



Meeting	Audit, Risk and Assurance Committee
Date	22 June 2023
Location	MS Teams
Title of Paper	Integrated Assurance Statement (2022/23)
Presented By	John McNellis Head of Finance, Audit and Risk
Recommendation to Members	For Consultation
Appendix Attached	Yes – Appendix A

PURPOSE

To provide the Audit Risk and Assurance Committee (ARAC) with a strategic summary of the systems of internal control across the four lines of defence and a summary of the findings from key audit and inspection bodies.

This statement provides assurance to ARAC Members and the Accountable Officer over the extent of controls which provides the support to inform conclusions included in the annual report and accounts (ARA).

The paper is presented in line with the corporate governance framework of the Scottish Police Authority (SPA) and Audit, Risk and Assurance Committee (ARAC) terms of reference and is submitted for consultation.

1 BACKGROUND

- 1.1. In May 2022 the first SPA Integrated Assurance Statement was presented to the Audit, Risk and Assurance Committee. The aim was to give ARAC members visibility of all the assurance activities that have been completed in year across the four lines of defence. Furthermore, an overall conclusion was provided about the level of assurance that can be placed on the Authority's governance framework, oversight function and systems of internal controls.

2 FURTHER DETAIL

- 2.1. The report at Appendix A outlines:
- background to sources of assurance, definitions and the Authority's four lines of defence model;
 - detail of the assurance received during 2022/23 across each of the four lines of defence; and
 - an overall conclusion i.e. the integrated assurance statement for 2022/23.

3 FINANCIAL IMPLICATIONS

- 3.1. There are financial implications associated with this paper. To achieve the sources of assurance outlined in the report requires resources both internal and external. Each has a financial implication e.g. internal staff pay or payment to providers such as internal and external audit. The costs for 2022/23 are within approved budgets, however, the Authority must also ensure Best Value in the use of resources.

4 PERSONNEL IMPLICATIONS

- 4.1. There are no specific personnel implications in this report.

5 LEGAL IMPLICATIONS

- 5.1. There are no specific legal implications in this report.

6 REPUTATIONAL IMPLICATIONS

- 6.1 There may be reputational implications associated with this paper, if the Authority is not able to demonstrate good stewardship of public money and appropriate oversight / assurance on the systems of internal controls.

7 SOCIAL IMPLICATIONS

7.1. There are no specific social implications in this report.

8 COMMUNITY IMPACT

8.1. There are no specific community implications in this report.

9 EQUALITIES IMPLICATIONS

9.1. There are no specific equality implications in this report.

10 ENVIRONMENT IMPLICATIONS

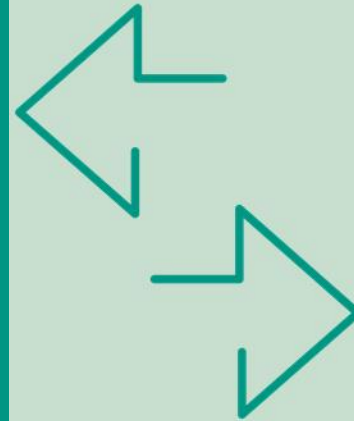
10.1. There are no specific environmental implications in this report.

RECOMMENDATIONS

Members are requested to note the integrated assurance statement report.

Appendix A Integrated assurance statement (2022/23)

June 2023



SCOTTISH POLICE
AUTHORITY
ÙGH DARRAS POILIS NA H-ALBA

Executive Summary

01

Background

- In January 2022 and 2023 the Authority's strategic assurance maps were reported to the ARAC.
- The purpose of this was to show ARAC members the planned assurance activities for the year across all four lines of defence. This approach is to be used as a tool to inform future planning and co-ordination of assurance activities.
- SPA also agreed to prepare an annual integrated assurance statement that brings together a single summary of the key assurance work undertaken over the year and their high level findings.

