

SCOTTISH POLICE  
AUTHORITY

<b>Meeting</b>	<b>SPA Audit Committee</b>
<b>Date</b>	<b>11 September 2018</b>
<b>Location</b>	<b>Pacific Quay, Glasgow</b>
<b>Title of Paper</b>	<b>Internal Audit for Quarterly Assignment Planning</b>
<b>Item Number</b>	<b>4.3</b>
<b>Presented By</b>	<b>Elizabeth Young, 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 Quarterly Assignment Planning</b>

**PURPOSE**

This paper presents the assignment plans for our forthcoming audits.

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 Assignment plans set out the scope and objectives of each audit, along with an assessment of the key business risks relating to the area under review. Our consultative approach ensures that the focus of each review is sensitive to the specific risks and context within which SPA and PS operate. This maximises the value of each review and reflects the risk-based assurance we offer.

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

- 2.1 We have included assignment plans for the following reviews:

- 2.1.1 Income and receivables, cash and treasury management (Jan 2019)
- 2.1.2 Financial Planning (Dec 2018)
- 2.1.3 Risk Management (Oct 2018)
- 2.1.4 Staff Performance Management (Oct 2018)
- 2.1.5 Tendering Procedures (Nov 2018)
- 2.1.6 Information Management (Jan 2019)

- 2.2 Next steps: We will incorporate the audit committee's feedback into the assignment plans and finalise these in conjunction with the audit sponsor.

## **3. FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications arising as a direct result of this report.

## **4. PERSONNEL IMPLICATIONS**

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

## **5. LEGAL IMPLICATIONS**

- 5.1 There are no legal implications associated with this report.

## **6. REPUTATIONAL IMPLICATIONS**

- 6.1 There are no reputational implications arising from with report.

**7. SOCIAL IMPLICATIONS**

7.1 There are no social implications directly associated with this report

**8. COMMUNITY IMPACT**

8.1 There are no community impact implications directly associated with this report.

**9. EQUALITIES IMPLICATIONS**

9.1 There are no equalities implications directly associated with this report.

**10. ENVIRONMENT IMPLICATIONS**

10.1 There are no environmental implications associated with this report.

**RECOMMENDATIONS**

Members are requested to note the report.

# DRAFT Internal Audit Assignment Plan

<b>Client:</b>	<b>Scottish Police Authority</b>
<b>Assignment:</b>	<b>A.1 Income and Receivables and Cash and Treasury Management</b>
<b>Client contacts:</b>	Audit Sponsor: James Gray, Chief Financial Officer Key Contacts: TBA
<b>Background:</b>	In order to ensure the economic, efficient and effective use of public funds, it is important for the Scottish Police Authority and PoliceScotland to have robust processes and procedures in place for all financial systems, including income and receivables, and cash and treasury management.
<b>Scope:</b>	Review of controls over identification and collection of income and controls over operation of cash management, including bank reconciliations and cash flow forecasting.
<b>Business objectives:</b>	<p><b>Income and receivables</b></p> <ul style="list-style-type: none"> <li>• There is an appropriate and robust methodology in place to financially plan and approve all income generating activities;</li> <li>• Policies and procedures are in place for income &amp; receivables that are aligned to best practice;</li> <li>• Invoices are raised correctly and timeously for all income-generating activities and accurately reflected in the financial ledger; and</li> <li>• Receivables are managed appropriately to minimise aged debt and maximise income received.</li> </ul> <p><b>Cash and Treasury Management</b></p> <ul style="list-style-type: none"> <li>• Bank and cash reconciliations are performed and reviewed with appropriate frequency;</li> <li>• Funds are appropriately forecast and managed with the aim of having adequate cash flow; and</li> <li>• Timely, relevant and accurate management information is available and reviewed on a regular basis.</li> </ul>
<b>Business risks:</b>	<ul style="list-style-type: none"> <li>• SPA - Fin 019 - There is a risk of continuation of inadequate financial controls and operating procedures, relating to financial governance, resulting in further issues being reported by Audit Scotland in their annual audit reports brought under the Public Finance and Accountability (Scotland) Act 2000 on SPA and reported to the Public Audit and Post Legislative Committee.</li> </ul>
<b>Resources:</b>	Internal Auditors, Andrea Larkin, Victoria Stirling and Courtney McGillivray – 25 days

