



<b>Meeting</b>	<b>Audit, Risk and Assurance Committee</b>
<b>Date</b>	<b>6 February 2024</b>
<b>Location</b>	<b>By video-conference</b>
<b>Title of Paper</b>	<b>Internal Audit Plan</b>
<b>Presented By</b>	<b>John McNellis, Head of Finance, Audit and Risk Claire Robertson, BDO</b>
<b>Recommendation to Members</b>	<b>For Approval</b>
<b>Appendix Attached</b>	<b>Appendix A: SPA overview of the internal audit planning process Appendix B: BDO internal audit plan (2024/25)</b>

**PURPOSE**

To provide Members with an introduction and overview of the internal audit planning process for the year ahead, providing assurance of the robust approach undertaken.

To provide Members with the proposed internal audit plan for 2024/25 for consideration and recommendation for approval.

*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 approval.*

## 1. BACKGROUND

- 1.1 Public Sector Internal Audit Standards (“PSIAS”) require the Chief Internal Auditor to produce an annual, risk-based audit plan, which takes into account the risk management framework and the strategic objectives of the SPA and Police Scotland, and the views of senior managers and the ARAC.
- 1.2 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 Board, through the ARAC, that the key risks to the achievement of SPA’s and PS’s objectives are being managed effectively.
- 1.3 Internal audit provides a crucial role in the SPA’s four lines of defence assurance model and a key aim of the plan is to provide assurance on the overall adequacy and effectiveness of the framework of: governance, risk management and control as required to prepare the annual governance statement.

## 2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 SPA officials have worked with internal audit on the development of the proposed plan. This also included seeking the view of key partners including: Police Scotland, HMICS and external audit.
- 2.2 **Appendix A** provides an overview of the approach taken to develop the plan including the scrutiny and challenge undertaken by the SPA.
- 2.3 BDO have prepared a draft internal audit plan at **Appendix B**.
- 2.4 SPA officials including the Accountable Officer endorse this plan for the Audit Risk and Assurance committee consideration and approval.

## 3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications from this report, however, the implementation of some actions are likely to require financial resources.
- 3.2 The cost of providing the internal audit service is included in the draft 2024/25 budget.

**4. PERSONNEL IMPLICATIONS**

4.1 There are no specific personnel implications associated with this paper. There are P&D focused internal audit reviews that will consider personnel implications.

**5. LEGAL IMPLICATIONS**

5.1 There are no specific 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 outcome of internal audit work.

**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.

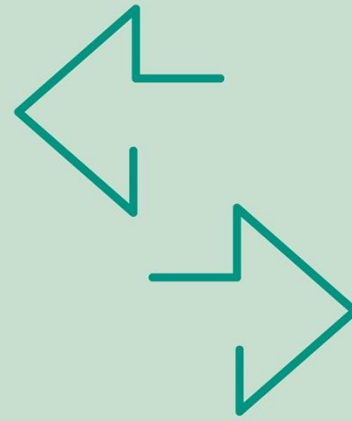
**RECOMMENDATIONS**

Members are requested to consider and approve the internal audit plan for 2024/25.

# Appendix A

## SPA overview of internal audit planning process

**FEBRUARY 2024**

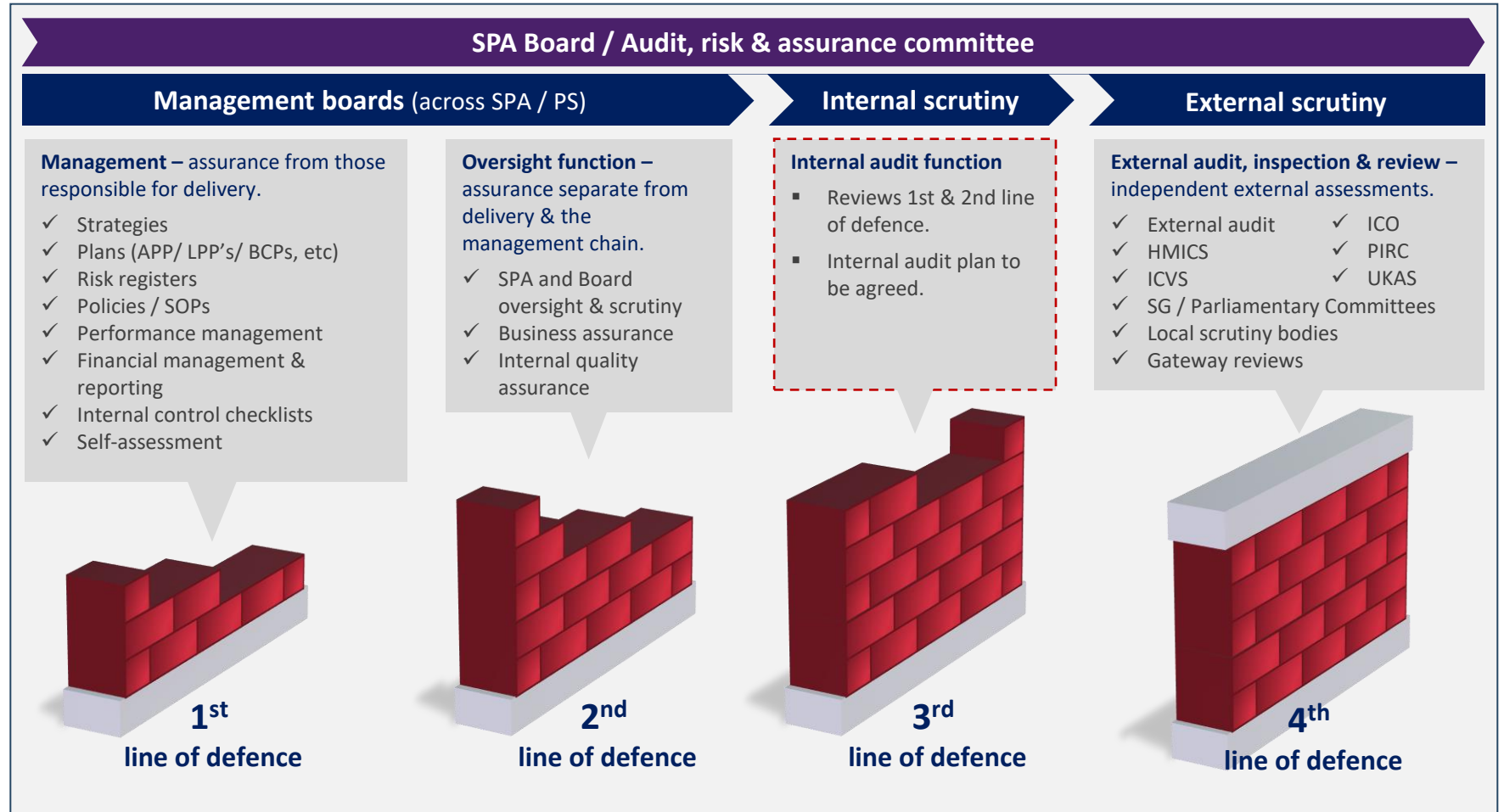


# Context

## SPA excellence framework

The SPA's excellence framework is based on the four lines of defence model. It shows the key sources of assurance for management and the ARAC / Board.

This report focuses on the **third line of defence**; assurance provided to the service and Members by independent internal auditors.



# Context

## Strategic assurance maps

### Background

The SPA uses our strategic assurance maps as a framework to guide internal audit planning across the four lines of defence.

In addition, at the end of the financial year and in line with the timeline for the annual report and accounts, SPA officials will evaluate the actual levels of assurance received and bring together in a single report the findings from all key assurance sources (ie an integrated assurance statement).

### Assurance maps for planning

The SPA has prepared updated strategic assurance maps (see appendices) that show the initial planned assurance activities anticipated to be conducted during 2024/25. These appendices are again shown through the three assurance lenses (based on strategic risk, objectives and business areas).

A collaborative internal audit planning workshop was held in November with attendees from: SPA, Police Scotland, BDO, HMICS and external audit. This allowed all providers to input their thoughts on risk areas, priorities and seek to avoid areas of duplication.

### Internal audit

BDO were appointed at the Authority's independent internal auditor from 1 April 2023. This will be their second year as internal auditor, however, this is the first time that they were involved in the detailed audit planning for the year ahead.

The development of the internal audit plan adhered to BDO's audit planning methodology which included their own audit universe and risk assessment to inform planning for the year ahead.

