

Meeting	Scottish Police Authority Board Meeting
Date	28 March 2019
Location	Maryhill Burgh Halls, Glasgow
Title of Paper	Internal Audit Plan 2019/20
Presented By	Gary Devlin
Recommendation to Members	For Approval
Appendix Attached	Yes Appendix A: Internal Audit Plan 2019/20

PURPOSE

The purpose of this paper is to provide Members with the Internal Audit Plan 2019/20, which was reviewed and recommended by the Audit Committee on March 2019.

Members are asked to approve this plan.

1. BACKGROUND

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Internal Auditor produce a risk based plan which takes into account the risk management framework and the strategic objectives of the Scottish Police Authority (SPA), Police Scotland (PS) and the Forensic Service (FS) along with the views of senior managers and the Audit Committee.
- 1.2 Internal auditing is designed to help organisations accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 Full details can be found in the attached Internal Audit Plan however, the purpose of the plan is to direct internal audit resources in the most efficient manner to provide assurance to the Accountable Officer and Board of the SPA, through the Audit Committee, to ensure that the key risks of the SPA, Police Scotland and Forensic Services are being managed effectively.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications in this report.
- 3.2 The internal audit plan for 2019/20 will be delivered by an outsourced provider. Scott-Moncreeff were appointed as the outsourced internal audit provider for the SPA, PS and FS following a tender exercise in 2018/19.
- 3.3 Any costs associated with delivery of the internal plan will be provided for in the SPA budget.

4. PERSONNEL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications associated with this paper.

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 direct 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 approve the Internal Audit Plan 2019/20.



Scottish Police Authority
Annual Internal Audit Plan
2019/20

March 2019



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Scottish Police Authority

Annual Internal Audit Plan 2019/20

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Introduction

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

Section 3 – Definition of Internal Auditing, Public Sector Internal Audit Standards

Scott-Moncrieff’s internal audit methodology complies fully with the Public Sector Internal Audit Standards (PSIAS), which cover the mandatory elements of the Chartered Institute of Internal Auditors’ International Professional Practices Framework. PSIAS have superseded the Government Internal Audit Standards.

Internal Audit Plan

The PSIAS require the Chief Internal Auditor to produce a risk-based plan, which takes into account the risk management framework and the strategic objectives of the Scottish Police Authority (“SPA”) and Police Scotland (“PS”), and the views of senior managers and the Audit Committee.

The purpose of this audit plan is to direct internal audit resources in the most efficient manner to provide assurance to the Accountable Officer and the Board of SPA, through the Audit Committee, that the key risks to the achievement of SPA’s and PS’s objectives are being managed effectively.

As internal auditors, we aim to add value to SPA and PS by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help the organisation promote improved standards of governance, better management and decision making and more effective use of funds.

Development of the 2019/20 Plan

The three year Strategic Internal Audit Plan was approved by the SPA Board in March 2018, including an outline plan for 2019/20. The 2019/20 plan has been reviewed by senior management from SPA and Police Scotland, with one change proposed to switch the timing of two audits:

Audit	2018/19	2019/20
B.7 Review of PS Assurance/ Audit/ Internal Inspection function	+35	-35
C.3 Demand and Productivity	-35	+35

Audit Committee Action

The Audit Committee is asked to review and comment on the Internal Audit Plan for 2019/20. Any comments received will be incorporated into a revised plan presented to the May 2019 Audit Committee for final approval.

Internal Audit Approach

Supporting the Governance Statement

Our internal audit plan is designed to provide SPA, through the Audit Committee, with the assurance it needs to prepare an annual Governance Statement that complies with best practice in corporate governance. We also aim to contribute to the improvement of governance, risk management and internal control processes by using a systematic and disciplined evaluation approach.

Risk Based Internal Auditing

Our internal audit methodology links internal audit activity to the organisation's risk management framework. The main benefit of this approach is a strategic, targeted internal audit function that focuses on the key risk areas and provides maximum value for money.

By focussing on the key risk areas, internal audit should be able to conclude that:

- Management has identified, assessed and responded to SPA and PS's key risks
- The responses to risks are effective but not excessive
- Where residual risk is unacceptably high, further action is being taken
- Risk management processes, including the effectiveness of responses, are being monitored by management to ensure they continue to operate effectively, and
- Risks, responses and actions are being properly classified and reported.

SPA and PS's risk registers are one key source of the information we use to inform our audit needs assessment. Our discussions with management have highlighted the ongoing work to develop risk management throughout SPA and PS and we will have proposed a review of risk management during 2018/19 in order to support management's review and development of the risk register and associated processes during the coming months.