	Internal Audit Manager, Claire Stevenson – 3 days Head of Internal Audit, Elizabeth Young - 1 day Partner, Gary Devlin - 1 day
<b>Timetable:</b>	Fieldwork commences: 14 January 2019 Fieldwork completed: 25 January 2019 Closing meeting with auditee: 25 January 2019 Draft report issued for management responses: 15 February 2019 Management responses to be provided by: 8 March 2019 Report to be issued as final by: 15 March 2019 Audit Committee meeting: April 2019
<b>Reporting format:</b>	Standard internal audit report presented to Audit and Risk Committee and management.
<b>Agreed by client and date:</b>	TBC

# DRAFT Internal Audit Assignment Plan

<b>Client:</b>	<b>Scottish Police Authority</b>
<b>Assignment:</b>	<b>A.1 Financial Planning</b>
<b>Client contacts:</b>	Audit Sponsor: James Gray, Chief Financial Officer Key Contacts: TBA
<b>Background:</b>	<p>The Policing 2026 Strategy sets out the long term vision for PoliceScotland and the Scottish Police Authority, in the context of the significant challenges policing in Scotland faces. The Strategy is supported by a three year implementation plan providing detail on the transformational activities to be undertaken to deliver the strategic objectives identified.</p> <p>To ensure the objectives and activities identified are deliverable, it is essential that PoliceScotland has robust financial planning processes in place to help them understand and articulate the financial requirements of the proposed plans. During 2017, the SPA Board approved a ten year financial strategy and a three year financial plan that are fully aligned to the organisational strategy and plan respectively. These documents have been subsequently refreshed during 2018 to ensure they remain as up-to-date and complete as possible.</p>
<b>Scope:</b>	Review of arrangements for medium and long-term planning, including links to transformational change programme and 2026 Strategy.
<b>Business objectives:</b>	<ul style="list-style-type: none"> <li>• The organisation has developed and implemented an effective financial planning process that adequately and accurately reflects the structure and operations;</li> <li>• Financial planning is completed and communicated on a timely basis;</li> <li>• Financial planning is consistent with the transformational change programme and 2026 Strategy, ensuring that adequate resources are in place to support the achievement of medium and long-term objectives; and</li> <li>• The financial planning process is linked to the development of savings plans and plans to achieve efficiency targets.</li> </ul>
<b>Business risks:</b>	<ul style="list-style-type: none"> <li>• SPA - Fin 018 There is a risk that the 2017/18 budget will exceed the £47m deficit due to the difficult financial climate and the ongoing savings Police Scotland and SPA are required to make resulting in :- <ul style="list-style-type: none"> <li>- transitioning operating mode resulting in compromised</li> </ul> </li> </ul>

service delivery

- failure to implement strategy and reputational damage.

- SPA - Fin 019 - There is a risk of continuation of inadequate financial controls and operating procedures, relating to financial governance, resulting in further issues being reported by Audit Scotland in their annual audit reports brought under the Public Finance and Accountability (Scotland) Act 2000 on SPA and reported to the Public Audit and Post Legislative Committee.
- SPA - Fin 020 - There is a risk that the 2018/19 budget will exceed the target deficit due to the difficult financial climate and the ongoing savings Police Scotland and SPA are required to make resulting in :-
  - transitioning operating mode resulting in compromised service delivery
  - failure to implement strategy and reputational damage.

**Resources:**

Internal Auditors, Nicola Mackenzie and Courtney McGillivray - 20 days  
 Internal Audit Manager, Claire Stevenson - 3 days  
 Head of Internal Audit, Elizabeth Young - 1 day  
 Partner, Gary Devlin - 1 day

**Timetable:**

Fieldwork commences: 3 December 2018  
 Fieldwork completed: 14 December 2018  
 Closing meeting with auditee: 14 December 2018  
 Draft report issued for management responses: 11 January 2019  
 Management responses to be provided by: 1 February 2019  
 Report to be issued as final by: 8 February 2019  
 Audit Committee meeting: March 2019

**Reporting format:**

Standard internal audit report presented to Audit and Risk Committee and management.

