

Meeting	Audit, Risk and Assurance Committee
Date	4 May 2022
Location	Via MS Teams
Title of Paper	Integrated Assurance Statement (2021/22)
Presented By	John McNellis Head of Finance, Audit and Risk
Recommendation to Members	For Consultation
Appendix Attached	Appendix A

PURPOSE

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

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

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

1. BACKGROUND

- 1.1 In September 2021 the SPA reported the Authority's strategic assurance map based on the SPA excellence frameworks four lines of defence model.
- 1.2 SPA also agreed to prepare an annual integrated assurance statement that brings together a single summary of the key assurance work undertaken over the year and their high level findings. This provides an overall conclusion on the Authority's systems of internal controls based on the findings from multiple sources of assurance.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 The report at **Appendix A** outlines:
 - background to sources of assurance, definitions and the Authority's four lines of defence model;
 - detail of the assurance received during 2021/22 across each of the four lines of defence; and
 - an overall conclusions ie the integrated assurance statement for 2021/22.

3. FINANCIAL IMPLICATIONS

- 3.1 There are financial implications associated with this paper. To achieve the sources of assurance outlined in the report requires resources both internal and external. Each has a financial implication eg internal staff pay or payment to providers such as internal and external audit. The costs for 2021/22 are within approved budgets, however, the Authority must also ensure Best Value in the use of resources.

4. PERSONNEL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

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

6. REPUTATIONAL IMPLICATIONS

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

7. SOCIAL IMPLICATIONS

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

8. COMMUNITY IMPACT

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

9. EQUALITIES IMPLICATIONS

- 9.1 There are no specific equalities implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

- 10.1 There are no specific environmental implications associated with this paper.

RECOMMENDATIONS

Members are requested to note the integrated assurance statement report.

SCOTTISH POLICE

AUTHORITY

Appendix A

Integrated assurance statement
(2021/22)

MAY 2022

Executive Summary

01

Background

- In September 2021 the SPA reported the Authority's strategic assurance map.
- The purpose of this was to show ARAC members the planned assurance activities for 2021/22 across all four lines of defence. This approach is to be used as a tool to inform future planning and co-ordination of assurance activities.
- SPA also agreed to prepare an annual integrated assurance statement that brings together a single summary of the key assurance work undertaken over the year and their high level findings.

02

Findings

- This reports considers at a strategic level the systems of internal controls in place during 2021/22 across the four lines of defence. It considers key development over the year and a summary of the findings from key audit and inspection bodies.
- Management controls have continued to develop and the internal assurance functions are well embedded across Police Scotland and Forensic Services. This is supported by the Authorities internal auditors who were able to provide a clean internal audit opinion (*'reasonable assurance'*) on the internal control environment.

03

Conclusion: *integrated assurance statement*

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

Background / definitions

Audit

'Audit' is an umbrella term generally used to describe a **systematic and independent review and investigation** on a certain subject matter.

There are many types of audit including: financial audit, operational audit, statutory audit, compliance audit and so on, the majority of which follow a set of agreed standards.

