

Meeting	SPA Audit, Risk and Assurance Committee
Date	20 January 2022
Location	By video-conference
Title of Paper	Internal Audit Update
Presented By	John McNellis, Head of Finance Audit and Risk Gary Devlin and Matthew Swann, Azets
Recommendation to Members	For discussion
Appendix Attached	Appendix A: Internal Audit Progress Report Appendix B: Management Action Follow Up

PURPOSE

To provide the Audit Risk and Assurance Committee (ARAC) with an update on progress against the Annual Internal Audit Plan and summary of management progress in completing management actions arising from internal audit reports.

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 The Internal Audit plan for 2021/22 was approved by the SPA Board in February 2021.
- 1.2 Updates against delivery of the internal audit plan and a summary of management actions arising from internal audit reports are reported to the ARAC on a quarterly basis.

2. FURTHER DETAIL ON THE REPORT TOPIC

Internal Audit Progress Report (appendix A)

- 2.1 Appendix A outlines the current position in delivery of the internal audit plan for 2021/22.
- 2.2 The plan includes 11 assignments, excluding follow up, of which 5 are fully complete with the remaining 6 being reported to the May meeting of the ARAC.
- 2.3 The report of C.9 Strategic Planning was due to be presented to the January ARAC, however following feedback from both SPA and Police Scotland, further work is required to finalise the report.
- 2.4 With the exception of Strategic Planning, progress of the internal audit assignments and reporting to ARAC aligns with previously reported timescales.
- 2.5 Internal audits KPI's are outlined in the report. Two KPIS's (3/4) have moved from green at Quarter two to amber at Quarter three.
 - a. KPI 3 (Draft reports are issued within 15 working days) and
 - b. KPI 4 (Management responses are received within 15 working days and final report issued within 10 working days of completing fieldwork).

Management Action Follow-up (appendix B)

- 2.6 Appendix B summarises the progress made by SPA, Forensics Services and Police Scotland in implementing previously agreed internal audit actions. Internal audit validate the closure of actions on a sample basis focused particularly on recommendations graded 3 (high risk) and above.
- 2.7 The total number of open actions, compared to Q2, has increased from 16 to 21 with the number of overdue actions also showing an increase from 4 to 9. 11 new actions were added during Q3. Further details are shown on page 3 of appendix B.
- 2.8 Previous reporting to ARAC has highlighted a downward trend in both the overall number of open actions and actions past their due date. While that trend is not evident this quarter Azets note they received updates for all actions that had fallen due and agreed revised due dates where applicable.
- 2.9 Both SPA and Police Scotland have processes in place to record, monitor and report on progress to resolve internal audit and other recommendations. Further reports are provided to this ARAC for both SPA and Police Scotland on wider recommendations tracking.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications associated with this paper.

4. PERSONNEL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

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

6. REPUTATIONAL IMPLICATIONS

- 6.1 There are no reputational implications associated with this paper, however there are potential reputational implications associated with the pace and effectiveness of addressing management actions arising from internal audit reports.

7. SOCIAL IMPLICATIONS

- 7.1 There are no social implications associated with this paper.

8. COMMUNITY IMPACT

8.1 There are no community impact implications associated with this paper.

9. EQUALITIES IMPLICATIONS

9.1 There are no equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

10.1 There are no environmental implications associated with this paper.

RECOMMENDATIONS

Members are requested to:

- Note progress against the annual internal audit plan (2021/22);
and
- Note progress regarding the follow up of internal audit actions.



Scottish Police Authority
Internal Audit
Progress Report
January 2022



Scottish Police Authority

Internal Audit Progress Report

Summary	1
Appendix 1 – 2021/22 audit plan progress	3
Appendix 2 – Additional Work	5
Appendix 3 – Progress against KPIs	6

