

SCOTTISH POLICE  
AUTHORITY

|                                  |  |
|----------------------------------|--|
| <b>Meeting</b>                   | <b>Audit Committee</b>                           |
| <b>Date</b>                      | <b>24 July 2018</b>                              |
| <b>Location</b>                  | <b>Pacific Quay, Glasgow</b>                     |
| <b>Title of Paper</b>            | <b>Internal Audit Follow Up Report</b>           |
| <b>Item Number</b>               | <b>5.1</b>                                       |
| <b>Presented By</b>              | <b>Paul Kelly, Director, Scott-Moncrieff</b>     |
| <b>Recommendation to Members</b> | <b>Members are requested to note the report.</b> |
| <b>Appendix Attached</b>         | <b>Internal Audit Q1 Follow Up Review</b>        |

**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 15 actions to the tracker, there were a total of 96 actions to follow up in the period. We have verified that 22 actions were completed in the period.

Of the remaining 74 actions to be carried forward to the next period, 74% are not yet due for completion, 23% 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 report.



**Scottish Police Authority**  
**Internal Audit Report**  
**Follow-up – Q1 2018/19**

July 2018



**Scott-Moncrieff**  
business advisers and accountants



# Scottish Police Authority

## Internal Audit Report

### Follow-up – Q1 2018/19

|  |    |
|--|----|
| 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                     | 12 |



# 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 March 2018:

|  | Number of Actions |
|--|-------------------|
| Open actions brought forward from March 2018 | 81                |
| New actions added to tracker                 | 15                |
| <b>Total actions to follow-up</b>            | <b>96</b>         |
| Actions closed to July 2018                  | 22                |
| <b>Open actions carried forward</b>          | <b>74</b>         |

## Status of Actions as at 6 July 2018

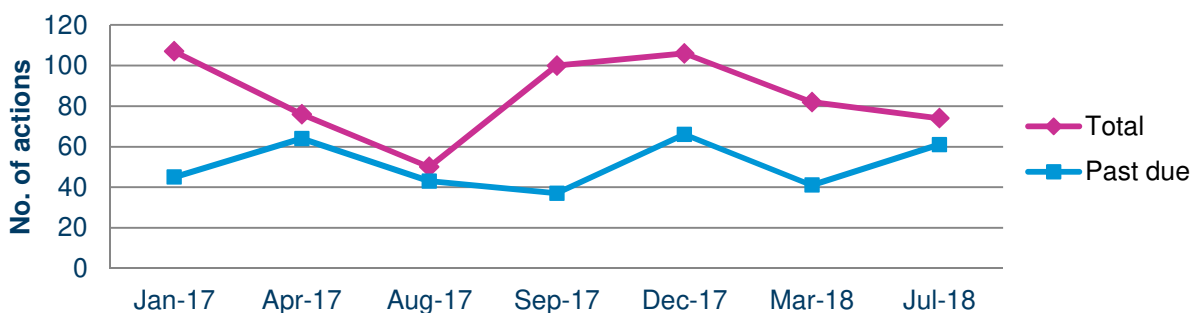


There has been some progress on closing outstanding actions, with the total number of open actions reducing this quarter from 96 to 74. There has also been a decrease in the number of open actions past their agreed due date. This is calculated using revised due dates agreed with management. We have, however, also outlined in the section below the total actions that are past their original due date, as agreed at the time of our review.

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. Whilst the total outstanding audit actions has fallen slightly, the total number of actions past due has increased from 41 to 61 this period.



## Update on 2016/17 Non-Pay Expenditure review

Our review over Non-Pay Expenditure identified a number of improvements that should be made to the purchasing process within SPA and Police Scotland. This included implementing a consistent purchasing and invoicing process across SPA and PS.

Management are currently progressing a review of 'Purchase to Pay' and have established a project team. Management confirmed the review will address the recommendations set out within our review. To date, the team has completed an options appraisal that identified three options to address the recommendations, including updates to the existing e-Financials system and the procurement of a new IT solution. Staff intend to progress the decision-making process over the summer, with an update to be provided to members of the Audit & Risk Committee in September 2018.