By focusing on key risk areas, our audits contribute to the continuous improvement of the controls in place to manage these risks, and provide assurance to those charged with governance about the extent to which the key risks are effectively mitigated by management actions.

Audit Needs Assessment

Internal audit plans are based on an assessment of audit need. "Audit need" represents the assurance required by the Audit Committee from internal audit that the control systems established to manage and mitigate SPA and PS's key inherent risks are adequate and operating effectively. The objective of the audit needs assessment is therefore to identify these key controls systems and determine the internal audit resource required to provide assurance on their effectiveness.

Our audit needs assessment takes both a top-down and bottom-up approach followed by a reasonableness check. The top-down approach involves identifying the areas of highest inherent risk and the control systems

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in place to manage those risks. The bottom-up approach involves defining SPA and PS's audit universe (potential auditable areas) and covering all systems on a cyclical basis in line with their relative risk and significance. The reasonableness check involves us using our experience of similar organisations, together with discussions with other internal auditors, to ensure that all key risk areas and systems have been considered and the resulting internal audit plan seems appropriate.

Our audit needs assessment involved the following activities:

- Reviewing SPA and PS's risk registers;
- Reviewing SPA and PS's strategic and operational plans;
- Reviewing external audit reports and plans;
- Reviewing SPA's website and internal policies and procedures;
- Utilising our experience at similar organisations and our understanding of SPA and PS; and
- Discussions with Senior Management and the Audit Committee.

The audit needs assessment is revised on an on-going basis (at least annually) to take account of any changes in SPA and PS's risk profiles. Any changes to the internal audit plan are approved by the Audit Committee, and by the Board as deemed appropriate by members.

Best Value

Our work helps SPA and PS to determine whether services are providing best value. Each year, the plan contains specific reviews that focus on assessing whether the current processes provide best value. In addition, every report includes an assessment of value for money; i.e. whether the controls identified to mitigate risks are working efficiently and effectively. Where we identify opportunities for improving value for money, we raise these with management and include them in the report action plan.

Liaison with External Audit

We seek to complement the areas being covered by SPA's external auditors, Audit Scotland. Following discussion of this plan at the Audit Committee, we welcomed any comment from the external auditors. We will continue to engage with the external auditors to help target our work in the most effective manner, avoiding duplication of effort and maximising the use of the total audit resource.

Proposed Internal Audit Plan 2019/20

Appendix 1 shows the Strategic Internal Audit Plan for 2017/18 to 2019/20. The draft timetable for the 2019/20 internal audit plan is also included in Appendix 2.

The pie chart below demonstrates how the 500 internal audit days for 2019/20 are allocated across each area of the audit universe:

Allocation of 2019/20 Audit Days

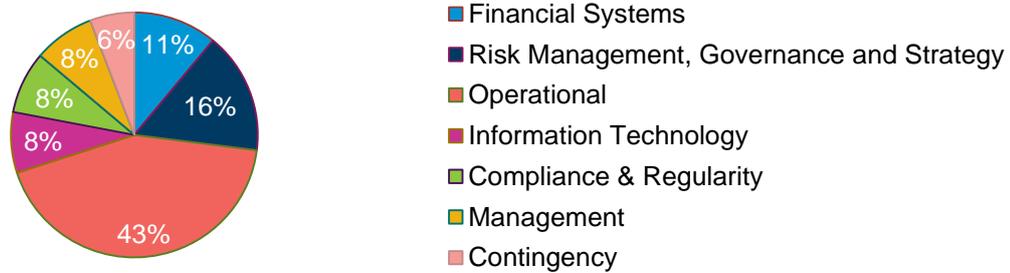


The equivalent pie charts for 2017/18 and 2018/19 were:

Allocation of 2018/19 Audit Days



Allocation of 2017/18 Audit Days



Delivering the Internal Audit Plan

Audit Timetable 2019/20

We will schedule our work to deliver reports to each Audit Committee meeting during the year. We will agree the timing of each review with management to ensure we avoid particularly busy periods.

Appendix 2 provides a draft timetable for the 2019/20 internal audit programme.

Assignment Planning

We would like internal audit to be seen as part of the wider management team at SPA and PS, working closely with senior and operational managers to develop and deliver a programme of internal audit work that adds value to SPA and PS and encourages continuous process improvement.

To achieve this, we will ensure that the assignment plans for all internal audit reviews are agreed with the review sponsor and key contacts well in advance of the fieldwork commencing. To facilitate this, we will need the review sponsors to identify key contacts for each review and help us to focus the reviews in the right areas.

