

SCOTTISH POLICE
AUTHORITY

Meeting	Audit Committee Public Session
Date	18 April 2018
Location	Pacific Quay, Glasgow
Title of Paper	Internal Audit Follow Up Report
Item Number	5.5
Presented By	Gary Devlin, Partner, Scott-Moncrieff
Recommendation to Members	Members are requested to note the report and the progress that is being made to deliver the 2017/18 plan.
Appendix Attached	Internal Audit Q4 Follow Up Review

PURPOSE

This paper presents our internal audit follow up report. The report summarises the progress made by management in implementing the agreed management actions for internal audit recommendations made.

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

The paper is submitted for consultation.

1. BACKGROUND

1.1 As part of the internal audit programme we have agreed to complete a follow up review to provide the Audit Committee with assurance that actions agreed in previous internal audit reports have been implemented satisfactorily.

2. FURTHER DETAIL ON THE REPORT TOPIC

2.1 A follow up tracker is maintained by Police Scotland (PS) to record updates on the progress made by management across PS to implement actions from previous internal audits. A similar tracker is maintained by the Scottish Police Authority (SPA) for actions specific to SPA and Forensics. We have agreed with PS and SPA that they will make the trackers available to internal audit on a quarterly basis for review.

We have obtained the most recent trackers to obtain the latest management update on each internal audit action. For actions graded priority 3 or above, we requested evidence to validate completion of any actions marked for closure by management.

Following the addition of 10 actions to the tracker, there were a total of 116 actions to follow up in the period. We have verified that 35 actions were completed in the period.

Of the remaining 81 actions to be carried forward to the next period, 49% are not yet due for completion, 48% are in progress, and 3% are incomplete.

Next steps: We will continue to work with management to ensure the follow up process focuses on key risks and provides assurance to the Committee that resources are targeted effectively.

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 environmental implications associated with this paper.

RECOMMENDATIONS

Members are requested to note the progress made in implementing agreed management actions arising from internal audit reports.



Scottish Police Authority
Internal Audit Report
Follow-up – Q4 2017/18

March 2018



Scott-Moncrieff
business advisers and accountants

Scottish Police Authority

Internal Audit Report

Follow-up –Q4 2017/18

Introduction and background	1
Summary of progress	2
Appendix 1: Action status by report	6
Appendix 2: Summary of actions past their current due date	8
Appendix 3 – Audit Risk Categorisations	16

Introduction and background

Introduction

As part of the internal audit programme we have agreed to complete a follow up review every quarter to provide the Audit & Risk Committee with assurance that actions agreed in previous internal audit reports have been implemented sufficiently.

This report encapsulates the progress made by management in implementing the agreed management actions.

Scope

A follow up tracker is maintained by Police Scotland (PS) to record updates on the progress made by management across PS to implement actions from previous internal audits. We have agreed with Police Scotland that they will make the tracker available to internal audit on a quarterly basis for review. We also liaise with SPA staff to obtain updates in relation to SPA-specific actions.

For recommendations graded priority 3 or above, we requested evidence to validate completion of any actions marked for closure by management.

Acknowledgements

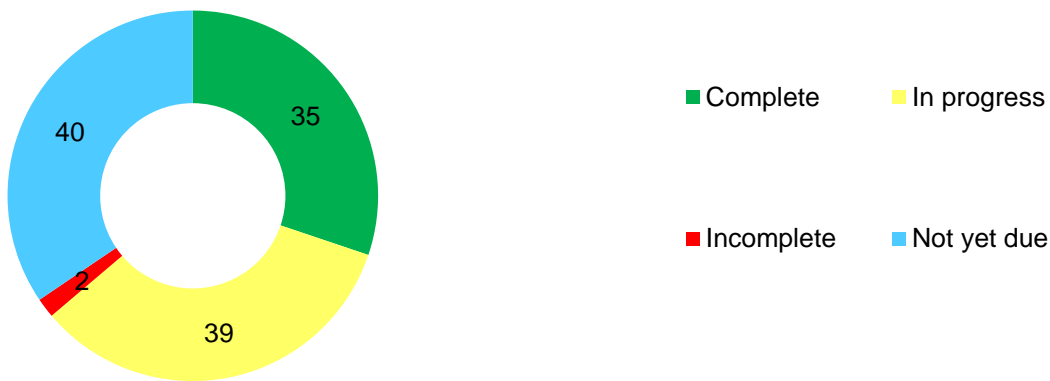
We would like to thank all staff who provided updates for their assistance and co-operation.

