



Agenda Item 5

**JOINT AUDIT COMMITTEE
26th March 2020**

**INTERNAL AUDIT STRATEGY AND
INTERNAL AUDIT WORK PROGRAMME FOR 2020/21**

1. PURPOSE OF REPORT

1.1 The purpose of this document is to provide the Joint Audit Committee with:

- An understanding of Internal Audit's risk-based approach to developing its Strategy and Plan
- The proposed Internal Audit Work Plan for 2020/21.

2. BACKGROUND

2.1 The overall objective of internal audit is to provide an opinion on the overall adequacy and effectiveness of the organisation's control systems. To do this, audit work during the year needs to be planned to cover the significant risks facing the Police and Crime Commissioner and West Midlands Police Force. Internal Audit Professional Standards require this strategy/plan to be considered by the Joint Audit Committee. The proposed Strategy for 2020/21 is provided at Appendix A.

2.2 Following review of risk registers and extensive discussions with senior officers, a new draft plan has been prepared for 2020/21 and is also attached at Appendix B for approval by the Committee. The available days are considered sufficient to cover the higher level reviews and a significant number of those categorised as medium, and therefore will allow appropriate coverage on which to provide an assurance opinion. Also provided at Appendix D is a summary of audit coverage against the key risks of both the Force and Police and Crime Commissioner.

2.3 An Audit Charter is a requirement of the Public Sector Internal Audit Standards and sets out the purpose, authority and responsibility of internal audit. It has to be formally agreed and approved by the organisation and periodically reviewed. The Charter establishes the internal audit activity's position within the organisation, including the nature of the service's functional reporting relationship; authorises access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities. The Internal Audit Work Plan for 2020/21 has been prepared in accordance with the Charter.

2.4 In accordance with best practice the existing Audit Charter, considered by the Joint Audit Committee in March 2019, has been reviewed to ensure it remains appropriate. There

are no changes required to the Charter at this time. The Charter is attached at Appendix E for information.

3 RECOMMENDATIONS

- 3.1 The Committee approves the proposed Internal Audit Strategy and Internal Audit Work Programme for 2020/21.
- 3.2 Note that no changes are required to the Internal Audit Charter.

<p>CONTACT OFFICER Name: Lynn Joyce Title: Head of Internal Audit</p>
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<p>BACKGROUND DOCUMENTS None</p>
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Internal Audit Strategy

This document sets out the Internal Audit Strategy 2020/21 for the Police and Crime Commissioner and West Midlands Police Force. These services are provided by the Internal Audit Service. This document complements the Audit Charter.

Services

All organisations face risks in every aspect of their work: policy making, decision taking, action and implementation, regulation and spending. The different types of risk are varied and commonly include financial risks, IT risks, operational risks, physical risks to people and damage to the organisations reputation. The key to an organisations success is to manage these risks effectively.

The management of risks is the responsibility of every manager – the role of the Joint Internal Audit Service is to support managers by providing the following services:

Assurance

We develop and then deliver a programme of internal audits to provide independent assurance to senior management and the Joint Audit Committee members that significant risks are being addressed. To do this, we will evaluate the quality of risk management processes, systems of financial, management and operational control and governance processes and report this directly and independently to senior management.

In accordance with regulatory requirements a risk based audit approach is applied to most individual assurance assignments. We give an opinion on how much assurance systems give that significant risks are addressed. We will use four categories of opinion in 2020/21:



Detailed explanations of these assurance assessments are set out in full in each audit report.

A report, incorporating an agreed action plan, will be issued for every audit, the results of which are also reported to the Joint Audit Committee. To assist managers in addressing areas for improvement, recommendations will be made, which are classified as:



Advice

The organisation¹ will continue to face major changes in systems, processes and procedures over the coming years and we are able to support the organisation and provide advice, where required, on the control implications of these changes. The role of the internal audit service is to act as a critical friend and challenge the design of processes to reduce the risk of failure. It is

¹ Organisation throughout refers to the Police and Crime Commissioner and West Midlands Police Force

more constructive for us to advise on design of processes during the change process rather than identify problems after the event when often it is too late to make a difference. By doing this we are able to challenge current practice and champion best practice, so that the organisation as a whole achieves the objectives set in the Police and Crime Plan and Force's Ambitions Plan.

Irregularities

It is the responsibility of every manager to have systems in place to prevent and detect irregularities. The service liaises with the Professional Standards Department in respect of the investigations into allegations of fraud and corruption. Whilst investigations will predominantly be undertaken by the Professional Standards Department, the relevant senior manager/member of Executive Team, in consultation with the Head of Internal Audit, should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. This service helps foster the anti-fraud approach of the organisation.

Counter Fraud

The service also undertakes specific counter fraud work, which involves checking large numbers of transactions, for example, travel claims, credit card expenditure, fuel card usage, to identify errors and potential frauds. This is time-consuming work and thus the number of exercises that can be undertaken each year is very limited.

The service also leads on the organisations participation in the National Fraud Initiative, which is an exercise based upon the exchange and comparison of information with other authorities and agencies. It identifies possible fraudulent activity across a range of areas, including payroll, pensions and creditor payments.

Context

The Accounts and Audit Regulations 2015 require organisations to have a sound system of internal control which:

- facilitates the effective exercise of their functions and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective; and
- includes effective arrangements for the management of risk.

The Regulations require accounting systems to include measures to ensure that risk is appropriately managed. The requirement for an internal audit function is also contained in the Regulations which requires the organisation to:

“undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

The Police and Crime Commissioner and Chief Constable has delegated responsibilities for internal audit to the Head of Internal Audit.

Definition of Internal Auditing:

“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.”

The role of audit is to provide assurance to the organisation (Managers, Heads of Services, Assistant Directors, Executive Team, PCC and the Joint Audit Committee) that the organisation maintains an effective control environment that enables it to manage its significant risks effectively. We help the organisation achieve its objectives by providing assurance that effective and efficient operations are maintained.

The assurance work culminates in an annual opinion on the adequacy of the organisations control environment which feeds into the Annual Governance Statement.

Vision, purpose and values

The mission of the Internal Audit Service, as set out in the Audit Charter, is *“to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”*

To deliver on our mission we will:-

- demonstrate integrity and promote appropriate ethics and values within the organisation;
- provide independent and objective risk based assurance;
- be proactive and forward thinking;
- continually improve the quality of our services and promote organisational improvements through our work;
- continue to demonstrate competence and due professional care and develop internal audit staff to ensure we are fully equipped to respond to the organisations demands;
- add value by aligning our work with the strategies and objectives of the organisation focusing our resources on the most significant risks;
- communicate effectively and work with managers to improve controls and performance generally; and
- be appropriately positioned and adequately resourced and consider, where necessary and appropriate to do so, obtaining competent advice and assistance if there is a lack of knowledge, skills or other competencies needed to perform all or part of an engagement.

Our customers will continue to be affected by a variety of local and national issues, including:-

- The increasing use of technology to deliver services;
- Agile working arrangements;
- Changes in legislation, policing requirements and operational practices;
- The introduction of new ways of working;
- Implementation of new systems; and
- Increased demand on services
- Pressure to reduce costs while improving quality/ effectiveness.
- Increase in partnerships/collaboration

These, and other developments, require a responsive and flexible Internal Audit Service to review existing systems and provide advice on new systems.