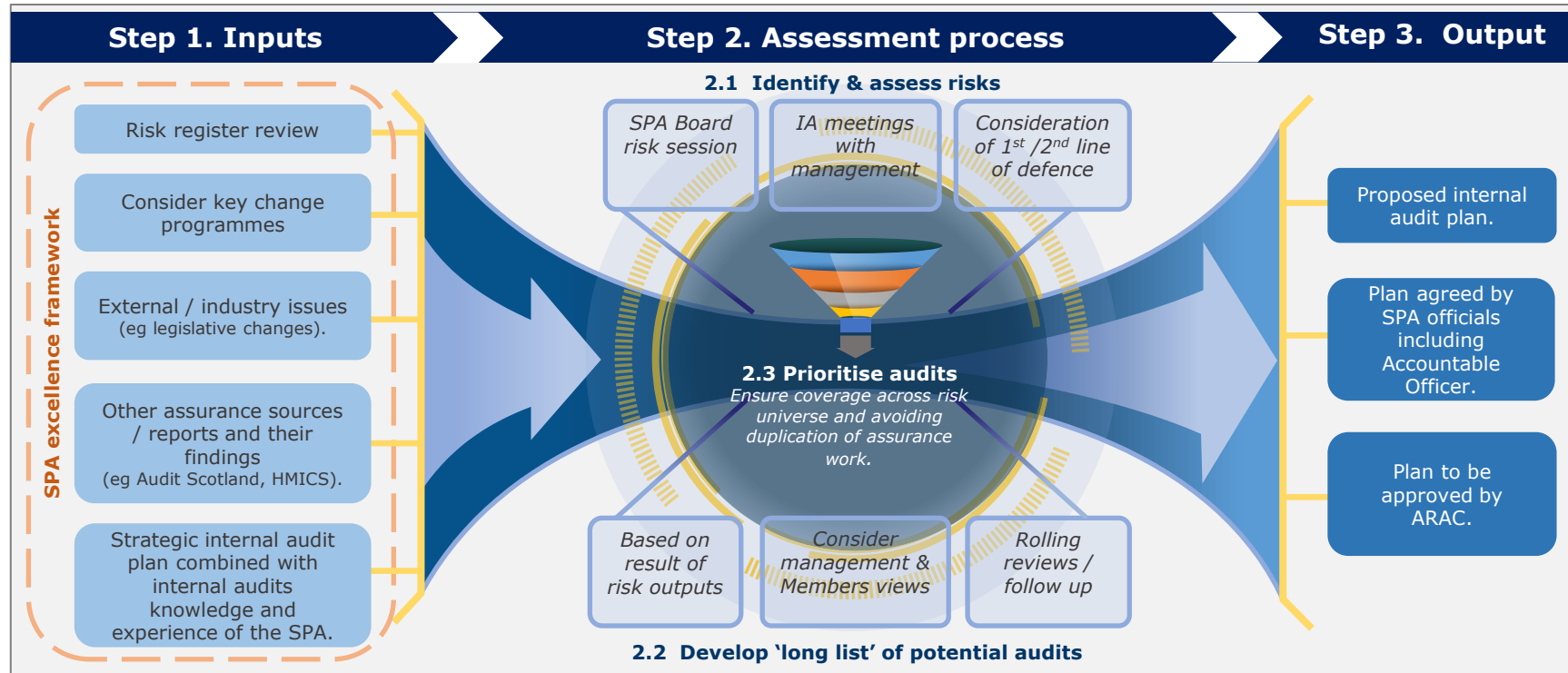
### Background: benefits of assurance maps

- *During planning*
  - Key elements over which assurance is required;
  - The assurance activity that is being undertaken across the organisation (quantum not quality);
  - The 'four lines of defence' - detail of who provides assurance;
  - Gaps in that assurance (risks and controls not covered) that need to be either filled or accepted; and
  - Overlaps in assurance (where efficiency gains could be made).
- *During follow up:*
  - Evidence of management confidence in their assertions;
  - Evidence of the quality and outcome of assurance activity;
  - Allows ARAC to provide a view on the state of internal controls;



# Context

## Internal audit planning process



This diagram summarises the planning and assurance processes to set the 2024/25 internal audit plan.

### Ongoing SPA officials oversight

- The SPA's head of finance, audit and risk has responsibility for overseeing the routine internal audit provision.
- SPA staff have been involved in the development of the internal audit plan and are assured that a robust process has been followed that has considered: risk, wider internal/ external issues, feedback from Members/ management and achieves appropriate coverage across the 'audit universe'.
- SPA will continue to monitor the delivery of internal audits throughout the year.

# Context

## Summary of proposed internal audit plan

### Internal audit plan

- Following the methodology outlined, BDO have proposed an internal audit plan for 2024/25.
- The SPA has been involved in its development, considered this plan and agrees that it provides **appropriate coverage** across the audit universe and appropriately **responds to risk** whilst taking account of consideration from Members and management alike.
- The plan includes eleven proposed audits plus follow up across various functions, risks and themes per the SPA excellence framework.
- There is also a small contingency included in the plan. This will allow additional audits to be commissioned by ARAC should an issue arise during the year.
- SPA officials including the Accountable Officer endorse this plan for the ARAC for approval.

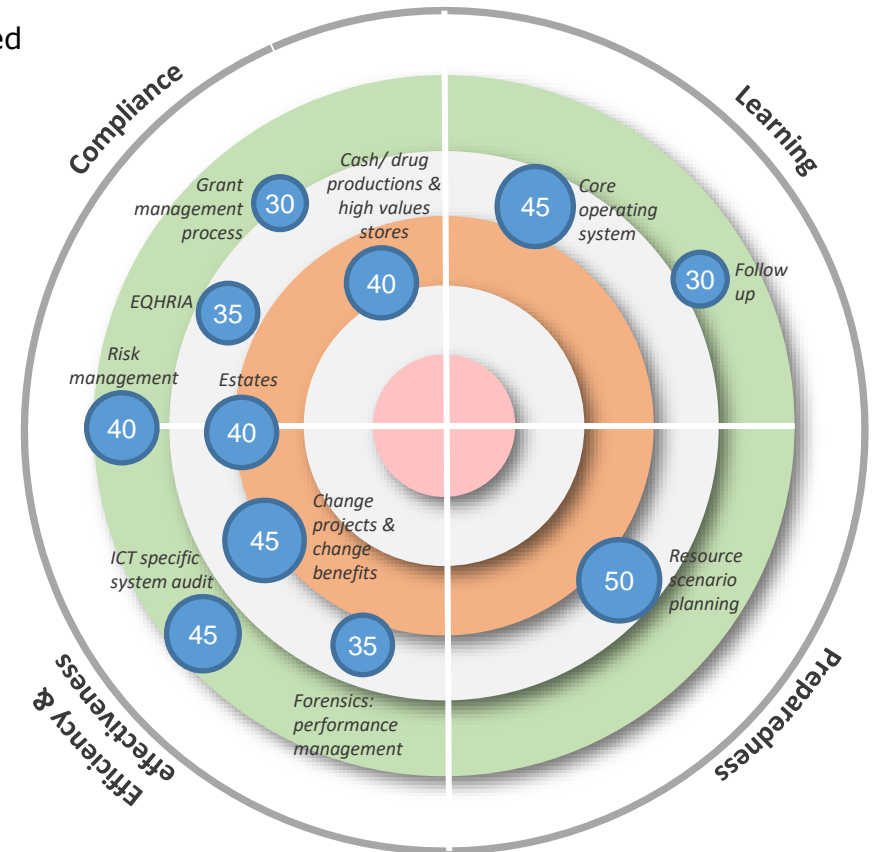
### Ongoing monitoring

- SPA officials will continue to oversee the performance of the internal audit plan.
- This ongoing monitoring will involve:
  - ✓ overview and input to audit scope documents;
  - ✓ considering performance against KPI's;
  - ✓ conducting a sample of post audit performance reviews with auditees.

### Risk radar

- Summary of planned internal audits classified by the excellence framework themes with higher risk focused audits towards centre.

*\* Note the number in each circle reflects the number of days proposed and note most audits will consider more than one theme eg compliance and learning.*







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# Appendices

## Authority's strategic assurance maps

# Authority's strategic assurance map

## Strategic risk

This summarises the planned assurance activities for 2024/25 relative to the Board strategic risks.

- High assurance planned
- Moderate assurance planned
- Low assurance planned
- Limited / no assurance activity planned

		1 Management	2 Oversight function*	3 Internal audit	4 External audit, inspection & review				
		Business as usual activity	PS risk, assurance & inspection team	Internal audit plan		HMICS scrutiny plan		External audit	PIRC
		<ul style="list-style-type: none"> <li>Risk register</li> <li>Policies / SOPS</li> <li>Performance management Internal governance SPA oversight</li> <li>Annual assurance statements</li> <li>Annual / local policing plan</li> <li>BCP</li> </ul>	<ul style="list-style-type: none"> <li>Conduct assurance reviews of business areas.</li> <li>Detailed follow up and monitoring of all audit and assurance activities.</li> </ul> <p><b>FS quality team</b></p> <ul style="list-style-type: none"> <li>Assurance reviews and supporting UKAS inspections</li> </ul>	<ul style="list-style-type: none"> <li>Grants received management</li> <li>Resource scenario planning</li> <li>EQHRIA</li> <li>Estates</li> <li>Change projects and change benefits</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Core operating system</li> <li>ICT system audit</li> <li>Forensics performance management</li> <li>Cash/ drug productions &amp; high value stores</li> </ul>	<ul style="list-style-type: none"> <li>Domestic abuse (phase 2)</li> <li>HR governance &amp; policies</li> <li>Public contact &amp; engagement</li> <li>Strategy &amp; performance</li> <li>Cyber &amp; online fraud</li> <li>SPA forensic services</li> </ul>	<ul style="list-style-type: none"> <li>Frontline focus                             <ul style="list-style-type: none"> <li>a. Training</li> <li>b. Role of an officer</li> <li>c. Tools of the trade</li> </ul> </li> <li>Joint inspections of custody</li> <li>Joint inspect of adult support protection &amp; children at risk of harm</li> </ul>	<ul style="list-style-type: none"> <li>Statutory external audit</li> </ul> <p><i>Wider scope:</i></p> <ul style="list-style-type: none"> <li>Vision, leadership &amp; governance</li> <li>Financial management / sustainability</li> <li>Use of resources to improve outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Investigations &amp; complaints handling as required.</li> </ul> <p><b>UKAS</b></p> <ul style="list-style-type: none"> <li>Independent accreditation of forensic services</li> </ul>
Board strategic risks	SPA Leadership role in continuous improvement.								
	SPA accountability for Police Scotland								
	SPA accountability for Forensic Services								
	SPA Financial								
	SPA Governance								
	Joint outcomes								





\*SPA committees and the Board provide a second line of defence oversight role for all areas.