Summary

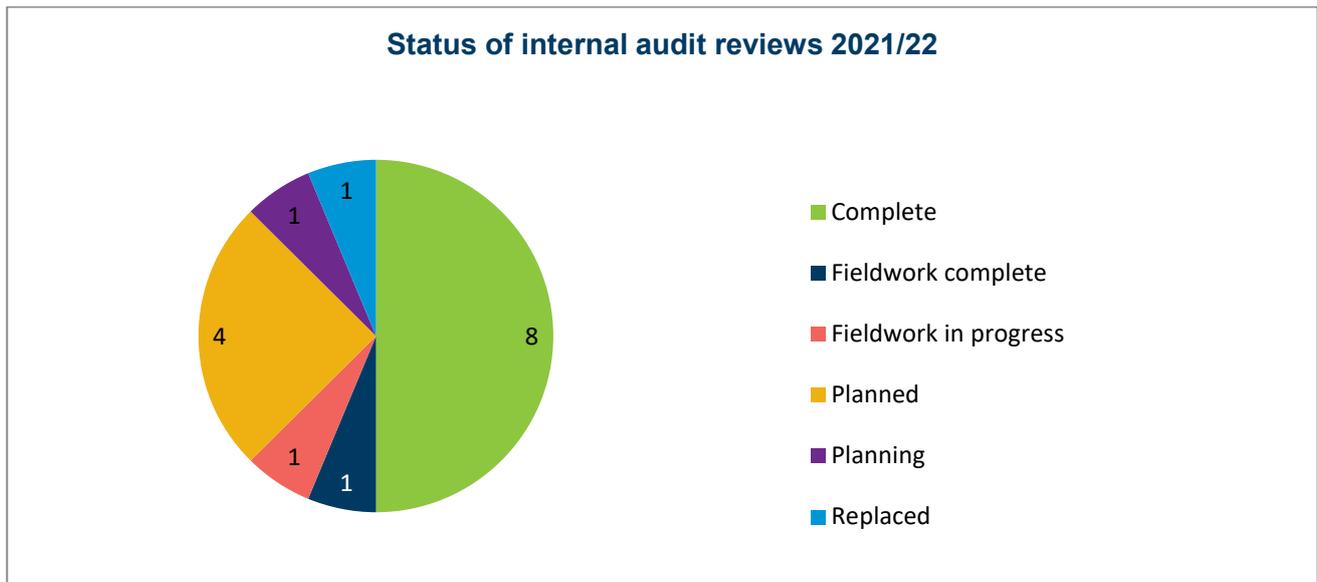
This paper provides the Audit, Risk, and Assurance Committee with a summary of internal audit activity since its last meeting and confirms the reviews planned for the coming quarter, identifying any changes to the annual plan.

Progress against annual audit plan

In the latest period to January 2022, we have completed the following audits, final reports of which are included as appendices:

- G.4 Q3 Follow Up
- A.3 Overtime and Allowances
- C.2 Estates Management
- G.3 Data Quality and Integrity

The report of C.9 Strategic Planning was due to be presented to this committee, however following feedback from both SPA and Police Scotland, further discussion is required in order to finalise the report.



Plan for next quarter

The following reports are due to be presented to the May 2022 Audit, Risk, and Assurance Committee:

- A.1 Core Financial Controls IFRS Preparation
- B.2 SPRM
- C.4 Procurement and Tendering
- C.5 Health and Safety
- C.9 Strategic Planning
- D.3 ICT Service Delivery
- G.4 Follow Up Q4

Action for Audit, Risk, and Assurance Committee

The Audit, Risk, and Assurance Committee is asked to note the contents of this report and to approve the plan for the next quarter. We invite any comments on the format or content of this report.

Gary Devlin, Partner	Gary.Devlin@azets.co.uk	0131 473 3500
Matt Swann, Associate Director	Matthew.Swann@azets.co.uk	0131 473 3500
Paul Kelly, Director – Business Technology & Consulting	Paul.Kelly@azets.co.uk	0141 567 4500
Andrew Diffin, Assistant Audit Manager	Andrew.Diffin@azets.co.uk	0141 567 4500

Appendix 1 – 2021/22 audit plan progress

Ref and Name of report	Audit Sponsor	Status	Quarter	Planned ARAC	Actual ARAC
A.1 Core financial systems	CFO	Planned	Q4	May 22	
A.3 Overtime and Allowances	CFO Director of People and Development	Complete	Q3	Jan 22	Jan 22
B.2 Staff Pay and Reward Modernisation (SPRM)	Director of People and Development	Planned	Q4	May 22	
B.4 Equality and Diversity	Director of People and Development ACC Partnership & Prevention	Replaced	-	-	
C.2 Estates Management	CFO Head of Estates	Complete	Q2	Jan 22	Jan 22
C.4 Procurement and Tendering	CFO	Fieldwork in Progress	Q4	May 22	
C.5 Health and Safety	DCC Professionalism Head of Health and Safety	Planned	Q4	May 22	
C.9 Strategic Planning	Director of Strategy and Analysis Head of Strategy and Innovation	Fieldwork Complete	Q3	Jan 22	
C.11 Environmental Impact	CFO CDO Staff Officer	Complete	Q1	Sept 21	Sept 21
D.3 ICT Service Delivery	CDIO Head of Service Management	Planned	Q4	May 22	