**Agreed by client and date:**

TBC

# DRAFT Internal Audit Assignment Plan

<b>Client:</b>	<b>Scottish Police Authority</b>
<b>Assignment:</b>	<b>B.4 Risk Management</b>
<b>Client contacts:</b>	Audit Sponsor: ACC Alan Speirs, Professionalism & Assurance Key Contacts: TBA
<b>Background:</b>	<p>Risk management is a process implemented by the senior management team to identify potential future events and manage the associated risks, thereby providing reasonable assurance that the organisation will achieve its objectives.</p> <p>Risk management should be a continuously evolving process which is embedded within the organisation's culture. The management of risk at strategic, programme and operational levels needs to be integrated to ensure the levels of activity support each other. In this way, the risk management strategy of the organisation will be led from the top and embedded in the normal working routines and activities of the organisation.</p> <p>Successful organisations are those that have robust risk management procedures to effectively manage and treat those risks before they impair the organisation's reputation and its ability to operate.</p>
<b>Scope:</b>	Review of the risk management arrangements across Police Scotland and the Scottish Police Authority, including an assessment of the consistency of application of the approved policy.
<b>Business objectives:</b>	<ul style="list-style-type: none"> <li>• There is a comprehensive risk management strategy in place, which clearly articulates objectives for the short-to-medium term;</li> <li>• There is a defined and consistent approach for the accurate and timely identification and evaluation of strategic and operational risks;</li> <li>• Risk registers are embedded throughout the organisation and are used to record, track and report risks; and</li> <li>• The Board has set the organisation's risk appetite and management are using this to inform decision-making.</li> </ul>
<b>Business risks:</b>	<ul style="list-style-type: none"> <li>• SPAOth060-There is a risk that there will be limited or no confidence in police accountability caused by a failure to demonstrate robust and transparent governance resulting in negative perception of SPA/Police Scotland.</li> </ul>
<b>Resources:</b>	<p>Internal Auditors, Nicola Mackenzie, Liam Campbell and Courtney McGillivray – 20 days</p> <p>Internal Audit Manager, Claire Stevenson – 3 days</p>

	Head of Internal Audit, Elizabeth Young – 1 day Partner, Gary Devlin – 1 day
<b>Timetable:</b>	Fieldwork commences: 8 October 2018 Fieldwork completed: 22 October 2018 Closing meeting with auditee: 22 October 2018 Draft report issued for management responses: 12 November 2018 Management responses to be provided by: 3 December 2018 Report to be issued as final by: 10 December 2018 Audit Committee meeting: January 2019
<b>Reporting format:</b>	Standard internal audit report presented to Audit and Risk Committee and management.
<b>Agreed by client and date:</b>	TBC

# DRAFT Internal Audit Assignment Plan

<b>Client:</b>	<b>Scottish Police Authority</b>
<b>Assignment:</b>	<b>C.4 SPA Staff Performance Management</b>
<b>Client contacts:</b>	Audit Sponsor: Jude Helliker, Director of People and Development (ACC Angela McLaren, Operational Change and Resilience) Key Contacts: TBA
<b>Background:</b>	In recent years there have been significant levels of reorganisation and restructuring for roles and responsibilities within SPA and PS. Arrangements for personal development during that period were largely held over pending “steady state”.
<b>Scope:</b>	We will review staff performance management arrangements within both SPA and PS to determine the extent to which there is routine review of staff and police officer performance that facilitates personal development and maximises contribution to role, enables poor performance to be appropriately managed and considers succession planning, knowledge management, etc. within both bodies.
<b>Business objectives:</b>	<ul style="list-style-type: none"> <li>• There is a clear performance management process in place that is followed consistently throughout SPA and PS;</li> <li>• The process enables the effective management of individuals who are not performing to the minimum expected level;</li> <li>• The staff performance management process supports the setting of goals that align with individuals’ development needs as well as the organisation’s overarching objectives;</li> <li>• Training needs are identified and addressed to ensure that staff have the required skills to perform effectively in their role; and</li> <li>• Succession planning is carried out that considers reliance on key posts as well as workforce demographics to support effective recruitment and workforce development strategies.</li> </ul>
<b>Business risks:</b>	<ul style="list-style-type: none"> <li>• <b>SPA - HR 10</b> There is a risk that Implementation of Modernised Pay &amp; Grading Structure/Principle T&amp;C's could be delayed or not fully implemented due to:- <ul style="list-style-type: none"> <li>a. lack of resources or</li> <li>b. inappropriate project management/governance, or</li> <li>c. the ability to balance costs and funding availability</li> </ul> </li> </ul>
<b>Resources:</b>	Internal Auditor, Claire McTaggart – 19 days Internal Audit Manager, Claire Stevenson – 3 days