Audit universe

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

External audit

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

Internal audit

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

Assurance

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

Source: Institute of Internal Auditors

Integrated assurance

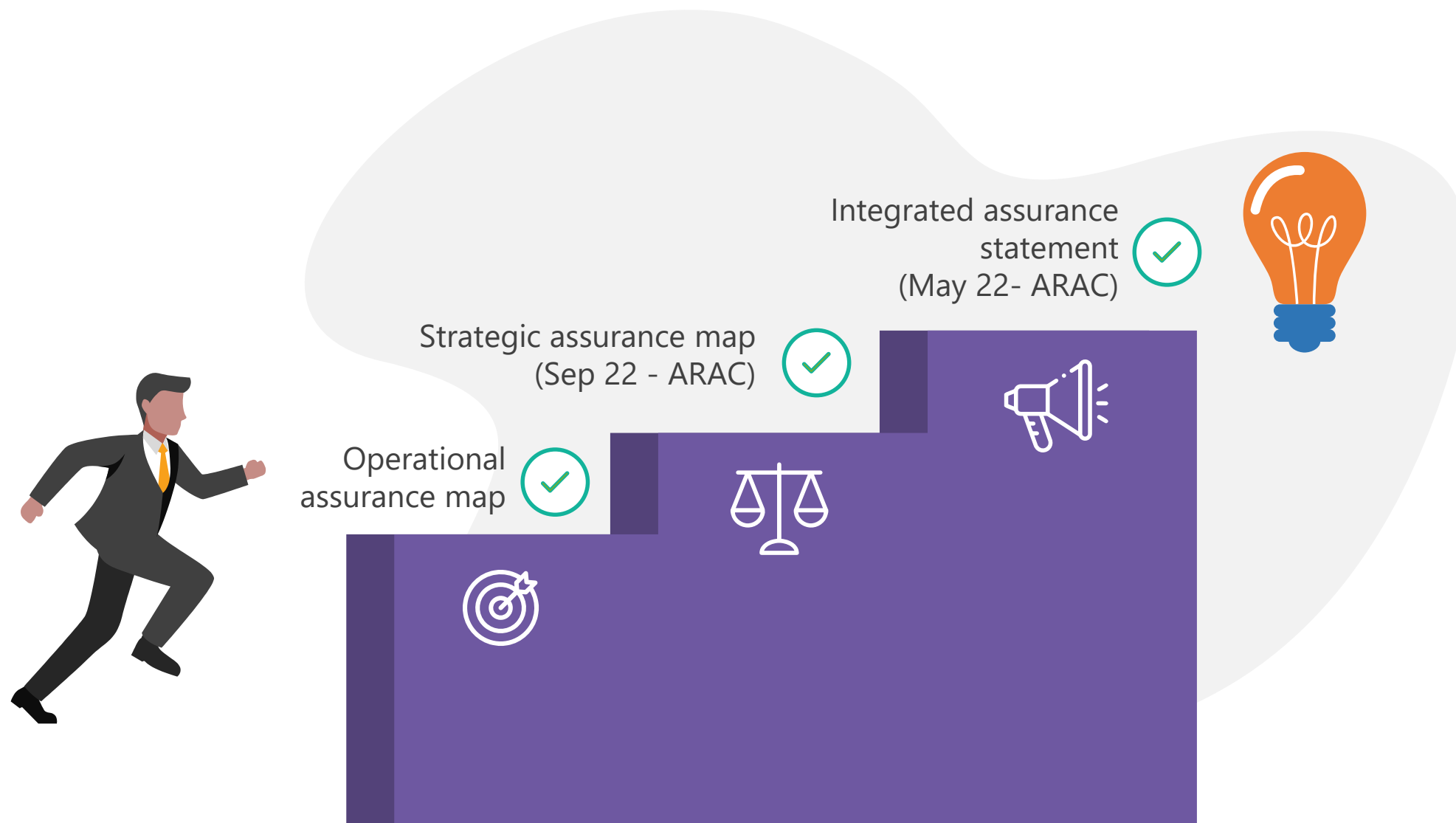
- A **single organisation wide view of risk and control** derived from assurance activity undertaken across the lines of defence.
- ARAC require a view on the adequacy of controls across the organisation. Complex organisations like the Authority commission and receive assurance from a wide number of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

HMICS work:

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

Aim of this report

- In September 2021, ARAC received a strategic assurance map of the planned assurance activities expected to be undertaken during 2021/22, focused on the **strategic objectives and risks** of the Authority. This work was also used to inform the planning of internal audit and HMICS activity for 2022/23.
- The integrated assurance statement brings together the **outcomes from all assurance providers** to provide ARAC with a **combined view** of the outcome/ findings of assurance activity across the Authority
- This aids ARAC and the Accountable Officer in reaching conclusion on the adequacy of risk management and systems of internal control required for the annual report and accounts including meeting the requirements of the Scottish Governments *Audit and Assurance Committee Handbook*.
- This report provides a single view for the financial year that **draws together** the annual report and findings / conclusions from assurance providers in a single document.



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

- The first line of defence relates to assurance derived from business as usual activities and controls established by managers and those responsible for delivery of services such as: good policy and performance data, risk registers, reports on routine system controls and other management information.
- Across Police Scotland, Forensic Services and SPA corporate there are extensive management internal controls in place. These controls are well established but are continually developed and enhanced. Developments over the last year are highlighted below.
- Furthermore, the effectiveness of these internal controls is considered annually as part of the certificate of assurance process. This process has not identified any significant internal control weaknesses for 2021/22.