To help achieve our mission and to ensure we are best placed to meet the challenges facing the service, we invest heavily in continued professional development. There are a number of staff within the team holding or studying for professional qualifications:

- The Head of Internal Audit is a qualified member of the Chartered Institute of Public Finance and Accountancy.
- One Principal Auditor is a Chartered Internal Auditor with the Institute of Internal Auditors (IIA), and has an Advanced IT Auditing Certificate also with the IIA.
- Another Principal Auditor has a Certified Internal Audit qualification with the IIA and is currently studying for Chartered status.
- One Auditor is studying for the IIA Certified Internal Auditor qualification.

Support for this professional training will continue during 2020/21. In addition, relevant ad-hoc training will be provided during the year on relevant subjects. Examples of ad-hoc training include, attendance at annual audit conferences, Annual Police Audit Group Conference and relevant 'hot topic' sessions provided by the professional bodies.

Our approach for 2020/21

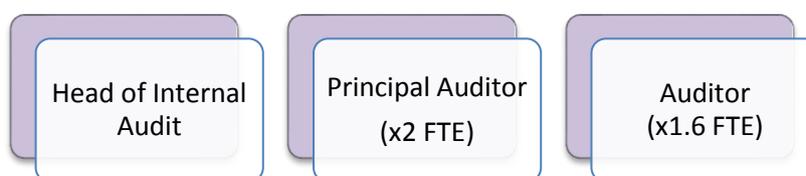
The plan covers one year, with the focus being primarily on the high risk areas, areas of significant change and key organisational processes. Audits of this nature are a more effective use of limited resources and are key to providing the appropriate assurance to the organisation that its overall governance arrangements remain effective.

As far as possible, our work is aligned with the organisations risk base by reviewing both the Force and Police and Crime Commissioner's risk register and consulting extensively with senior management to identify other risk areas for review where management require assurance that systems of control are adequate and operating effectively. The consultation process for devising the Audit Plan included the following:

- Individual meetings with the Deputy Chief Constable, Assistant Chief Constables, Directors, a selection of Assistant Directors and the Police and Crime Commissioner's (PCC) Chief Executive and Chief Finance Officer.
- Review of the Police and Crime Plan, WMP Ambition Plan, Force Corporate Risk Register and the PCC's Risk Register.
- Review of other sources of information including national and local strategies and policies, organisational changes, HMICFRS reports and consideration of collaborative arrangements in place.

In addition, the Head of Internal Audit has access to various professional networks which highlight wider issues affecting internal audit, which have also been considered when determining the programme of work.

The Internal Audit Service consists of five members of staff (4.6 FTEs). The team consists of:



When taking account of any avoidable days, e.g. Annual leave, bank holidays, training, administration time, planned absences etc., this provides a total of 825 productive audit days.

The breakdown of days against each of the key activities is provided below:

Category	Days	% of days
Assurance; including contingency	705	85
Advisory; incl. contingency for ad-hoc advice	20	3
Counter Fraud/Investigation contingency	25	3
Management; incl. JAC facilitation and reporting, External Audit Liaison, Audit Planning, Senior Management Liaison etc.	75	9
Total Productive days available for audit	825	100%

As in previous years, the number of potential audit areas exceeds the days available this year, and a number of topics cannot therefore be accommodated within the resources available. This is not unusual across most audit services and therefore the work plan has to be prioritised to identify those audits with the highest priority. The work plan has been prioritised based on the following criteria:

- Links with the objectives in the Police and Crime Plan/Forces Ambition Plan;
- Links to the risk register;
- Previous known issues that highlighted potential control weaknesses (from HMICFRS, Internal Audit, External Audit, reports to Strategic Policing and Crime Board etc.);
- Other scrutiny and assurance processes in place;
- Key Force priority
- Time since last review.

Based on this criteria, the audits have been scored and prioritised as high, medium and low and we will focus resource on those areas with the highest score.

To minimise duplication and make the best use of limited resources we aim to rely on work undertaken by other assurance providers rather than undertake our own detailed checks. For example, if the Information Management function undertakes compliance checks on information management and security policies, we will evaluate their approach and if it is sound then future audit work on the topics covered can be limited. The Internal Audit Service therefore builds upon the work on other assurance providers.

A detailed list of topics forming the 2020/21 work plan is shown in Appendix B. The available days are considered sufficient to cover the higher level reviews and a significant number of those categorised as medium, and therefore will allow appropriate coverage on which to provide an assurance opinion.

An illustrative list of topics that we are not planning to audit based on the existing level of resource is also provided at Appendix C. The illustrative topics consists of suggestions received through the annual planning exercise and is not a complete list of potential auditable topics (the audit universe). Being transparent about topics that cannot be audited is a key requirement of the Public Sector Internal Audit Standards. Some of the illustrative topics are in mid change and are therefore more suitable subjects for future years. Others are low level or already have scrutiny arrangements in place. As the Force is progressing through a phase of transformation, the audit universe will continue to change and be developed and refined during future planning exercises.

Priority has been given to those areas of activity with links to the key risks identified in the strategic risk registers. A summary of existing risks and the audit coverage in previous years and planned for 2020/21 is summarised at Appendix D.

There will inevitably be circumstances where the Head of Internal Audit may have to amend the work plan, e.g. when risks change or a specific project becomes a matter of priority. There may be cases where individual lower priority audits have to be rescheduled because of competing priorities. Also, as a number of the areas in the work plan are new areas, estimating time on individual audits can be difficult. As a result, throughout the year the plan will be closely monitored and updated to ensure it remains relevant. In year changes to the plan to reflect such variances are accepted as best practice. This plan, therefore, is not set in stone and may need revising as circumstances change. The Joint Audit Committee will be consulted on any such changes and will be provided with regular updates on progress.

2020/21 Draft Internal Audit Work Plan

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
POD	Uplift programme / Policing Education Qualification Framework (PEQF)	Following Government funding for new police officers and the introduction of PEQF, the Force has embarked on an uplift programme to recruit and train new officers. This review will assess the robustness of the uplift programme and PEQF arrangements to achieve the targets set by the Force/Government. <i>(Risk – PEQF & Uplift)</i>	Force	Building a modern police service	Building Trust and Confidence in our Police	H	✓				
POD	MyTime	A new duty management system was introduced during 2019. The system will inform pay elements, such as overtime, based on new booking in and booking out processes being established force wide, it will also calculate TOIL and RDIL. This review will establish compliance with the new requirements of the system.	Force	Building a modern police service <i>(WMP2020)</i>	Making better use of our people and resources <i>(Optimise our efficiency and effectiveness)</i>	M	✓				
POD	Customer Services Team / Customer Portal	There has been extensive investment in improving the customer experience for staff and officers as part of the next generation shared services transformation project. 45% of requests raised through the My service portal are managed by the Customer Team. This review will consider if the customer charter is being complied with, performance is being managed and service standards are being maintained.	Force	Building a modern police service <i>(WMP2020)</i> <i>(Developing a modern workforce and supporting our staff)</i>	Making better use of our people and resources	M	✓				
POD	Apprenticeship Levy	This review will consider the use of the apprenticeship levy and the mechanisms in place to access the levy, ensuring the funding is being utilised as intended, opportunities are maximised, appropriate accounting and reconciliation arrangements and clear roles and responsibilities in the process.	Force	Building a modern police service <i>(Budget)</i>	Making better use of our people and resources	M	✓				