02

Findings

- This reports considers at a **strategic level** the systems of internal controls in place during 2022/23 across the four lines of defence. It considers key development over the year and a summary of the findings from key audit and inspection bodies.
- Management controls have continued to develop and the internal assurance functions are well embedded across Police Scotland and Forensic Services. This is supported by the Authorities internal auditors who provided an internal audit opinion ('**reasonable assurance**') on the internal control environment **except** in relation to Change Management – Resource Deployment Unit and Compliance arrangements – PAVA Spray and Airwave Terminal Units.

03

Conclusion: *integrated assurance statement*

- Based on an assessment of the system wide controls across the Authority and its business areas across the four lines of defence, **reasonable assurance** can be placed on the Authority's: **governance framework, oversight function and systems of internal controls**.
- This conclusion provides assurance to ARAC Members and the Accountable Officer over the extent of controls which provides the **support to inform conclusions included in the annual report and accounts (ARA)**.

Background / definitions

Audit

'Audit' is an umbrella term generally used to describe a **systematic and independent review and investigation** on a certain subject matter. There are many types of audit including: financial audit, operational audit, statutory audit, compliance audit and so on, the majority of which follow a set of agreed standards.

Audit universe

- This shows all areas that could be examined from an audit perspective. It is not an audit plan but can be used to aid audit planning showing previous work.
- In addition, there will be issues that sit outside of the audit universe that don't neatly fall into a service / structure.

External audit

- Statutory external audit is an **independent examination** to enable the auditor to **express an opinion on the financial statements**.
- In addition, the **wider scope of public audit** includes assessments and conclusions on: financial management, financial sustainability, governance and transparency and value for money / Best Value.

Internal audit

- 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, control and governance processes. *Source: public sector internal audit standards*

HMICS work:

- A broader range of work including elements of both audit and assurance in addition to other scrutiny reviews (ie inspections, thematic reviews, continuous improvement reviews, professional advice notes, etc).

Assurance

Assurance is an **objective examination of evidence** for the purpose of providing an **independent assessment** on governance, risk management and control processes for the organisation.