Management assurance developments:

Assurance source activity	Developments during 2021/22 include:
Strategies	<ul style="list-style-type: none"> • Capital strategy (Sep 21) • Procurement strategy (Sep 21) • Forensic Services Strategy (Sep 21) • SPA information management strategy (Jan 22) • Housing strategy (Mar 22)
Plans (APP/ LPP's/ BCPs, etc)	<ul style="list-style-type: none"> • Annual police plan prepared and presented to March 2021 Board supported by further operational plans.
Risk registers	<ul style="list-style-type: none"> • Annual Board strategic risk workshop (Dec 21) and review of risks. • SPA corporate reviewed its risk and risk appetite. • Well received revisions to risk reporting format to ARAC and focus on risks above appetite and tolerance.
Policies / SOPs	<ul style="list-style-type: none"> • No specific comments. There are a large number of supporting policies / SOPs in place across the service.
Performance management	<ul style="list-style-type: none"> • Refreshed performance framework from April 2021.
Financial management & reporting	<ul style="list-style-type: none"> • Regular financial monitoring reports to all budget holders and to internal governance forums. • 5 year financial plan (Sep 21) • Financial planning framework (Mar 22)

Assessment of the 1st line of defence (2021/22): certificates of assurance

- Certificates of assurance are completed across the service from ACC/ Director level upwards. Each business areas completes a detailed checklist based on Scottish Public Finance Manual (SPFM) and is required to provide a signed confirmation on the controls within their business area, highlighting any significant matters or control weaknesses.
- In line with the agreed timescales the certificates have been substantially completed and will be fully complete for the ARA with a report provided to the Accountable Officer in early May 2022.
- To date the certificates have been fully completed and signed off for SPA Corporate and SPA Forensics Services with no internal control issues highlighted.
- Within Police Scotland the controls checklists to DCC level have been completed and no significant controls weaknesses are being highlighted.
- Similarly to previous years some areas have been correctly highlighted within the certificates of assurance. These include: human errors in procurement processes that have been addressed.
- The areas highlighted are not considered to be material internal control weaknesses and will be considered by the Accountable Officer as part of their report within the ARA.

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

- The second line of defence relates to assurance provided which is separate from those responsible for delivery but independent of the overall management chain. Across the service this is provided by the Authorities oversight and committees and through specific oversight teams within Police Scotland and Forensic Services.
- The activities and effectiveness of the second line of defence is considered below. This continues to show a mature oversight functions that are working well at evaluating the first line of defence and in tandem with external reviews (both third and fourth line).

Assessment of the 2nd line of defence (2021/22):

Assurance source activity	Assessment of work during 2021/22 include:
SPA and Board oversight & scrutiny	<ul style="list-style-type: none"> • Evaluated as part of our review of committee effectiveness. • Found that committees have fully discharged their responsibilities in line with terms of reference and overall, committees are performing well. • Potential areas for improvement were identified including: some increased delegation to the SPA executive function; quantity and quality of reports; and connections between committees. • Areas for improvement have been discussed and will be progressed by SPA staff.
Business assurance (Police Scotland)	<ul style="list-style-type: none"> • Police Scotland has an established Assurance team that delivers a business assurance function. It has an Audit and Assurance Framework and follows the EFQM model. • During 2021-22 the function has delivered or supported: <ul style="list-style-type: none"> ○ six assurance reviews – identifying 21 recommendations and 10 improvement opportunities; ○ five assurance maps – identifying 18 improvement opportunities; and ○ one self-assessment. • The findings identified are recorded and progress tracked in the same way as recommendations from external scrutiny bodies. • Furthermore, the team has provided advice, guidance and support on the design of control and promotes a positive culture of audit and compliance. The department will also prepare a detailed annual report
Internal quality assurance (SPA Forensic Services)	<ul style="list-style-type: none"> • SPA Forensic Services also have an established internal quality assurance team. This team has an approved annual programme of technical reviews and 2021/22 has undertaken ~60 formal internal quality review across all technical forensic disciplines. • Recommendations and actions are made from reviews which are formally recorded and monitored with progress reported to the Forensic Services Planning and Performance Board and SMT. • This internal oversight function is also subject to external review by the UK accreditation service (UKAS).