The assignment plan sets out the scope and objectives of the audit, along with an assessment of the key business risks relating to the area under review. This 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. We will agree these assignment plans with management following the Audit Committee's approval of the internal audit areas to be covered in 2019/20.

Reporting our Findings

During the course of each audit, we will discuss any audit findings with relevant management as they arise. This will ensure that our reports contain no surprises and our recommendations are accurate, practical and relevant.

The audit timetable in Appendix 2 is based on delivering draft reports to management within 15 days of completion of fieldwork. The reports will include an overall opinion on the strength of controls within the area under review, together with an action plan detailing prioritised recommendations, responsible officers and implementation dates.

The timetable is also based on us receiving management responses to our draft reports within 15 days. Subject to there being no major issues of contention or disagreement, we will produce final reports within 10 days of receiving management responses. All timescales will be confirmed with relevant SPA staff prior to the commencement of all audit fieldwork.

On completion of each year's audit programme, we will issue an annual report summarising our main findings for the year and giving an overall opinion on SPA's internal control framework.

Internal Audit Team – Indicative Staff Mix

Grade	2019/20 Input (days)	Grade mix (%)
Partner / Director	85	17
Other qualified staff	125	25
Specialist staff	110	22
Unqualified staff	180	36
Total	500	100%

Confirmation of Independence

PSIAS require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that the staff members identified to complete the reviews in the annual plan for 2019/20 are independent of SPA and their objectivity has not been compromised.

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Quality Assurance and Improvement

Key Performance Indicators

As set out in our Internal Audit Charter in Appendix 4, we assess our performance in the following ways:

- On-going performance monitoring;
- Management feedback from review sponsor and key contacts after each audit;
- Periodic internal assessment; and
- Periodic external assessment.

As part of our on-going performance monitoring, we have agreed the following key performance indicators and targets:

KPIs	Description
1	The Annual and Strategic Internal Audit plans are presented to and approved by the Audit Committee prior to the start of the audit year.
2	90% of audit input is provided by the core team and continuity of staff is maintained year on year.
3	Draft reports are issued within 15 working days of completing fieldwork.
4	Management responses are received within 15 working days and final report issued within 10 working days.
5	At least 90% of the audit recommendations we make are agreed with and accepted by management.
6	At least 75% of Audit Committee meetings are attended by an Internal Audit Partner.
7	The annual internal audit plan is fully delivered within agreed cost and time parameters.
8	The annual internal audit report and opinion is presented to and approved by the Audit Committee at the first meeting after the year-end each year.
9	All internal audit outputs are finalised and submitted to the Committee Secretary at least 10 working days before the Audit Committee meeting to allow time for senior management review.
10	Members of senior management and the Audit Committee are invited to participate in the firm's client satisfaction survey arrangements.

Performance reporting

We will report the results of the KPI monitoring within the progress reports presented to each Audit Committee. The results of the management feedback and the annual internal assessment will be reported within our annual report each year, along with details of any improvement actions identified.

Appendix 1 – Strategic Internal Audit Plan 2017/18 – 2019/20

Audit area	2017/18 days	2018/19 days	2019/20 days	Notes
A. Key Financial systems				
A.1 Income and Receivables, and Cash and Treasury Management		30		Review of controls over identification and collection of income, as review of controls over operation of cash management, including bank reconciliations and cash flow forecasting.
A.2 Financial Planning		25		Review of arrangements for medium and long-term planning, including links to transformational change programme and 2026 Strategy.
A.3 Payroll			35	Review of payroll processes including management of starters, leavers, changes to standing data and security of data.
A.4 Budgeting and Reporting	30			In 2017/18, we will look at budget reporting and savings plans and will consider the appropriateness of the establishment data being used to determine annual staff cost savings and support permanent vs temporary staff recruitment decisions.
A.5 Non Pay Expenditure			45	We will perform a divisional review visiting a sample of eight locations across Police Scotland to review and appraise the adequacy, reliability and effectiveness of the internal control system surrounding non-pay expenditure. We will seek to gain assurance that robust controls are in place to ensure that all orders are valid, accurate and properly coded prior to finance processing for payment.
A.8 Financial Ledger	25			This audit will review the controls over the financial ledger to ensure the accuracy and security over the figures within. This will include assessing the reconciliations from feeder systems and reviewing the financial regulations in place to promote completeness and accuracy of data within the system.
Sub-total A	55	55	80	
B. Governance and risk management				
B.1 SPA Legal Claims Handling			30	We will undertake a review of the processes and controls for handling legal claims within SPA.