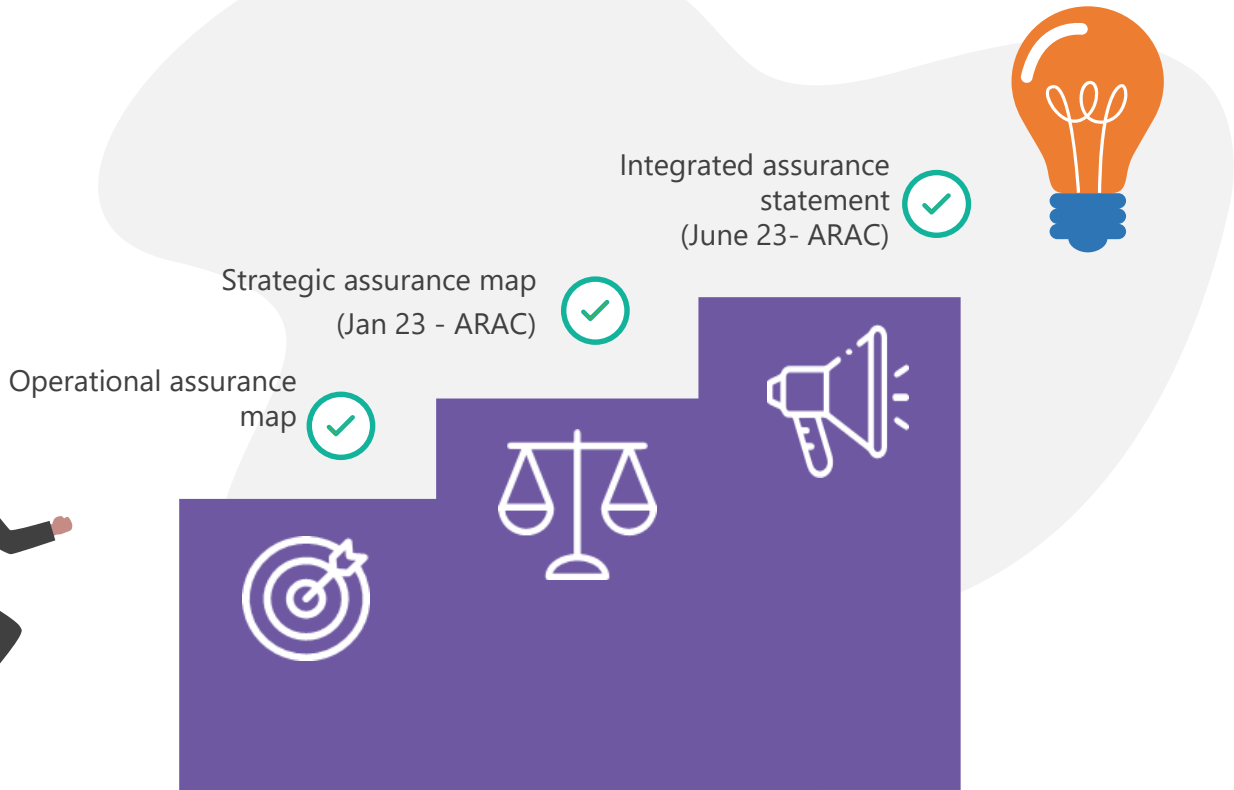
Source: Institute of Internal Auditors

Integrated assurance

- A **single organisation wide view of risk and control** derived from assurance activity undertaken across the lines of defence.
- ARAC require a view on the adequacy of controls across the organisation. Complex organisations like the Authority commission and receive assurance from a wide number of activities.
- Integrated assurance **aims to take a step back and draw together the outcome from all activities over the year** to assist the ARAC.

Aim of this report

- In January 2023, ARAC received a strategic assurance map of the planned assurance activities expected to be undertaken during 2023/24, focused on the **strategic objectives and risks** of the Authority. This work was also used to inform the planning of internal audit and HMICS activity for 2023/24.
- The integrated assurance statement brings together the **outcomes from all assurances providers** to provide ARAC with a **combined view** of the outcome/ findings of assurance activity across the Authority
- This aids ARAC and the Accountable Officer in reaching conclusion on the adequacy of risk management and systems of internal control required for the annual report and accounts including meeting the requirements of the Scottish Governments *Audit and Assurance Committee Handbook*.
- This report provides a single view for the financial year that **draws together** the annual report and findings / conclusions from assurance providers in a single document.



1st Line of Defence: *management (assurance from those responsible for delivery)*

- The first line of defence relates to assurance derived from **business as usual activities and controls established by managers** and those responsible for delivery of services such as: good policy and performance data, risk registers, reports on routine system controls and other management information.
- Across Police Scotland, Forensic Services and SPA corporate there are **extensive management internal controls in place**. These controls are well established but are continually developed and enhanced. Developments over the last year are highlighted below.
- Furthermore, the effectiveness of these internal controls is considered annually as part of the certificate of assurance process. This process has not identified any significant internal control weaknesses for 2022/23.

Management assurance developments:

Assurance source	Developments during 2022/23 include:
Strategies	<ul style="list-style-type: none"> • Police Scotland’s International Strategy (June 2022) • Refreshed Performance Framework 2022/23 (June 2022) • Equality Diversity and Inclusion Strategy (September 2022) • Scottish Biometrics Commissioner Code of Practice and Compliance (November 2022) • Violence Against Women and Girls Strategy (March 2023 Police Scotland) • SPA Corporate Strategy 2023-26 (approved February 2023)
Plans (APP/ LPP’s/ BCPs, etc)	<ul style="list-style-type: none"> • Annual police plan 2022/23 prepared and presented to March 2022 Board supported by further operational plans. • SPA Corporate business plan is a key mgmt. control for delivering on the Authority’s priorities/the 3 year strategy
Risk registers	<ul style="list-style-type: none"> • Annual Board strategic risk workshop (December 22) and review of risks. • SPA corporate reviewed its risks • Focus on risks above appetite and tolerance.
Policies / SOPs	<ul style="list-style-type: none"> • No specific comments. There are a large number of supporting policies / SOPs in place across the service.
Performance management	<ul style="list-style-type: none"> • Refreshed performance framework from April 2021, with minor updates agreed June 2022.
Financial management & reporting	<ul style="list-style-type: none"> • Regular financial monitoring reports to all budget holders and to internal governance forums. • 5 year financial plan (September 21) • Financial planning framework (Mar 22) • Updated Authority Financial Regulations, including Scheme of Delegation (August 2022)