\*\*All levels of assurance grading represent SPA officials professional judgement of the overall level of assurance planned, recognising that assurance work will consider specific aspects of each risk.

# Authority's strategic assurance map

## Strategic priority / outcomes

This summarises the planned assurance activities for 2024/25 relative to the **strategic police priorities and strategic outcomes**.

-  High assurance planned
-  Moderate assurance planned
-  Low assurance planned
-  Limited / no assurance activity planned

		1 Management	2 Oversight function*	3 Internal audit		4 External audit, inspection & review			
		Business as usual activity	PS risk, assurance & inspection team	Internal audit plan		HMICS scrutiny plan		External audit	PIRC
		<ul style="list-style-type: none"> <li>Risk register</li> <li>Policies / SOPS</li> <li>Performance management</li> <li>Internal governance SPA oversight</li> <li>Annual assurance statements</li> <li>Annual / local policing plan</li> <li>BCP</li> </ul>	<ul style="list-style-type: none"> <li>Conduct assurance reviews of business areas.</li> <li>Detailed follow up and monitoring of all audit and assurance activities.</li> </ul>	<ul style="list-style-type: none"> <li>Grants received management</li> <li>Resource scenario planning</li> <li>EQHRIA</li> <li>Estates</li> <li>Change projects and change benefits</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Core operating system</li> <li>ICT system audit</li> <li>Forensics performance management</li> <li>Cash/ drug productions &amp; high value stores</li> </ul>	<ul style="list-style-type: none"> <li>Domestic abuse (phase 2)</li> <li>HR governance &amp; policies</li> <li>Public contact &amp; engagement</li> <li>Strategy &amp; performance</li> <li>Cyber &amp; online fraud</li> <li>SPA forensic services</li> </ul>	<ul style="list-style-type: none"> <li>Frontline focus               <ul style="list-style-type: none"> <li>a. Training</li> <li>b. Role of an officer</li> <li>c. Tools of the trade</li> </ul> </li> <li>Joint inspections of custody</li> <li>Joint inspect of adult support protection &amp; children at risk of harm</li> </ul>	<ul style="list-style-type: none"> <li>Statutory external audit</li> <li><i>Wider scope:</i> <ul style="list-style-type: none"> <li>Vision, leadership &amp; governance</li> <li>Financial management / sustainability</li> <li>Use of resources to improve outcomes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Investigations &amp; complaints handling as required.</li> </ul>
			<b>FS quality team</b>						<b>UKAS</b>
			<ul style="list-style-type: none"> <li>Assurance reviews and supporting UKAS inspections</li> </ul>						<ul style="list-style-type: none"> <li>Independent accreditation of forensic services</li> </ul>
Strategic police priorities	Strategic outcomes (Joint strategy for policing)								
<ul style="list-style-type: none"> <li>Crime &amp; security</li> <li>Evidence</li> </ul>	1. Threats to public safety and wellbeing are resolved by a proactive and responsive police service. 2. The needs of local communities are addressed through effective service delivery.								
<ul style="list-style-type: none"> <li>Confidence</li> <li>Partnerships</li> </ul>	3. The public, communities and partners are engaged, involved and have confidence in policing.								
<ul style="list-style-type: none"> <li>People</li> </ul>	4. Our people are supported through a positive working environment, enabling them to serve the public.								
<ul style="list-style-type: none"> <li>Sustainability</li> </ul>	5. Police Scotland is sustainable, adaptable and prepared for future challenges.								





\*SPA committees and the Board provide a second line of defence oversight role for all areas.

















































\*\*All levels of assurance grading represent SPA officials professional judgement of the overall level of assurance planned, recognising that assurance work will consider specific aspects of each risk.

# Authority's strategic assurance map

## Business area

This summarises the planned assurance activities for 2024/25 relative to the high-level business areas.

-  High assurance planned
-  Moderate assurance planned
-  Low assurance planned
-  Limited / no assurance activity planned

	1 Management	2 Oversight function*	3 Internal audit		4 External audit, inspection & review			
	Business as usual activity	PS risk, assurance & inspection team	Internal audit plan		HMICS scrutiny plan		External audit	PIRC
	<ul style="list-style-type: none"> <li>Risk register</li> <li>Policies / SOPS</li> <li>Performance management Internal governance SPA oversight</li> <li>Annual assurance statements</li> <li>Annual / local policing plan</li> <li>BCP</li> </ul>	<ul style="list-style-type: none"> <li>Conduct assurance reviews of business areas.</li> <li>Detailed follow up and monitoring of all audit and assurance activities.</li> </ul> <p><b>FS quality team</b></p> <ul style="list-style-type: none"> <li>Assurance reviews and supporting UKAS inspections</li> </ul>	<ul style="list-style-type: none"> <li>Grants received management</li> <li>Resource scenario planning</li> <li>EQHRIA</li> <li>Estates</li> <li>Change projects and change benefits</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Core operating system</li> <li>ICT system audit</li> <li>Forensics performance management</li> <li>Cash/ drug productions &amp; high value stores</li> </ul>	<ul style="list-style-type: none"> <li>Domestic abuse (phase 2)</li> <li>HR governance &amp; policies</li> <li>Public contact &amp; engagement</li> <li>Strategy &amp; performance</li> <li>Cyber &amp; online fraud</li> <li>SPA forensic services</li> </ul>	<ul style="list-style-type: none"> <li>Frontline focus                             <ul style="list-style-type: none"> <li>a. Training</li> <li>b. Role of an officer</li> <li>c. Tools of the trade</li> </ul> </li> <li>Joint inspections of custody</li> <li>Joint inspect of adult support protection &amp; children at risk of harm</li> </ul>	<ul style="list-style-type: none"> <li>Statutory external audit</li> </ul> <p><i>Wider scope:</i></p> <ul style="list-style-type: none"> <li>Vision, leadership &amp; governance</li> <li>Financial management / sustainability</li> <li>Use of resources to improve outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Investigations &amp; complaints handling as required.</li> </ul> <p><b>UKAS</b></p> <ul style="list-style-type: none"> <li>Independent accreditation of forensic services</li> </ul>
SPA Corporate								
SPA Forensic Services								
PS: Local Policing								
PS: Crime & Operational Support								
PS: People & Professionalism								
PS: Corporate Services, Strategy & Change								

\*SPA committees and the Board provide a second line of defence oversight role for all areas.

\*\*All levels of assurance grading represent SPA officials professional judgement of the overall level of assurance planned, recognising that assurance work will consider specific aspects of each risk.



SCOTTISH POLICE AUTHORITY, POLICE SCOTLAND AND FORENSIC SERVICES

# INTERNAL AUDIT PLAN 2024 - 2025

JANUARY 2024

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**Restrictions of use:** The matters raised in this document are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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# INTRODUCTION

## Background

2023-2024 has been a year of transition for the Internal Audit service, as we took over the full outsourced Internal Audit services for the Scottish Police Authority (SPA), Police Scotland (PS) and Forensic Services (FS) from the previous provider, delivering the previously agreed plan.

Our approach to internal audit, as set out in BDO's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our approach complies with best professional practice, in particular, the United Kingdom's Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing, and the Chartered Institute of Internal Auditors' (CIIA) International Professional Practices Framework (IPPF) Code of Ethics and International Standards, and the Public Sector Internal Audit Standards (PSIAS).

The purpose of this paper is to present the output of our audit needs assessment, the draft 2024-2025 audit plan, and the three-year audit strategy, for management and the Audit & Risk Assurance Committee (ARAC) to review and provide input on the proposed topics.

## Internal Audit at SPA, PS and FS

Our role as Internal Auditors is to provide an independent, objective assurance, and consulting activity, designed to add value and improve an organisation's operations. We are focused on helping management to improve risk management, governance and internal control mechanisms, so reducing the effects of any significant risks facing the organisation.

Responsibility for SPA and PS's internal control arrangements remain fully with management, who should recognise that Internal Audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud.

The Audit & Risk Assurance Committee (ARAC) should use this document to confirm they are comfortable with the risks determined by management, management's assessment of the level of risk exposure and the mitigations that management have documented are in place and operating effectively.

## Strategic Planning Approach

Our risk-based approach to Internal Audit uses the organisation's own risk management processes as a starting point for audit planning, as this represents the organisation's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the organisation's own risk management arrangements.

In establishing the Internal Audit Strategy, we have sought to further clarify our initial understanding of the operations at the organisation, together with its risk profile in the context of:

- The overall strategy and objectives of the organisation;
- Key challenges facing the organisation, by reviewing the standing risk registers and discussion with Senior Management;
- Key areas where management wish to monitor performance and the manner in which performance is measured;
- Financial and non-financial measurements and indicators of such performance;
- The information required to 'run the organisation'.