Ref and Name of report	Audit Sponsor	Status	Quarter	Planned ARAC	Actual ARAC
G.1 Legal Claims Handling	DCC Professionalism Head of Legal Services	Complete	Q1	Sept 21	Sept 21
G.3 Data Quality and Integrity	ACC Professionalism & Assurance CDO	Complete	Q2	Sept 21 ¹	Jan 22
G.4 Follow up Q1	N/A	Complete	Q1	Jul 21	Jul 21
G.4 Follow up Q2	N/A	Complete	Q2	Sept 21	Sept 21
G.4 Follow up Q3	N/A	Complete	Q3	Jan 22	Jan 22
G.4 Follow up Q4	N/a	Planning	Q4	May 22	

Key:	Description
Complete	Audit work complete and report has been agreed and finalised
Draft Report	A draft report has been issued
Fieldwork complete	The audit work is complete but the draft report has not yet been issued.
Fieldwork in progress	The audit work is in progress.
Planned	The scope and timing of the audit has been agreed with management
Planning	The scope and/or timing of the audit has yet to be agreed with management

¹ The timing of this review has been revised after consultation with management, such that the final report will be presented to the January 2022 meeting of the ARAC.

Appendix 2 – Additional Work

The Audit Committee is responsible for the appointment of Azets as Internal Auditors and oversees the delivery of the Internal Audit Plan.

Police Scotland are able to independently commission Azets to carry out additional consultancy work, where this does not affect the internal audit plan and the cost is met from the relevant Police Scotland budget.

In accordance with the Protocol agreed between Azets and the SPA at the September 2020 meeting of the ARAC, a summary of all such work carried out by Azets will be provided to the ARAC on a quarterly basis.

Work billed to date

The following is a summary of work undertaken and delivered since the last update presented to the committee in September 2021.

Description	Instructed by	Fees since last update	Cumulative fee (including this period)
COP26 Assurance	James Gray, CFO	£9,662	£72,619
Little Things Review	James Gray, CFO	£11,841	£11,841
Cyber Security Workshop	David Page, DCO	£3,675	£3,675
Total		£25,178	£88,135

Appendix 3 – Progress against KPIs

KPI description	Status	Comments
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.	GREEN	The 2021/22 Internal Audit Plan was approved by the SPA Board at the March 2021 meeting.
2. 90% of audit input is provided by the core team and continuity of staff is maintained year on year.	GREEN	
3. Draft reports are issued within 15 working days of completing fieldwork.	AMBER	All reports have been issued within 15 working days, with the exception of Overtime and Allowances, which was issued after 16 working days.
4. Management responses are received within 15 working days and final report issued within 10 working days.	AMBER	Management Responses have been received in an average of 17 days so far in the period 2021/22
5. At least 90% of the audit recommendations we make are agreed with and accepted by management.	GREEN	All recommendations made so far in the period 2021/22 have been accepted.
6. At least 75% of Audit Committee meetings are attended by an Internal Audit Partner.	GREEN	
7. The annual internal audit plan is fully delivered within agreed cost and time parameters.	GREEN	All changes to the plan have been agreed with the Audit, Risk and Assurance Committee.
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.	GREEN	The Annual Report for 2020/21 was presented to the May 2021 ARAC meeting.
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.	GREEN	All papers submitted in line with agreed timescales.
10. Members of senior management and the Audit Committee are invited to participate in the firm's client satisfaction survey arrangements.	N/A	Not yet due.