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Audit area	2017/18 days	2018/19 days	2019/20 days	Notes
B.2 Performance Management	25			We will assess the extent to which Police Scotland's performance management arrangements help to monitor progress against the delivery of its Strategic Plan. This will include an assessment of the arrangements for timeliness and robustness of management information.
B.3 Estates Strategy	20			The review will seek to give assurance that Police Scotland's estates strategy is efficient, based on the organisation's strategic objectives. This review will include assessing the rationalisation of properties and the processes in place for identifying and approving properties for disposal.
B.4 Risk Management	5	25		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.5 Police Scotland Governance	30			We will assess the extent to which robust governance arrangements are in place within Police Scotland. This will include reviewing the current governance structure, roles and responsibilities and gaining an understanding of the assurance provided by each group. We will assess how these arrangements align with reporting to Committees of the Board. The review will also consider the whistleblowing arrangements in place within both Police Scotland and SPA, ensuring they meet best practice standards and are compliant with all regulatory requirements.
B.6 SPA/ PS/ Forensics Joint working		25		An audit to review the way in which SPA, PS and Forensics manage the customer / supplier aspects of joint working together.
B.7 Review of PS Assurance/ Audit/ Internal Inspection function		35		Review of the Police Scotland Assurance/Audit/Internal Inspection function to assess the effectiveness and efficiency of operation of the unit.
B.8 Best Value Readiness		15		A review of the proposed design of the SPA Governance against good practice, along with the phasing of that. We will also consider the extent to which recommendations from HMICS and the SPA/PS/Forensics Joint Working Action Plan have been implemented.
B.9 Assurance Mapping		70	25	<p>2018/19: We will work with Police Scotland to provide support in the development of assurance maps, whilst building internal capabilities to map the first and second lines of defence.</p> <p>2019/20: We will provide ongoing support and review over assurance mapping work.</p>

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Audit area	2017/18 days	2018/19 days	2019/20 days	Notes
Sub-total B	80	170	55	
C. Operational				
C.1 Workforce Management	50			This audit will take the form of regional reviews looking at an aspect of workforce management e.g. sickness management, holiday scheduling, overtime approvals etc. We will select a sample of sites across Police Scotland and the SPA to confirm consistent processes are followed.
C.2 Workforce Planning	25			The processes for developing and implementing workforce plans will be assessed.
C.3 Demand and Productivity			35	An audit of processes in place to assess demand and productivity within PS and how this work links to rota management, overtime management and longer-term workforce planning.
C.4 Staff Performance Management		25		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". 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, succession planning, knowledge management, etc. within both bodies.
C.5 HR Management Reporting	30			This review will assess the project management controls surrounding the implementation of the new HR system.
C.7 Training (including income generation)	30			Police Scotland delivers training in-house and to other organisations both nationally and internationally. This audit will review the training arrangements in place in PS to deliver training in-house to ensure it is line with business needs and to external bodies. This review will also include how PS is maximising income generation from training delivered to non-public sector bodies.
C.8 British Transport Police merger programme	50			In 2017/18, this review will look at the governance arrangements of the BTP merger, covering the governance structure, the assurance mechanisms and an assessment of the extent to which these structures and mechanisms provide the expected assurance.
C.9 Transformational Change Programme		40	100	Allocation of time for provision of assurance work that will review progress against plan of transformation programmes. The focus of the work will be to provide independent assurance about programme activities and will be agreed with the Audit Committee

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Audit area	2017/18 days	2018/19 days	2019/20 days	Notes
				during the financial year. Potential areas for review include: Gateway review preparation, Benefits realisation, Dependencies, Change readiness management, and Implementation progress.
C.10 Organisational Change Management	30			In the 2015/16 audit plan project management was considered within the scope of the larger C.2 Organisational Change Management review. In 2017/18 a more detailed deep dive review of project and programme management activities will be delivered to reflect the breadth and scale of key projects, planned and ongoing across SPA and PS.
C.11 Stock Management			20	The audit assess the extent to which appropriate policies and procedures are in place; complete, accurate and up-to-date stock records are maintained; stock received, issued, or otherwise disposed of is accurately recorded and accounted for; and stock is stored securely.
C.12 Productions			30	This review will consider the design and implementation of an ongoing Productions Remodelling Project, covering roles, practices, facilities, processes and obligation. It will consider achievement of the project's objectives such as driving improvement in estates and efficiency in core working practices. Consideration will be given to actions discharged from previous reviews.
C.13 Fleet Management			25	This audit will consider the controls in place over fleet management. We will review the systems in place used to purchase, record and track and govern the organisation's fleet as well as ensuring that financial values are correctly recorded and adjusted in accordance with agreed depreciation policies.
C.14 Tendering procedures		35		A review of controls over relocation costs and tendering processes to confirm whether procedures comply with good practice and are applied consistently.
Sub-total C	215	100	210	
D. Information Technology				
D.1 General Computer Controls			35	Our review will consider the adequacy of IT general controls in place within the financial and fixed asset ledgers. Specifically we will focus on the controls in place which ensure the confidentiality, integrity and availability of the system. Our work will take into account the accuracy and completeness of interfacing with other Police Scotland systems as well as access management over control accounts.
D.2 Information Management		40		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