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# 1. INTERNAL AUDIT APPROACH

## Our Risk Based Planning Approach for 2024-2025

The 2024-2025 Internal Audit (IA) plan has been created to exhibit the planned Internal Audits to be conducted within the audit year.

The 2024-2025 Internal Audit plan was formed using a variety inputs (e.g. the risk register; strategic documents), along with our own knowledge and understanding of the organisation's priorities, and our own ongoing assessment of risks.

As part of the planning process to align the plan to the organisation's needs, the Internal Audit team consulted with the Leadership Team and Senior Management to discuss the key areas of focus and concern for the organisation in 2024 - 2025. We also consulted with HMICS and Audit Scotland to understand their areas of work and ensure our work is avoiding duplication.

We also reviewed the previous IA plan which included a schedule for 2024 - 2025, and through discussions with management we confirmed the reviews to be carried forward into this plan. Note that some reviews have been phased into the later years of the three-year strategy to allow developments in projects and regulations to be introduced.

## Types of internal audit reviews

During our planning, we have considered the most appropriate type of reviews and indicated this in the Internal Audit plan. The five main types of review are:

- **Risk Aligned Audit Activities:** Assurance reviews that will provide an opinion over both the design and operational effectiveness of the internal controls in place for corporate risk areas.
- **Key Policy Assurance:** Compliance testing and assurance of the organisations' key policies to help building a culture of compliance and accountability across the business.
- **Controls Assurance of Key Processes & Systems:** Controls testing, and assurance of key processes and systems selected from the Audit Universe on a risk prioritised basis.
- **Assurance Over Change:** Considering key change initiatives, capital expenditure and mission critical projects where assurance may be required as to progress made, realisation of notable benefits, and being delivered in line with good practice.
- **Follow Up Of Previous Audit Activities:** Management's agreed actions in response to each audit periodically followed up to ensure that they have been properly implemented as agreed and to escalate any concerns regarding their implementation to management and the ARAC.

## Individual Audits

In determining the timing of our individual audits, we will seek to agree a date most convenient to the relevant teams in the organisation and which ensures the availability of key stakeholders. Once this plan is agreed we will discuss priorities and workloads with management and re-issue the plan including the proposed phasing of our internal audit work.

For each audit, we will identify the key objectives of the area subject to audit and the risks of those objectives not being met. We will assess the 'unmitigated' risk (i.e. before the operation of the controls in place) and, having identified and tested those controls, evaluate the 'mitigated' risk. This will enable us to confirm that the control infrastructure does reduce risk to a level that the organisation is comfortable with.

## Variations to the Audit Plan

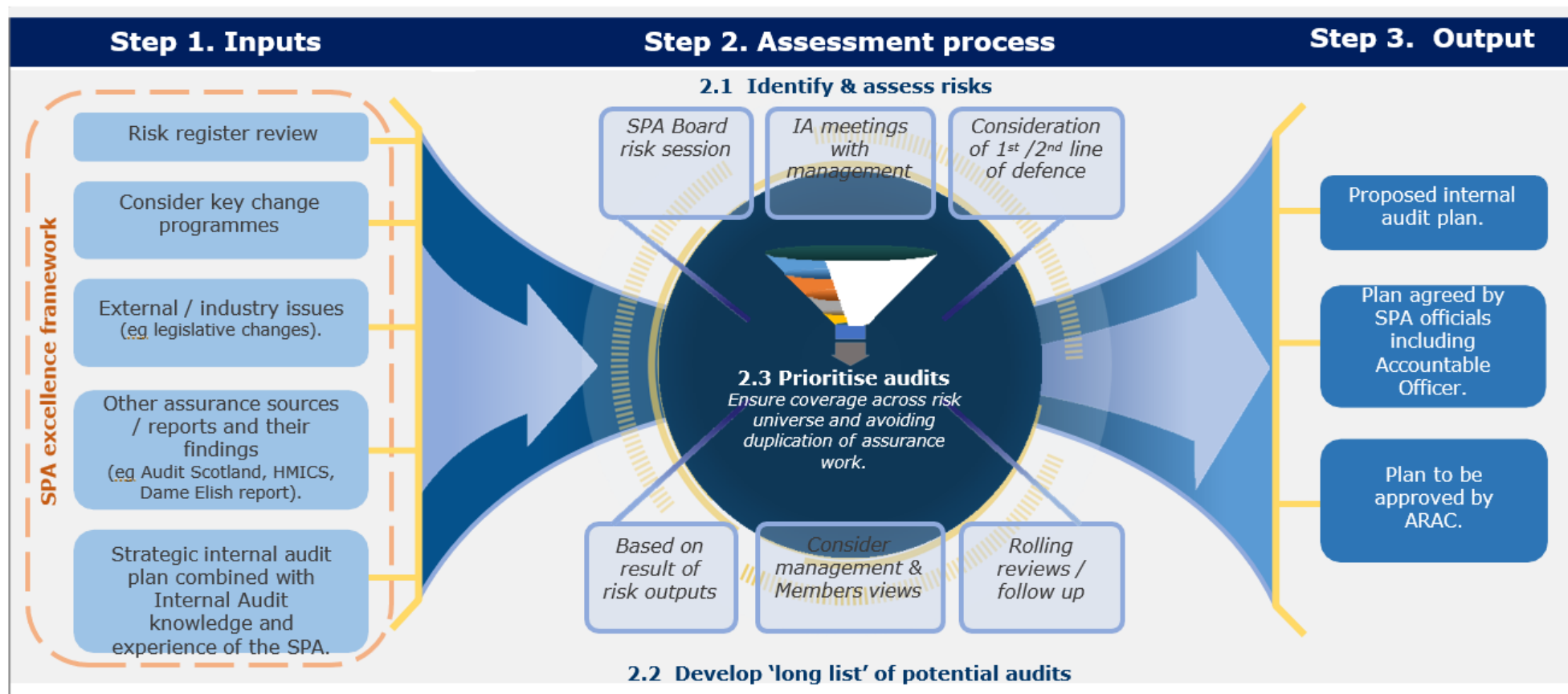
We will continue to keep the Internal Audit Plan under review throughout the year. We will highlight for consideration any significant areas of risk identified during that period, which may need to be included as part of the annual plan.

We acknowledge that variations to this plan may arise if the organisation's strategic priorities, risk profile or governance arrangements change. Approval will be sought from the ARAC before any changes to the IA Plan are made.



## 2. INTERNAL AUDIT PLANNING PROCESS

We have followed the process below when developing our IA plan.



## 3. INTERNAL AUDIT RESOURCES & OUTPUTS

### Staffing

The Core Internal Audit Delivery Management Team has been set out below. The team will be supported by specialists from BDO LLP’s national Digital & Risk Advisory Services (DRAS) team and the wider firm, as and when appropriate.

#### Central Team

NAME	ENGAGEMENT ROLE	CONTACT DETAILS
Claire Robertson	Head of Internal Audit	Claire.Robertson@bdo.co.uk
Lucy Zhang	Senior Manager	Lucy.Zhang@bdo.co.uk
Lewis McGuire	Assistant Manager	Lewis McGuire@bdo.co.uk

#### Core Delivery Team

NAME	ENGAGEMENT ROLE	CONTACT DETAILS
Sean Morrison	Audit Manager	Sean.Morrison@bdo.co.uk
Gemma Macleod	Audit Manager	Gemma.Macleod@bdo.co.uk
Lewis McGuire	Audit Manager	Lewis McGuire@bdo.co.uk
Tom O’Hara	Auditor	Tom.O’Hara@bdo.co.uk
Joe Reid	Auditor	Joe.Reid@bdo.co.uk
Henry Newman	Auditor	Henry.Newman@bdo.co.uk
Bennet Le Riche	Auditor	Bennet.Lerliche@bdo.co.uk

As part of our quality review process, all the audit reports issued are subject to second Partner review.

### Working Protocols

We have defined operating protocols for managing each assignment. These can be found in Appendix IV. The procedures take account of how we will communicate with stakeholders before, during and after each audit, and the process we go through to create and confirm our reports and recommendations to improve the economy, efficiency and effectiveness of the organisation’s activities.

#### Internal Audit Communications

Strong communication is fundamental to quality delivery and for maintaining trusting relationships with our stakeholders. We communicate with management in full accordance with agreed protocols, including during annual meetings to confirm the audit programme for the forthcoming year, and regular update meetings to evaluate progress and discuss activities and priorities.

During audit assignments, we hold planning meetings in person or by video conference, by phone or by email to discuss the terms of reference and scope prior to commencement of any fieldwork, and hold debrief meetings at the conclusion of each piece of fieldwork to discuss audit findings and resolve any outstanding issues.

### Internal Audit Charter

We have formally defined Internal Audit’s purpose, authority and responsibility in an Internal Audit Charter, which can be found in Appendix III. The Charter establishes Internal Audit’s position within the organisation and defines the scope of its activities.

#### Reporting to the ARAC

We will submit the annual Internal Audit Plan for discussion and approval by the ARAC. We will liaise with the business stakeholders, as appropriate, to ensure that IA reports summarising the results of our audits are presented at the most appropriate ARAC meeting.

Following completion of the IA Plan for each year, we will produce an Internal Audit Annual Report summarising our key findings and evaluating our performance in accordance with agreed service requirements.