Summary of progress

The table below sets out the movement in actions included on the Audit Recommendation Tracker including any outstanding actions brought forward from the previous review in December 2017:

	Number of Actions
Open actions brought forward from December 2017	106
New actions added to tracker	10
Total actions to follow-up	116
Actions closed to March 2018	35
Open actions carried forward	81

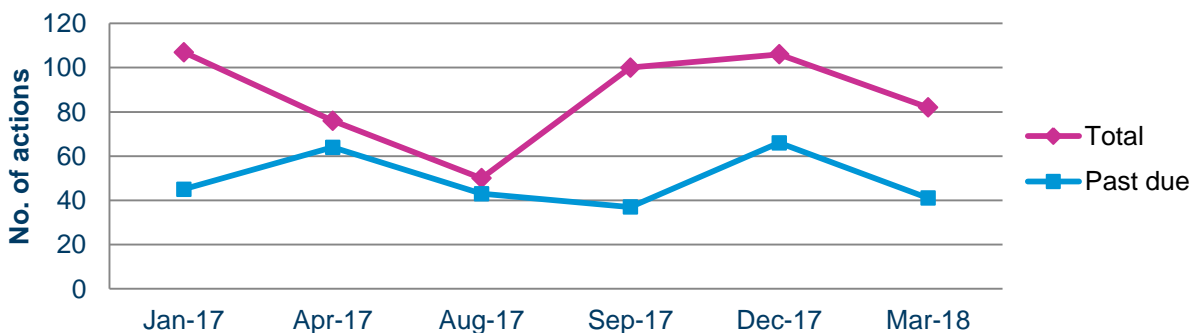
Status of Actions as at 26 March 2018



The SPA is making good progress on outstanding actions, with the total number of open actions reducing this quarter from 106 to 81. There has also been a decrease in the number of open actions past their agreed due date. This is calculated using revised due dates, where those revised dates have previously been reported to the Audit Committee. A summary of the status of actions by report is shown at Appendix 1.

Total outstanding actions

The following graph illustrates management's progress in implementing recommendations since Jan 17. The "total" line shows total outstanding audit actions, while the "past due" line shows the number of actions past their original due date:



Status by Grading

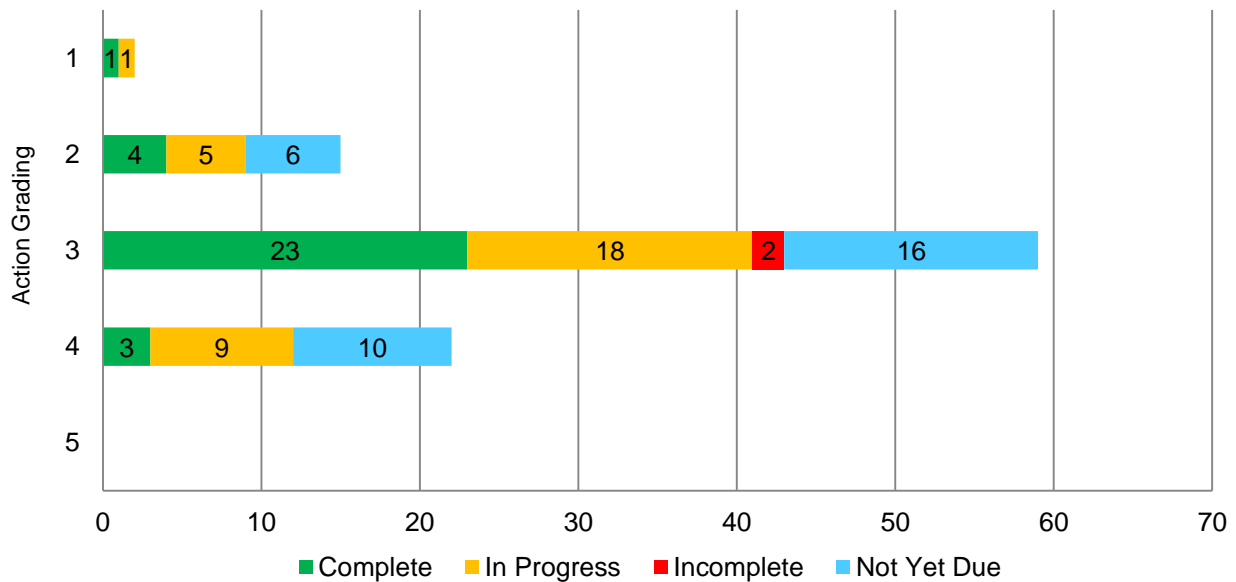
Until 2017/18, we categorised our recommendations using a sliding scale, as outlined below.