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Audit area	2017/18 days	2018/19 days	2019/20 days	Notes
				reports.
D.3 GDPR Review	40			A review of processes in place to confirm appropriate controls are in place to confirm compliance with GDPR requirements from 1 May 2018. To cover Police Scotland, SPA and Forensics.
D.4 IT Application Review		25		Annual review of controls over key IT systems, including back-up, business continuity, cybersecurity, security arrangements and controls over software development.
Sub-total D	40	65	35	
E. Compliance and Regularity				
E.1 Follow up	16	20	20	Quarterly follow up of outstanding internal audit actions
E.2 National Fraud Initiative	10			Review of SPA progress in completion of the latest NFI exercise.
E3. Annual Accounts preparedness	15	10		Review of the draft annual accounts against FReM. In 2017/18, review included an assessment of the plan in place for production of the 2017/18 annual accounts.
E4. Fraud reporting			20	To review the implementation of counter fraud and whistleblowing arrangements within SPA/Police Scotland and to assess how the organisation complies with policy. Assurance will also be sought that these policies are in line with best practice, and are an accurate reflection of current legislation.
Sub-total E	41	30	40	
F. Management				
Audit & Risk Committee planning and attendance	10	12	12	
Audit needs analysis - strategic and operational IA planning	10	15	15	
Attendance at ad hoc SPA and PS management meetings	5	6	6	These days are available for attendance at ad hoc management meetings. If not used, they can be added back to the contingency days available.
Liaison with external audit	3	3	3	

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Audit area	2017/18 days	2018/19 days	2019/20 days	Notes
and HMICS				
Monthly liaison meetings	10	12	12	
Annual internal audit report	2	2	2	
Sub-total F	40	50	50	
G. Contingency				
Contingency	29	30	30	This allocation of days reflects both the level of ongoing organisational transformation and maturity of risk arrangements with SPA and PS at the present time. The audit plan retains flexibility to react to events during the year and findings from planned audits.
Sub-total G	29	30	30	
TOTAL	500	500	500	

Appendix 2 – Audit Timetable

Following approval of the Audit Plan for 2019/20, the draft timetable set out below will be agreed with management.

Ref and Name of report	Start fieldwork	Complete fieldwork	Draft Report	Mgmt Response	Final Report	Audit C'ttee
A.3 Payroll	Nov 2019	Nov 2019	Dec 2019	Dec 2019	Jan 2020	Jan 2020
A.5 Non Pay Expenditure	Jan 2020	Jan 2020	Feb 2020	Mar 2020	Mar 2020	Apr 2020
B.1 SPA Legal Claims Handling	Feb 2020	Feb 2020	Mar 2020	Mar 2020	Apr 2020	Jun 2020
B.9 Assurance Mapping	various	various	various	various	various	various
C.3 Demand and Productivity	Sept 2019	Sept 2019	Oct 2019	Oct 2019	Nov 2019	Jan 2020
C.6 Commercial Excellence effectiveness review	May 2019	May 2019	Jun 2019	Jul 2019	Jul 2019	Oct 2019
C.9 Transformational Change Programme	various	various	various	various	various	various
C.11 Stock Management	Jul 2019	Jul 2019	Aug 2019	Sept 2019	Sept 2019	Oct 2019
C.12 Productions	Oct 2019	Oct 2019	Nov 2019	Nov 2019	Dec 2019	Jan 2020
C.13 Fleet Management	Aug 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Jan 2020
D.1 General Computer Controls	Jul 2019	Jul 2019	Aug 2019	Sept 2019	Sept 2019	Oct 2019
E4. Fraud reporting	Apr 2019	May 2019	May 2019	Jun 2019	Jul 2019	Oct 2019
Follow Up – Q1	Jun 2019	Jun 2019	Jul 2019	Jul 2019	Jul 2019	Jul 2019
Follow Up - Q2	Dec 2019	Dec 2019	Dec 2019	Jan 2019	Jan 2019	Oct 2019
Follow Up – Q3	Dec 2019	Dec 2019	Dec 2019	Jan 2019	Jan 2019	Jan 2020
Follow Up – Q4	Feb 2020	Feb 2020	Mar 2020	Mar 2020	Apr 2020	Apr 2020
IA Annual Report	n/a	n/a	n/a	n/a	n/a	Jun 2020