#### Definitions

We define in Appendix V our approach for grading individual audit findings and overall audit reports. These definitions have been designed to make the ratings clear to both the Internal Audit team and audit stakeholders.



INTERNAL AUDIT PLAN - 2024 - 2025

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## 4. INTERNAL AUDIT PLAN - 2024 -2025

Set out below is the Internal Audit plan for 2024 - 2025. Executive sponsors from SPA, PS and FS(where relevant) will be assigned to each review. The Executive sponsors will be responsible for identifying the relevant colleagues who should be involved in each stage of the Internal Audit review (e.g., planning, fieldwork, reporting, follow up.).

The budgeted number of days is subject to change, following the completion of the planning stage of each review and will be charged at the agreed blended day rate.

Business Area	Internal Audit Plan	Primary Source	Proposed Executive Sponsor(s)	Budgeted Days
Finance	Grant Receiving Process: Management Process & Controls	Risk register, Audit assessment and management request	TBC	30
People and Development	Resourcing Scenario Planning (include Duty Modifications)	Risk register, Audit assessment, and management request	TBC	50
Service Delivery	Equality and Human Rights Impact Assessment (EQHRIA)	Audit assessment, and management request	TBC	35
Change Programme	Implementation of Change Projects and Realisation of the Change benefits	Risk register, Audit assessment, and management request	TBC	45
Risk Management	Risk Management Review	Audit assessment, and management request	TBC	40
ICT and Change Programme	COS - Crime Operating System	Audit assessment, and management request	TBC	45
Forensic Services	Forensic Performance Management and Performance	Risk register, Audit assessment and management request	TBC	35
Corporate Support Services	Estates and Asset Management	Risk register, Audit assessment	TBC	40
Operational and Specialist Support	Cash and Drug Productions and High Value Store	Risk register, Audit assessment and management request	TBC	40
ICT	Place Holder	Risk register, Audit assessment	TBC	45
N/A	Follow Ups	N/A	TBC	20
			<b>Total</b>	<b>425</b>

## 4. INTERNAL AUDIT PLAN - 2024 - 2025 (CONT.)

For each review which forms part of the proposed Internal Audit plan for 2024 - 2025, we have outlined a high-level scope for illustration purposes to support the planning phase.. The Executive sponsors will be responsible for identifying the relevant colleagues who should be involved in each stage of the Internal Audit review (e.g., planning, fieldwork, reporting, follow up.).

RISK REVIEW	HIGH LEVEL SCOPE	EXEC SPONSOR(S)
Grant Receiving Process: Management Process & Controls	An audit of a financial area will be included in each year of the plan. In FY24 we will review processes surrounding grant receipts, to ensure grant expenditure is accurately recorded and used in accordance with conditions and intended purpose.	TBC
Resourcing Scenarios Planning (include Duty Modifications)	We will conduct a review on resource planning, particularly the scenario planning undertaken in line with Police Scotland strategy. This is considered a high-risk area of the organisation. We will also include Duty Modifications as part of review. Given the increasing level of duty modifications going forward, the review will evaluate whether the organisation has a clear strategy and operating model to support the increase and make sure officers have suitable deployments.	TBC
Equality and Human Rights Impact Assessment (EQHRIA)	We will assess the arrangements in place to comply with regulation on equalities, specifically the completion of EQHRIAs. We will assess whether those completing them are appropriately skilled, trained and equipped to complete assessments appropriately, and the quality assurance arrangements applied to them.	TBC
Implementation of Change Projects and Realisation of the Change benefits	Implementation of change projects will be critical to the success of the organisation. We will assess the control environment relating to management of change programmes, including assessment of organisational capacity and capability to implement change, the change management processes applied, and the benefits tracking, and realisation methodology applied. We will consider the findings raised as part of Decision Making, Budget Setting and Investment Prioritisation, and FMOR reviews in the scoping of the FY24 audits.	TBC
Risk Management Review	We will assess the risk management arrangements and provide management with advice and recommendations for improving the arrangements further. The deliverables will include an internal audit report and a populated risk management maturity model, to demonstrate to management in detail the maturity status and actions which can be taken to further develop the risk management processes.	TBC

## 4. INTERNAL AUDIT PLAN - 2024 - 2025 (CONT.)

RISK REVIEW	HIGH LEVEL SCOPE	EXEC SPONSOR(S)
COS - Crime Operating System	COS has been one of the biggest IT projects within the organisation and it has taken 2.5 years to implement. Upon completion of the system implementation, we are looking to conduct a review in FY24 to understand whether the organisation is using the system to its full capacity, and achieving the benefits it was intended to achieve.	TBC
Forensic Performance Management and Performance	An audit of the Forensic Service will be included in each year of the plan. In FY24, we will review processes surrounding Forensic Performance management and reporting, to evaluate the effectiveness of Forensics' monitoring and reporting of their performance in accordance with the agreed KPIs.	TBC
Estates and Asset Management	This is a high-risk area within the organisation. We understand that management are aware of issues around estates management and are conducting a self-review to provide a plan to address the issues. We will assess the estates strategy, and planned and preventative maintenance programme, including compliance monitoring arrangements and will assess whether any improvement plans in place are being delivered.	TBC
Cash and Drug Productions and High Value Store	Cash and Drug Productions and High Value Store are high-risk area for the organisation, which have not been reviewed for a long period. We will assess the control arrangements applied in these areas to secure productions and make effective use of resources for store items.	TBC
Place Holder	An audit of ICT will be included in each year of the plan. In FY24, we will conduct a review to satisfy the requirement. Given the ITGC audit is ongoing for FY23, we are looking to finalise the scope of review for FY24 after completing the FY23 review, to incorporate the FY23 review findings into the FY24 planning.	TBC
Follow Up	The effectiveness of internal control systems may be compromised if management fails to implement agreed audit recommendations. Our follow up work will provide the Audit & Risk Committee with assurance that recommendations are implemented within the expected timescales.	TBC

## 4. INTERNAL AUDIT PLAN - 2024 -2025 (CONT.)

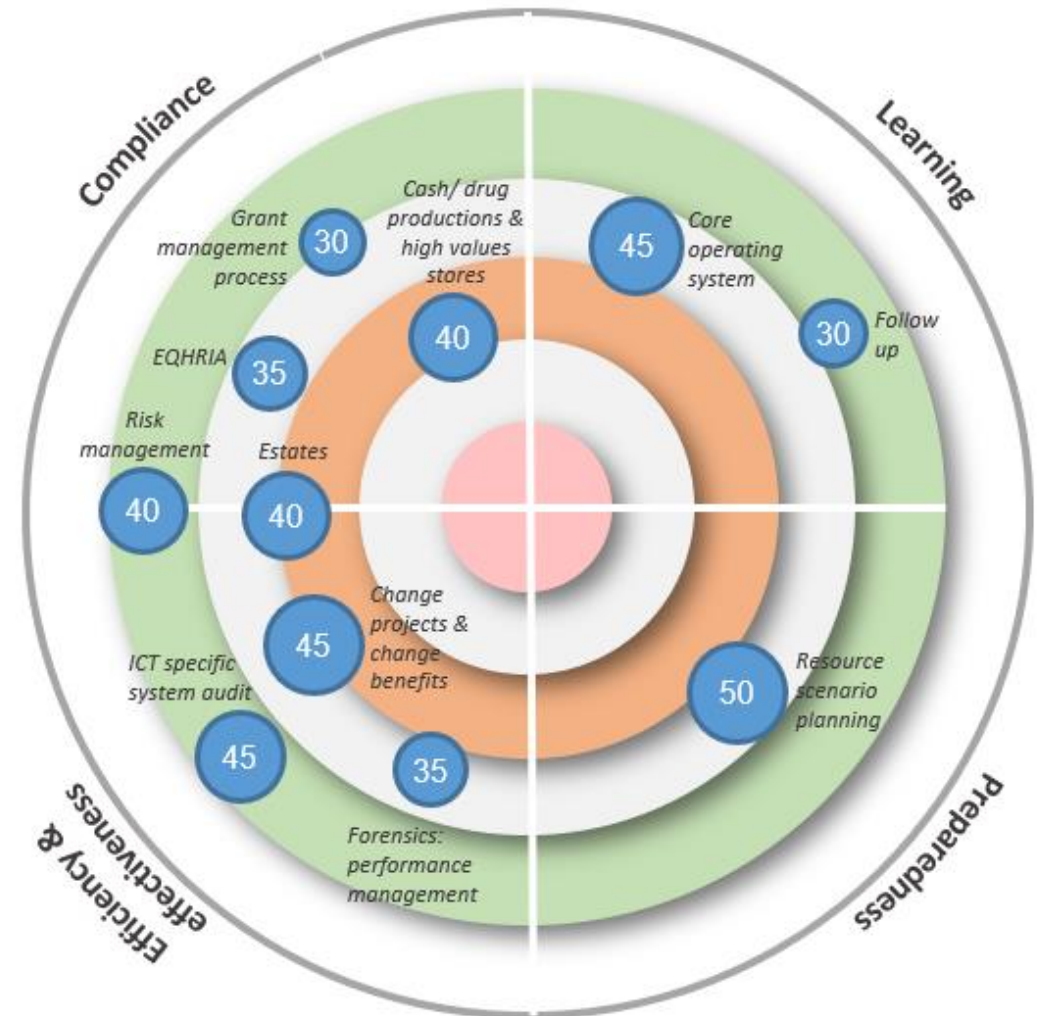
### Internal Audit Plan

- Following the methodology outlined in the slide above, BDO have proposed an Internal Audit Plan for 2024/2025.
- Throughout the planning phase we have worked closely with SPA and PS to ensure the plan provides appropriate coverage across the audit universe and appropriately respond to risk whilst taking account of desired assurance from Members and Management alike.
- The plan includes eleven proposed audits plus follow up across various functions, risks and themes per the SPA excellence framework.
- There is also a small contingency included in the plan. This will allow additional audits to be commissioned by ARAC should an issue arise during the year.