## Status by Grading

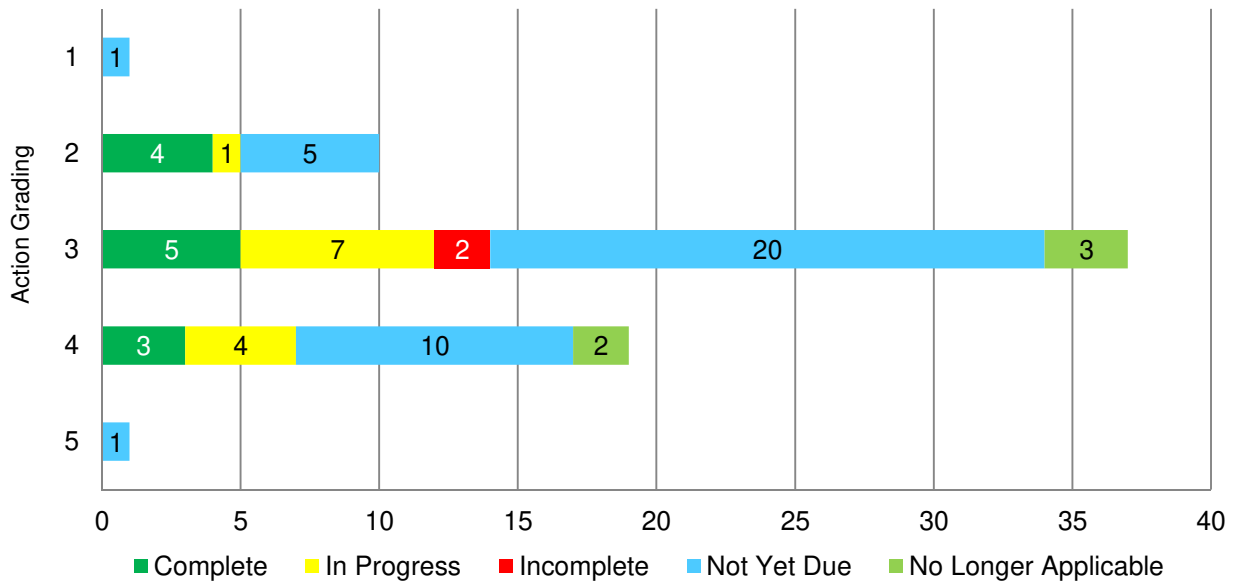
Until 2017/18, we categorised our recommendations using a sliding scale, as outlined below.

| 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.   |

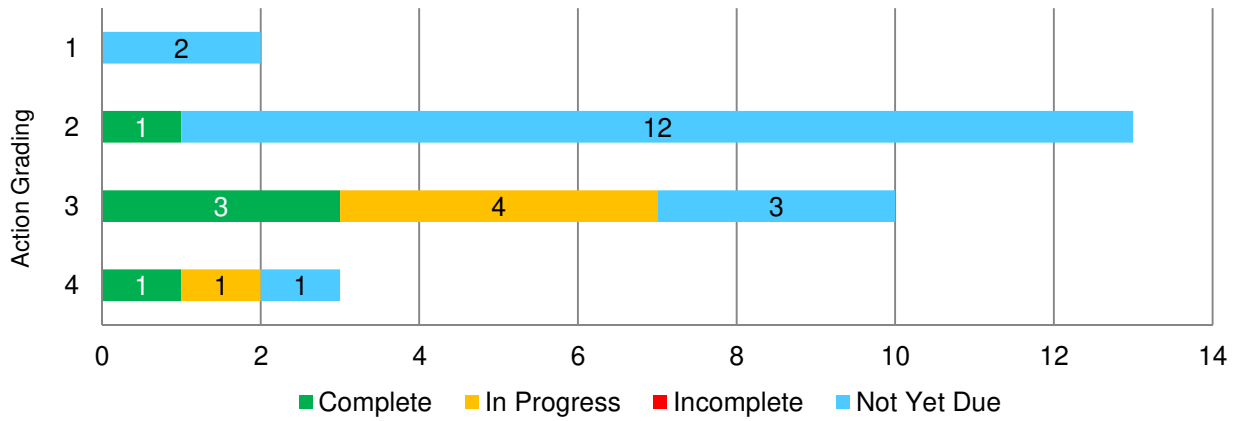
From 2017/18, our categorisations changed as follows.

|   |   |
|---|---|
| 4 | • Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.                                |
| 3 | • High risk exposure - absence / failure of key controls that create significant risks within the organisation.   |
| 2 | • Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.                                |
| 1 | • 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