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
POD	Payroll	Full audit of all payroll processes, including timeliness and accuracy of processing payroll variations, new starters, leavers, exception reporting, etc.	Both			M	✓				
Security/ Operations	Marauding Terrorist Attacks (MTAs)	A review of the Protect and Prepare strands of MTAs to determine the arrangements regarding preparedness, testing and exercising for such attacks.	Force	Tackling national and international threats	Tackling National and international threats <i>(Protect the public from terrorism and extremism)</i>	H	✓				
Security	Terrorist Offender Management	Review of the arrangements for managing terrorist offenders, include record keeping, information sharing, case management, relationships with other agencies/partners, communication around risks and prioritisation of responses around National Risk Assessment, learning outcomes from external reviews etc.	Force	Tackling national and international threats Protecting from Harm <i>(Reducing offending and reoffending)</i>	Tackling National and international threats <i>(Protect the public from terrorism and extremism)</i>	H	✓				
Security	Use of Intelligence	This review will consider how well intelligence is used to proactively identify hotspots, drive tasking and use of assets and resources and to identify capability gaps etc.	Force	Building trust and confidence in our police	Building trust and confidence in our police <i>(Use our information to improve insight and decision making)</i>	M	✓				
Security	Covert Funds	Pool allocation for review of a selection of covert funds to provide assurance that monies are being spent as intended and ensuring proper governance arrangements are in place. (Covert funds to include: CHIS, Assisting Offenders Unit, Regional Undercover unit, TIDU, CTU) <i>These funds form part of Section 22a arrangements and findings will be made available to the other Forces within the collaboration.</i>	Force	Tackling national and international threats	Tackling national and international threats	M	✓				

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Operations	Commonwealth Games	This includes time for internal audit to contribute to gate reviews in cooperation with Programme Management Office, and deep dive reviews into particular aspects of the programme including risk management and programme delivery.	Force	Strengthening communities and growing the economy	Making better use of people and resources	H	✓				
Operations	ControlWorks	Following the implementation of ControlWorks in March 2020, this review will assess the robustness of new processes ensuring they are embedded into practice and benefits are being maximised.	Force	Building a modern police service <i>(WMP2020)</i>	Making better use of our people and resources	M	✓				
Operations	Vulnerability in calls/THRIVE+	Within the 2018/9 PEEL review, HMICFRS reported that the force needs to improve how it assesses risk and manages the response to vulnerable people when they contact the police which resulted in an action for improvement being issued. This review will determine the robustness of arrangements for identifying and managing vulnerability in calls and ensure THRIVE+ is consistently used. <i>(Risk – Vulnerability)</i>	Force	Protecting from harm <i>(Reducing crime and harm)</i> Supporting victims of crime	Protecting people from harm <i>(Protect the most vulnerable from abuse)</i>	H	✓				
Local Policing	Serious Violence in under 25's (Project Guardian)	This review will consider the work undertaken by the Force to reduce violence in under 25s (Project Guardian). The Force has a number of initiatives underway following surge funding by the Government, the review will consider success of the projects against initial objectives and the future sustainability of projects if funding was to cease. <i>(Risk – Serious violence in Under 25s)</i>	Force	Protecting from harm <i>(Reducing Crime and Harm)</i>	Protecting people from harm <i>(Prevent violence)</i>	H	✓				

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Local Policing	Sex Offender Management	Following the Sex Offender Management review in 2018/9 and subsequent reporting to Joint Audit Committee and the Strategic Policing and Crime Board, this review will provide additional assurance to the Force that the actions agreed by the Executive team have been implemented and embedded into practice and robust arrangements for managing sex offenders exist.	Force	Reducing crime and harm <i>(Reducing offending and reoffending)</i>	Reducing crime and harm <i>(Reducing offending and reoffending)</i>	M	✓				
Local Policing	Integrated Offender Management	The review will provide assurance around the Integrated Offender Management arrangements in place across the force. Changes to the existing arrangements are proposed to take place in spring/summer. This review will be undertaken later in the year to confirm the changes have been embedded and the new arrangements are operating robustly.	Force	Reducing crime and harm <i>(Reducing offending and reoffending)</i>	Protect people from harm <i>(keep crime low)</i> <i>(Increase prevention activity)</i>	M	✓				
Crime/Local Policing	Domestic Abuse – Identification and management of serial perpetrators	This review will determine how serial perpetrators to domestic abuse are identified and managed, focussing on mechanisms to identify serial perpetrators, problem solving approaches applied, offender management processes and plans and effective utilisation of prevention pathways. <i>(Risk – Vulnerability)</i>	Force	Protecting from harm <i>(Reducing Crime and Harm)</i>	Protecting people from harm <i>(Protect the most vulnerable from abuse)</i>	H	✓				
Crime	Domestic Abuse Case Management	Changes are being made to the processes for managing domestic abuse cases. This review, planned for later in the year, will assess the effectiveness of those changes to ensure processes for managing domestic abuse cases are robust and the proposed benefits are being delivered. This will include areas such as response times, outcome rates, capacity monitoring, staff wellbeing and supporting victims. <i>(Risk – Vulnerability)</i>	Force	Protecting from harm <i>(Reducing Crime and Harm)</i>	Making better use of people and resources	H	✓				

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Crime	Connect Pre-implementation review	Assurance over implementation process for new Force system, including: - User Acceptance Testing (UAT), - Data migration, - Interfaces, - Audit logs etc.	Force	Building a modern police service (WMP2020)	Making better use of our people and resources (Optimise our efficiency and effectiveness)	M	✓				
Commercial Services	Detained Property	The force has moved to centralised property stores which has seen changes in how property is booked in and out. This review will consider the robustness of the new arrangements in place.	Force	Building a modern police service (WMP2020)	Making better use of our people and resources	M	✓				
Commercial Services	IT&D Service Management (Service Desk)	Review of the effectiveness of the IT&D service desk function ensuring it delivers a robust service meeting customer expectations. The review will explore the various platforms utilised to drive efficiencies and review performance management regimes.	Force	Building a modern police service (Developing a modern workforce and supporting our staff)	Making better use of our people and resources (Optimise our efficiency and effectiveness)	M	✓				
Commercial services	Bank Reconciliation	A review of the robustness of bank reconciliation arrangements to ensure all transactions are correctly accounted for.	Both			M	✓				
Commercial Services	Environmental Strategy	The force agreed a new environmental strategy in 2018, which was supported by an action plan for delivery. This audit will determine how the force is progressing the strategy.	Force	Building a modern police service	Making better use of our people and resources	M	✓				
Commercial Services	Estates Strategy – Critical Success Planning	The Force has an extensive estates programme which includes property acquisitions, disposals and new builds with a number of interdependent activity/projects. This review will assess the critical success planning arrangements to ensure the interdependencies are managed effectively and risks are identified and mitigated.	Force	Building a modern police service (WMP2020) (Access to Police Services)	Making better use of our people and resources	M	✓				

