

Meeting	SPA Audit, Risk and Assurance Committee
Date	4 May 2022
Location	By video-conference
Title of Paper	Internal Audit Update
Presented By	John McNellis, Head of Finance Audit and Risk Gary Devlin, Azets
Recommendation to Members	For consultation
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 provides an update on delivery of the internal audit plan for 2021/22.
- 2.2 The plan includes 11 assignments, excluding follow up, of which all have now been fully completed with the final three reviews being reported to this meeting of the ARAC.
- 2.3 Progress of the internal audit assignments and reporting to ARAC aligns with previously reported timescales.
- 2.4 Internal audits KPI's are outlined in the report. Two KPIS's (3/4) continue to show as 'Amber' which is consistent with the KPI reporting from the previous quarter.
 - 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).
- 2.5 Finally the report also outlines forthcoming changes to the internal audit team for 2022/23 as well as initial planning for three assignments in quarter one of 2022/23.

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 on recommendations graded 3 (high risk) and above.
- 2.7 The total number of open actions has moved as follows:

Actions	Number of actions:
Previously open (Q3)	21
Add new	33
Less closed	(18)
Remaining open (Q4)	36

- 2.8 In their report, Azets note that management has made good progress in implementing agreed audit actions. In particular all actions pre-dating the 2020/21 audit year have now been completed.
- 2.9 There are six overdue actions, which is a reduction from the previous quarter from nine overdue. Full detail of the overdue actions and an update on the action is included within appendix two of the progress report.

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
May 2022



Scottish Police Authority

Internal Audit Progress Report

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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

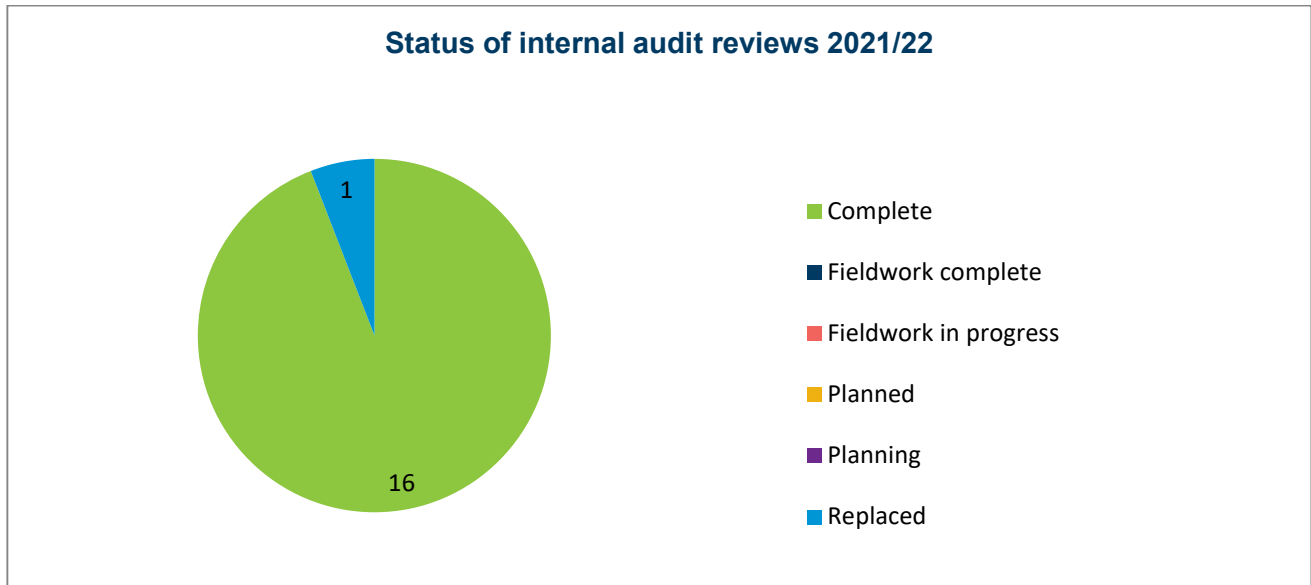
An additional meeting of the Audit, Risk and Assurance Committee was held in March 2022, at which final reports were presented for:

- A.1 Core Financial Controls IFRS Preparation
- C.4 Procurement and Tendering
- C.9 Strategic Planning
- Forensic Services – Data Security Review

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

- B.2 SPRM
- C.5 Health and Safety
- D.3 ICT Service Delivery
- G.4 Follow Up Q4

This concludes the audit programme for 2021/22 and so we provide our annual opinion.