3rd Line of Defence: *internal audit function*

- The third line of defence relates to assurance provided by the Authority’s internal audit function. The SPA has engaged the services of Azets to act as our internal audit provider. The internal audit plan for 2021/22 was approved by the SPA Board in February 2021. During the year there has been flexibility to amend the plan in response to changing risk and to avoid areas of possible duplication.
- The activities and effectiveness of the third line of defence is considered below. The annual internal audit opinion provides independent assurance that the service has a strong control framework.

Assessment of the 3rd line of defence (2021/22):

- Internal audit reviews the 1st & 2nd lines of defence.
- Its reviews identified no ‘very high risk’ and 21 ‘high risk’ findings.
- All recommendations have been agreed with management with follow up reported to internal audit and the ARAC. Internal audit have also noted a downward trend in the overall number of recommendations in recent years which reflects enhanced systems of control, and the completion of a number of significant strategic initiatives.

Internal audit annual opinion summary:

*“In our opinion the Scottish Police Authority, Police Scotland and Forensic Services have a framework of controls in place that provides **reasonable assurance** regarding the organisations’ **governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.**”*



#	Internal audit review	Number of recommendations:				Total
		Grade 1 Limited risk	Grade 2 Moderate risk	Grade 3 High risk	Grade 4 Very high risk	
1	Core financial controls - IFRS16	1	4	0	0	5
2	Overtime & allowances	1	2	1	0	4
3	SPRM	0	1	0	0	1
4	Estates management	0	3	4	0	7
5	Procurement & tendering	1	1	0	0	2
6	Health & safety	2	4	4	0	10
7	Strategic planning	1	2	1	0	4
8	Environmental impact	0	1	2	0	3
9	ICT service delivery	0	5	3	0	8
10	Legal claims handling	1	5	2	0	8
11	Data quality & integrity	0	4	2	0	6
12	Forensic Services: data security	0	3	2	0	5
	Total	7	35	21	0	63

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

- The fourth line of defence relates to assurance delivered by independent assurance providers external to the Authority. This includes a wide number of formal audit and inspection bodies as well as other independent oversight bodies.
- External scrutiny bodies have carried out extensive independent reviews of the Authority, identifying a number of areas for improvement that have been agreed with management. However, during 2021/22 there have been no significant internal control weaknesses identified.

Assessment of the 4th line of defence (2021/22):

Assurance source activity	Developments in 2021/22
Audit Scotland	<ul style="list-style-type: none"> • Audit Scotland provided a unqualified audit opinion on the annual report and account for 2020/21 and Audit Scotland has recognised improvements across the SPA. • For the first time ever in 2020/21 the SPA did not receive a section 22 report from the Auditor General. • Interim controls testing work for 2021/22 is being conducted later than previous years due to COVID-19.
HMICS	<ul style="list-style-type: none"> • Statutory inspection body for policing. • Work considered by SPA committees – further detail provided in the following page.
ICVS (independent custody visiting scheme)	<ul style="list-style-type: none"> • ICVS provides key independent view on the treatment of persons in police custody. Performance is reported quarterly to PPC. • An ICVS management review has been conducted in year to continue to drive improvements.
SG / Parliamentary Committees	<ul style="list-style-type: none"> • The Authority continued its engagement with the Scottish Parliament and Scottish Government (SG) on a number of key issues. This has included written responses to Parliamentary Committees and SG on a number of issues including use of remote piloted aircraft systems, body worn video and the Scottish budget. The Acting Chief Executive also attended Parliament to give evidence on the policing budget. • In addition, there were a range of written exchanges with Parliamentarians and the Criminal Justice Committee covering a number of issues over the year as well as direct responses to SG consultations.
Local scrutiny bodies	<ul style="list-style-type: none"> • There are local scrutiny forums in place for every Local Authority. The arrangements are tailored for each Local Authority but each considers the policing performance for their area. • Annually the SPA seeks input from all local scrutiny bodies on the effectiveness of these arrangements which is used to inform the annual policing performance report and ARA. Feedback has been sought for 2021/22 and is in progress. • Furthermore, the Authority also has regular engagement through the scrutiny convenors forum at COSLA. In addition, in March 2022, the SPA reported to Board a tri-partite review of local policing plans (SPA, Police Scotland and COSLA). This included consultation with Local Authorities and Divisional Commanders with the final report making a number of recommendation that will be incorporated in the next local policing planning approach
ICO (Information Commissioner's Office)	<ul style="list-style-type: none"> • There have been no new Information Commissioners reviews conducted during the year. • ICO has concluded its involvement in the review of the SPA in 2021.
PIRC (Police investigations and review commissioner)	<ul style="list-style-type: none"> • Provides independent oversight, investigating incidents involving the police and reviewing the way the police handle complaints from the public. • PIRC provide a quarterly report to the SPA complaints and conduct committee that provides an overview of the complaints handling reviews received and concluded as well as any recommendations issued from their work.
UKAS (UK accreditation service)	<ul style="list-style-type: none"> • In November 2021 SPA Forensic Services received a continuation of its UKAS accreditation for various types of forensics analysis across its sites. • This is an annual accreditation process which is likely to be completed again in Autumn 2022.