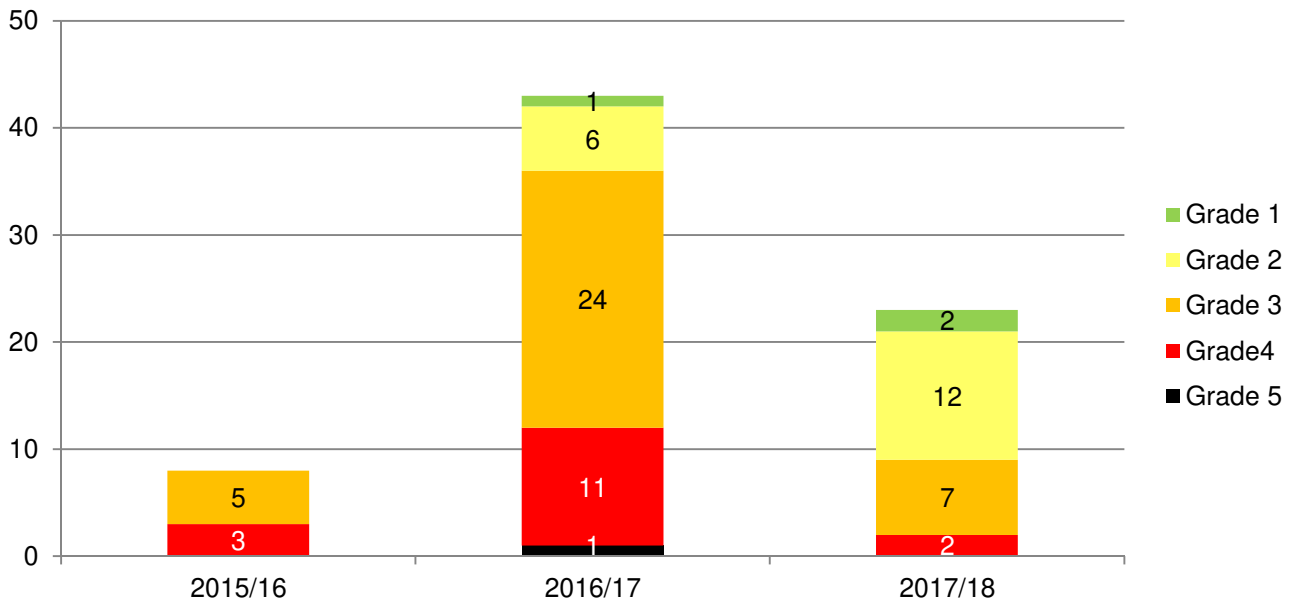


### 2017/18 actions



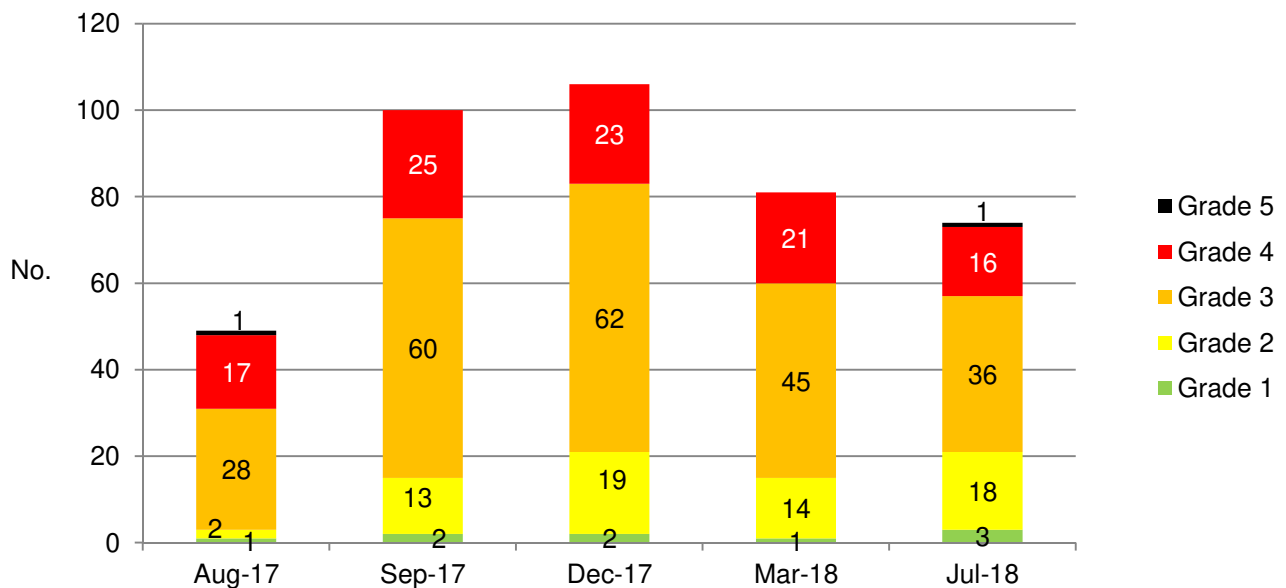
## Age and grade of open actions

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 August 2017.



Appendix 2 sets out the current status of those actions classed as “in progress” or “incomplete”, based on updates provided by management.

# Appendix 1: Action status by report

| Report title                             | Date of Issue | Audit Sponsor                        | Total Report Actions | Open in Qtr. 1 | Complete or No longer applicable | Outstanding Actions Breakdown |            |             |
|--|---------------|--------------------------------------|----------------------|----------------|----------------------------------|-------------------------------|------------|-------------|
|  |               |                                      |                      |                |                                  | In progress                   | Incomplete | Not yet due |
| Treasury Management                      | Oct 2014      | Director of Financial Services       | 4                    | 1              | 1                                | -                             | -          | -           |
| <b>In-house Sub-total</b>                |               |                                      | <b>4</b>             | <b>1</b>       | <b>1</b>                         | <b>-</b>                      | <b>-</b>   | <b>-</b>    |
| Data Security Management                 | July 2016     | DCO                                  | 5                    | 1              | -                                | -                             | -          | 1           |
| e-Financials (IT General Controls)       | Jan 2016      | Chief Financial Officer              | 19                   | 2              | -                                | 2                             | -          | -           |
| General Ledger - Core Financial Controls | April 2016    | Chief Financial Officer              | 15                   | 3              | 1                                | 1                             | -          | 1           |
| Organisational Change Management         | July 2016     | Director of Strategy and Performance | 17                   | 5              | 2                                | 1                             | -          | 2           |