### Risk Radar

The risk radar opposite provides a summary of planned internal audits classified by the excellence framework themes, with higher risk focused audits detailed towards the centre.

*\* Note the number in each circle reflects the number of days proposed and note most audits will consider more than one theme e.g. compliance and learning.*



## 5. INTERNAL AUDIT DRAFT SCHEDULE

The chart below sets out the proposed delivery schedule for the 2024-2025 Internal Audit plan. The specific timetable will be confirmed with all stakeholders.

INTERNAL AUDIT	APR 24	MAY 24	JUN 24	JUL 24	AUG 24	SEP 24	OCT 24	NOV 24	DEC 24	JAN 25	FEB 25	MAR 25	APR 25	MAY 25
Grant Receiving Process: Management Process & Controls														
Resourcing Scenarios Planning (include Duty Modifications)														
Equality and Human Rights Impact Assessment (EQHRIA)														
Implementation of Change Projects and Realisation of the Change benefits														
Risk Management Review														
COS - Crime Operating System														
Forensic Performance Management and Performance														
Estates and Asset Management														
Cash and Drug Productions and High Value Store														
ICT Place Holder														
Follow Ups														

**Keys:**

- Proposed Timeline
- ARAC Reporting Deadline





APPENDICES

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# APPENDIX I - ORANISATION ASSURANCE MAPPING

This summarises the planned assurance activities for 2024/25 relative to the Board strategic risks.

-  High assurance planned
-  Moderate assurance planned
-  Low assurance planned
-  Limited / no assurance activity planned





		1 Management	2 Oversight function*	3 Internal audit	4 External audit, inspection & review				
		Business as usual activity	PS risk, assurance & inspection team	Internal audit plan		HMICS scrutiny plan		External audit	PIRC
		<ul style="list-style-type: none"> <li>Risk register</li> <li>Policies / SOPS</li> <li>Performance management Internal governance SPA oversight</li> <li>Annual assurance statements</li> <li>Annual / local policing plan</li> <li>BCP</li> </ul>	<ul style="list-style-type: none"> <li>Conduct assurance reviews of business areas.</li> <li>Detailed follow up and monitoring of all audit and assurance activities.</li> </ul> <p><b>FS quality team</b></p> <ul style="list-style-type: none"> <li>Assurance reviews and supporting UKAS inspections</li> </ul>	<ul style="list-style-type: none"> <li>Grants received management</li> <li>Resource scenario planning</li> <li>EQHRIA</li> <li>Estates</li> <li>Change projects and change benefits</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Core operating system</li> <li>ICT system audit</li> <li>Forensics performance management</li> <li>Cash/ drug productions &amp; high value stores</li> </ul>	<ul style="list-style-type: none"> <li>Domestic abuse (phase 2)</li> <li>HR governance &amp; policies</li> <li>Public contact &amp; engagement</li> <li>Strategy &amp; performance</li> <li>Cyber &amp; online fraud</li> <li>SPA forensic services</li> </ul>	<ul style="list-style-type: none"> <li>Frontline focus                             <ul style="list-style-type: none"> <li>a. Training</li> <li>b. Role of an officer</li> <li>c. Tools of the trade</li> </ul> </li> <li>Joint inspections of custody</li> <li>Joint inspect of adult support protection &amp; children at risk of harm</li> </ul>	<ul style="list-style-type: none"> <li>Statutory external audit</li> </ul> <p><i>Wider scope:</i></p> <ul style="list-style-type: none"> <li>Vision, leadership &amp; governance</li> <li>Financial management / sustainability</li> <li>Use of resources to improve outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Investigations &amp; complaints handling as required.</li> </ul> <p><b>UKAS</b></p> <ul style="list-style-type: none"> <li>Independent accreditation of forensic services</li> </ul>
Board strategic risks	SPA Leadership role in continuous improvement.								
	SPA accountability for Police Scotland								
	SPA accountability for Forensic Services								
	SPA Financial								
	SPA Governance								
	Joint outcomes								









































\*SPA committees and the Board provide a second line of defence oversight role for all areas.

\*\*All levels of assurance grading represent SPA officials professional judgement of the overall level of assurance planned, recognising that assurance work will consider specific aspects of each risk.

# APPENDIX I - ORANISATION ASSURANCE MAPPING

This summarises the planned assurance activities for 2024/25 relative to the **strategic police priorities and strategic outcomes**.

-  High assurance planned
-  Moderate assurance planned
-  Low assurance planned
-  Limited / no assurance activity planned





Strategic police priorities	Strategic outcomes (Joint strategy for policing)	1 Management	2 Oversight function*	3 Internal audit	4 External audit, inspection & review				
		Business as usual activity	PS risk, assurance & inspection team	Internal audit plan	HMICS scrutiny plan		External audit	PIRC	
		<ul style="list-style-type: none"> <li>Risk register</li> <li>Policies / SOPS</li> <li>Performance management</li> <li>Internal governance SPA oversight</li> <li>Annual assurance statements</li> <li>Annual / local policing plan</li> <li>BCP</li> </ul>	<ul style="list-style-type: none"> <li>Conduct assurance reviews of business areas.</li> <li>Detailed follow up and monitoring of all audit and assurance activities.</li> </ul> <p><b>FS quality team</b></p> <ul style="list-style-type: none"> <li>Assurance reviews and supporting UKAS inspections</li> </ul>	<ul style="list-style-type: none"> <li>Grants received management</li> <li>Resource scenario planning</li> <li>EQHRIA</li> <li>Estates</li> <li>Change projects and change benefits</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Core operating system</li> <li>ICT system audit</li> <li>Forensics performance management</li> <li>Cash/ drug productions &amp; high value stores</li> </ul>	<ul style="list-style-type: none"> <li>Domestic abuse (phase 2)</li> <li>HR governance &amp; policies</li> <li>Public contact &amp; engagement</li> <li>Strategy &amp; performance</li> <li>Cyber &amp; online fraud</li> <li>SPA forensic services</li> </ul>	<ul style="list-style-type: none"> <li>Frontline focus                             <ul style="list-style-type: none"> <li>a. Training</li> <li>b. Role of an officer</li> <li>c. Tools of the trade</li> </ul> </li> <li>Joint inspections of custody</li> <li>Joint inspect of adult support protection &amp; children at risk of harm</li> </ul>	<ul style="list-style-type: none"> <li>Statutory external audit</li> </ul> <p><i>Wider scope:</i></p> <ul style="list-style-type: none"> <li>Vision, leadership &amp; governance</li> <li>Financial management / sustainability</li> <li>Use of resources to improve outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Investigations &amp; complaints handling as required.</li> </ul> <p><b>UKAS</b></p> <ul style="list-style-type: none"> <li>Independent accreditation of forensic services</li> </ul>
<ul style="list-style-type: none"> <li>Crime &amp; security</li> </ul>	1. Threats to public safety and wellbeing are resolved by a proactive and responsive police service.								
<ul style="list-style-type: none"> <li>Evidence</li> </ul>	2. The needs of local communities are addressed through effective service delivery.								
<ul style="list-style-type: none"> <li>Confidence</li> <li>Partnerships</li> </ul>	3. The public, communities and partners are engaged, involved and have confidence in policing.								
<ul style="list-style-type: none"> <li>People</li> </ul>	4. Our people are supported through a positive working environment, enabling them to serve the public.								
<ul style="list-style-type: none"> <li>Sustainability</li> </ul>	5. Police Scotland is sustainable, adaptable and prepared for future challenges.								

















































\*SPA committees and the Board provide a second line of defence oversight role for all areas.

\*\*All levels of assurance grading represent SPA officials professional judgement of the overall level of assurance planned, recognising that assurance work will consider specific aspects of each risk.

# APPENDIX I - ORANISATION ASSURANCE MAPPING

This summarises the planned assurance activities for 2024/25 relative to the high-level **business areas**.