Certificates of assurance

- Certificates of assurance are completed across the service from ACC/ Director level upwards. Each business area completes a detailed checklist based on Scottish Public Finance Manual (SPFM) and is required to provide a signed confirmation on the controls within their business area, highlighting any significant matters or control weaknesses.
- Certificates have been completed (for Police Scotland, SPA Forensics and SPA Corporate) with a report provided to the Accountable Officer.
- Some areas have been highlighted including:
 - the control issues related to the discovery of legionella at Tulliallan Police College;
 - the issues highlighted by HMICS as part of their review of SPA Criminal Toxicology; and
 - matters raised on SPA Forensic physical data handling by internal audit.
- For all areas highlighted there are action plans in place to address the issues. The areas highlighted are not considered to be broader internal control weaknesses and will be considered by the Accountable Officer as part of their report within the ARA.

2nd Line of Defence: *Oversight function (assurance separate from delivery & the management chain)*

- The second line of defence relates to **assurance** provided which is **separate from those responsible for delivery** but independent of the overall management chain.
- Across the service this is provided by the Authorities oversight and committees and through specific oversight teams within Police Scotland and Forensic Services. This continues to show mature oversight functions that are working well at evaluating the first line of defence.

Assessment of the 2nd line of defence (2022/23):

Assurance source	Assessment of work during 2022/23 include:
SPA and Board oversight & scrutiny	<ul style="list-style-type: none"> • Evaluated as part of our review of committee effectiveness, board effectiveness, and ongoing governance review. • Found that committees have fully discharged their responsibilities in line with terms of reference and overall, committees are performing well. • Key areas of focus for the exercise in 2022/23 were identified as transparency; understanding and expectations of corporate staff and members; and business co-ordination. • As a consequence, additional guidance has been developed for corporate staff and members, to support the delivery of the Authority's expressed priority and obligations with regard to transparency. • Areas for improvement have been discussed and will be progressed by SPA staff. Proposals for related amendments to the Governance Framework will be presented to the Authority in Q3 2023, and take account of recommendations from the HMICS Assurance Review of Scottish Police Authority Forensic Toxicology Provision published in April 2023, and commissioned by the Authority chair in 2022. • The SPA Information Management team completed an internal assurance review of physical data handling at SCC Nov/ Dec 22 identifying 13 recommendations - two high risk exposure findings, five moderate risk exposure findings and six limited risk exposure findings.

2nd Line of Defence: *continued*

Assessment of the 2nd line of defence (2022/23): Continued

Assurance source	Assessment of work during 2022/23 include:
<p>Business assurance (Police Scotland)</p>	<ul style="list-style-type: none"> • Police Scotland has an established Assurance team that delivers a business assurance function that exists to protect the organisation, maintain compliance and exercise efficient governance, providing assurance that policies and procedures are being followed and working efficiently and effectively. • The Assurance staff are qualified in and follow the EFQM model. An Audit and Assurance Framework is in place and this demonstrates how the EFQM model is incorporated into the functions processes and practices. • During 2022-23 the function has delivered or supported: <ul style="list-style-type: none"> ○ two assurance reviews – identifying 25 recommendations and 9 improvement opportunities; ○ one assurance map – identifying 6 improvement opportunities; ○ one professional advice note; and ○ the development of a new product for a Risk Control Review. A pilot has been successfully launched with one Risk Control Review completed. ○ Work has also been undertaken to support the development of the Self-Evaluation process and embed this in order for PS to become “scrutiny ready” in advance of inspection. • The findings identified are recorded and progress tracked in the same way as recommendations from external scrutiny bodies. • Furthermore, the team has provided advice, guidance and support on the design of control and promotes a positive culture of audit and compliance. The department also prepares a detailed internal annual report.
<p>Internal quality assurance (SPA Forensic Services)</p>	<ul style="list-style-type: none"> • SPA Forensic Services also have an established internal quality assurance team. This team completed a programme of 36 quality audits during 2022/23. Recommendations and actions are made from reviews which are formally recorded and monitored with progress reported to the Forensic Services Planning and Performance Board and SMT. • This internal oversight function is also subject to external review by the UK accreditation service (UKAS).