Appendix 3 – Internal Audit Universe

Audit area	2015/16	2016/17	2017/18	2018/19	2019/20	Risk Ref	Frequency
A. Key financial systems							
Financial systems health-check	✓					H	Cyclical review - every 3 to 4 years
Financial reporting		✓				M	Covered by external audit
Financial planning			✓	✓		H	Cyclical review - every 3 to 4 years
Financial ledger			✓			H	Cyclical review - every 3 to 4 years
Payroll		✓			✓	H	Cyclical review - every 3 to 4 years
Budget setting		✓				H	Cyclical review - every 3 to 4 years
Budget management			✓			H	Cyclical review - every 3 to 4 years
Savings plans			✓			H	Covered every 3 to 4 years - as part of Budget management
Treasury and cash management				✓		M	Covered by Financial systems health-check
Fixed assets		✓				H	Cyclical review - every 3 to 4 years
Income and receivables				✓		M	Cyclical review - every 3 to 5 years
Income generation						M	Cyclical review - every 3 to 5 years
Expenditure and payables		✓			✓	H	Cyclical review - every 3 to 4 years
Travel and subsistence						M	Cyclical review - every 3 to 5 years
Accounting policies health-check						M	Covered by external audit
B. Governance and risk management							
SPA Corporate governance			✓			H	Cyclical review - every 3 to 4 years
PS Corporate governance			✓			H	Cyclical review - every 3 to 4 years
Risk management				✓		H	Cyclical review - every 3 to 4 years
Strategic planning		✓				H	Cyclical review - every 3 to 4 years
Delivery of policing 2026 programme		✓				H	Cyclical review - every 3 to 4 years
Performance management			✓			H	Cyclical review - every 3 to 4 years
Project management - capital projects	✓		✓			H	Cyclical review - every 3 to 4 years
Change management	✓		✓	✓	✓	H	Cyclical review - every 3 to 4 years
Efficiency targets						H	Cyclical review - every 3 to 4 years

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Audit area	2015/16	2016/17	2017/18	2018/19	2019/20	Risk Ref	Frequency
Shared services						M	Cyclical review - every 3 to 4 years
Partnership working/ Joint working				✓		H	Cyclical review - every 3 to 4 years
External communications						L	Cyclical review every 5 to 7 years
Environmental management						L	Not identified as area of risk
Complaints management					✓	M	Cyclical review – every 3 to 5 years
Estates and asset management			✓			M	Cyclical review – every 3 to 4 years
Information management						M	Covered by Information governance
Policies and procedures management						M	Cyclical review – every 3 to 4 years
Assurance/Audit/Internal Inspection unit				✓		M	Cyclical review – every 3 to 4 years
C. Operational							
Call handling							Covered by HMICS
Contact command and control (C3) facilities						H	Cyclical review - every 3 to 4 years
Productions					✓	H	Cyclical review - every 3 to 4 years
Custody management						M	Cyclical review - every 3 to 4 years
Victim satisfaction and victim / witness care						M	Cyclical review - every 3 to 4 years
Dog branch						L	Cyclical review every 5 to 7 years
Mounted branch						L	Cyclical review every 5 to 7 years
Dive and marine branch						L	Cyclical review every 5 to 7 years
Air Support						L	Cyclical review every 5 to 7 years
Crime Mapping						M	Cyclical review - every 3 to 4 years
Prisoner Belongings						M	Cyclical review - every 3 to 4 years
Roads policing							Covered by HMICS
Armed policing							Covered by HMICS
Football policing							Covered by HMICS
Stop and search							Covered by HMICS
Serious and organised crime							Covered by HMICS
Crime recording					✓		Covered by Assurance/Audit/Internal Inspection Unit review
Procurement		✓			✓	M	Cyclical review - every 3 to 5 years
Tendering				✓		M	Covered by Procurement and Relocation reviews

