ICT Strategy	20	0	The Audit Committee has previously agreed that this review should be replaced with a GDPR readiness review.
D.7 IT Review TBC	20	0	The Audit Committee has previously agreed that this review should be replaced with a GDPR readiness review.
D.6 SPA and PS GDPR review		40	The Audit Committee has previously agreed that a GDPR readiness review should be completed in 2017/18.
<b>Sub-total D</b>	<b>40</b>	<b>40</b>	
<b>E. Compliance and regularity</b>			
E.1 Follow up	16	16	No change proposed.
E.2 National Fraud Initiative	10	10	No change proposed.
<b>Sub-total E</b>	<b>26</b>	<b>26</b>	
<b>F. Management</b>			
Audit & Risk Committee planning and attendance	10	10	No change proposed.
Audit needs analysis - strategic and operational IA planning	10	10	No change proposed.
Police Scotland Governance Board attendance	5	5	No change proposed.
Liaison with external audit	3	3	No change proposed.
Monthly liaison meetings	10	10	No change proposed.
Annual internal audit report	2	2	No change proposed.
<b>Sub-total F</b>	<b>40</b>	<b>40</b>	
<b>G. Contingency</b>			
Contingency	29	42.5	Additional days released from proposed changes and not allocated to new reviews have been moved to contingency days. Twenty-three days of contingency time have been used to date, with 19.5 days remaining.
<b>Sub-total G</b>	<b>29</b>	<b>42.5</b>	
<b>TOTAL</b>	<b>500</b>	<b>500</b>	

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