

NORTHUMBRIA POLICE

JOINT INDEPENDENT AUDIT COMMITTEE:

20 JUNE 2016

INTERNAL AUDIT ANNUAL REPORT – 2015/16

REPORT OF CHIEF INTERNAL AUDITOR

1 Purpose of the Report

- 1.1 To inform the Committee about work undertaken by the Internal Audit Service during 2015/16 and to give an overall assessment and independent opinion on the effectiveness of both the Police and Crime Commissioner (PCC) and Chief Constable's internal control systems, risk management and governance arrangements to feed into the Annual Governance Statements for 2015/16.

2 Background

- 2.1 The audit plan for 2015/16 set out to meet the requirements of the UK Public Sector Internal Audit Standards (PSIAS) in providing a risk-based focus for the deployment of internal audit resources. The requirements of both the PCC and Chief Constable were taken into account when preparing the audit plan.
- 2.2 The audit plan also enables the Treasurer to the PCC and Director of Finance to the Chief Constable to fulfil his delegated responsibility to maintain an adequate internal audit of financial affairs as required by Section 151 of the Local Government Act 1972.

3 Performance Management and Quality Assurance

- 3.1 The number of planned audits 2015/16 was 24 of these 21 were completed during the period, of the remaining three audits, two draft reports have been issued and the field work has been completed on the other audit. A number of audits have resulted in more than one report being issued, therefore out of the 21 audits completed 27 final reports have been issued.
- 3.2 The 2015/16 audit plan allocated 3,050 hours to routine audits, and advice and liaison with the Force and OPCC. As at 31st March 2016 100% of the audit plan, in terms of actual audit hours against planned hours was achieved by the Internal Audit Service, against a target of 97.25%.

- 3.3 The Chief Constable has in place a framework of assurance, which includes Internal Audit, but also includes other audits and checks undertaken by employees.
- 3.4 The Chief Internal Auditor has in place a Quality Assurance and Improvement Programme which appraises:
- The quality of audit work
 - The quality of supervision
 - Compliance with PSIAS
 - Compliance with the Audit Service's local Audit Manual
 - The ways in which the Internal Audit Service benefits the PCC and Chief Constable
 - Achievement of performance standards
- 3.5 The percentage of audits subject to a quality review by either the Chief Internal Auditor or Audit Manager varies dependant on the experience and knowledge of auditors involved. All audit working papers are subject to a full review by a Senior Auditor. For 2015/16, 20% of audits were subject to a full working paper review by either the Chief Internal Auditor or the Audit Manager, with the remaining 80% receiving a lighter touch secondary review. An action plan is in place for the continued development of the Internal Audit Service which accommodates any findings from these quality reviews.

4 Main Audit Findings

Overall Assessment & Independent Opinion

- 4.1 Of the 27 final audit reports issued, 19 concluded that systems and procedures in place were operating well, seven audits concluded that systems and procedures were operating satisfactorily and one audit identified significant weaknesses. A summary of these audits is attached at Appendix A.
- 4.2 The standard conclusions in audit reports are defined as:
- Operating well - where the system is effective and no recommendations or only a few minor points have been raised.
 - Satisfactory - where the system works but there are a number of recommendations or where issues have not been fully addressed from the previous audit.
 - Significant weakness - where the system is flawed so there are a large number of recommendations or at least one that is of high significance.
- 4.3 Audit work has been focused on the completion of routine systems based audits. There have been no special investigations during the period under review and therefore no cases of suspected fraud or corruption.
- 4.4 Based on the evidence arising from internal audit activity during 2015/16, including advice on governance arrangements, the PCC and

Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.

- 4.5 This overall assessment of the PCC and Chief Constable's internal control environment and governance arrangements by Internal Audit makes up a fundamental element of assurance for the Annual Governance Statement.
- 4.7 Internal auditors have received full co-operation from all police officers, OPCC officers and police staff involved in the areas under review.

5 Equal opportunities implications

- 5.1 It is considered that there are no equal opportunities implications arising from the report.

6 Human rights implications

- 6.1 It is considered that there are no human rights implications arising from the report.

7 Risk Management implications

- 7.1 There are no additional risk management implications arising directly from this report. The audit plan supports the sustainability of adequate and appropriate resources.

8 Financial implications

- 8.1 There are no financial implications directly arising from this report

9 Recommendation

- 9.1 The Committee is requested to note the findings set out in this report.

Agenda Item 5 (iii)
Appendix A

	2015/16 Audit Area	Status	Opinion
	Police & Crime Commissioner		
1	Treasury Management	Final Issued	Operating Well
	Chief Constable		
2	IT Change Management	Final Issued	Operating Well
3	IT Third Party Supplier Management	Final Issued	Operating Well
4	Asset Management	Final Issued	Operating Well
5	Crime Department	Final Issued	Operating Well
6	Human Resources and Training	Final Issued	Operating Well
7	Legal Department and Insurance Arrangements	Final Issued	Operating Well
8	Police Operational Support Functions	Draft Issued	
9	Police Charities Fund	Final Issued	Operating Well
10	Procurement	Final Issued	Operating Well
11	Property	Field Work Complete	
12	Cash and Miscellaneous Income - Finance and Resources - Business Support	Final Issued Final Issued	Significant Weakness Operating Well
	Combined		
13	Risk Management and Business Continuity Arrangements	Draft Issued	
14	Joint Working Arrangements: - Partnerships - North East Regional Special Operations Unit (NERSOU)	Final Issued Final Issued	Operating Well Operating Well
15	Governance	Final Issued	Operating Well
16	Information Governance and Data Security	Final issued	Operating Well
17	Annual Governance Statement - Review of Managers Assurance: - Overall Opinion - ICT Department	Final Issued Final Issued	Operating Well Operating Well
18	VAT	Final Issued	Satisfactory
	Corporate Systems		
19	Creditors	Final Issued	Operating Well
20	Debtors	Final Issued	Operating Well
21	Payroll and Pensions (combined with payroll element of Main Accounting audit)	n/a	n/a
22	Main Accounting System - Financial Systems - Accountancy - Exchequer - Business Support - Payroll (including Payroll and Pensions Audit)	Final Issued Final Issued Final Issued Final Issued Final Issued	Satisfactory Satisfactory Satisfactory Satisfactory Satisfactory
23	Budgetary Control	Final Issued	Operating Well
24	Employee Claims	Final Issued	Satisfactory