Key

RED	More than 15% away from target
AMBER	Within 15% of target
GREEN	Achieved

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Scottish Police Authority

Internal Audit Report

Management Action Follow-up

Q3 2021-22

January 2022



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Scottish Police Authority

Internal Audit Report

Management Action Follow-up – Q3 2021-22

Introduction and background	1
Summary of progress	2
Appendix 1: Action status by report	5
Appendix 2: Summary of actions past their current due date	6
Appendix 3: Audit Risk Categorisations	12

Introduction and background

Introduction

As part of the internal audit programme, we complete a follow up review every quarter to provide the Scottish Police Authority with assurance that management actions agreed in previous internal audit reports have been implemented appropriately. This report summarises the progress made by management in implementing agreed management actions during Q3 2021/22.

Scope

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

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

Action for the Audit, Risk, and Assurance Committee

The Committee is asked to note the progress made by management in implementing agreed management actions. The Committee is also asked to consider and approve those actions for which revised timescales have been provided by management (these are detailed at Appendix 2).

Acknowledgements

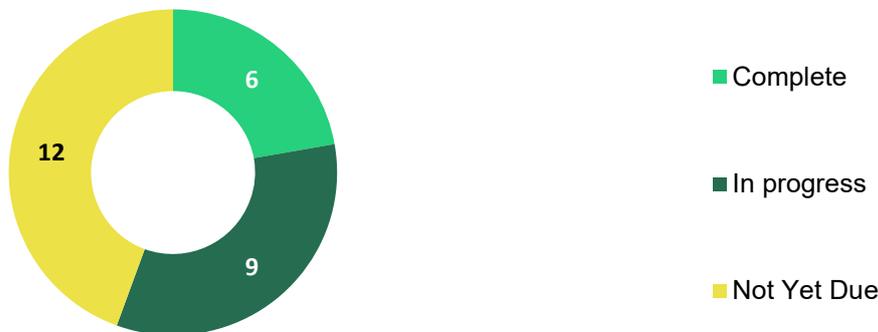
We would like to thank all staff who provided updates for their assistance and co-operation.

Summary of progress

The table below shows the movement in actions included on the Audit Recommendation Tracker, including any outstanding actions brought forward from the previous review in September 2021:

	Number of Actions
Open actions brought forward	16
Actions added to tracker	11
Total actions to follow-up	27
Actions closed	6
Open actions carried forward	21

Status of Actions as at January 2022



We have validated the closure of 6 actions (22%) completed in the period to January 2022. 4 of these actions are higher risk (grade 3 or 4). 12 actions (45%) were not yet due at the time of our validation work, and a further 9 actions (33%) have passed their original due date and have been assessed as In Progress. Further detail on all actions that have passed their original due dates for completion is included at Appendix 2.

We received updates for all actions that had fallen due and agreed revised due dates where applicable.

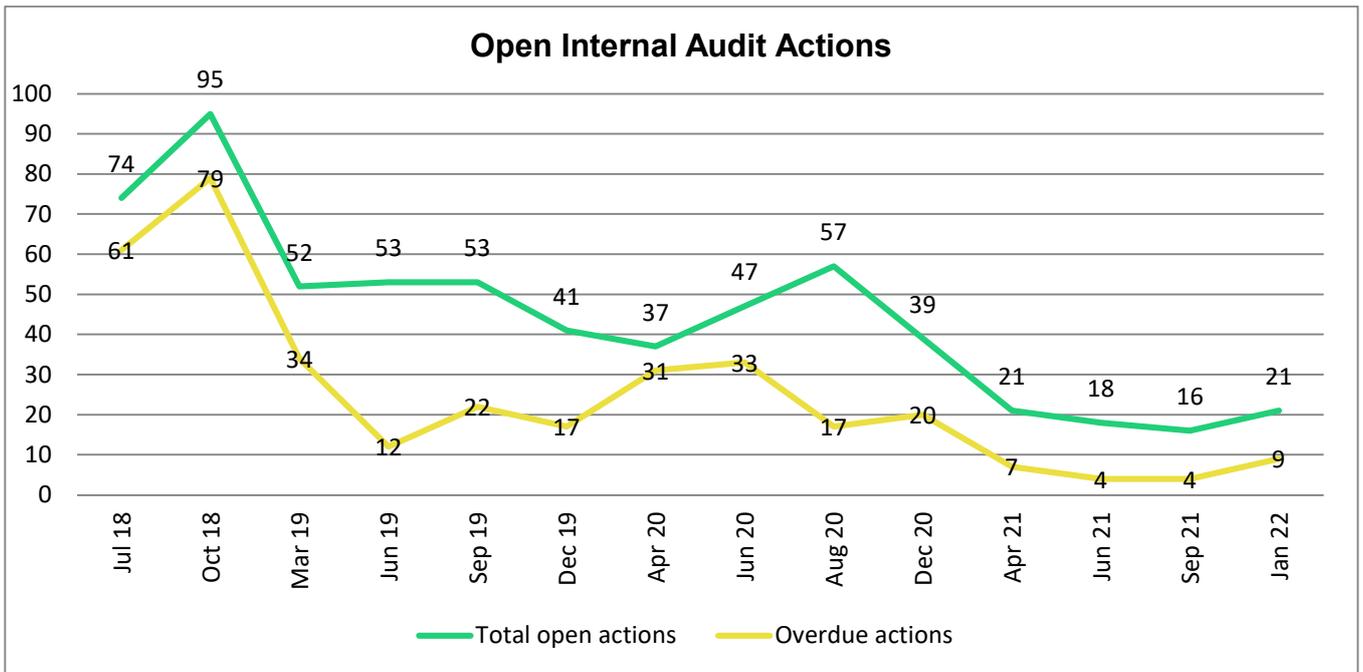
We therefore consider that management has made good progress in implementing agreed audit actions and note that all actions raised in reports pre-dating the 2020/21 audit year have now been implemented.