Priority	Definition
Grade 5	Very high risk exposure - Major concerns requiring immediate Board attention.
Grade 4	High risk exposure - Absence / failure of significant key controls.
Grade 3	Moderate risk exposure - Not all key control procedures are working effectively.
Grade 2	Limited risk exposure - Minor control procedures are not in place / not working effectively.
Grade 1	Efficiency / housekeeping point.

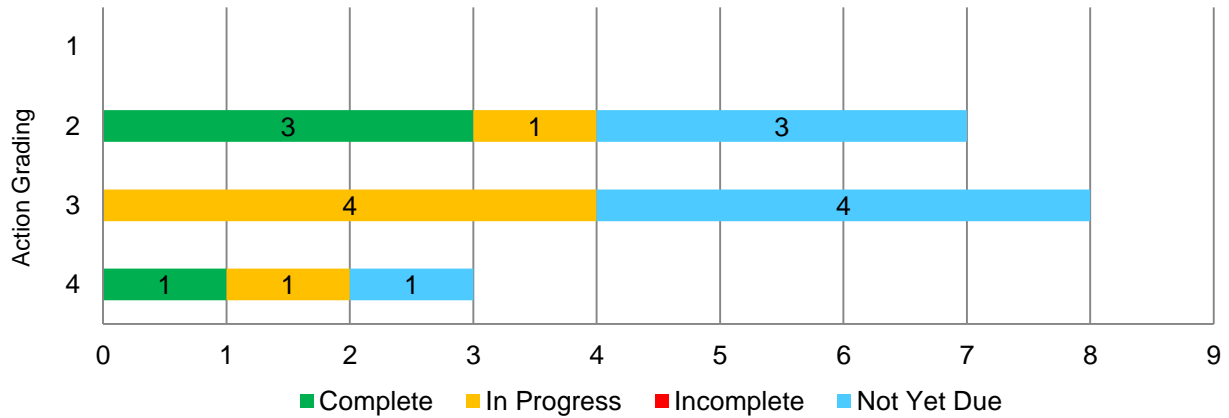
From 2017/18, our categorisations changed as follows.