3rd Line of Defence: *internal audit function*

- The third line of defence relates to assurance provided by the Authority's **internal audit function**. The SPA has engaged the services of Azets to act as our internal audit provider. The internal audit plan for 2022/23 was presented to ARAC in January 2022 and was approved by the SPA Board in February 2022. During the year there has been flexibility to amend the plan in response to changing risk and to avoid areas of possible duplication.
- The activities and effectiveness of the third line of defence is considered below. The annual internal audit opinion provides **independent assurance** that the service has a **strong control framework**.

Internal audit annual opinion summary:

*"In our opinion the Scottish Police Authority, Police Scotland and Forensic Services have a framework of governance, risk management and controls in place that provides **reasonable assurance** regarding the effective and efficient achievement of objectives. This is **except in relation to:***

- *Change Management – Resource Deployment Unit; and*
- *Compliance arrangements – PAVA Spray and Airwave Terminal Units.*

Our audits in each of these areas highlighted significant areas for improvement relating to a need to more consistently implement central policies and procedures across the organisation, as well as a need to improve arrangements for management scrutiny and oversight at senior management level."



3rd Line of Defence: *internal audit function continued*

Assessment of the 3rd line of defence (2022/23):

- Internal audit reviews the 1st & 2nd lines of defence.
- Its reviews identified **5 ‘very high risk’** and **27 ‘high risk’** findings.
- During the year, Azets undertook quarterly follow up work to validate management’s progress in implementing agreed audit actions.
- These reviews have allowed confirmation that, in common with previous years, management have continued to make **good progress in implementing agreed actions** from internal audit reports.

#	Internal audit review	Number of recommendations:				
		Grade 1 Limited risk	Grade 2 Moderate risk	Grade 3 High Risk	Grade 4 Very high risk	Total
1	Core financial systems	3	1	0	0	4
2	Business continuity planning	1	3	2	0	6
3	Vetting	2	8	7	0	17
4	Business continuity planning (BCP) Forensic Services	0	5	1	0	6
5	Organisational Learning	N/A - Advisory				
6	Cyber Security	0	7	2	0	9
7	Compliance arrangements - PAVA Spray and Airwave Terminal Units	0	2	4	3	9
8	Staff Absence and Modified Duties	0	10	1	0	11
9	SPA Forensics Physical Data Management	0	2	7*	0	9
10	Change management: DESC project	1	5	2	0	8
11	Change management: Resource deployment unit	3	4	1	2	10
	Total	10	47	27	5	89

*For SPA monitoring and reporting, this shows the total number of recommendations counting all sub-recommendations

4th Line of Defence: *external audit, inspection & review (independent external assessments)*

- The fourth line of defence relates to assurance delivered by independent assurance providers **external to the Authority**. This includes a wide number of formal audit and inspection bodies as well as other independent oversight bodies.
- External scrutiny bodies have carried out extensive independent reviews of the Authority, identifying a number of areas for improvement that have been agreed with management. However, during 2022/23 there have been no significant internal control weaknesses identified.

Assessment of the 4th line of defence (2022/23):