Plan for Quarter 1 of 2022/23

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

- C.12 Vetting
- A.1 Core Financial Systems (Receivables, Cash and Treasury Management)
- D.2 Business Continuity Planning
- G.4 Q1 Follow-Up

Change to Internal Audit Team Personnel

Gary Devlin and Matt Swann will be stepping back from active involvement with SPA with these roles being taken over by Elizabeth Young and Rachael Weir. These changes in personnel have been discussed with management and going forward Elizabeth and Rachael will attend Audit, Risk and Assurance Committee meetings. Paul Kelly and Andrew Diffin will remain part of the Internal Audit team in their respective roles.

Gary and Matt would like to extend their thanks to all involved for an enjoyable and valuable working experience of their period working with SPA and Police Scotland.

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.

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Amendment to 2021/22 Plan

At the request of Management and the ARAC, we conducted an additional review of Data Security within the Forensics Service, the report of which was presented to the private session of the March 2022 meeting of the ARAC.

The resource for this additional review was reallocated from time remaining within the 2021/22 plan allocated to Contingency and ad-hoc work. As such there is no net change to the contracted amount of resource.

Plan	Change (days)	Scope
Contingency	-7.5	
H.3 Reporting, ad-hoc meetings and other liaison	-2.5	
Forensic Services – Data Security	+9	Please refer to the private session papers of the March 2022 meeting of the ARAC.
NET CHANGE	+/-0	

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	Complete	Q4	May 22	Mar 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	Complete	Q4	May 22	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	Complete	Q4	May 22	Mar 22
C.5 Health and Safety	DCC Professionalism Head of Health and Safety	Complete	Q4	May 22	May 22
C.9 Strategic Planning	Director of Strategy and Analysis Head of Strategy and Innovation	Complete	Q3	Jan 22	Mar 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	Complete	Q4	May 22	May 22

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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	Complete	Q4	May 22	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 January 2022.

Description	Instructed by	Fees since last update	Cumulative fee (including this period)
COP26 Assurance	James Gray, CFO	£2,665	£75,284
Total		£2,665	£75,284

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	Reports have been issued an average of 11 working days after completion of fieldwork. 4 reports have been issued outside timescale.
4. Management responses are received within 15 working days and final report issued within 10 working days.	AMBER	<p>Management Responses have been received in an average of 11 days so far in the period 2021/22.</p> <p>Final reports have been issued an average of 9 working days after initial receipt of management responses. This excludes Strategic Planning, which was finalised 58 days after the initial receipt of management responses.</p>
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

Q4 2021-22

April 2022



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Scottish Police Authority

Internal Audit Report

Management Action Follow-up – Q4 2021-22

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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 (SPA) 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 Q4 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 PS 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 January 2021:

	Number of Actions
Open actions brought forward	21
Actions added to tracker	33
Total actions to follow-up	54
Actions closed	18
Open actions carried forward	36

Status of Actions as at April 2022



We have validated the closure of 18 actions (33%) completed in the period to April 2022. 5 of these actions are higher risk (grade 3 or 4). 30 actions (56%) were not yet due at the time of our validation work, and a further 6 actions (11%) 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.