-  High assurance planned
-  Moderate assurance planned
-  Low assurance planned
-  Limited / no assurance activity planned

	1 Management	2 Oversight function*	3 Internal audit		4 External audit, inspection & review			
	Business as usual activity	PS risk, assurance & inspection team	Internal audit plan		HMICS scrutiny plan		External audit	PIRC
	<ul style="list-style-type: none"> <li>Risk register</li> <li>Policies / SOPS</li> <li>Performance management Internal governance SPA oversight</li> <li>Annual assurance statements</li> <li>Annual / local policing plan</li> <li>BCP</li> </ul>	<ul style="list-style-type: none"> <li>Conduct assurance reviews of business areas.</li> <li>Detailed follow up and monitoring of all audit and assurance activities.</li> </ul> <p><b>FS quality team</b></p> <ul style="list-style-type: none"> <li>Assurance reviews and supporting UKAS inspections</li> </ul>	<ul style="list-style-type: none"> <li>Grants received management</li> <li>Resource scenario planning</li> <li>EQHRIA</li> <li>Estates</li> <li>Change projects and change benefits</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Core operating system</li> <li>ICT system audit</li> <li>Forensics performance management</li> <li>Cash/ drug productions &amp; high value stores</li> </ul>	<ul style="list-style-type: none"> <li>Domestic abuse (phase 2)</li> <li>HR governance &amp; policies</li> <li>Public contact &amp; engagement</li> <li>Strategy &amp; performance</li> <li>Cyber &amp; online fraud</li> <li>SPA forensic services</li> </ul>	<ul style="list-style-type: none"> <li>Frontline focus                             <ul style="list-style-type: none"> <li>a. Training</li> <li>b. Role of an officer</li> <li>c. Tools of the trade</li> </ul> </li> <li>Joint inspections of custody</li> <li>Joint inspect of adult support protection &amp; children at risk of harm</li> </ul>	<ul style="list-style-type: none"> <li>Statutory external audit</li> </ul> <p><i>Wider scope:</i></p> <ul style="list-style-type: none"> <li>Vision, leadership &amp; governance</li> <li>Financial management / sustainability</li> <li>Use of resources to improve outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Investigations &amp; complaints handling as required.</li> </ul> <p><b>UKAS</b></p> <ul style="list-style-type: none"> <li>Independent accreditation of forensic services</li> </ul>
SPA Corporate								
SPA Forensic Services								
PS: Local Policing								
PS: Crime & Operational Support								
PS: People & Professionalism								
PS: Corporate Services, Strategy & Change								

\*SPA committees and the Board provide a second line of defence oversight role for all areas.

\*\*All levels of assurance grading represent SPA officials professional judgement of the overall level of assurance planned, recognising that assurance work will consider specific aspects of each risk.

## APPENDIX II - INTERNAL AUDIT UNIVERSE MAPPING

The table below sets out our mapping of planned internal audit assignments to the corporate risk register as of June 2023.

Auditable area	BDO Risk Rating 2023	IA Testing	BDO IA Plan		
		2023/24	2024/25	2025/26	2026/27
<b>A. Corporate Support Services - Finance</b>					
Financial ledger / Financial system	Very High	✓			✓
Financial reporting	Medium				
Financial planning	Very High		✓		✓
Payroll	Medium				
Executive/Chief officer pay	Low				
Budget setting	Very High				
Budget management / Budget Investment	Very High	✓	✓		
Savings plans	Very High				✓
Treasury and cash management	Medium				
Fixed assets	High			✓	
Income and receivables	Medium				
Income generation	Medium				
Expenditure and payables	Very High		✓		
Accounting policies	Medium				
SPFM compliance (Policies and Procedures)	Medium				
Procurement and tendering	Very High			✓	
Contract management	Very High			✓	
Business partnering	High		✓		

## APPENDIX II - INTERNAL AUDIT UNIVERSE MAPPING

Auditable area	BDO Risk Rating 2023	IA Testing	BDO IA Plan		
		2023/24	2024/25	2025/26	2026/27
<b>B. Corporate Support Services - People and Development</b>					
Leadership and professional development	High		✓		
Training delivery	Medium			✓	
Staff rostering	High		✓		
Demand and Productivity	Medium		✓		
Police overtime and allowances	Medium				
Special constabulary	Low				
Agency and consultant arrangements	Medium				
People / workforce strategy	High			✓	
Workforce/HR management	Medium			✓	
Resource planning	Very High		✓		✓
Succession planning	High		✓		
Staff performance management	High		✓		
Recruitment and retention	High		✓		
Equality and diversity	High		✓		✓
Employee contracts	Low				
Annual leave	Low				
Sickness absence	Medium				
Conduct issues	High		✓		✓
Staff Pay Reward Modernisation (SPRM)	Medium				
Ill health retirement & injury	Medium	✓			
Grievance process	Medium	✓			

## APPENDIX II - INTERNAL AUDIT UNIVERSE MAPPING

Auditable area	BDO Risk Rating 2023	IA Testing	BDO IA Plan		
		2023/24	2024/25	2025/26	2026/27
<b>C. Corporate Support Services - Other</b>					
Project management - capital projects	Very High		✓		✓
Change management	Very High	✓	✓	✓	✓
Fleet management	Medium				
Estates and asset management	High		✓		
Environmental management	Medium				✓
Waste management	Low				
Performance management	High		✓		✓
Strategic planning	Very High		✓	✓	
Delivery of policing 2026 programme	Very High		✓		✓
SPA Corporate governance	High	✓		✓	
PS Corporate governance	High	✓		✓	
Risk management	High		✓		
Efficiency targets	Very High		✓	✓	✓
Information management	High		✓		
Risk, Assurance & Inspection Unit	Medium				
Lean management	Medium				
Litigation costs	Medium				
Health and safety	High			✓	
Fire safety	High				
Vetting procedures	High				✓
Case and records management	Medium				
Governance statement readiness	Medium				
Fraud prevention	Medium				
National Fraud Initiative (NFI) outcomes	Medium				
Freedom of information (Fol)	Low				
Data protection compliance	Very High			✓	
Complaints management	High			✓	
External communications	High			✓	
Internal communications	High		✓		✓
Marketing and digital media	Low				
News	Low				
Best Value readiness	Very High	✓	✓	✓	✓

## APPENDIX II - INTERNAL AUDIT UNIVERSE MAPPING

Auditable area	BDO Risk Rating 2023	IA Testing	BDO IA Plan		
		2023/24	2024/25	2025/26	2026/27
<b>D. Corporate Support Services - ICT</b>					
Service delivery	High	✓	✓		✓
Applications and development	Medium		✓		
CTO	Medium				
IT strategy	Very High		✓		✓
Business continuity planning	Medium				
Disaster recovery	Medium				
IT security	Very High			✓	
Network management	Medium				
Software development	Medium				
IT developments - projects	Very High		✓	✓	
Information management	High		✓		✓
IT governance	Medium			✓	
ICT project expenditure	Medium		✓		✓
<b>E. Local and Specialist Policing</b>					
Local Policing / Crime	Very High			✓	
Divisions	Medium				
Shared services	Medium				
Partnership working/ Joint working	High		✓		
Major crime	Medium				
Public protection	High				✓
Local crime	Medium				
Organised crime	Low				
Counter Terrorism	Low				
Intelligence Support	Low				
Cybercrime	Low				
Forensics	Very High		✓	✓	✓
Safer Communities	Low				
Domestic Abuse	Very High			✓	
CJSW and ViSOR	Very High				✓



## APPENDIX II - INTERNAL AUDIT UNIVERSE MAPPING

Auditable area	BDO Risk Rating 2023	IA Testing 2023/24	BDO IA Plan		
			2024/25	2025/26	2026/27
<b>F. Operational and Specialist Support</b>					
Specialist Services	Low				
Armed policing	High			✓	
Specialist Operations	Low				
Specialist Support	Low				
Contact command and control (C3) facilities	High				✓
Air support	Low				
Dive and marine unit	Low				
Dog unit	Low				
Hostage and Crisis Negotiation Coordination	Low				
Mountain Rescue	Low				
Mounted section	Medium				
Search / Public Order	Medium				
Football Coordination Unit	Medium				
Emergency Events and Resilience Planning (EERP)	Medium				
Roads policing	Medium				
Call handling	Medium				
Crime mapping	Medium				
Stop and search	Medium				
Crime recording	Medium				
Operational planning	High		✓		
Police equipment and devices	Very High		✓		
Firearms	High			✓	
Forensic equipment	Medium				
Stock management	High		✓		
Incident management	Medium				
Custody Services	High				✓
Crown Office and Procurator Fiscal (COPFS) Liaison	Medium				
Disclosure Administration	Medium				
Productions	Very High			✓	
Lost and found property	Low				
Administration of warrants, court orders, interdicts, fixed penalty tickets and direct measures	Medium				
Victim satisfaction and victim / witness care	Medium				
Prisoner Belongings	High			✓	
National Missing Person	High				✓
Rail Policing	High			✓	
<b>G. Compliance and Regularity</b>					
Data Quality and Integrity	Very High			✓	
Legislation	Very High	✓			✓
Electronic Data Retention	Very High	✓			
Biometrics	Very High	✓			

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# APPENDIX III - INTERNAL AUDIT CHARTER

## Purpose of this Charter

This Charter formally defines Internal Audit's purpose, authority and responsibility. It establishes Internal Audit's position within the organisation and defines the scope of internal audit activities and its relationship with the Audit & Risk Committee and Senior Management.

## Internal Audit's Purpose

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

Internal Audit acts primarily to provide the Audit & Risk Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in Internal Audit's role is that it supports the organisation's management to fulfil its own risk, control and compliance responsibilities.

## Internal Audit's Authority

The BDO Head of Internal Audit and internal audit staff are authorised to:

- ▶ Have unrestricted access to all of the organisation's records, property, and personnel relevant to the performance of engagements
- ▶ Obtain the necessary assistance of the organisation's personnel in relevant engagements, as well as other specialised services from within or outside the organisation.

