



INTERNAL AUDIT ANNUAL PLAN 2013/14

PLANNING REPORT

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INTERNAL AUDIT ANNUAL PLAN 2013-2014

1. INTRODUCTION

This plan is the first to be developed as a joint audit plan, between the Commissioner and the Chief Constable, and has been crafted as a one year plan and should be viewed in that light. This approach is felt to be appropriate for 2013/14, because of the nature and extent of change on going within the Force, the governance issues around the creation of the two 'Corporation Soles', the changes in external audit provision and the fact that it covers the period leading up to stage two transfers. During 2013/14, future joint strategic plans will be drafted on the basis of a three year cycle, and on the basis outlined in the attached Joint Internal Audit Charter, and will reflect the changed governance landscape that will evolve during 2013/14.

Whilst the individual time allocations within the plan, which need to be flexible and therefore, may vary, the plan attached is felt to reflect the required areas to be reviewed during 2013/14 to enable adequate opinions to be drawn both in terms of ensuring effective internal controls and that appropriate assurances can be given, to both the Commissioner and the Chief Constable, as to the corporate governance arrangements within the Office of the PCC and within the Force.

The nucleus of the plan is still drawn from the current strategic planning process, but enhanced to reflect the circumstances detailed above. The plan also includes a full review and charting of the core financial systems, to assist in meeting the governance requirements of the HO Financial Code, our own Scheme of Consents and Delegations and associated regulatory framework. This also reflects the support work that the external auditor will require. The plan also reflects the needs around governance and risk management within these new arrangements.

Also applied to this nucleus is the inclusion of all departments and LPUs, where relevant, since there will be considerable change following the implementation of the Shared Service Centre (SSC) from April 2013. Whilst Human Resources and Business support is transferring to the SSC, other areas will become prominent during departmental and LPU visits, mainly including Risk Management / Corporate Governance. Therefore, time allocations have reduced in these site visits, but in turn they have also been slightly increased to allow for this new work. The net effect however, is a substantial reduction in time planned to be spent during these visits.

It is felt the plan continues to provide a balanced assessment of audit needs to provide the degree of assurances expected by all levels of management thereby enabling the Commissioner, the Chief Constable and their respective Chief Financial

Officers, to meet their respective responsibilities in terms of financial administration and the assurances required within their respective Annual Governance Statements.

The plan, remains an integral part of the overall control environment fabric of the Office of the PCC and Force and sits within the Regulatory Framework, providing transparency and accountability. It has been drafted in context with other planning processes, thereby reflecting the perceived audit needs of the Commissioner and the Chief Constable, together with detailed consultation and discussions with respective, senior management. This report outlines in more detail the planning protocols considered in the completion of this plan and the Commissioner /Chief Constable will be asked to consider and approve the attached plan. The Joint Audit Committee will also consider this plan, at a future meeting, as part of their governance/assurance role.

2. APPROACH TO PLANNING PROCESS

2.1 Approach

2.1.1 The overall approach remains as one whereby the following broad objectives have been met.

- **Assurance**

Cyclical coverage of all significant systems to provide assurance on the adequacy of internal controls, thereby enabling an overall opinion for the Annual Governance Statements for both “corporations sole” for the fiscal year 2013/14.

- **Risk Management / Corporate Governance**

Ensure that the systems of internal control in the most vulnerable areas are working efficiently.

- **External Audit reliance.**

Additional work on main Financial Systems to achieve maximum external audit reliance (Managed audit approach).

- **Commissioner/Chief Constable Priorities / Funding Challenges**

Inclusion of areas that are a priority, be it of a national perspective i.e. VFM / Efficiency or local issues, around/including organisational change. The funding challenges facing the Commissioner and the Chief Constable, have also been reflected upon in this planning process.

2.2 Framework Arrangements/Risk Analysis

2.2.1 Within this overall framework arrangement, detailed audit needs assessments have been undertaken using such factors as:

- Materiality
- Sensitivity
- Vulnerability to error/fraud etc.