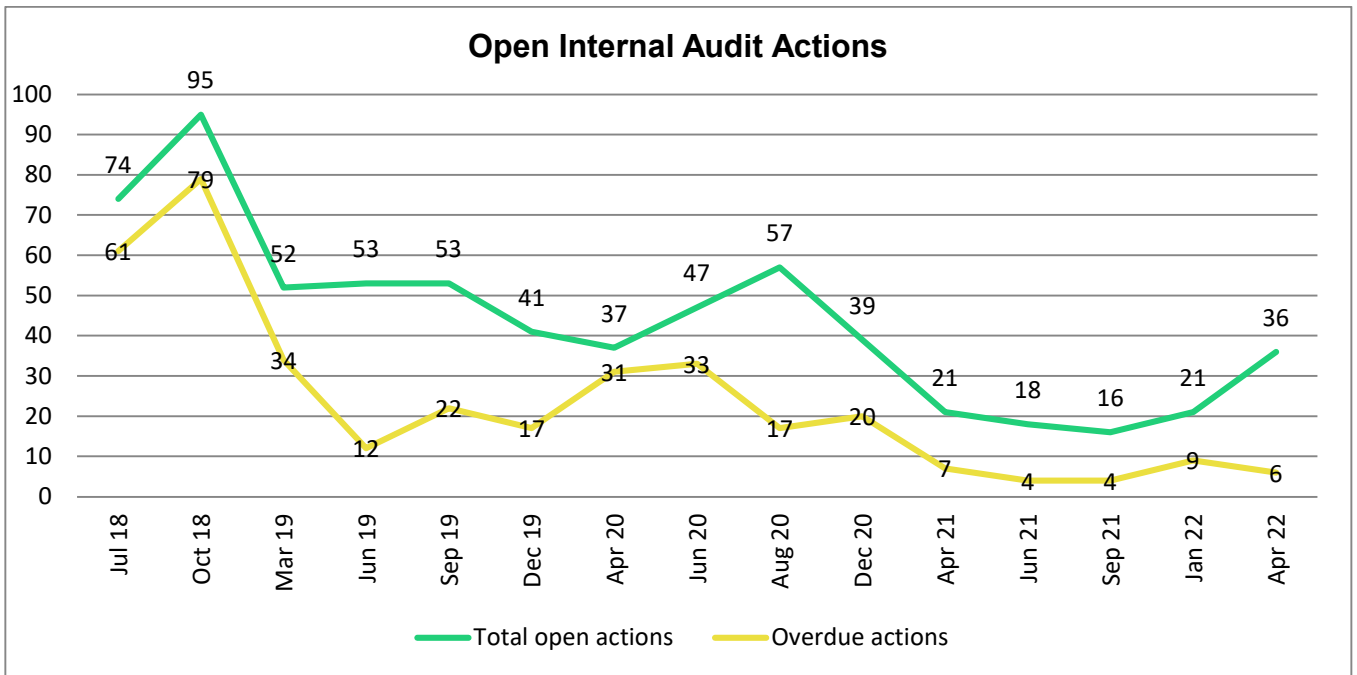
We therefore consider that management has made good progress in implementing agreed audit actions and note that all actions raised in reports pre-dating the 2020/21 audit year have now been implemented. Actions which have passed their original due date represent a minority of the currently open actions.