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Audit area	2015/16	2016/17	2017/18	2018/19	2019/20	Risk Ref	Frequency
Contract management		✓				M	Cyclical review - every 3 to 5 years
Operational planning						H	Cyclical review - every 3 to 4 years (part of strategic planning)
Lean management		✓				M	Cyclical review - every 3 to 5 years
Litigation costs						L	Cyclical review every 5 to 7 years
Health and safety						H	Cyclical review - every 3 to 5 years
Fire safety						H	Cyclical review - every 3 to 5 years
Fleet management					✓	M	Cyclical review - every 3 to 5 years
Fleet procurement					✓	M	Cyclical review - every 3 to 5 years
Police equipment and devices						M	Cyclical review - every 3 to 5 years
Firearms						M	Cyclical review - every 3 to 5 years
Forensic equipment						M	Cyclical review - every 3 to 5 years
Stock management				✓		M	Cyclical review - every 3 to 5 years
Executive/Chief officer pay						L	Cyclical review every 5 to 7 years
Demand and Productivity					✓	M	Cyclical review - every 3 to 5 years
Staff rostering			✓			M	Covered by Workforce management review
Police overtime and allowances			✓			M	Covered by Workforce management review
Special constabulary						L	Cyclical review every 5 to 7 years
Agency and consultant arrangements		✓				L	Cyclical review every 5 to 7 years
Mandatory training requirements						M	Cyclical review - every 3 to 5 years
Workforce/HR management			✓			M	Cyclical review - every 3 to 5 years
Resource planning			✓			H	Cyclical review - every 3 to 4 years
Succession planning			✓			L	Cyclical review every 5 – 7 years
Staff performance management				✓		H	Cyclical review - every 3 to 4 years
Recruitment and retention		✓				H	Cyclical review - every 3 to 4 years
HR recruitment policies and procedures						M	Cyclical review - every 3 to 5 years
Equality and diversity		✓				M	Equalities impact assessments covered as part of recruitment and retention
Employee contracts						L	Cyclical review every 5 to 7 years
Vetting procedures		✓				H	Cyclical review - every 3 to 4 years
Annual leave			✓			L	Covered by Workforce management review
Sickness absence			✓			L	Covered by Workforce management review

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Audit area	2015/16	2016/17	2017/18	2018/19	2019/20	Risk Ref	Frequency
Conduct issues						L	Covered by Divisional review
Internal communications				✓	✓	H	Covered within transformational change work
Staff experience						M	Cyclical review - every 3 to 5 years
Incident management						M	Cyclical review - every 3 to 5 years
Records management	✓		✓			H	Cyclical review - every 3 to 4 years
Waste management						L	Not identified as area of risk
D. Information management							
IT strategy			✓			H	Cyclical review - every 3 to 4 years
Business continuity planning (BCP)		✓				M	Cyclical review - every 3 to 5 years
Disaster recovery		✓				M	Covered as part of BCP
IT security	✓					H	Cyclical review - every 3 to 4 years
Network management					✓	M	Cyclical review - every 3 to 5 years
Software development		✓				M	Cyclical review - every 3 to 5 years
IT developments - projects				✓		H	Covered within Transformational Change Programme
Information management			✓	✓		M	Cyclical review - every 3 to 5 years
IT governance						M	Covered by IT strategy and Information governance
IT service and support		✓				M	Cyclical review - every 3 to 5 years
ICT project expenditure						M	Cyclical review - every 3 to 5 years
IT application reviews	✓		✓	✓		M	Cyclical review - every 3 to 5 years
E. Compliance and regularity							
Governance statement readiness						M	Cyclical review - every 3 to 5 years
Fraud prevention			✓			M	Cyclical review - every 3 to 5 years
National Fraud Initiative (NFI) outcomes			✓			M	Cyclical review - every 3 to 5 years
SPFM compliance (Policies and Procedures)		✓				M	Cyclical review - every 3 to 5 years
Freedom of information (Fol)						L	Cyclical review every 5 to 7 years
Data protection compliance			✓			L	Cyclical review every 5 to 7 years
Annual accounts preparedness		✓	✓	✓	✓	L	Annual review

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Appendix 4 – Internal Audit Charter

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Scottish Police Authority (SPA) and Police Scotland (PS).

It helps SPA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and continuously improve the effectiveness of risk management, control, and governance processes.

Aim

The aim of this Charter is to set out the management by all parties of the internal audit process. The Charter sets out the context of the internal audit function, including the place of the Audit Committee, the key personnel, timescales and processes to be followed for each internal audit review.

Role

The internal audit activity is established by the Audit Committee on behalf of the Board. The internal audit activity's responsibilities are defined by the Audit Committee as part of its oversight role.

Professionalism

The internal audit activity will adhere to Public Sector Internal Audit Standards (PSIAS), which are based on mandatory guidance of The Chartered Institute of Internal Auditors (CIIA) including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

The CIIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to SPA's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

Internal audit activity will also reflect relevant Scottish Government directions, as appropriate to SPA.