| <b>2015/16 Sub-Total</b>                 |               |                                      | <b>56</b>            | <b>11</b>      | <b>3</b>                         | <b>4</b>                      | <b>-</b>   | <b>4</b>    |
| Contract Register                        | Jan 2017      | Head of Commercial Services          | 4                    | 1              | -                                | 1                             | -          | -           |
| Payroll                                  | Jan 17        | Chief Financial Officer              | 17                   | 11             | -                                | -                             | 1          | 10          |
| Recruitment and Diversity                | Mar 17        | Director of P&D                      | 8                    | 5              | -                                | -                             | -          | 5           |
| Budget setting                           | May 17        | Chief Financial Officer              | 7                    | 2              | 1                                | 1                             | -          | -           |
| Vetting                                  | Jan 17        | Director of P&D                      | 12                   | 6              | 3                                | 2                             | 1          | -           |
| Strategic Planning                       | June 17       | DCO                                  | 1                    | 1              | -                                | -                             | 1          | -           |
| ICT Service Delivery                     | June 17       | Director of IT                       | 15                   | 10             | 7                                | 2                             | -          | 1           |
| Non-Pay Expenditure                      | Aug 17        | Chief Financial Officer              | 9                    | 9              | 1                                | -                             | -          | 8           |
| BCP – PS                                 | Mar 17        | SI, Corporate Governance and NCR     | 8                    | 2              | -                                | -                             | -          | 2           |
| BCP – SPA                                | Mar 17        | Director of Financial Accountability | 8                    | 8              | 1                                | 2                             | -          | 5           |