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Crime	Fraud and Cybercrime	Cybercrime and fraud are high on the national agenda with cases increasing year on year. This review will determine how effective WMP 4P approach (plan, prevent, protect, pursue) is to fraud and cybercrime and assess referral approaches to Action Fraud and how WMP manage cases referred by The National Fraud Intelligence Bureau (NFIB)	Force	Tackling national and international threats	Tackling national and international threats	M	✓				
Corporate	Force Risk Management	This review of organisational risk management arrangements will assess the embeddedness of risk management across the force.	Force	Effective accountability and Governance		M	✓				
OPCC	Violence Reduction Unit	The Violence Reduction Unit is an alliance of partners committed to working together to prevent violence. This review will consider the robustness of the strategy and consider the effectiveness of governance, planning and output and outcome monitoring arrangements to deliver objectives.		Protecting from harm Strengthening the Community and Growing the economy	Protecting people from harm <i>(Prevent violence)</i>	M	✓				
OPCC	Complaints Appeals Process	Changes in complaints regulations came into force with effect from 1st February 2020. The PCC has entered into a collaboration with Warwickshire Police to manage complaint appeals. This audit will review the implementation of legislative changes, the process for managing appeals and the collaboration arrangements in place. <i>This process forms part of a Section 22a collaboration arrangement and findings will be made available to the other Force within the collaboration upon request</i>	PCC	Building trust and Confidence in our police <i>(Complaints and Misconduct)</i>		M	✓				
OPCC	Commissioning	A new commissioning strategy and supporting procedures have been launched within the OPCC. This audit will assess compliance with the new procedures.	PCC	Protecting from harm <i>(Reducing crime and harm)</i> <i>(Reducing offending and re-offending)</i>		M	✓				

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan	Links to Ambitions Plan	Priority	Assurance	Advice	Investigations	Counter fraud	Management
Contingency	Contingency for assurance work	Due to uncertainty in time required for some jobs - contingency established to be allocated to audits that merit further allocation of time or to direct resources to any areas of concern during the year		N/A	N/A	N/A	✓				
Management	Management	Includes Audit committee planning, reporting and attendance, Audit Planning and ongoing liaison, effectiveness review, general management etc.		N/A	N/A	N/A					✓
Contingency	Contingency for investigations	Includes liaison with PSD on ad-hoc investigation		N/A	N/A	N/A			✓		
Contingency	Contingency for Ad-hoc advice	Time allocation to provide advice on request that is not already included as part of this plan		N/A	N/A	N/A		✓			
Follow-ups	Follow-ups	Time allocation to follow-up on audit recommendations to confirm implementation		N/A	N/A	N/A	✓				
Mandatory	National Fraud Initiative (NFI)	Submission of data to Cabinet office for the 2020/21 NFI exercise and investigation of key matches once issued	Both	N/A	N/A	N/A				✓	

Illustration of Auditable Topics (not planned for 2020/21)

In addition to the audit work plan above, the Public Sector Internal Audit Standards requires the strategy to be transparent about those audit areas not covered in 2020/21. Based upon the planning discussions with senior management and subsequent communication around proposed audit areas, Internal Audit's professional judgement and the results of previous audits the following topics are not planned for 2020/21. However, should any of the planned audits not take place this list will be used to substitute, in consultation with Senior Management and Joint Audit Committee. The audit universe will continue to be developed and refined during future planning exercises and liaison meetings.

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to Ambitions Plan	Priority	Comments
Operations	Business Continuity	Following Brexit, this review will consider the business continuity arrangements of the organisation during the transition stage of leaving the EU and beyond. This review will consider the management of Brexit risks on the Force risk register around supplier management and intelligence sharing.	Force	Protecting from harm		M	
POD	Vehicle Recovery	Vehicle recovery includes recovery, compounding, disposing etc. of seized vehicles. A new process for managing vehicle recovery has been devised. This review will assess the operational arrangements in place for vehicle recovery.	Force	Building a modern police service	Making better use of our people and resources	M	A new vehicle recovery contract is due to be awarded approx. September 2020. Suggest deferring this review until 2021/22 to allow time for new contract to be awarded and processes embedded.
Operations	ANPR	New ANPR equipment and technology is being implemented across the Force. This review will consider how the force utilises ANPR to maximise effectiveness of this technology.	Force	Building a modern police service	Making better use of our people and resources	M	
Commercial Services	Disclosure and Barring Service	This audit will assess the robustness of processes in place for DBS checking ensuring good quality timely information is getting to the right people/places in the most efficient and effective way.	Force	Protecting People from harm	Protecting people from harm	M	This team is externally funded and externally assessed. Latest mid-year assessment received in October 2019 and graded as outstanding.

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to Ambitions Plan	Priority	Comments
Commercial Services	Automations/ Robotics	Robotics are being utilise more and more throughout the force to automate highly manual processes. This review will build on the pilot piece undertaken in 2019/20 and review the processes used for determining, prioritising, testing, implementing robotics and maintaining exceptions. The access robotics have to systems will also be assessed to ensure access is appropriately restricted.	Force	Building a modern police service (WMP2020)	Making better use of our people and resources (Optimise our efficiency and effectiveness)	M	Audit completed in 2019/20. New system and resources have been approved to increase robotics capacity. Suggest deferring until 2021/22 until embedded.
Local Policing	NPU Problem Solving (Use of SARA)	This review will focus on Problem Solving arrangements at local NPUs assessing how the SARA model (Scanning, Analyse, Response and Assessment) is used as a tool to managed plans.	Force	Protecting from harm	Strengthening Communities and Growing the Economy (Prevent dependency on public services by effective engagement with repeat victims, repeat callers and persistent offenders)	M	
Commercial Services	Income generation	The Force has established a corporate approach to income generation. This review will consider the income generation strategy and approaches adopted, including decision making arrangements for determining uses of any income generated.	Force	Building a modern police service (Budget)	Making better use of people and resources	M	
Crime	Human Trafficking	The National Referral Mechanism (NRM) is a framework for identifying victims of human trafficking and ensuring they receive the appropriate protection and support. This review will determine the approaches the force takes to progressing NRMs, including recording. The review will also consider how effective the force is at responding to human trafficking, including staff training and awareness, utilisation of intelligence, recording as per the NRM framework etc.	Force	Protecting from harm (Preventing and detecting hidden crimes)	Protecting people from harm	M	

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to Ambitions Plan	Priority	Comments
Crime	Rape and Serious Sexual Offences (RASSO)	Due to low outcome rates for successful rape cases across the Force, action plans have been developed to improve success. This review will determine the robustness of action plans to drive improvements in success rates based on the problems identified and the effectiveness of governance and scrutiny arrangements to monitor the plans to ensure improvements are delivered.	Force	Protecting from harm <i>(Preventing and detecting hidden crimes)</i>	Protecting people from harm	M	
Operations	Events Control Suite	This review will consider whether the new events control suite is operating in accordance with Standard Operating Procedures developed new building, ensuring they are fit for purpose and accountabilities are clear.	Force	Building a modern police service <i>(WMP2020)</i>	Making better use of people and resources	M	
Operations	Digital Deflection	The digital deflection project aims to provide wider options to users of 101 services by directing callers to other reporting mechanisms and shift demand away from callers. This review will assess whether the benefits of the projects have been achieved and the impact on other reporting methods hasn't impacted on service delivery.	Force	Building a modern police service <i>(WMP2020)</i> <i>(Access to Police services)</i>	Making better use of people and resources	M	
DCC	Staff and Customer Engagement	The force uses a wide range of mechanisms for engaging with staff and customer, this review will assess whether the engagement strategy is robust and effective and the strategy objectives are achieved.	Force	Building a modern police service <i>(Developing a modern workforce and supporting our staff)</i>	Making better use of people and resources	M	
Commercial Services	Treasury Management	Due to proposals to limit use of reserves and increase investments/borrowing to fund programmes, review to provide assurances that investment funds are being management effectively and returns are maximised.	Both	Building a modern police service <i>(Budget)</i>		M	
POD	Overtime	Spend on overtime across the force is increasing. This review will not only look at operational compliance with overtime processes, but will also consider steps taken by management to control and reduce spend on overtime and address welfare of staff who work significant overtime.	Force	Building a modern police service <i>(Budget)</i>		M	Plans are in place to administer the processing of overtime through MyTime. Separate review of MyTime planned during 2020/21.