Assurance source	Developments in 2022/23
Grant Thornton	<ul style="list-style-type: none"> • Grant Thornton have been appointed by the Auditor General for Scotland as the Authorities external auditor for the five year period commencing in 2022/23 • The external audit plan for 2022/23 was presented to ARAC in March 23. • A new Code of Audit Practice applies to public sector audits for financial years starting on or after 1 April 2022. • Grant Thornton’s reporting to date has not highlighted any significant findings. They are expecting to present their annual audit report to the September ARAC.
HMICS	<ul style="list-style-type: none"> • Statutory inspection body for policing. • Work considered by SPA committees – further detail provided in the following page.
ICVS (independent custody visiting scheme)	<ul style="list-style-type: none"> • ICVS provides key independent view on the treatment of persons in police custody. • Performance is reported quarterly to PPC.
ICO (Information Commissioner’s Office)	<ul style="list-style-type: none"> • There have been no new Information Commissioners reviews conducted during the year.
PIRC (Police investigations and review commissioner)	<ul style="list-style-type: none"> • Provides independent oversight, investigating incidents involving the police and reviewing the way the police handle complaints from the public. • PIRC provide a quarterly report to the SPA complaints and conduct committee that provides an overview of the complaints handling reviews received and concluded as well as any recommendations issued from their work.

4th Line of Defence: *external audit, inspection & review* (*independent external assessments*)

Assurance source	Developments in 2022/23
UKAS (UK accreditation service)	<ul style="list-style-type: none"> • SPA Forensic Services maintained its accreditation following UKAS assessment between Oct and Nov 2022 at all four laboratory sites. • UKAS Accreditation assessment occurs annually and will include Post-Mortem Toxicology testing following a successful initial accreditation assessment in March 2023.
SG / Parliamentary Committees	<ul style="list-style-type: none"> • The Authority continued its engagement with the Scottish Government (SG) on a number of key issues including the spending review and responses to Government consultations. • In addition, there were a range of written exchanges with the Criminal Justice Committee and parliamentarians covering issues such as pre-budget scrutiny, mental health in policing; officer wellbeing and suicides; Ill Health Retirement & Injury on Duty Awards, technology and changes to police pensions.
COSLA (Convention of Scottish Local Authorities); Local scrutiny bodies; and public voice	<ul style="list-style-type: none"> • The Authority’s engagement with COSLA significantly strengthened over the course of the year. COSLA, Police Scotland and the Scottish Police Authority signed a Strategic Partnership Agreement for Policing in March 2023, focusing on four key priority areas to strengthen collaboration between Local Government and policing. • There are local scrutiny forums in place for every Local Authority. The arrangements are tailored for each Local Authority but each considers the policing performance for their area. • The Authority and COSLA jointly developed a new non-statutory national framework for scrutiny, offering guidance for Elected Members in local authorities responsible for scrutinising delivery of local police and fire and rescue services. The Framework was endorsed by COSLA December 2022. • Consultation and feedback is undertaken at key points: to inform the Annual Review of Policing; Joint Strategy for Policing; regular meetings with COSLA leadership and local police scrutiny conveners. • The Authority has set up named SPA officer points of contact for each local authority, to support communication and engagement, and to promote feedback on key policing matters in local communities. <p>Other areas</p> <ul style="list-style-type: none"> • Direct engagement on key policing issues eg mental health, vulnerability, policing in the pandemic, etc. • Public confidence polling • Community engagement to understand levels of public confidence.

4th Line of Defence: *external audit, inspection & review* *(independent external assessments)*



Assessment of the 4th line of defence (2022/23): Summary of HMICS work

#	Review type	HMICS reports	No. Rec's	Considered by:
Completed reviews				
1	Audit & assurance review	Assurance Review of Police Scotland Strategic Workforce Planning	10	People Committee (Aug 22)
2	Audit & assurance review	Assurance Review of Police Scotland Contact Assessment Model	8	PPC (Oct 22)
3	Thematic review	Thematic Inspection of Domestic Abuse Phase 1	14	Published January 2023
4	Audit & assurance review	Joint National baseline review of healthcare provision within police custody centres in Scotland	7	PPC (March 23)
5	Audit & assurance review	Joint Review of Diversion from Prosecution	34	Published February 2023
6	Audit & assurance review	SPA Forensic Toxicology	25	Forensic Services Committee (May 23)
	Total		98	
Other reviews in progress (part of HMICS 2022/25 scrutiny plan)				
8	Thematic review	Policing Mental Health in Scotland	-	Expected July 23
9	Thematic review	Organisational Culture	-	Expected July 23
10	Strategic review	Frontline Focus Wellbeing	-	Expected June 23

For the first time in May 2022 HMICS presented a longer term scrutiny plan to ARAC, their three year scrutiny plan 2022 – 2025. The Authority was involved in consultation on this scrutiny plan and a longer term outlook is welcomed. This longer range view will allow for more effective assurance mapping with other assurance sources.