Authority

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of SPA and PS's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the audit committee.

Accountability

The Head of Internal Audit will be accountable to the Audit Committee and will report administratively to the Director of Financial Accountability.

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The Audit Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the Head of Internal Audit.

The Head of Internal Audit will communicate and interact directly with the Audit Committee, including between Audit Committee meetings as appropriate.

Independence and objectivity

The internal audit activity will remain free from direction by any element in SPA or PS, including matters of audit selection, scope, procedures, frequency, timing, or report content. This is essential in maintaining the internal auditors' independence and objectivity.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements. Under the terms of the co-source relationship for the delivery of internal audit services, Scott-Moncrieff will take appropriate and necessary steps to ensure the operational independence of any in-house internal auditors employed by SPA while engaged in the delivery of the approved audit plan and associated activities.

The Head of Internal Audit will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

Scope and responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programmes with established objectives and goals;
- Effectiveness and efficiency of operations and use of resources;
- Compliance with significant policies, plans, procedures, laws, and regulations;
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information; and
- Safeguarding of assets.

Internal Audit is responsible for evaluating all processes ('audit universe') of SPA, including governance processes and risk management processes. In doing so, internal audit maintains a proper degree of coordination with external audit.

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Internal audit may perform consulting and advisory services related to governance, risk management and control. It may also evaluate specific operations at the request of the audit committee or management, as appropriate.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the audit committee and to senior management, including fraud risks, governance issues, and other matters needed or requested by SPA.

Annual internal audit plan

The audit year runs from 1 April to 31 March.

At least annually, the Head of Internal Audit will submit to the Audit Committee an internal audit plan for review and approval. The internal audit plan will detail, for each subject review area:

- The outline scope for the review;
- The number of days budgeted;
- The timing, including which audit committee the final will report will go to; and
- The review sponsor.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management. Prior to submission to the audit committee for approval, the plan will be discussed with senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

Assignment Planning and Conduct

An assignment plan will be drafted prior to the start of every assignment setting out the scope, objectives, timescales and key contacts for the assignment.

Specifically, the assignment plan will detail the timescales for carrying out the work, issuing the draft report, receiving management responses and issuing the final report. The assignment plan will also include the name of the staff member who will be responsible for the audit (review sponsor) and the name of any key staff members to be contacted during the review (key audit contact).

The assignment plan will be agreed with the review sponsor and the key audit contact (for timings) one month before the review starts.

The internal auditor will discuss key issues arising from the audit as soon as reasonably practicable with the key contact and/or review sponsor, as appropriate. At the conclusion of the fieldwork, the internal auditor will hold a close-out meeting with the key contact and / or review sponsor to discuss all audit findings.

Reporting and Monitoring

A written report will be prepared and issued by the Head of Internal Audit or designee following the conclusion of each internal audit engagement and will be distributed to the review sponsor and key contacts identified in the assignment plan for management responses and comments.

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Draft reports will be issued by email within 15 working days of the close-out meeting. The covering email will specify the deadline for management responses, which will normally be within a further 15 days. The management comments and response to any report will be overseen by the review sponsor. Internal Audit will make time after issuing the draft report to discuss the report and, if necessary, meet with the review sponsor and/or key contact to ensure the report is factually accurate and the agreed actions are clear, practical, achievable and valuable.

The internal auditors will issue the final report to the review sponsor and the Director of Financial Accountability. The final report will be issued within 10 working days of the management responses being received. Finalised internal audit reports will be presented to the Audit Committee. Finalised internal audit outputs must be in the hands of the committee secretary at least 10 working days before the date of each meeting.

The working days set out above are maximum timescales and tighter timescales may be set out in the assignment plan.

The internal audit activity will follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

Audit Committee

The Audit Committee meets at least four times a year, dates for Audit Committee Meetings will be provided to internal audit as soon as they are agreed. The Head of Internal Audit and/ or Relationship Partner will attend all meetings of the audit committee.

Internal audit will schedule its work so as to spread internal audit reports reasonably evenly over the Audit Committee meetings. The annual internal audit plan will detail the internal audit reports to be presented to each Audit Committee meeting.

The Audit Committee will meet privately with the internal auditors at least once a year.

Periodic Assessment

The Head of Internal Audit is responsible for providing a periodic self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its Plan.

In addition, the Head of Internal Audit will communicate to senior management and the Audit Committee on the internal audit activity's quality assurance and improvement programme, including results of on-going internal assessments and external assessments conducted at least every five years in accordance with Public Sector Internal Audit Standards.

Review of Charter

This Charter will be reviewed by both parties each year and amended if appropriate.

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