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to Ambitions Plan	Priority	Comments
POD	Pensions	The Force is following national advice following the McCloud and Sergeant rulings and it is anticipated changes to officer pensions may take place sometime during 2020/21. This review will be limited to assessing the process in place to managing any transitional arrangements suggested by the national guidance.	Force	Building a modern police service		M	Following national advice and guidance. Timings not known for transition.
Commercial Services	Fleet Telematics	An exploration exercise is currently underway to determine how Fleet Telematics data can be used to influence transport options for the force. This review should consider how the findings of the academic piece have been taken forward and implemented into practice.	Force	Building trust and confidence in our police <i>(Making better use of our people and resources)</i>	Making better use of people and resources	M	Academic piece currently underway. Suggest deferring to 2021/22 to allow academic piece to complete and any actions taken by management to embed.
Commercial Services	Supplier Relationship Management	Following the pilot of the Supplier relationship Management framework being rolled out across the force, this review will determine how well the framework has embedded into practice and whether contract management are complying with the framework to drive efficiencies in contracts.	Force	Strengthening Communities & Growing the Economy <i>(Supporting economic development)</i>	Making better use of our people and resources <i>(Optimise our efficiency and effectiveness)</i>	M	Pilot contracts audited in 2020/21. It is anticipated the wider roll out of the Supplier relationship Model will take place early 2020. Suggest deferring to 2021/22 to allow time for contract managers to adopt the new arrangements and for the governance arrangements to embed.
Crime	Bail Management - Released Pending Investigation	Changes to the Police and Crime Act came into effect in April 2017, the changes to the Act introduced a new provision around Bail called Release Pending Investigation (RPI). This review will assess the extent to which the force is using and effectively managing RPI cases.	Force	Building trust and confidence in our police Protecting from harm	Building trust and confidence in our police	M	Audit undertaken of Bail Management arrangements in 2018/9 which included use of Release pending Investigation category
Commercial Services	Mobility Asset Management	Following the decision by the Force not to invest in a corporate asset Management system, and the mobility by default strategy in place, this review will determine the progress made to strengthen asset management around personal issued devices following the 2019/20 review	Both	Building a modern police service <i>(WMP2020)</i>	Making better use of our people and resources	L	
POD	Warwickshire Transition	Advisory time for the transfer arrangements into WMP	Force	Collaboration		L	Anticipating there will be no changes to WMP processes. Advisory input not anticipated to be significant and can be taken from contingency for advisory work if required.

Portfolio	Area	Description	PCC/ Force/ Both	Links to Police and Crime Plan Register	Links to Ambitions Plan	Priority	Comments
Commercial Services	Police Commercial Organisation	A Police Commercial Organisation is being established which will change the future procurement mechanisms, moving to a national approach. This has not progressed significantly and as yet there has been no impact on current arrangements.	Force	Building a modern police service	Making better use of our people and resources (Optimise our efficiency and effectiveness)	L	Police Commercial Organisation not yet in place – suggest deferring to 2021/22
Commercial Services	Mobility - Benefits Realisation	Mobility is a key tool for driving efficiencies across the force. This review will consider whether benefits have been achieved and mobility apps are being utilised to full extent.	Force	Building a modern police service (WMP2020)	Making better use of our people and resources	L	A wider review of WMP2020 benefits realisation process was undertaken in 2018/19.
Commercial Services	GDPR	Deferred from 2020/21 - Following ICO inspection during 2018/19, supplemented by an internal audit, this review will determine progress in implementing the high risk recommendations arising from the inspection regimes to ensure gaps in GDPR are addressed.	Both	Building trust and confidence in our police (Effective accountability and Governance)	Building trust and confidence in our police	M	
Security	ROCU Analysts	A proposal has been submitted to increase the analyst capacity within ROCU with the view of the function becoming much more proactive than reactive. This review will determine whether this new team is achieving its outcomes and the intelligence gathered from the additional analytical data available is being utilised proactively.	Force	Tackling national and international threats	Tackling national and international threats	M	Team not yet established – suggest deferring to 2021/22
Security	Proactive Capability	This review will determine how WMP proactively manage those offences that fall between the Force and ROCU, e.g. County Lines, and assess how intelligence is used and how resources are mobilised across the Force and ROCU. A Disruptions Team is currently being pilots, the outcome of which will be considered during the review.	Force	Tackling national and international threats	Tackling national and international threats	M	

Audit Coverage of Key Risk Areas as at March 2020

West Midlands Police Risk Register

Risk Description and cause	Previous audit coverage (16/17 to 19/20)	Proposed Internal Audit 2020/21
<p>Records Management Historically, the Force had an immature records management capability, which means that we have difficulty accessing physical and digital records and once accessed there is limited assurance of the quality. There is a lack of understanding regarding the legacy rules that apply to digital searches within specific systems therefore searches can return inconsistent results.</p>	<ul style="list-style-type: none"> Information Management and Ownership audit GDPR readiness 	
<p>Airwave Replacement There is a risk that the introduction of the new airwave replacement will lead to increased costs and additional change requirements being placed on WMP impacting on service delivery.</p>		
<p>Vulnerability Identification of vulnerability in demand including hidden crimes and missing people.</p>	<ul style="list-style-type: none"> Thrive+ Vulnerability - focus on delivery plan and domestic abuse Vulnerability - Governance arrangements 	<ul style="list-style-type: none"> Domestic Abuse Case Management Domestic Abuse Serial Perpetrators Vulnerability in Calls/THRIVE+
<p>Police Settlement Whilst police grant has increased for 20/21 to fund increase in officer numbers, there remains a lack of clarity over precept funding flexibility (WMP remain second lowest). One year settlements do not assist medium term financial planning.</p>	<ul style="list-style-type: none"> Budget Management General Ledger Treasury Management 	
<p>Workforce Demographics Due to sustained Austerity inhibiting recruitment, some functions within the Force are less representative of the communities we serve. This creates a risk to public confidence and operational service delivery.</p>	<ul style="list-style-type: none"> Workforce Planning Diversity and Inclusion 	
<p>Demand Management Increased demand in policing with limited understanding of how it moves through the system impacts on our ability to create and execute effective plans to ensure effective and efficient delivery of policing</p>	<ul style="list-style-type: none"> WMP2020 Force Response Thrive+ Intelligence Management & Tasking Data Driven Insight 	<ul style="list-style-type: none"> Use of Intelligence
<p>Recruitment, Retention and Workforce Resilience Changing and increased requirements for specialist skills within the workforce create a risk that WMP will not be able to recruit and retain sufficiently skilled people to deliver our service. Ongoing recruitment may not address attrition rates due to high levels of upcoming retirements.</p>	<ul style="list-style-type: none"> Workforce Planning, Diversity and Inclusion 	
<p>Serious Violence Under 25s The increase in volume of serious violence (gun and knife crime) in the under 25s and the cumulative risk around community safety could impact on the force capacity to respond impacting on public confidence and safety.</p>		<ul style="list-style-type: none"> Serious Violence in Under 25s Violence Reduction Unit
<p>PEQF & Uplift</p>		<ul style="list-style-type: none"> Uplift programme / PEQF

Risk Description and cause	Previous audit coverage (16/17 to 19/20)	Proposed Internal Audit 2020/21
PEQF risk has been widened to include the Home Office recruitment uplift. The uplift targets, plus the PEQF entry routes create significant additional demand on WMP. The failure to meet recruitment targets will impact on the forces resilience and may potentially affect future funding from the Home Office		
Britain's exit from the EU Following Britain's exit from the European Union in December, the country will continue in a period of transition. Impact of departure and associated risks (including info sharing and supply chain) continues to be monitored.	<ul style="list-style-type: none"> • Supplier Relationship Management 	