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

Pre 2017/18 actions

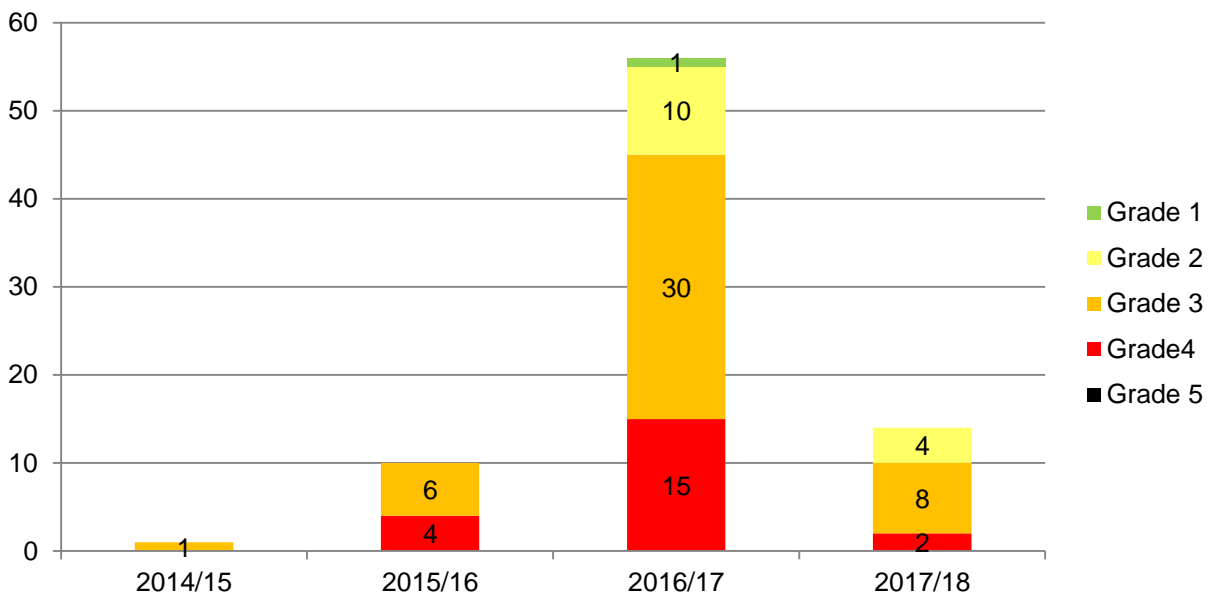


2017/18 actions



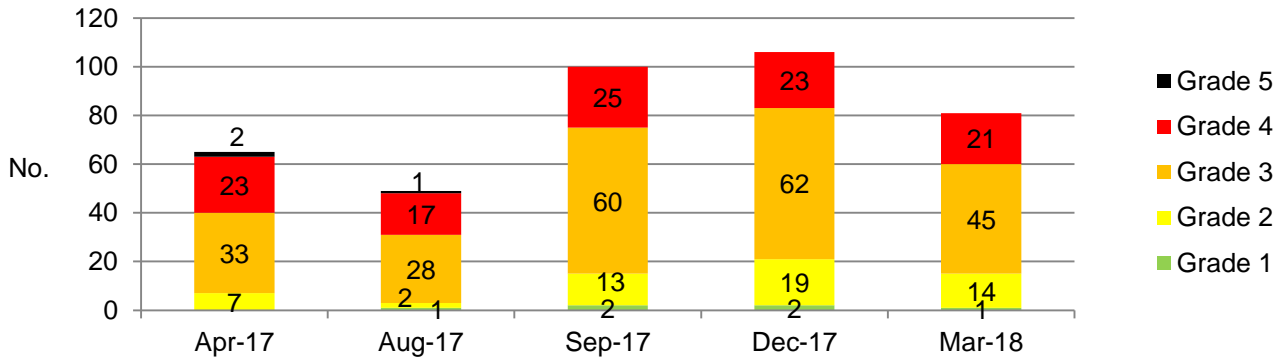
Age and grade of open actions

The chart below shows the number and grade of open actions categorised by the year in which the actions were raised:



Movement in Audit Actions

The graph below prioritises the outstanding actions by grade, as reported in our follow up reports since April 2017.



Appendix 2 sets out the current status of those actions classed as “in progress” or “incomplete”, based on updates provided by management. We have included a number of actions with due dates of 31 March 2018. At the time of our fieldwork these were not yet due for completion but where the management update has indicated the action will not be complete by that time, the action has been included in Appendix 2 for information.