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



Assessment of the 4th line of defence (2021/22): Summary of HMICS work

#	Review type	HMICS reports	No. Rec's	Considered by:
Completed reviews				
1	Thematic inspection	Thematic Inspection of Hate Crime	15	Audit, risk & assurance committee (July 21) Policing performance committee (Dec 21)
2	Audit & assurance review	Assurance Review - Policing of the 26th Conference of the Parties (COP26)	1	COP26 oversight group
3	Audit & assurance review	Assurance review of Police Scotland demand analysis and management	12	Resources committee (Sep 21) Policing performance committee (Dec 21)
4	Progress review	Progress Review of Police Scotland's response to online child sexual abuse and exploitation	1	Policing performance committee (Sep 21)
5	Thematic review	Thematic Inspection of Police Scotland Training and Development - Phase 2	10	Policing performance committee (Nov 21)
6	Assurance validation	Assurance validation of Police Scotland transformation benefits 2020-21	n/a	Not required to be presented / included in Members briefing.
7	Custody inspection	North East Scotland Custody Inspection	3	Policing performance committee (Mar 22)
	Total		42	
Other reviews in progress (part of HMICS 2021/22 scrutiny plan)				
8	Audit & assurance review	Strategic workforce plan	-	Expected June 2022
9	Thematic review	Contact assessment model	-	Expected July 2022
10	Thematic review	Domestic abuse	-	Expected August 2022
11	Collaborative review	Joint review of diversion from prosecution	-	Expected Summer 2022
12	Collaborative review	Joint inspection of adult support and protection	-	Ongoing inspection programme of local partnerships published on the Care Inspectorate website
13	Collaborative review	Joint Inspection of services for children at risk of harm	-	

The ARAC considered a revised HMICS governance pathway in July 2021. Since then SPA committees have formally considered, as appropriate, HMICS reports and action plans with HMICS invited to present some reports. This has greatly increased the visibility of HMICS work across the Authority and allowed the opportunity for Members to consider their findings.

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

There are other reviews ongoing as part of the 2021/22 HMICS scrutiny plan (see table). Their findings will be considered and reported to the Authority as appropriate. HMICS will conclude its annual scrutiny plan by preparing an overall annual report which was completed in August for 2020/21.

HMICS also previously recommended that a statement of compliance is reported regarding internal / external crime recording audits is included within the ARA. This will be included in the ARA performance report.

Finally the Authority has been involved in consultation on HMICS' three year scrutiny plan 2022-2025. The longer term outlook is welcomed and will allow for a longer term assurance mapping with other assurance sources.

Conclusion: *integrated assurance statement*

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

A summary of the finding across each of the four lines of defence are shown below. The Authority has extensive controls and sources of assurance across the four lines of defence. Over the financial year 2021/22 they have functioned effectively and whilst they have identified a wide number of areas for continued improvement, there are no significant control weaknesses identified.

This conclusion will be used to inform the annual report and accounts (2021/22).