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

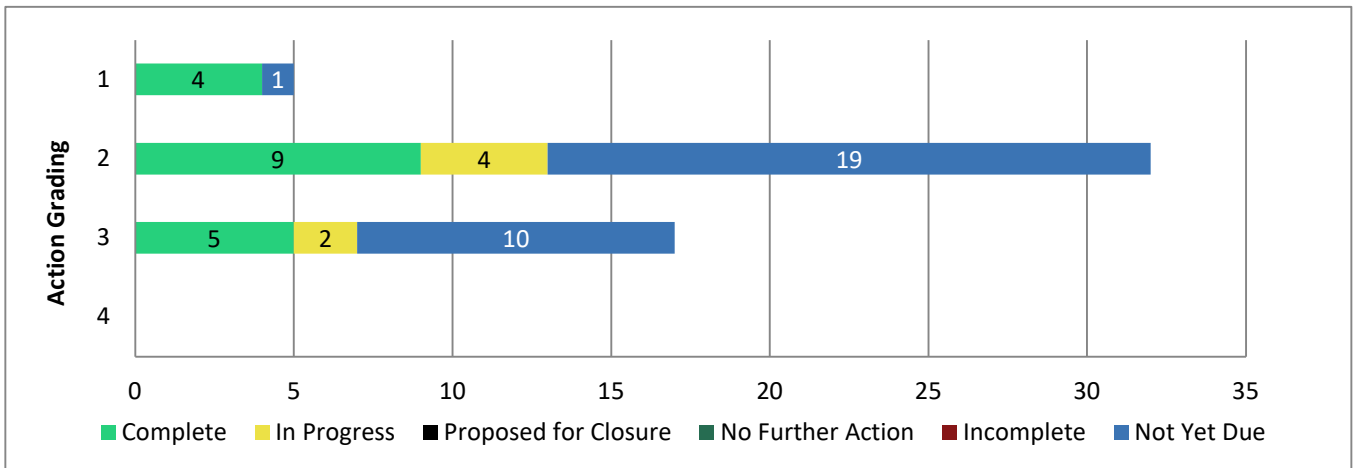
Open Internal Audit actions

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.