	Head of Internal Audit, Elizabeth Young – 2 days Partner, Gary Devlin – 1 day
<b>Timetable:</b>	Fieldwork commences: 8 October 2018 Fieldwork completed: 13 November 2018 Closing meeting with auditee: by 13 November 2018 Draft report issued for management responses: 27 November 2018 Management responses to be provided by: 18 December 2018 Report to be issued as final by: 24 December 2018 Audit Committee meeting: January 2019
<b>Reporting format:</b>	Standard internal audit report presented to Audit and Risk Committee and management.
<b>Agreed by client and date:</b>	TBC

# DRAFT Internal Audit Assignment Plan

<b>Client:</b>	<b>Scottish Police Authority</b>
<b>Assignment:</b>	<b>C.14 Tendering Procedures</b>
<b>Client contacts:</b>	Audit Sponsor: James Gray, Chief Financial Officer Key Contacts: TBA
<b>Background:</b>	<p>As public sector organisations it is important that the Scottish Police Authority (SPA) and PoliceScotland approach procurement in a sustainable nature. Obtaining value for money when buying goods, works and services and demonstrating that they are using public resources effectively and efficiently are essential.</p> <p>Procurement and tendering procedures must allow sufficient flexibility so that the bodies can quickly respond to business needs, for example through the use of Non Competitive Actions (NCAs). However minimum standards of business practice must be maintained, including robust assessment of and documented justification for procurement decisions.</p>
<b>Scope:</b>	<p>A review of tendering processes to confirm whether procedures comply with best practice, with a particular focus on NCAs. The review will be structured as a consultancy exercise that seeks to identify improvement opportunities for the operation of procurement practices across SPA and PS.</p>
<b>Business objectives:</b>	<ul style="list-style-type: none"> <li>• Procurement processes, including those over NCAs, are designed to ensure compliance with all relevant legislation, including EU rules and these are adhered to throughout the organisation;</li> <li>• Procurement activity is appropriately planned to ensure that tendering exercises are carried out timeously that maximise the use of genuine and effective competition;</li> <li>• Best value is embedded within procurement policies and procedures to ensure this is considered appropriately within decision making; and</li> <li>• The organisation has people with sufficient capability to ensure procurement activity is managed effectively and it considers the training needs of those with responsibility over procurement.</li> </ul>
<b>Business risks:</b>	<ul style="list-style-type: none"> <li>• SPA - Fin 018 There is a risk that the 2017/18 budget will exceed the £47m deficit due to the difficult financial climate and the ongoing savings Police Scotland and SPA are required to make resulting in :-             <ul style="list-style-type: none"> <li>- transitioning operating mode resulting in compromised service delivery</li> <li>- failure to implement strategy and reputational damage.</li> </ul> </li> </ul>

- SPA - Fin 019 - There is a risk of continuation of inadequate financial controls and operating procedures, relating to financial governance, resulting in further issues being reported by Audit Scotland in their annual audit reports brought under the Public Finance and Accountability (Scotland) Act 2000 on SPA and reported to the Public Audit and Post Legislative Committee.
- SPA - Fin 020 - There is a risk that the 2018/19 budget will exceed the target deficit due to the difficult financial climate and the ongoing savings Police Scotland and SPA are required to make resulting in :-
  - transitioning operating mode resulting in compromised service delivery
  - failure to implement strategy and reputational damage.