A summary of the status of actions by report is shown at Appendix 1.

Open Internal Audit actions

The following graph illustrates management’s progress in implementing actions since July 2018. The two lines show the total number of open actions, which includes those not yet due for completion, and the number of overdue actions that have passed their original completion date.

There is an overall downwards trend has continued in both open and overdue actions, following a peak in open actions towards the end of 2020, attributable to the suspension of work not critical to the delivery of operational policing during the response to the COVID-19 pandemic.



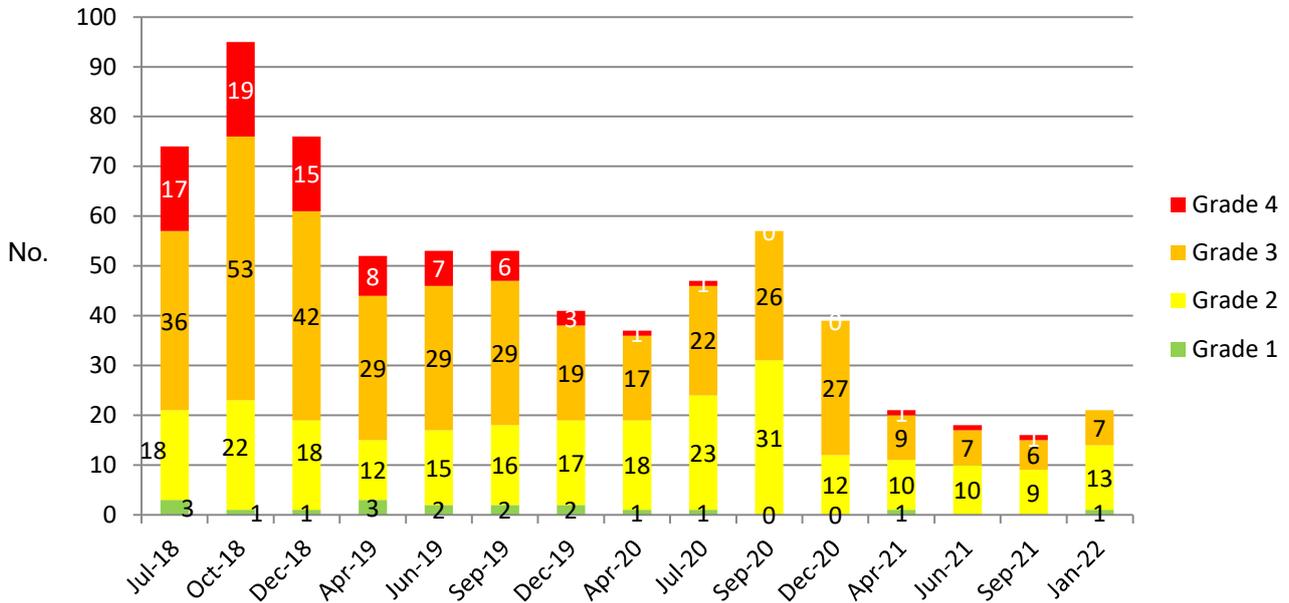
Status by Grading



The seven actions closed this quarter were primarily higher grade (grades 3 and 4). The overdue actions are predominantly Grade 2, with the only high risk (Grade 4) action now being complete. This indicates that management attention is generally being appropriately directed towards the areas of higher risk exposure, as opposed to being concentrated on lower risk recommendations.