Internal Audit has no authority or management responsibility for any of its engagement subjects. Internal Audit will not make any management decisions or engage in any activity which could reasonably be construed to compromise its independence.

## Internal Audit's Responsibility

The BDO Head of Internal Audit is responsible for all aspects of internal audit activity, including strategy, planning, performance, and reporting.

For each, the BDO Head of Internal Audit will:

### Strategy:

- ▶ Develop and maintain an Internal Audit Strategy
- ▶ Review the Internal Audit Strategy at least annually with management and Audit & Risk Committee.

### Planning:

- ▶ Develop and maintain an Internal Audit Plan to fulfil the requirements of this Charter and the Internal Audit Strategy
- ▶ Engage with management and consider the organisation's strategic and operational objectives and related risks in the development of the Internal Audit Plan
- ▶ Review the Internal Audit Plan periodically with management
- ▶ Present the Internal Audit Plan, including updates, to the Audit & Risk Committee for periodic review and approval
- ▶ Prepare an internal audit budget sufficient to fulfil the requirements of this Charter, the Internal Audit Strategy, and the Internal Audit Plan
- ▶ Submit the internal audit budget to the Audit & Risk Committee for review and approval annually
- ▶ Coordinate with and provide oversight of other control and monitoring functions, incl. risk management, compliance and ethics, and external audit
- ▶ Consider the scope of work of the external auditors for the purpose of providing optimal audit coverage to the organisation.

## Performance:

- ▶ Implement the Internal Audit Plan
- ▶ Maintain professional resources with sufficient knowledge, skills and experience to meet the requirements of this Charter, the Internal Audit Strategy and the Internal Audit Plan
- ▶ Allocate and manage resources to accomplish internal audit engagement objectives
- ▶ Establish and maintain appropriate internal auditing procedures incorporating best practice approaches and techniques
- ▶ Monitor delivery of the Internal Audit Plan against the budget
- ▶ Ensure the ongoing effectiveness of internal audit activities.
- ▶ Ensure the principles of integrity, objectivity, confidentiality and competency are upheld.

## Reporting:

- ▶ Issue a report to management at the conclusion of each engagement to confirm the results of the engagement and the timetable for the completion of management actions to be taken.
- ▶ Provide periodic reports to management and the Audit & Risk Committee summarising internal audit activities and the results of internal audit engagements.
- ▶ Report annually to the Audit & Risk Committee and management on internal audit performance against goals and objectives.
- ▶ Report, as needed, to the Audit & Risk Committee on management, resource, or budgetary impediments to the fulfilment of this Charter, the Internal Audit Strategy, or the Internal Audit Plan.
- ▶ Inform the Audit & Risk Committee of emerging trends and practices in internal auditing.

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# APPENDIX III - INTERNAL AUDIT CHARTER

## Independence and Position within the Organisation

- ▶ To provide for Internal Audit's independence, its personnel and external partners report to the Chief Finance Officer, who in turn reports to the Chief Executive and to the Audit & Risk Committee.
- ▶ The BDO Head of Internal Audit has free and full access to the Chair of the Audit & Risk Committee.
- ▶ The appointment or removal of the BDO Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit & Risk Committee.
- ▶ The Internal Audit service will have an impartial, unbiased attitude and will avoid conflicts of interest.
- ▶ If the independence or objectivity of the internal audit service is impaired, details of the impairment should be disclosed to either the Chief Executive or the Chair of the Audit & Risk Committee, dependent upon the nature of the impairment.

The internal audit service is not authorised to perform any operational duties for the organisation; initiate or approve accounting transactions external to the service; or direct the activities of any the organisation employee not employed by the internal auditing service, except to the extent such employees have been appropriately assigned to the service or to otherwise assist the Internal Auditor.

## Internal Audit's Scope

The scope of internal audit activities includes all activities conducted by the organisation. The Internal Audit Plan identifies those activities that have been identified as the subject of specific internal audit engagements.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by Internal Audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management. The nature and scope of consulting engagements are subject to agreement with management. When performing consulting services, Internal Audit should maintain objectivity and not assume management responsibility.

## Standards of Internal Audit Practice

The internal audit function undertakes its work in line with the mandatory elements of the IIA's International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing as set out by the Global IIA. This Charter is a fundamental requirement of the Framework.

## Approval and Validity of this Charter

This Charter shall be reviewed and approved annually by management and by the Audit & Risk Committee on behalf of the organisation.

## APPENDIX IV - WORKING PROTOCOLS AND PERFORMANCE

The tables opposite set out the principal communication and reporting points between and Internal Audit, which are subject to regular review. Any future changes to the communication and reporting points are reported to the ARAC for approval.

Table One: Liaison Meetings Between the organisation and Internal Audit

MEETING	FREQUENCY	ARAC	CENTRAL TEAMS	PS LEADERSHIP TEAM	HMICS	EXTERNAL AUDIT
Internal audit liaison meeting with SPA & PS central teams	Monthly		✓	✓		
Internal audit update meetings	As required		✓	✓		
Internal audit plan development session	Annually		✓	✓	✓	✓
Liaison meeting with Chair of the ARAC	As required	✓				
Meetings to raise immediate concerns	As necessary	✓	✓	✓		
Meetings with HMICS and external audit	As necessary				✓	✓

Table Two: Key Reporting Points Between the organisation and Internal Audit

MEETING	ARAC	AUDIT SPONSOR	LEADERSHIP TEAM	RELEVANT STAFF
Annual Internal Audit Plan	✓	✓	✓	
Individual internal audit planning documents	✓	✓	✓	✓
Draft Internal Audit Reports*		✓	✓	✓
Final Internal Audit Reports*	✓	✓	✓	✓
Quality Progress Reports	✓	✓		
Annual Internal Audit Report	✓	✓		

\*Internal Audit reports are distributed to the relevant Executive Committee members only.

# APPENDIX IV - WORKING PROTOCOLS AND PERFORMANCE (COUNT.)

## Internal Audit Success

We want KPIs we have set up to be aligned with our common goal, which is Internal Audit Success. However, a successful audit relationship cannot be achieved without strong commitment from both sides and collaboration between the organisation and IA. For example, we would not be able to deliver an audit report on time for ARAC submission without the organisation's timely response and commitment to the agreed timeline. Thus, we would like to highlight to ARAC that the measures we have presented to you are those within the control of IA.

## Internal Audit Performance Measures and Indicators

Performance measurement is the use of measures and associated targets to assess objectively the performance of a body. It is now well established as an important means of improving performance and reinforcing accountability.

BDO LLP has been appointed as internal auditors to SPA, subject to satisfactory performance. Consequently, there is value in reviewing the quality of our service on a regular basis.

Internal audit performance can be assessed in two ways. Firstly, there is the ability for us to self-assess our performance on a regular basis and report back to the Audit, Risk and Assurance Committee (ARAC) on certain measures around inputs and satisfaction from those officers who have been subject to a review. Secondly, the view of the ARAC as to the value being received from its internal audit provider has to be taken into account.

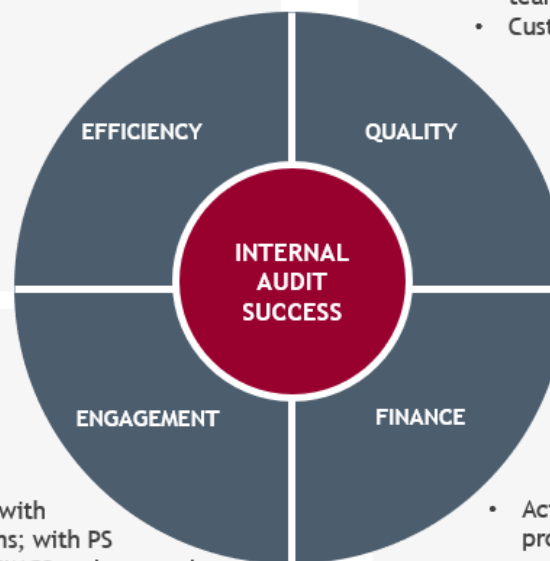
For each ARAC meeting, we will produce the Audit Committee progress report with measures reported to each KIPs listed to the right for our ongoing performance reviewing.

### Internal Audit Efficiency

- In-scope audits are completed to their planned ARACs (please refer to the timeline)
- All in-scope audits for FY2024/2025 are completed by 31 March 2025 with scheduled Q4 audits being in draft report stage.
- Annual Internal Audit report/opinion is presented to the May 2025 ARAC.

### Internal Audit Quality

- All recommendations made to each audit are discussed with the management. Agreed recommendations are logged into the system for following up.
- All audits are led and reviewed by qualified staff, with audits required to be involved with SMEs from other teams.
- Customer Satisfaction survey results



### Internal Audit Engagement

- Regular liaison meetings with SPA/PS Audit & Risk teams; with PS management; and with HIMCS and external auditor.
- Initial Term of Reference of the audit is issued 4 to 6 weeks ahead of fieldwork starting date.
- Internal audit issues draft audit report within 10 working days of closing meeting.
- Finalised audit report issued to stakeholders within 3 working days of final management responses being received and agreed.

### Internal Audit Finance

- Actual vs Budgeted days of audits are provided to ARAC.

## APPENDIX V - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>SUBSTANTIAL</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>MODERATE</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>LIMITED</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>NO</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
<b>HIGH</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>MEDIUM</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>LOW</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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