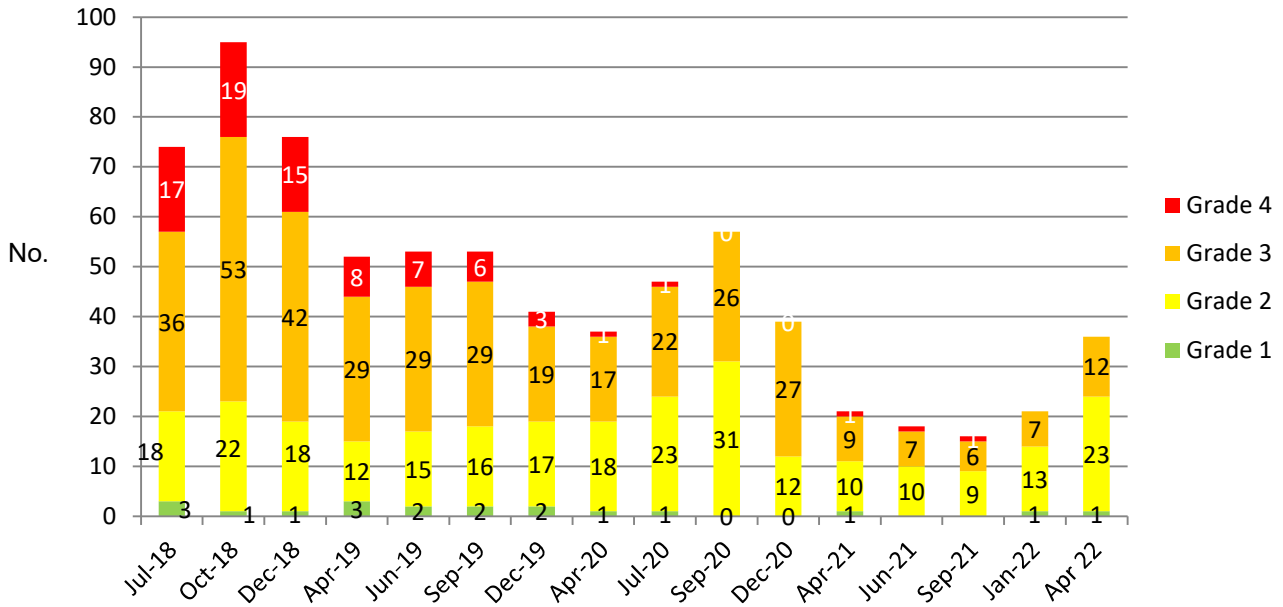
Status by Grading



There are no Grade 4 actions currently open, and the majority of open actions have not yet fallen due. Of those actions that have fallen due, the majority are 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 4	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	1	2	-	-
Benefits Realisation and Efficiency Targets	Oct 20	Chief Digital Information Officer	11	9	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	2	-	-	5
Home Working Security	Mar 21	SPA CO, PS Deputy CO, Director of Forensics	4	3	1	-	-	-	1
2020-21 Sub Total			42	28	14	3	5	-	6
Environmental Impact	Aug 21	Alan Connell, Chief of Staff to DCO Page	3	2	1	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	2	6	3	-	-	3
Data Quality and Integrity	Sept 21	Alan Speirs, ACC Professionalism and Assurance	6	-	6	1	1	-	4
Overtime and Allowances	Dec 21	Jude Helliker, Director of People and Development	4	-	4	2	-	-	2
Estates Management	Dec 21	James Gray, Chief Financial Officer Phil Collard, Head of Estates	7	-	7	3	-	-	4
Strategic Planning	Dec 21	Tom McMahon, Director of Strategy and Analysis Amanda Coulthard, SPA Head of Strategy and Performance	4	-	4	1	-	-	3
Core Financial Systems (IFRS16)	Feb 22	James Gray, Chief Financial Officer	5	-	5	2	-	-	3
Forensic Services Data Security Review	Mar 22	John McNellis, SPA Head of Finance, Audit and Risk	5	-	5	-	-	-	5
Procurement and Tendering	Jan 22	James Gray, Chief Financial Officer	2	-	2	2	-	-	-
2021-22 Sub Total			44	4	40	15	1	-	24
TOTAL			86	32	54	18	6	-	30

Appendix 2: Summary of actions past their current due date

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q4 Follow Up	Status
2020/21 Reviews							
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	30/06/2022	<p>There have been ongoing issues with PSoS ICT in terms of the procurement and delivery of the software required to develop and deliver the mandatory training. As yet the software has not been procured or deployed.</p> <p>Expected delivery Early May 2022 and IM training will be the first programme written.</p>	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q4 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	31/05/2022	<p>This action is currently being followed up by both SPA and the PSoS records Manager.</p> <p>The Information Management team now has another resource in place to help assist with these recommendations.</p> <p>As part of the Information Management Strategy we are engaging with Forensic Services to ensure that these actions are completed.</p>	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q4 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	30/09/2022	<p>Progress on development of the MOU continues to be provided to the FS Committee.</p> <p>Current timescale is for a status report on the final draft will be provided to the April 2022 Forensic Committee.</p>	In Progress

<p>Benefits Realisation and Efficiency Targets</p>	<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. 	<p>Director of Strategy and Analysis Head of Portfolio Management</p>	<p>3</p>	<p>31/12/2021</p>	<p>31/07/2022</p>	<p>The performance framework 2022/23 refresh is underway. Discussions have taken place and will continue in relation to how to embed organisational benefits and the associated performance impact and metrics. The performance framework refresh will include mapping of transformation programmes/projects to our Outcomes which will be reported on by exception through our Quarterly Performance Reporting to SPA. This will be strengthened by the ongoing development of our Force Strategic Assessment 2023/28, which includes an organisational section. This will be the evidence base for Police Scotland's planning going forward and will provide enhanced evidence to underpin a new enhanced performance framework that will be developed to cover 2023/28 with annual refreshes.</p>	<p>In Progress</p>
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Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q4 Follow Up	Status
						<p>These Performance Framework Refresh 2022/23, Force Strategic Assessment 2023/28 and Performance Framework 2023/28 can be provided as evidence in due course.</p>	

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q4 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	The delivery of this recommendation is closely aligned with the recommendation and supporting products as described for recommendation 3.2.	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q4 Follow Up	Status
2021/22 Reviews							
Data Quality and Integrity	<p>4.1 Availability of the data standards catalogue</p> <p>We recommend that the Data Standards Catalogue is made available to all staff on the intranet. We also recommend certain staff, such as those involved in project management or operational staff, are sent targeted internal communications around data standards in order to increase awareness.</p>	Head of Data Strategy	2	31/03/2022	30/06/2022	<p>The catalogue is ready for publication on the intranet, but requires Corporate Comms resources to enable.</p> <p>This has been requested and is expected imminently</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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