Appendix 1: Action status by report

Report title	Date of Issue	Audit Sponsor	Total Report Actions	Open in Qtr. 4	Complete	Outstanding Actions Breakdown		
						In progress	Incomplete	Not yet due
Treasury Management	Oct 2014	Director of Financial Services	4	1	-	1	-	-
In-house Sub-total			4	1	-	1	-	-
Data Security Management	July 2016	DCO	5	5	4	1	-	-
e-Financials (IT General Controls)	Jan 2016	Chief Financial Officer	19	3	1	1	1	-
End Point Security	July 2016	Director of ICT	4	2	2	-	-	-
General Ledger - Core Financial Controls	April 2016	Chief Financial Officer	15	3	1	2	-	-
Organisational Change Management	July 2016	Director of Strategy and Performance	17	5	-	2	-	3
2015/16 Sub-Total			60	18	8	6	1	3
Contract Register	Jan 2017	Head of Commercial Services	4	1	-	-	-	1
Payroll	Jan 17	Chief Financial Officer	17	11	-	7	-	4
Recruitment and Diversity	Mar 17	Director of P&D	8	5	-	5	-	-
Budget setting	May 17	Chief Financial Officer	7	3	1	2	-	-
Vetting	Jan 17	Director of P&D	12	6	-	-	-	6
Strategic Planning	June 17	DCO	1	1	-	-	-	1
ICT Service Delivery	June 17	Director of IT	15	15	5	6	1	3
Software Development Testing	June 17	Director of IT	8	7	7	-	-	-
Non-Pay Expenditure	Aug 17	Chief Financial Officer	9	9	-	-	-	9
BCP – PS	Mar 17	SI, Corporate Governance and NCR	8	6	4	-	-	2

Report title	Date of Issue	Audit Sponsor	Total Report Actions	Open in Qtr. 4	Complete	Outstanding Actions Breakdown		
						In progress	Incomplete	Not yet due
BCP – SPA	Mar 17	Director of Financial Accountability	8	8	-	5	-	3
BCP - Forensics	Mar 17	Director of Forensic Services	9	7	6	1	-	-
2016-17 Sub-total			106	79	23	26	1	29
Estates Strategy	Sept 17	Deputy Chief Officer	5	5	1	-	-	4
National Fraud Initiative	Sept 17	Chief Financial Officer, PS and SPA	3	3	-	1	-	2
GDPR Preparedness - SPA	Dec 17	Interim Chief Officer	4	4	1	3	-	-
GDPR Preparedness - PS	Dec 17	Deputy Chief Officer	6	6	2	2	-	2
2017-18 Sub-total			18	18	4	6	0	8
TOTAL			188	116	35	39	2	40