SPA committees have formally considered, as appropriate, HMICS reports and action plans with HMICS invited to present some reports. This has increased the visibility of HMICS work across the Authority and allowed the opportunity for Members to consider their findings.

Recommendations and actions from HMICS work is monitored following other reporting systems with overall progress and exceptions reported quarterly to ARAC.

HMICS will conclude its annual scrutiny plan by preparing an overall annual report. This is anticipated to be published in the coming months.

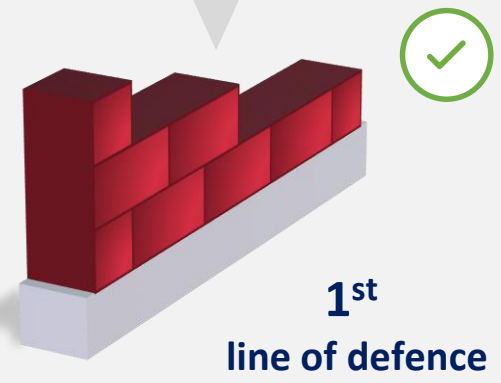
Conclusion: integrated assurance statement

Based on an assessment of the system wide controls across the Authority and its business areas across the four lines of defence, **reasonable assurance** can be placed on the Authority's: **governance framework, oversight function and systems of internal controls**.

A summary of the finding across each of the four lines of defence are shown below. The Authority has extensive controls and sources of assurance across the four lines of defence. Over the financial year 2022/23 they have functioned effectively and whilst they have identified a wide number of areas for continued improvement, there are no significant control weaknesses identified. This conclusion will be used to inform the annual report and accounts (2022/23).

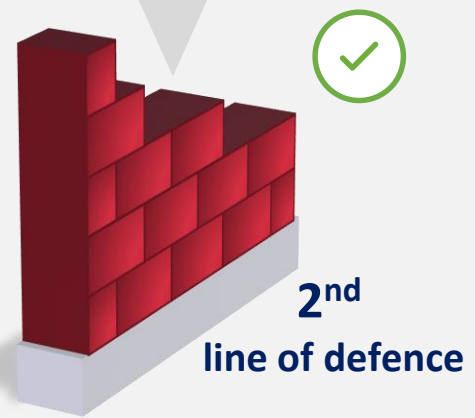
Management

- ✓ Established controls and continued development in internal controls.
- ✓ Certificates of assurance identified areas for improved but no significant internal control weaknesses.



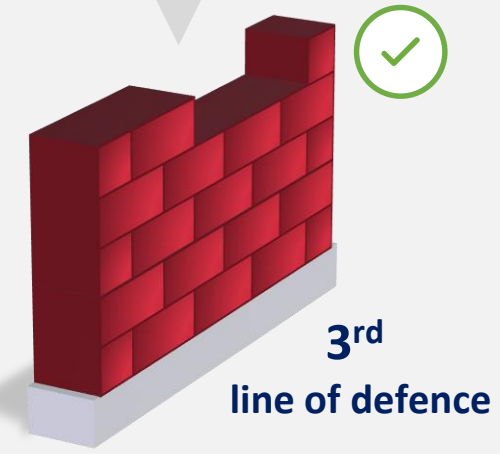
Oversight function

- ✓ Committee effectiveness work identified no significant issues.
- ✓ Mature oversight functions that are working well at evaluating the 1st/ 2nd lines of defence in tandem with external reviews.



Internal audit function

- ✓ Clean annual internal audit opinion provides '**reasonable assurance**' over the framework of controls.



External audit, inspection & review

- ✓ Extensive independent work conducted identifying a number of areas for improvement, agreed with management.
- ✓ During 2022/23 there have been no significant internal control weaknesses identified.