| Report title              | Date of Issue | Audit Sponsor                       | Total Report Actions | Open in Qtr. 1 | Complete or No longer applicable | Outstanding Actions Breakdown |            |             |
|---------------------------|---------------|-------------------------------------|----------------------|----------------|----------------------------------|-------------------------------|------------|-------------|
|                           |               |                                     |                      |                |                                  | In progress                   | Incomplete | Not yet due |
| BCP - Forensics           | Mar 17        | Director of Forensic Services       | 9                    | 1              | -                                | -                             | -          | 1           |
| <b>2016-17 Sub-total</b>  |               |                                     | <b>98</b>            | <b>56</b>      | <b>7</b>                         | <b>10</b>                     | <b>3</b>   | <b>36</b>   |
| Estates Strategy          | Sept 17       | Deputy Chief Officer                | 5                    | 4              | 1                                | 1                             | -          | 2           |
| National Fraud Initiative | Sept 17       | Chief Financial Officer, PS and SPA | 3                    | 3              | 1                                | -                             | -          | 2           |
| GDPR Preparedness - SPA   | Dec 17        | Interim Chief Officer               | 4                    | 3              | 3                                | -                             | -          | -           |
| GDPR Preparedness - PS    | Dec 17        | Deputy Chief Officer                | 6                    | 4              | -                                | 4                             | -          | -           |
| Financial Ledger          | Feb-18        | Interim Chief Finance Officer       | 4                    | 4              | -                                | -                             | -          | 4           |
| Governance                | Mar-18        | Assistant Chief Constable           | 10                   | 10             | -                                | -                             | -          | 10          |
| <b>2017-18 Sub-total</b>  |               |                                     | <b>32</b>            | <b>28</b>      | <b>5</b>                         | <b>5</b>                      | <b>-</b>   | <b>18</b>   |
| <b>TOTAL</b>              |               |                                     | <b>198</b>           | <b>96</b>      | <b>16</b>                        | <b>19</b>                     | <b>3</b>   | <b>58</b>   |

## Appendix 2: Summary of actions past their current due date

| Report                                   | Recommendation   | Action Owner                   | Grade | Original timescale | Revised timescale           | Update 2018/19 Q1 Follow Up   | Status      |
|--|--|--------------------------------|-------|--------------------|-----------------------------|---|-------------|
| 2015/16 Reviews                          |  |                                |       |                    |                             |   |             |
| General Ledger - Core Financial Controls | 2.4 Communication of Changes to Payroll                | Head of People and Development | 3     | Sept-2016          | <del>Oct-17</del><br>Jun-18 | Staff are currently progressing changes to the SCOPE system to facilitate improved and timely communication of payroll changes to the Payroll team. The changes have been approved, but are awaiting implementation. Staff were unable to confirm timescales for implementation at the time of our follow up review.  | In progress |
| e-Financials (IT General Controls)       | 1.3 IT System Maintenance (eFinancials and Asset 4000) | Chief Financial Officer        | 3     | Sept-2016          | <del>Aug-17</del><br>Apr-18 | We are awaiting evidence to confirm this action is complete.  | In progress |
| e-Financials (IT General Controls)       | 8.1 Asset 4000 System – field validation               | Chief Financial Officer        | 3     | Sept-2016          | <del>Dec-17</del><br>Apr-18 | We are awaiting evidence to confirm this action is complete.  | In progress |
| Organisational Change Management         | 1.2 Strategic, Operational and Performance Management  | ACC Strategic Change           | 4     | Mar-2017           | <del>Dec-17</del><br>Feb-18 | A 3 year plan has been created and presented to the Board. We have recommended that in addition to this, a workshop should take place to facilitate greater understanding around how the plan is going to be implemented. Management should also create a financial plan to accompany the document. We have received no update on these actions during the current follow up. | In progress |
| 2016/17 reviews                          |  |                                |       |                    |                             |   |             |
| Payroll                                  | 5.1 Payroll Account Reconciliations                    | Director of Finance            | 3     | May-17             | Apr-2018                    | We are awaiting evidence to confirm this action is complete.  | In Progress |