**Resources:**

Internal Auditors, Nadia Napier, Claire McTaggart and Andrea Larkin – 30 days

Internal Audit Manager, Claire Stevenson – 3 days

Head of Internal Audit, Elizabeth Young – 1 day

Partner, Gary Devlin – 1 day

**Timetable:**

Fieldwork commences: 26 November 2018

Fieldwork completed: 21 December 2018

Closing meeting with auditee: by 21 December 2018

Draft report issued for management responses: 18 January 2019

Management responses to be provided by: 8 February 2019

Report to be issued as final by: 15 February 2019

Audit Committee meeting: March 2019

**Reporting format:**

Consultancy report presented to Audit and Risk Committee and management.

**Agreed by client and date:**

TBC

# Internal Audit Assignment Plan

<b>Client:</b>	<b>Scottish Police Authority</b>
<b>Assignment:</b>	<b>D.2 Information Management – Data Security Management</b>
<b>Client contacts:</b>	<p>Review sponsor(s): ACC Speirs</p> <p>Key contact(s): TBC</p>
<b>Background:</b>	<p>Information is a vital asset for the vast majority of organisations. As a result, it is important that there are appropriate policies, procedures and processes in place to protect those assets.</p> <p>This also extends to having robust processes in place to make staff and officers aware of their responsibilities for managing, controlling and transmitting data.</p>
<b>Scope:</b>	<p>The audit will seek to gain assurance that there are adequate measures and processes in place to ensure effective data security management. The review will assess progress made in addressing recommendations arising from recent Information Commissioner reports.</p>
<b>Business objectives:</b>	<ul style="list-style-type: none"> <li>• There is a clearly defined framework of data security-related policies and procedures which are subject to regular review and update.</li> <li>• Roles and responsibilities for data ownership are clearly defined and understood.</li> <li>• There are formal processes in place to confirm operational practices and processes are compliant with legislation and regulations.</li> <li>• There are formal processes through which Police staff, officers and Information Asset Owners are provided with appropriate training and awareness on leading data security practices.</li> <li>• There are appropriate mechanisms in place to ensure that data is transmitted internally and externally in a secure manner.</li> <li>• There are clearly defined procedures to be followed in the event of a data security incident.</li> <li>• There are effective processes for progressing agreed actions within Information Commissioner Office reports.</li> </ul>
<b>Business risks:</b>	<ul style="list-style-type: none"> <li>• A lack of clear policy and procedures means that staff are unaware of how to handle data securely.</li> <li>• Data is shared externally in an insecure manner resulting in an increased risk of unauthorised access to sensitive data.</li> <li>• Operational practices are not consistent with policy requirements</li> </ul>

increasing the risk of legislation not being complied with.

- Appropriate training and awareness is not provided meaning that staff, Officers and Information Asset Owners are not fully aware of their roles and responsibilities for the secure handling and transmission of data.
- Data security incidents are not managed in an effective manner.
- Negative publicity as a result of ICO actions not being progressed in a timely manner.

<b>Resources:</b>	<p>Internal Auditor – 35days</p> <p>Audit Manager – 3 days</p> <p>Partner – 2 days</p>
<b>Timetable:</b>	<p>Fieldwork commences: w/c 10 September 2018</p> <p>Fieldwork completed: w/c 1 October 2018</p> <p>Closing meeting with auditee: w/c 1 October 2018</p> <p>Draft report issued for management responses by: w/c 15 October 2018</p> <p>Management responses to be provided by: w/c 29 October 2018</p> <p>Report to be issued as final by: w/c 5 November 2018</p> <p>Audit Committee meeting: TBC</p>
<b>Reporting format:</b>	<p>Standard internal audit report presented to Audit and Risk Committee and management.</p>
<b>Agreed by client and date:</b>	