Appendix 2: Summary of actions past their current due date

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2017/18 Q4 Follow Up	Status
2014/15 - Carried Forward from Previous Co-Source							
Review of Treasury Management	It is recommended that SPA and PS develop formal treasury management policies regarding cash flow forecasting, identification and management of treasury management risks and banking of divisional income.	Director of Financial Services	3	Mar-2016	Mar-18	No update received.	In progress
2015/16 Reviews							
General Ledger - Core Financial Controls	1.1 Policies and Procedures 1.2 Inconsistent Processes (client has requested that this be merged with 1.1) 2.1 Segregation of Duties (SoD) / Authorisation (Client has requested that this be merged with 1.1)	Director of Finance	1.1 - 3 1.2 - 2 1.3 - 4	Sept-2016	Nov-17 Jan-19	Two sections of the recommendation are now complete. One document is outstanding: Accounts Payable and Invoice Management Reference Guide (updated June 2013). This will be included within the P2P project therefore the revised date of completion is 01/01/2019 (moved from 31/03/2018).	In progress
General Ledger - Core Financial Controls	2.4 Communication of Changes to Payroll	Head of People and Development	3	Sept-2016	Oct-17 Jun-18	The original flexible working specification was complex and required further refinement which caused delays. The development team is currently looking at a specification that will be less process driven, and are awaiting business input to ensure that the final product is fit for purpose. Additional efforts are also being made to improve this process and reduce the likelihood of any under/overpayments being made. Discussions are ongoing with Payroll	In progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2017/18 Q4 Follow Up	Status
						teams to facilitate monthly audits in Shared Services.	
e-Financials (IT General Controls)	1.3 IT System Maintenance (eFinancials and Asset 4000)	Chief Financial Officer	3	Sept-2016	Aug-17 Apr-18	The evidence provided does not meet the requirements of the original recommendation. A list of system maintenance tasks and activities has not yet been produced.	Incomplete
e-Financials (IT General Controls)	8.1 Asset 4000 System – field validation	Chief Financial Officer	3	Sept-2016	Dec-17 Apr-18	Management is currently exploring options to improve this and has engaged with the supplier.	In progress
Organisational Change Management	1.2 Strategic, Operational and Performance Management	ACC Strategic Change	4	Mar-2017	Dec-17 Feb-18	A 3 year plan has been created and presented to the board. It was noted that a workshop should be run in order to allow better understanding around how the plan is going to be implemented and that a financial plan should be established to accompany the document.	In progress
Organisational Change Management	1.4 Strategic, Operational and Performance Management	ACC Strategic Change	4	Mar-2017	Dec-17 Apr-18	Action in progress, evidence of the framework being discussed have been provided however framework is not yet complete.	In progress
Data Security Management	1.1 Training and awareness	ACC Strategic Change	3	May-2017	Dec-17 Priority training May-18 Long term training Dec-18	As a result of DP Reform, there will be a requirement for everyone to receive a Data Protection Security/Behaviours refresher and this will be carried out via Moodle. Once we are over the line with DP reform in May, make a proposal via the IGB this becomes an annual requirement. Management is currently reviewing all training in line with requirements for the new Data Protection legislation. Some priority training that will be delivered by May 2018 but a proposal will be presented to the IGB re longer term planning.	In progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2017/18 Q4 Follow Up	Status
2016/17 reviews							
Payroll	1.5 Authorised Signatory Listing	Director of Finance	3	N/A	May-18	Management will provide some assurance around this by 31 May 2018.	In Progress
Payroll	1.6 Staff Numbers Reconciliation	Director of Finance	4	a) 31/06/17 b) 31/04/17	a) 31/10/18 b) 31/07/18	Action has been taken to reduce the risk and residual risk will be addressed when the new payroll system is operational. Timescale re-set for 31/10/2018 As part of the budget build a full reconciliation was completed between the payroll records and the SCoPE records as at 31/07/2017 with reasonable explanations documented for all differences. As this exercise is highly time consuming, this is done annual as part of the budget setting process. A regular process will be introduced following the implementation of the single payroll solution.	In Progress
Payroll	3.2 Timing of Pay Run Checks in Glasgow	Director of Finance	4	Jul-17	31/10/2018	On track to be addressed upon implementation of the single payroll system.	In Progress
Payroll	5.1 Payroll Account Reconciliations	Director of Finance	3	May-17	30 April 2018	Management will provide evidence by 30 April 2018	In Progress
Payroll	6.1 Payroll Upload Journals	Director of Finance	3	Jul-17	Oct-18	On track to be addressed upon implementation of the single payroll system.	In Progress