Movement in Audit Actions

The graph below prioritises the outstanding actions by grade, as reported in our follow up reports since July 2018.



Appendix 2 sets out the current status of actions classed as “partially complete” or “incomplete” based on updates provided by management.

Appendix 1: Action status by report

Report title	Date of Issue	Audit Sponsor	Total report actions	Completed in previous quarters	Open in Qtr 3	Breakdown of Outstanding actions			
						Complete or no longer applicable	In Progress	Incomplete	Not Yet Due
Data Protection	Jun 20	ACC Professionalism and Assurance Interim Chief Executive	17	14	3	-	3	-	-
Benefits Realisation and Efficiency Targets	Oct 20	Chief Digital Information Officer	11	7	4	2	2	-	-
Forensic Case Management	Nov 20	Director of SPA Forensic Services	3	2	1	-	1	-	-
Performance Management	Jan 21	Director of Strategy and Analysis	7	-	7	-	-	-	7
Home Working Security	Mar 21	SPA CO, PS Deputy CO, Director of Forensics	4	3	1	-	-	-	1
2020-21 Sub Total			42	26	16	2	6	-	8
Environmental Impact	Aug 21	Alan Connell, Chief of Staff to DCO Page	3	-	3	2	-	-	1
Legal Claims Handling	Aug 21	Lynn Brown, SPA Chief Executive DCC Fiona Taylor, People and Professionalism Duncan Campbell, PS Head of Legal Services	8	-	8	2	3	-	3
2021-22 Sub Total			11	-	11	4	3	-	4
TOTAL			53	26	27	6	9	-	12