PCC Risk Register

Risk Description and cause	Previous audit coverage	Proposed Audits 2020/21
Tackling National and International Threats There is not a coherent set of actions to support the police and wider agencies to tackle cybercrime resulting in cybercrime increasing	<ul style="list-style-type: none"> • Cybercrime • Section 22a Governance 	<ul style="list-style-type: none"> • Cybercrime and fraud
Protecting From Harm The road network is not safe and secure and is inefficient		
Building a Modern Police Service Resources are insufficient to meet the priorities of the Police and Crime Plan	<ul style="list-style-type: none"> • Budget Management • Financial systems 	<ul style="list-style-type: none"> • Uplift programme/PEQF
Protecting From Harm Crime does not reduce across the West Midlands	<ul style="list-style-type: none"> • Performance Management 	<ul style="list-style-type: none"> • Serious violence in under 25s • Violence Reduction Unit • Integrated Offender Management
Strengthening Communities & Growing the Economy The criminal justice system (CJS) is ineffective and not transparent	<ul style="list-style-type: none"> • Disclosure • Victims Code Compliance • Custody • Bail Management 	
Tackling national and international threats The Force's contribution to national threats is not comprehensive, effective or properly resourced	<ul style="list-style-type: none"> • Covert Funds • Section 22a Governance • Civil Contingencies • National Police Air Service • Drones 	<ul style="list-style-type: none"> • Marauding Terrorist Attacks • Cybercrime and Fraud • Covert Funds
Strengthening Communities & Growing the Economy Partnerships are ineffective and do not tackle and reduce crime	<ul style="list-style-type: none"> • Section 22a Governance • Victims Code Compliance • Victims Service Commissioning Grants 	<ul style="list-style-type: none"> • Violence Reduction Unit • Commissioning
Building Trust and Confidence Confidence in policing in the West Midlands does not increase	<ul style="list-style-type: none"> • Performance Management • Data Driven Insight • Crime Data Integrity 	<ul style="list-style-type: none"> • Complaints (Appeals)
Building Trust and Confidence The public's satisfaction with services from the Force does not increase	<ul style="list-style-type: none"> • Performance reporting • Digital Experience for Citizens 	<ul style="list-style-type: none"> • Complaints (Appeals)

<i>Risk Description and cause</i>	<i>Previous audit coverage</i>	<i>Proposed Audits 2020/21</i>
	<ul style="list-style-type: none"> • PSD Complaints and Investigations • Crime Data Integrity 	
<u>Building Trust and Confidence</u> Complaints and incidents of misconduct are not dealt with effectively	<ul style="list-style-type: none"> • Body Worn Video • PSD Complaints and Investigations 	<ul style="list-style-type: none"> • Complaints (Appeals)
<u>Standing up for Young People</u> The organisation does not undertake activities to create, provide and improve pathways into employment and training for young people	<ul style="list-style-type: none"> • Cadets • Supplier and Contract Management 	<ul style="list-style-type: none"> • Apprenticeship Levy
<u>Protecting from Harm</u> Organised crime and urban street gangs		



Commissioner / Chief Constable Joint Internal Audit Charter



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1 INTRODUCTION

- 1.1 The Police and Crime Commissioner West Midlands (PCC) and the Chief Constable (CC) are both responsible for maintaining an effective Internal Audit function under the Accounts and Audit Regulations 2015. These regulations specifically require that a *“relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.”*
- 1.2 This Charter defines the purpose, authority and responsibility of the Internal Audit service and is consistent with the Public Sector Internal Audit Standards (2017), which are mandatory.
- 1.3 The Charter is periodically reviewed and approved by senior management and the relevant board (definitions provided in Section 2 below.)

2 DEFINITIONS

2.1 Internal Auditing

The definition of Internal Auditing is a mandatory part of the PSIAS and is as follows:

“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.”

2.2 Assurance

Assurance activity is defined as *‘An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.’*

2.3 Consultancy

Consultancy activity is defined as *‘Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation’s governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.’*

2.4 Independence

The PSIAS define independence as *‘the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity requires the head of the activity to have direct and unrestricted access to senior management and the board. This can be achieved*

through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional and organisational levels.'

2.5 **Objectivity**

The PSIAS define objectivity as *'an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional and organisational levels.'*

2.6 **The Chief Audit Executive**

The PSIAS describes the role of Chief Audit Executive as *'a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework.'*

The specific responsibilities of the Chief Audit Executive are undertaken by the Head of Internal Audit. Within this Charter, all references from here on are to the Head of Internal Audit.

2.7 **The Board**

The PSIAS informs that the Board *'...may refer to an audit committee to which the governing body has delegated certain functions.'*

The Joint Audit Committee will perform the function of the Board. Within this Charter, all references from here on are to the Joint Audit Committee.

2.8 **Senior Management**

The PSIAS does not provide a definition of 'senior management' however it does require that the Head of Internal Audit *'consults with senior management and the board and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes'* when developing the risk based plan. It also states the Head of internal Audit *'has direct and unrestricted access to senior management and the board.'*

For the purposes of this Charter, Senior Management consists of the Chief Executive, the Chief Finance Officer (PCC), the Force Director of Commercial Services and the Deputy Chief Constable.

3 **INTERNAL AUDIT MISSION, CORE PRINCIPLES AND OBJECTIVES**

3.1 The mission of the service is

"to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight."

In order to achieve this mission, Internal Audit must demonstrate achievement of the following core principles:

- Demonstrate integrity.
- Demonstrate competence and due professional care.
- Be objective and free from undue influence (independent).
- Align with the strategies, objectives, and risks of the organisation.
- Be appropriately positioned and adequately resourced.
- Demonstrate quality and continuous improvement.
- Communicate effectively.
- Provide risk-based assurance.
- Be insightful, proactive, and future-focused.
- Promote organisational improvement.

3.2 The Internal Audit service evaluates the adequacy and effectiveness of controls in responding to risks within the PCC and CC's governance and operation systems regarding the:

- achievement of the organisations' strategic objectives;
- adequacy of risk management, identification, assessment and mitigation;
- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations and programmes
- safeguarding of assets; and
- compliance with laws, regulations, policies, procedures and contracts.

3.3 In addition, the other objectives of the function are to:

- support the PCCs and Forces Section 151 officers in discharging their statutory duties for ensuring proper administration of the PCCWM / CC's financial affairs;
- provide appropriate input to the Annual Governance Statements or other assurance processes of the PCC and CC;
- support management to understand their exposure to risks and advise on risk management principles / methods;
- supporting the Joint Audit Committee in fulfilling its governance responsibilities;
- promote a counter fraud culture across the Office of the PCC and Force, through the development and effective implementation of the Anti-Fraud, Bribery and Corruption Policy; and
- undertake consultancy type reviews and provide advice as requested by senior management of the PCC and Force.

3.4 Internal Audit will incorporate knowledge of controls gained from consulting engagements into evaluation of the organisation's control processes.