This in turn has enabled the assignment of priorities to be undertaken, i.e.

High - Subject to audit review each year

Medium - Subject to audit review every other year

Low - Subject to audit review on a three year cycle.

The frequency of audit review has been determined using the audit needs and risk assessment processes. However in the development of this proposed one year plan, those factors discussed earlier have also been considered in determining the content of the plan.

2.3 Plan Structure

2.3.1 Assurance Related (Probity / Regularity / Systems)

This major area within the plan reflects the “core business” of Internal Audit and provides sufficient coverage to enable, an opinion to be formed and assurances provided to the Commissioner/ Chief Constable, including:

- **Corporate Governance (including Risk Management)**

This area within the plan reflects the significant nature of this work which in turn enables the Commissioner/ Chief Constable to meet their statutory requirements in terms of the production of the AGS and the operation of an effective Corporate Governance Framework.

- **LPU's / Departments**

The plan reflects changes in the audit approach in respects of the LPU's and Departments, following organisational changes that have taken place and those which are on-going as far as possible. This is in relation to both the impact and effectiveness of these new arrangements and the continuation of a more risk based approach to the audit of systems in these areas.

The impact and inherent risks arising from structural changes, associated with these reductions in manpower / resources have also been a factor in determining the level and nature of audit coverage.

- **External Audit**

The plan reflects the workloads associated with the change in External Audit arrangements and the resultant working protocol. The impact on the plan is identified and remains a planning consideration for future plans.

2.3.2 VFM/ Efficiency

The plan identifies the opportunity that exists for Internal Audit to assist and support the Commissioner/ Chief Constable in this integral area of work to enable the value for money agenda to be achieved/addressed.

2.3.3 Contingency

The plan reflects an allocation to account for the impact of special investigations arising from reported or suspected malpractice. This area also provides the opportunity for the Commissioner's / Chief Constable's approach to Fraud and Corruption to be continually reviewed and updated in line with best practice.

2.3.4 Management / Development Training

The plan reflects these areas which relate to the general management of the Department along with the professional development of the staff within the Department, and associated working practices.

2.3.5 Other

The remaining plan areas relate to those headings of an employment related nature i.e. Annual leave, Bank Holidays etc.

APPENDIX A Internal Audit Annual Plan 2013-2014

Audit Code	Name	2013/14
A01001	COPORATE SERVICES	5
A01002	PROPERTY SERVICES	5
A01003	FLEET SERVICES	5
A01004	INFORMATION DEPARTMENT	5
A01005	FINANCE	5
A01006	HR	5
A01007	FORCE CID/FORENSICS	5
A01008	CRIMINAL JUSTICE SERVICES	5
A01009	PROFESSIONAL STANDARDS	5
A01010	OSD	5
A01011	LEGAL SERVICES	5
A01012	OFFICE OF POLICING AND CRIME	5
A01013	INTELLIGENCE	5
A01015	OPERATIONS	5
A01016	COMMAND TEAM	5
A01022	CMPG	5
A01024	CTU	5
A01026	PUBLIC PROTECTION UNIT	5
A01029	LEARNING & DEVELOPMENT	5
	CORPORATE COMMUNICATIONS	5
	FORCE CONTACT	5
	DEPARTMENTS	105
B01050	LPU REVIEW	5