Appendix 2: Summary of actions past their current due date

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q3 Follow Up	Status
2020/21 Reviews							
Data Protection (SPA)	<p>4.1 Monitoring of compliance with policies and procedures</p> <p>If the additional role is approved, management should establish and implement formal, risk based compliance monitoring of data protection and retention activities.</p>	SPA CEO	3	31/03/2021	30/04/2022	A new staff member has been engaged and will be responsible for audit & compliance. An information management strategy will also be launched early in 2022	In Progress
Data Protection (SPA)	<p>6.1 Monitoring of Training Completion Rates</p> <p>We recommend that the Information Management team requests and receives online training completion rates from Police Scotland on a regular basis e.g. monthly or quarterly. These reports should be reviewed to identify any staff who have not yet completed the training. Those staff who have not completed the training should be reminded to do so. If staff persist in not completing the training, the issue should be escalated to their line manager and then to senior management, if necessary.</p>	Head of IM	2	30/06/2021	31/03/2022	FS will be given the software required to write the training and when launched there will be testing/pass rates and due dates for completion.	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q3 Follow Up	Status
Data Protection (SPA)	<p>7.1 Clarity of decisions taken to inform retention periods within the retention schedule</p> <p>We recommend that where "archive" has been recorded as the retention action, the schedule is updated to record the time period for which the document is required to be easily accessible for processing purposes. We also recommend that the schedule notes the reasoning behind the documented retention action to allow individuals, particularly those who will have to review the Record Retention SOP in the future, to understand where requirements are to meet regulatory and legislative requirements, and where retention periods have been decided on business purposes.</p>	Records Manager	2	31/03/2021	31/03/2022	<p>This action is currently being followed up by both SPA and the PSoS records Manager.</p> <p>As part of the annual review of the records plan we will address this action in the next few months and provide and update in order to close.</p>	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q3 Follow Up	Status
Forensic Case Management	<p>4.1 Prioritisation and agreed timescales for casework</p> <p>The Forensic Service should ensure that the setting of service standards and expected timescales are addressed in the revised MoU. The MoU should specify the service standards required in enough detail that these can be seen to be consistent with the business rules applied by the Forensic Service and effectively monitored. If greater flexibility is required, the MoU could specify a process by which service standards are agreed and reviewed, to allow for these to be revisited without revising the MoU as a whole.</p>	Director of Forensic Services	2	30/04/2021	30/04/2022	Work continues on the development of the MOU with progress updates provided to the FS Committee. The current expectation is that the MOU will be agreed Q3 2021/22.	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q3 Follow Up	Status
Benefits Realisation and Efficiency Targets	<p>3.2 Performance impact of realised benefits</p> <p>We have previously raised recommendations in our 2019/20 review Demand and Productivity that relate to the development of measures of demand and capacity and the implementation of the Resource Allocation Model, which we understand will provide a greater ability to view organisational performance from a productivity and efficiency perspective.</p> <p>In the interim we recommend Police Scotland convert forecast or realised FTE benefits into a clearly articulated performance impact expressed in terms of operational performance metrics. Pending the review and implementation of the Resource Allocation Model, we recognise that there are limitations to the data available to support this, however potential approaches include:</p> <ul style="list-style-type: none"> - Updating Benefit Profiles for benefits which release FTE such that they include a summary of expected impacts to relevant performance metrics and monitoring these in conjunction with benefits data collated by the Project Teams; or - Analysing divisional or organisational performance metrics against volumes of measured capacity or efficiency created in those areas to identify trends. 	Director of Strategy and Analysis Head of Portfolio Management	3	31/12/2021	31/07/2022	<p>Continuous improvement in this area remains ongoing through the refresh of the performance framework and ongoing Strategic and Organisational Assessment processes.</p> <p>Planning for the Strategic Assessment and Organisational Assessment to support the 5 year business plan is underway. The organisational assessment will consider benefits realised to date, working with subject matter experts to assess impact on organisational performance where possible. This will provide an enhanced evidence base for effective reporting.</p>	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q3 Follow Up	Status
Benefits Realisation and Efficiency Targets	<p>5.1 Organisational performance reporting</p> <p>Performance reporting should be revised to reflect realised benefits in terms of their impact on organisational performance. This may be contingent on the implementation of actions to address MAP 3.1 and 4.1, which would provide for the availability of relevant data to carry out this analysis.</p>	Director of Strategy and Analysis	3	31/12/2021	30/06/2022	<p>The Police Scotland Performance Framework and Performance Reporting takes account of productivity/capacity gains where this information is available, working with the DPU, PMO and taking account of Workforce Planning.</p> <p>Separate reports will be provided to the ODDG Board and to SPA Resources Committee reporting organisational impact.</p>	In Progress
2021/22 Reviews							
Legal Claims Handling	<p>3.3 (PS) Version Control</p> <p>As a matter of best practice, we recommend that both teams review their existing documentation, and record:</p> <ul style="list-style-type: none"> The document owner; The date of last review; The date of approval by the appropriate governance group; and The timescale for the documents to be re-reviewed, updated and approved. 	Head of Legal Services	1	31/12/2021	31/03/2022	We will work on the version control of all documentation.	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q3 Follow Up	Status
Legal Claims Handling	<p>4.2 (PS) Reporting Criteria</p> <p>Police Scotland should agree a set of principles for identifying claims of interest to the SPA Legal Committee and PPMB, notwithstanding their potential financial value. These principle should be documented and periodically reviewed. The purpose of the principles should be to provide guidance as to the information needs and expectations of the committees, and not to inhibit the Head of Legal Services from bringing issues to the attention of these groups should they feel it is warranted for other reasons.</p>	Head of Legal Services	2	31/12/2021	31/03/2022	<p>The agreed set of principles align with those set out in the SPA/Police Scotland Joint Memorandum of Understanding (published 30th June 2021).</p> <p>Internal Procedures will be updated to reflect these principles.</p>	In Progress
Legal Claims Handling	<p>5.1 Police Scotland Review of Claim Outcomes</p> <p>We recommend that Police Scotland adopt a process which documents any retrospective review of Legal Claims which is performed, and any outcome or action. The review process should be based on a defined and documented set of principles, agreed with stakeholder groups.</p>	Head of Legal Services	2	31/12/2021	01/09/2022	<p>Completion of this action is related to the implementation of an organisational learning framework (action 5.2). The revised due date has been set to align with this action.</p>	In Progress

Appendix 3: Audit Risk Categorisations

Management action grades

4	•Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.
3	•High risk exposure - absence / failure of key controls that create significant risks within the organisation.
2	•Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.
1	•Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.

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