| Report                                   | Recommendation                   | Action Owner                             | Grade | Original timescale | Revised timescale           | Update 2018/19 Q1 Follow Up  | Status      |
|--|----------------------------------|--|-------|--------------------|-----------------------------|--|-------------|
| 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 and implementation of a disaster recovery test plan.  | In Progress |
| ICT Service Delivery                     | 10.1 Service review meetings     | Head of Service Delivery                 | 2     | Oct-17             | Jun-2018                    | A customer satisfaction survey of ICT users on the ICT service has still to be undertaken.   | In Progress |
| Business Continuity Planning (BCP) – SPA | 2.1 Business Impact Analysis     | BCP Officer                              | 3     | Jun-2017           | May-2018                    | The BCP has been approved internally but has still to be formally publicised.  | In progress |
| BCP – SPA                                | 5.1 Testing                      | BCP Officer                              | 3     | Jun-2017           | <del>Mar-18</del><br>Jul-18 | We are awaiting evidence to confirm that the SPA testing of their BCPs has taken place.  | In Progress |
| Strategic Planning                       | 1.1 Implementation Plan          | Director of Finance                      | 4     | Sep-2017           | Apr-2018                    | Management anticipate this recommendation will be superseded by a new recommendation arising from our 2017/18 review of Performance Management. We will review this position at the next follow up.  | Incomplete  |
| Vetting                                  | 1.2 Staff training               | Force Vetting Manager                    | 3     | Mar-2017           | Apr-2018                    | Training is conducted on a one to one basis with new starts. We are awaiting evidence to confirm that the training provided is sufficient to close this action.  | In progress |
| Vetting                                  | 4.1 Vetting approvals            | Force Vetting Manager                    | 4     | Mar-2017           | Apr-2018                    | Vetting officers perform the checks for the vetting application, and pass an opinion to the senior vetting officers. It is only senior vetting officers that can approve or decline vetting applications. We are awaiting evidence to confirm this is the process. | In progress |
| Vetting                                  | 4.2 Quality checks               | Force Vetting Manager                    | 4     | Mar-2017           | Apr-2018                    | There is an independent quality check carried out on a monthly basis. However, we are awaiting evidence to show that the action can be closed.   | In progress |



| Report                 | Recommendation  | Action Owner                   | Grade | Original timescale | Revised timescale | Update 2018/19 Q1 Follow Up   | Status      |
|------------------------|---|--------------------------------|-------|--------------------|-------------------|---|-------------|
| Budget setting         | 5.1 Budget Phasing  | Head of Management Accountancy | 3     | Mar-18             | Q2 2018/19        | Phasing has been introduced to the budget setting process. However, at the time of our follow up, there had only been a report for the capital budget phasing. We are awaiting evidence of phasing of the revenue budget before this action can be closed.      | In progress |
| 2017/18 Reviews        |   |                                |       |                    |                   |   |             |
| Estates Strategy       | 3.1 Clear articulation of the impact of delays in the implementation plan on the achievement of financial plans | Head of Commercial Services    | 3     | Mar-2018           |                   | Staff have documented the disposal process within the Disposals Consultation Paper and Disposals Strategy Paper respectively. We are awaiting evidence to confirm this action is complete.  | In Progress |
| GDPR Preparedness - PS | 1.1 Gap Analysis and information Asset registers  | SRO                            | 3     | Feb-2018           | Dec-2018          | Quality Assurance work continues in respect of the Information Asset Audit returns received.<br>Any additional project tasks / resourcing issues will be highlighted to the Project Board.  | In Progress |
| GDPR Preparedness - PS | 2.1 Legacy Systems  | SRO                            | 4     | May-2018           | Oct-2018          | Work continues on this area with this now expected to be completed by October 2018.   | In Progress |
| GDPR Preparedness - PS | 3.1 Compliance by May 2018  | SRO                            | 3     | May-2018           | Dec-2018          | Linked to recommendation 1.1; the self-assessment process has been completed and work is under-way to highlight any gaps / prioritise activity.<br>In addition, related matters are reviewed / progressed through the Data Retention & Review Design Authority. | In Progress |

| Report                 | Recommendation            | Action Owner | Grade | Original timescale | Revised timescale | Update 2018/19 Q1 Follow Up  | Status      |
|------------------------|---------------------------|--------------|-------|--------------------|-------------------|--|-------------|
| GDPR Preparedness - PS | 4.1 Staffing Requirements | SRO          | 3     | Feb-2018           | Dec-2018          | <p>Work continues to populate and develop the Project Document Set, including a full review of identified tasks, risks (including cross referencing with organisational and strategic risks); additional contingencies and dependencies have been identified and the lessons learned section updated.</p> <p>In addition, membership of the Project Board has been extended with Subject Matter Experts and the SPA now forming part of the core membership.</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 | • Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.                                |
| 3 | • High risk exposure - absence / failure of key controls that create significant risks within the organisation.   |
| 2 | • Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.                                |
| 1 | • 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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