Audit Code	Name	2013/14
B010500376	BIRMINGHAM NORTH LPU	5
B010500377	BIRMINGHAM SOUTH LPU	5
B010500378	BIRMINGHAM EAST LPU	5
B010500379	BIRMINGHAM WEST LPU	5
B010500380	DUDLEY LPU	5
B010500381	WALSALL LPU	5
B010500382	WOLVERHAMPTON LPU	5
B010500383	SANDWELL LPU	5
B010500384	SOLIHULL LPU	5
B010500385	COVENTRY LPU	5
	LPUs	55
D01166	ICT RISK BASED PLAN	60
E010010036	DETAINED PROPERTY	10
E010010068	CENTRAL SECURE STORES	10
E010030022	FLEET MANAGEMENT	15
E010030023	FUEL CARD MANAGEMENT	10
E010040231	MANAGEMENT OF POLICE INFORMATION	10
E010050025	INSURANCE	5
E010050030	ASSET REGISTER AND MANAGEMENT	5
E010050040	GENERAL LEDGER	5
E010050041	BANK RECONCILIATION	10
E010050044	CREDITORS(CHAPS PAYMENTS)	5
E010050049	PAYROLL - POLICE, STAFF AND PENSIONS	20
E010050050	BACSTEL	5
E010050052	CAPITAL ACCOUNTING	5
E010050056	TREASURY MANAGEMENT	5
E010050058	FINANCIAL PLANNING(MTFP)	5



Audit Code	Name	2013/14
E010050156	OVERTIME	10
E010050237	CAPITAL & REVENUE BUDGET SETTING/CONTROL	5
E010050354	CORE FINANCIAL SYSTEMS(TO INCLUDE FLOW CHARTING	90
	SHARED SERVICE CENTRE QUALITY & COMPLIANCE	15
	SHARED SERVICE CENTRE FUNCTIONAL REVIEW	20
	WINSOR UNSOCIABLE/OVERNIGHT ALLOWANCES	20
E010060094	ESTABLISHMENT CONTROL	20
E010060183	ETHICS AND HOSPITALITY	10
E010060356	PLANNING AND MANAGEMENT OF RESOURCE	15
E010070092	INTERPRETERS	10
	TRAFFIC PROCESS OFFICE	10
E010100073	COMPLIANCE AND DSILOSURE UNIT	10
E010110069	CIVIL CLAIMS	5
E010120059	STAND ORDS/FIN REGS	20
E010120186	RISK MANAGEMENT	20
E010120207	CORPORATE GOVERNANCE	30
E010120345	COLLABORATION / REGIONAL SERVICES	10
	ANTI FRAUD AND CORRUPTION	15
E010120369	FORCE TRANSFORMATIONAL PROGRAMMES	20
E010120370	EXTERNAL INSPECTIONS	20
E010130371	INTELLIGENCE COVERT UNITS	50
E010150065	OPERATION SUPPORT UNIT	10
E010150064	AIR SUPPORT UNIT NPAS	10
E010150374	EVENTS MANAGEMENT	5
E010210362	CTU COVERT A/CS	10
	PROJECT IMPLEMENTATION REVIEW/PMO	10
	COMMISSIONING FRAMEWORK	20

Audit Code	Name	2013/14
	FUNCTIONAL AREAS	615
F25281	PROPERTY SERVICES	30
F25282	CONTRACTS & PROCUREMENT	30
	CONTRACTS / PROPERTY SERVICES	60
G01304	VALUE FOR MONEY	75
H01350	CONTINGENCY	50
	HONORARY AUDITS	15
	RDA	15
	COMMISSIONING GRANTS	50
	PCC BUDGET ACTIVITIES	15
	FINANCE AND ADMIN ACTIVITIES	80
K01452	PCC DECISION MAKING PROCESS/AUDITPLANNING	30
K01453	AUDIT COMMITTEE REPORTS/WORKPLANS	40
K01456	COURSES - EXTERNAL	5
K01458	POST ENTRY TRAINING	5
K01462	POLICE INT AUDITORS GROUP.	3
K01465	PERFORMANCE DEVELOPMENT & REVIEW	4
K01466	AUDIT WEBSITE	5
K01469	WEST MIDLANDS CHIEF AUDITORS GROUP	1
K01471	CIPFA - CPD	2
K01474	GALILEO PROJECT	5
	MANAGEMENT & TRAINING	100
L01500	ANNUAL LEAVE	197
L01501	BANK HOLIDAYS	48
	EMPLOYMENT RELATED	245
N01600	FOLLOW UPS	100

GRAND TOTAL	1560
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