4 SCOPE OF INTERNAL AUDIT

- 4.1 The Internal Audit service' role applies to all functions and services for which the PCC and CC is responsible. Internal Audit has unrestricted coverage of both organisations activities and unrestricted access to all records and assets which is necessary for it to effectively fulfil its responsibilities, however and wherever these are held. This includes information which is held or managed by third parties on the PCC and CC's behalf.
- 4.2 The Head of Internal Audit has direct access, as appropriate to:
- All levels of management, including the PCC, the CC, the Chief Executive, the Chief Financial Officer (CFO) and the Force Chief Financial Officer (FCFO);
 - The Chair of the Joint Audit Committee and its members;
 - Employees of both organisations;
 - Agents of both organisations.
- 4.3 The Head of Internal Audit can report directly to the Joint Audit Committee and officers at any level.
- 4.4 The Internal Audit service is required (by the PSIAS) to be sufficiently independent of the activities it audits such that it can make impartial and effective professional judgements and recommendations. Independence is achieved through a combination of:
- the organisational status of the service;
 - the objectivity of Internal Auditors and ensuring no conflicts of interest;
 - reporting in own name;
 - the freedom to report directly to the Joint Audit Committee and;
 - being free from direct responsibility for the development, implementation or operation of systems and procedures.
- 4.5 Should the independence or objectivity of the Internal Audit service be impaired in fact or appearance, the Head of Internal Audit will disclose details of the impairment to the CFO and /or the Chair of the Joint Audit Committee depending upon the nature of the impairment.
- 4.6 Internal Audit activity evaluates and contributes to the improvement of governance, risk management and control processes using a systematic and disciplined approach. Internal Audit assesses and makes appropriate recommendations for improving the governance process in its accomplishment of the following objectives:
- promoting appropriate ethics and values within the organisation;
 - ensuring effective organisational performance management and accountability;
 - communicating risk and control information to appropriate areas of the organisation; and
 - co-ordinating the activities of and communicating information among the Joint Audit Committee, External and Internal Audit and management.
- 4.7 Internal Audit activity reviews the design, implementation and effectiveness of the

organisation's ethics-related objectives, programmes and activities. It also assesses whether the information technology governance within the organisation supports the organisation's strategies and objectives.

- 4.8 Internal Audit activity also evaluates the potential for the occurrence of fraud and how the organisations manage fraud risk.

5 INTERNAL AUDIT STAFFING

- 5.1 The Head of Internal Audit will be professionally qualified (CMIIA, CCAB or equivalent) and will be suitably experienced.
- 5.2 The responsibility regarding the appointment and removal of the Head of Internal Audit is with the CFO. The CFO will review the performance appraisal of the Internal Audit Manager and feedback will also be sought from the Chair of the Joint Audit Committee.
- 5.3 The Head of Internal Audit ensures that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plans.
- 5.4 Internal Audit will be appropriately staffed in terms of number, grade, qualification levels and experience to enable the Audit plan to be delivered effectively. This will be achieved through the recruitment of staff suitably skilled and experienced for the post appointed to and through the performance appraisal and development programme.
- 5.5 Internal Auditors will possess the knowledge, skills and other competencies needed to perform their individual responsibilities. Internal Auditors will enhance their knowledge, skills and other competencies through continuing professional development. The Head of Internal Audit will obtain competent advice and assistance if there is a lack the knowledge, skills or other competencies needed to perform all or part of an engagement.
- 5.6 Internal Auditors will have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by both organisations, but will not all have the expertise of a person whose primary responsibility is detecting and investigating fraud. The responsibility for the investigation of fraud is set out in the Anti-Fraud, Bribery and Corruption Policy.
- 5.7 Internal Auditors will have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work.
- 5.8 The Head of Internal Audit will decline a consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills or other competencies needed to perform all or part of the engagement.
- 5.9 Staff will apply the care and skill expected of a reasonably prudent and competent Internal Auditor.
- 5.10 The Head of Internal Audit ensures that resources are sufficient by matching the staffing levels to the requirements of the approved plans.
- 5.11 The Internal Audit service is not responsible for services outside of the delivery of Internal Audit. Where staff transfer internally to Internal Audit, the Head of Internal Audit will

ensure they do not audit activities they were previously responsible for, for at least 18 months. This includes transfers after periods of secondment whilst undertaking professional training.

6 RESPONSIBILITIES OF MANAGEMENT

6.1 All levels of management have a role to identify key risks to their service and to ensure these risks are effectively mitigated to an adequate degree in accordance with both organisations' stated risk appetites. Management is also responsible for ensuring that staff are aware of the processes and procedures required to operate the internal control systems.

6.2 All managers can assist the process of Internal Audit by:

- providing access at all reasonable times to premises, personnel, documents and assets that the Internal Auditors consider necessary for the purposes of their work;
- giving information and explanations that are sought by the Internal Auditors in the course of their work;
- providing input to both the audit plans and the Terms of Reference for each review, to ensure attention is focused on areas of greatest risk;
- early notification to Internal Audit of plans for change, including new operational systems and processes;
- implementing agreed actions arising from audit recommendations in a timely and effective manner;
- immediately notifying the Head of Professional Standards / Head of Internal Audit of all suspicions of fraud, theft, or other irregularity, in accordance with the Anti-Fraud, Bribery and Corruption Policy. Pending investigation and reporting, the relevant senior manager/ member of Executive Team, in consultation with the Head of Internal Audit, should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration;
- ensuring that where key systems are managed by an external organisation that contractual documentation identifies, in consultation with the Head of Internal Audit, the Internal Audit arrangements for those key systems.

6.3 When the Head of Internal Audit concludes that management has accepted a level of risk that may be unacceptable to the organisation, he/she will discuss the matter with senior management. If the Head of Internal Audit determines that the matter has not been resolved, he /she will communicate the matter to the Joint Audit Committee. It is not the responsibility of the Head of Internal Audit to resolve the risk.

7 RESPONSIBILITIES OF THE JOINT AUDIT COMMITTEE

7.1 The roles of the Joint Audit Committee in relation to Internal Audit include:

- To ensure its independence, objectivity and professionalism;
- To support the effectiveness of the internal audit process;
- To promote the effective use of internal audit within the assurance framework;

- To advise the PCC and the CC on appropriate arrangements for Internal Audit;
- To endorse the Internal Audit Plan; and
- To consider progress reports and receive the annual opinion on the internal control environment.

8 AUDIT SERVICES & CONTEXT

8.1 The Head of Internal Audit is required to manage the provision of a complete audit service to both organisations. This includes:

- Preparing annual plans, including resource requirements, in consultation with senior management, for review and approval by senior management and the Joint Audit Committee. These plans will be prepared using a risk based approach, aligned to the Corporate Risk Register, taking account of the risk maturity of the organisation and any Assurance Frameworks. They will include a risk assessment and will explain the approach to using any other sources of assurance and any work required to place reliance upon those other sources. The risk-based plans will incorporate or be linked to a strategic or high level statement of how the Internal Audit service will be delivered in accordance with this Charter and how it links to the organisational objectives and priorities. The plan will also explain how Internal Audit's resource requirements have been assessed;
- Where the Head of Internal Audit believes that the level of agreed resources will impact adversely on the provision of the annual Internal Audit opinion, the consequences will be brought to the attention of the Joint Audit Committee;
- Providing suitably skilled and experienced staff to undertake Internal Audit reviews;
- Working in conjunction with the authorities' External Auditors, whereby external audit places reliance on the work of Internal Audit;
- Undertaking Internal Audit reviews, including Value for Money reviews, in accordance with the approved Annual Plans and the Internal Audit Manual;
- Agreeing any amendments to the Annual Plan, in response to both organisations' business needs, with senior management. Any such amendments will be reported to the Joint Audit Committee;
- Considering accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements will be included in the plan;
- Seeking approval from the Joint Audit Committee for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement;
- Assessing all requests for non-audit activity particularly where this activity may introduce a conflict of interest or impair independence. Where it is assessed that the non-audit activity does provide a potential conflict, the activity will not be performed unless appropriate mitigation activities are put in place to minimise the potential impact of the conflict;

- Providing an audit opinion on each individual review undertaken together with an Annual Audit opinion on the adequacy of the internal control framework operating within both organisations;
- Responding to requests for support, advice and guidance on implementing and/or improving control procedures for current and new systems.