Payroll	7.1 SLA for Payroll Services	Director of Finance	4	Mar-17	Oct-18	Risk will be accepted until the conclusion of the payroll project, given the relatively short timeframe and the fact that there are regular communications and discussions with all third parties acting as a compensating control.	In Progress
Payroll	7.3 Payroll Procedures	Director of Finance	3	Mar-18	Oct-18	On track to be addressed upon implementation of the single payroll system.	In Progress
Recruitment and Diversity	1.1 Recruitment Strategy	Head of Resource Management	4	Jul-2017	Mar-2018	The Recruitment plan is dependent on approval of the wider People Strategy which is still out for consultation. Presentation of the People strategy has been delayed and as	In Progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2017/18 Q4 Follow Up	Status
						such a renewed date of end May 2018 has been set. Once the Strategy is approved, a Recruitment 'Plan' is to follow. A draft plan has already been prepared however any amendment required to align with the People Strategy will have to be carried out before it is published.	
Recruitment and Diversity	3.1 Standard Operating Procedures	Interim Head of Recruitment	3	Sept-2016	On hold pending Modernisation Project	The recruitment processes are all under review as part of the Modernisation of Recruitment Project. In addition to this, all policies are subject to change as part of the policy modernisation work and as such it is not appropriate to publish SOPs at this stage.	In Progress
Recruitment and Diversity	5.1 Engagement with Potential Applicants	Head of Resource Management	3	Mar-18	Mar-2019	This is dependent on delivery of E-Recruitment. A delivery date of March 2019 is anticipated.	In Progress
Recruitment and Diversity	6.1 Inconsistent internal procedures	Interim Head of Recruitment	1	Sept-2016	Mar-2019	This is dependent on delivery of E-Recruitment. A delivery date of March 2019 is anticipated.	In Progress
Recruitment and Diversity	7.1 Manual data recording and reporting	Head of Resource Management	3	Mar-2018	Mar-2019	Evidence provided- additional detail to be provided as part of the invitation to tender documentation. This outlines the specified functionality for the E-Recruitment system to support effective recording and reporting of data.	In Progress
Budget Setting	4.1 Lack of Savings Plans	Chief Constable	4	Sept-2016	Apr-18	Efficiency savings have been identified and applied to 2017/18 budgets as at quarter 3. Savings of £4.5m have been identified and applied against the target saving of £5m. With regard to the 2018/19 budget, savings plans are currently being developed. Individual meetings will be held with the DCCs and the Director of People and Development, in addition to the internal governance processes (CFIB and SLB), in	In Progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2017/18 Q4 Follow Up	Status
						advance of the final proposed budget being presented to the SPA Finance Committee and SPA Board on 13 and 29 March 2018 respectively.	
Budget Setting	5.1 Budget Phasing	Head of Management Accountancy	3	Mar-2018	Q2 2018/19	Budget phasing will commence in the 2018/19 Financial Year so will provide monitoring reports following period 2.	In Progress
ICT Service Delivery	1.1 Business changes and testing	ICT Director/Head of Service Management	4	Mar-2018	Mar-2019	Whilst the change process has been updated to reflect the need to consider the impact on ICT recovery, work has still to be undertaken in relation to the creation of a DR test plan. A request has been made to extend the deadline for completion.	In Progress
ICT Service Delivery	3.2 Software Master copy repository	Chief Technology Officer/ Head of Applications and Development	3	Mar-2018	Sept-2019	The original date of the end of March 2018 will not be met. With the current priorities within the ICT department at this time focusing on BAU, Project Alliance, ADEL, a number of applications based projects and not withstanding key vacancies. Propose to extend the deadline by 6 months.	Incomplete
ICT Service Delivery	4.1 Service level agreements (SLAs)	Head of Service Delivery	3	Dec-17	November 2018	Work has been completed to establish a service level agreement. However, work is still necessary to produce KPIs around service and applications availability.	In Progress
ICT Service Delivery	7.1 Project management approach	Head of Service Delivery	3	Dec-17	Feb-2018 April 2018	The ICT Project Management Strategy, Standards and Framework document provided was in draft and has still to be fully implemented.	In Progress
ICT Service Delivery	9.2 Security control documentation	Head of Service Management / Technical Audit and Assurance Manager	2	Mar-18	Sept 2018	Action not yet due, date has been updated to reflect original deadline unlikely to be met.	In Progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2017/18 Q4 Follow Up	Status
ICT Service Delivery	10.1 Service review meetings	Head of Service Delivery	2	Oct-17	Jun-2018	As a result of the ongoing professional services engagement relating to the development of an integrated vision for Data, Digital and ICT Strategy proposals to explore ICT benchmarking and customer satisfaction services were placed on hold. This will be re-considered following the outcomes and conclusion of the engagement.	In Progress