- 8.2 The Joint Audit Committee will make appropriate enquiries of management and the Head of Internal Audit to determine whether there are inappropriate scope or resource limitations.
- 8.3 The Head of Internal Audit will also provide an audit opinion on each individual review undertaken for external clients together with an annual audit opinion on the adequacy of the internal control framework operating within those external organisations.
- 8.4 The Internal Audit service will be provided by an in-house service.

9 RISK MANAGEMENT

- 9.1 The Internal Audit team evaluate the effectiveness and contribute to the improvement of risk management processes through the internal auditor's assessment that:
- organisational objectives support and align with each organisation's mission;
 - significant risks are identified and assessed, including the risk of fraud;
 - appropriate risk responses are selected that align risks with the organisation's risk appetite; and
 - relevant risk information is captured and communicated in a timely manner across the organisations, enabling staff, management, the PCC and the Joint Audit Committee to carry out their responsibilities.
- 9.2 Internal Audit will evaluate risk exposures relating to the organisation's governance and operations systems regarding the:
- achievement of the organisations' strategic objectives;
 - reliability and integrity of financial and operational information;
 - effectiveness and efficiency of operations and programmes;
 - safeguarding of assets; and
 - compliance with laws, regulations, policies, procedures and contracts.
- 9.3 During consulting engagements, Internal Auditors will address risk consistent with the engagement's objectives and will be alert to the existence of other significant risks. Internal Auditors will incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes.
- 9.4 When assisting management in establishing or improving risk management processes, Internal Auditors do not assume any management responsibility by actually managing risks.

10 AUDIT REPORTING FRAMEWORK

- 10.1 Internal Audit activity is undertaken to assist management fulfil their objectives of delivering services and contributing to overall strategic objectives. Outputs from Internal Audit work range from informal advice to formal written reports. The Internal Audit process allows management to have the opportunity to agree the factual accuracy of report content and to discuss the action plan.
- 10.2 Final reports are issued to management which include the engagement's objectives and scope, applicable conclusions and identify agreed actions showing responsibilities and implementation dates.
- 10.3 Final reports also include an opinion regarding the level of assurance that can be given for the control environment of the system or unit being audited.
- 10.4 Final reports issued to parties outside the organisation include limitations on distribution and use of the results.
- 10.5 Regular liaison meetings are held with senior management to discuss at a summary level, any issues or themes arising and to agree the timing and content of planned work.
- 10.6 Audit recommendations are followed up six months after final audit reports are issued, and any that remain outstanding will continue to be followed up every three months. The results of this follow up process, including whether senior management has accepted the risk of not taking action, are reported to the Joint Audit Committee.
- 10.7 Internal Audit reports to the Joint Audit Committee in accordance with the reporting timetable agreed with the Committee. This includes quarterly progress reports and an annual audit report which incorporates the following:
- An Annual Audit Opinion;
 - A summary of the work that supports the opinion;
 - A statement on conformance with the UK Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.
- 10.8 The Annual Audit Opinion and report will be used to inform the Annual Governance Statement.
- 10.9 In addition, the Head of Internal Audit will provide a report annually to senior management and the Joint Audit Committee outlining the contents and any updates to the Internal Audit Charter, including the Definition of Internal Auditing, the Code of Ethics and the Standards.

11 QUALITY OF SERVICE

- 11.1 Internal Audit operates in accordance with the Public Sector Internal Audit Standards. These include specific reference to the Code of Ethics which Internal Auditors in UK public sector organisations must conform to. This Code of Ethics includes the following principles: Integrity, Objectivity, Confidentiality and Competency. Breaches of the Code of Ethics will be evaluated and administered according to the Institute of Internal Auditors' Disciplinary Procedures. Disciplinary procedures of other professional bodies and employing organisations may apply to breaches of the Code of Ethics. If individual Internal

Auditors have membership of a professional body then he or she must also comply with the relevant requirements of that organisation.

- 11.2 Internal Auditors must have an impartial, unbiased attitude and avoid any conflict of interest. They must also have regard to the Committee on Standards of Public Life's *Seven Principles of Public Life*. Adherence to expected standards will be subject to management overview through actions 11.3 and 11.4 below.
- 11.3 Internal review of work standards is undertaken through a system of management review involving senior audit staff and the Head of Internal Audit. This incorporates review of all audit documentation and reports prior to release to the relevant manager. Appropriate evidence of review is documented and retained. The Head of Internal Audit is responsible for reviewing and approving the final audit report before it is issued and for deciding to whom and how it will be disseminated. If these duties are delegated, the Head of Internal Audit retains overall responsibility.
- 11.4 If not otherwise mandated by legal, statutory or regulatory requirements, prior to releasing results to parties outside the organisation, the Head of Internal Audit will:
- assess the potential risk to the organisation;
 - consult with senior management and / or legal counsel as appropriate; and
 - control dissemination by restricting the use of the results.
- 11.5 The Head of Internal Audit is responsible for communicating the final results of consulting engagements to clients. During consulting engagements, governance, risk management and control issues may be identified. Whenever these issues are significant to the organisation, they will be communicated to senior management and the Joint Audit Committee.
- 11.6 Quality questionnaires are issued to auditees at the end of each audit review. Completed questionnaires are recorded and monitored against Internal Audit's Performance Indicator for Customer Satisfaction. Regular liaison meetings are also held with senior management across both organisations to discuss quality issues.
- 11.7 A suite of performance indicators and targets has been developed to monitor the quality of the service provided. These indicators are subject to review by the Joint Audit Committee.
- 11.8 A Quality Assurance and Improvement Programme has been developed by the Head of Internal Audit, which includes both internal and external assessments and covers all aspects of the Internal Audit activity. Internal Auditors can report that their engagements are "conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*", only if the results of the quality assurance and improvement programme support the statement.
- 11.9 Periodic self-assessments are conducted to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards. Any areas of non-compliance are reported to the Joint Audit Committee.
- 11.10 External review of the work of Internal Audit takes place through the following mechanisms:

- Regular contact is maintained with the organisations' External Auditors and information will be shared as appropriate to inform its work as part of the statutory external audit of the accounts. External Audit will comment on how the work of internal audit contributes to an effective internal control environment.
- The use of benchmarking to compare performance with other Police Services across the country.
- External assessment of Internal Audit will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Head of Internal Audit will agree the scope of external assessments with an appropriate sponsor, e.g. the CFO or Chair of the Joint Audit Committee as well as with the external assessor or assessment team. The external assessment may be in the form of a full external assessment, or a self-assessment with independent external validation.

11.11 The results of the Quality Assurance and Improvement Programme are reported by the Head of Internal Audit to senior management and the Joint Audit Committee in the annual report.

12 STRUCTURE AND LOCATION

12.1 The Internal Audit Service is within the Office of the Police and Crime Commissioner and is located at Lloyd House, Birmingham. Operationally and administratively, Internal Audit reports to the Chief Finance Officer.