ICT Service Delivery	11.1 Supplier engagement documentation	Head of Service Management	2	Dec-17	May-2018	This has not yet been finalised due to the resource assigned being involved in a number of ICT issues and projects. This has been escalated to the Head of Infrastructure. Reviews will be managed as part of the documentation library and processes managed by the ICT Lifetime process team.	In Progress
Business Continuity Planning (BCP) – SPA	3.1 Recovery Point Objectives	BCP Officer	3	Jun-2017	Mar-2018	SMG met on the 29 th Feb and agreed they were content with the Recovery period of 24 hours; however requested confirmation from ICT on what their ability was to roll back the recovery point based on the software. Further dialogue to take place with ICT.	In Progress
BCP- SPA	3.2 Communication with ICT	BCP Officer	4	Jun-2017	Mar-2018	Following feedback from SMG on the 29 th Feb a further confirmation from ICT is required on what their ability to roll back the recovery point based on the software. Further dialogue to take place with ICT.	In Progress
BCP – SPA	3.3 Third Party Assurance	BCP Officer	2	Jun-2017	Mar-2018	SPA still awaiting approved new templates from PS. Weekly reminders are being issued and this will be utilised as soon as it is available.	In Progress
BCP – SPA	4.1 Business Continuity Plan	BCP Officer	3	Jun-2017	Mar-2018	BC Plan has been updated and the revised draft BCP was considered and approved by SPA SMG on 20/02/2018. The plan is now in the final stages of publication and should be available in final form by 31/03/2018.	In Progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2017/18 Q4 Follow Up	Status
BCP – SPA	5.1 Testing	BCP Officer	3	Jun-2017	Mar-18	Although SPA is included in the PS testing schedule, a test of the plan has still to take place. Action will be closed after planned test(s) take place.	In Progress
Business Continuity Planning (BCP) – Forensics	6.1 Training	BCP Officer	3	Q2 17/18	Q3 2017/18 May 2018	FS have developed a training package with PS BCP Lead. This is currently being appraised by Scottish Police College to ensure it meets criteria of standard required for delivery. Date for delivery of Training is being scoped for May 2018 to Forensic Services Team Managers, Operations Managers and Heads of Functions. It is anticipated that this training will be available to SPA Corporate managers too.	In Progress
2017/18 Reviews							
National Fraud Initiative	5.1 Fraud and investigation conclusions	Head of Financial Accountancy	2	Jan-2018	Apr-2018	Timescale not met due to capacity issues within the Finance SMT. A full Finance Service training day is being planned for March 2018. This will include speakers from outwith Finance (including Anti-Corruption Unit) and a specific section on fraud awareness.	In Progress
GDPR Preparedness - PS	1.1 Gap Analysis and information Asset registers	SRO	3	Feb-2018	Mar-18	A business analyst has been engaged and has been developing a process for validation of data gathered during audits and a methodology for asset owners to accept any remedial actions with associated timescales.	In Progress
GDPR Preparedness - PS	4.1 Staffing Requirements	SRO	3	Feb-18	Mar-18	Further work has been done to populate the Project Plan. The project plan continues to be high level. However, whilst providing a note of completion dates and elapsed times of activities, it does not specify the volume of resources associated with specific tasks and activities. This matter is also being discussed at the	In Progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2017/18 Q4 Follow Up	Status
						Police Scotland Audit and Risk Board	
GDPR Preparedness - SPA	1.1 Formal Gap Analysis and Action Plan	Head of Information Management	3	Mar-18		A gap analysis has been conducted and work is underway to produce Information Asset Registers. The action plan remains in draft.	In Progress
GDPR Preparedness - SPA	3.1 Timescales and Responsibilities	Head of Information Management	4	Mar-18		Action plans have not been fully completed. As a result, total resource requirement remains unclear. Support is being provided by an external data protection lawyer.	In Progress
GDPR Preparedness - SPA	6.1 Training	Head of Information Management	3	Mar-18		<p>A communications plan will be built into the overall consolidated SPA action plan. Corporate Communications will continue to attend the SPA Project Board to discuss the rollout of communications to SPA/Forensic Staff and other stakeholders as required.</p> <p>SPA IM and PS IM teams met with Glasgow CC who agreed to share template policy documents, notice board posters and training tools. Training tools and posters are currently under review by the SPA IM team and the DP Lawyer.</p>	In Progress

Appendix 3 – Audit Risk Categorisations

Risk categorisation – Pre 2017/18

Priority	Definition
Grade 5	Very high risk exposure - Major concerns requiring immediate Board attention.
Grade 4	High risk exposure - Absence / failure of significant key controls.
Grade 3	Moderate risk exposure - Not all key control procedures are working effectively.
Grade 2	Limited risk exposure - Minor control procedures are not in place / not working effectively.
Grade 1	Efficiency / housekeeping point.

Risk categorisation – 2017/18 onwards

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

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