



Internal Audit

DRAFT

**Office of the Police and Crime Commissioner
for Gwent and the Chief Constable Gwent
Police**

Internal Audit Annual Report

2020/21

June 2021

Internal Audit Annual Report

Introduction

This is the 2020/21 Annual Report by TIAA on the internal control environment at Gwent Police. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report, which incorporates CIPFA guidance on the potential limitation of scope brought about by the impact of COVID-19, is designed to assist the Force in making its annual governance statement.

Limitations on our opinion arising from Covid-19

The impact of COVID-19 on all public sector services has been significant including changes to ways of working, reprioritising services, redeploying staff and stretching capacity; the impact has been present throughout the whole of 2020/21 in varying degrees.

For internal audit, it has raised the question of whether they have been able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Head of Internal Audit (HIA) when issuing their annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the organisation relies on for its Annual Governance Statement. Factors that need to be taken in to account in reaching a conclusion include:

- Has any reduction in coverage compared to what was planned resulted in insufficient assurance work?
- Have any limitations in the scope of individual assignments resulted in it only being possible to place partial assurance on the outcome?
- Have changes in ways of working led to gaps in the governance, risk management and control arrangements?

TIAA understands the considerable challenges and the difficult decisions that organisations are having to deal with, however, the professional and regulatory expectations on public bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit will need to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope.

A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the HIA but also for the leadership team and the audit committee who normally rely on that opinion. It may also have wider consequences for stakeholder assessments of the organisation.

What this means for Gwent Police

There has been minimal or no impact on the delivery of the internal audit work for 2020/21 as a result of the COVID-19 pandemic. Whilst there was an impact on delivery of the work in the early part of the year during the initial lockdown, we are able to deliver the planned work by year-end (or shortly thereafter). There have been no changes to the planned work as a result of COVID-19; any changes to the plan were based on purely on business/operational need.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, that sufficient internal audit work has been undertaken to allow me to draw a positive conclusion as to the adequacy and effectiveness of The Police and Crime Commissioner's and the Chief Constable's risk management, control and governance processes. In my opinion, The Police and Crime Commissioner and the Chief Constable have adequate and effective management, control and governance processes in place to manage the achievement of their objectives for the areas reviewed during the year.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by The Office of the Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police from its various sources of assurance".

Internal Audit Planned Coverage and Output

The 2020/21 Annual Audit Plan approved by the Joint Audit Committee was for 164 days of internal audit coverage in the year.

During the year there was one change to the Audit Plan. The Local Policing – Property and Cash review was divided into two phases to include consideration of the new systems implemented to address previous weaknesses identified in this area. However the second phase review was deferred to July 2021 at the request of management. This change was reported to the Joint Audit Committee.

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex A. No extra work was carried out which was in addition to that set out in the Annual Audit Plan.

Assurance

TIAA carried out 22 reviews, 20 of which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve Gwent Police’s objectives. Two further appraisal reviews are nearing completion and will be issued shortly. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	8	7
Reasonable Assurance	12	10
Limited Assurance	0	2
No Assurance	0	0

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2020/21. The numbers in brackets relate to 2019/20 recommendations

Urgent	Important	Routine
0 (5)	26 (29)	28 (30)

Audit Summary

Control weaknesses: There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	0	5	7
Risk Mitigation	0	0	1
Compliance	0	18	16
Delivery			
Performance Monitoring	0	1	2
Financial Constraint	0	2	0
Resilience	0	0	2

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
6 (16)

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

Performance and Quality Assurance

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	92%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Two audits (Strategic Resource Planning and the Early Action Together (Adverse Childhood Experiences) Project) were delayed and fieldwork was not completed prior to the year end. Draft reports are due shortly.

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2017 and in particular to meet the requirement of an independent 5 year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

Release of Report

The table below sets out the history of this Annual Report.

Date Report issued:	1 st June 2021
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Annexes

Annex A

Actual against planned Internal Audit Work 2020/21

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Collaborative					
Vetting of Contractors	Compliance	3	3	Substantial	Final Report Issued
Risk Management – Mitigating Controls	Compliance	7	7	Reasonable	Final Report Issued
Collaborative Project Review – Office 365 (part of National Enabling programme)	Appraisal	6	6	Reasonable	Final Report Issued
Collaborative Project Review – Early Action Together (Adverse Childhood Experiences ACE Project)	Appraisal	6	6	To be confirmed	Draft report due shortly
Collaborative Budgetary Control	Assurance	6	6	Substantial	Final Report Issued
Procurement – Strategic Lead	Appraisal	4	4	Substantial	Final Report Issued
Strategic Resource Planning	Appraisal	8	8	To be confirmed	Draft report due shortly
Fleet Management – Fuel Usage	Compliance	6	6	Reasonable	Final Report Issued
General Ledger	Assurance	5	5	Reasonable	Final Report Issued
Payroll	Assurance	6	6	Substantial	Final Report Issued
Creditors	Assurance	6	6	Substantial	Final Report Issued
Debtors	Assurance	6	6	Reasonable	Final Report Issued
Gwent Police Only					
Counter Fraud - Procurement	Appraisal	5	5	Substantial	Final Report Issued
Capital Programme	Assurance	4	4	Substantial	Final Report Issued
Estates Management – Strategy	Assurance	7	7	Reasonable	Final Report Issued
Contract Management	Assurance	6	6	Reasonable	Final Report Issued
Expenses and additional payments	Compliance	5	5	Reasonable	Final Report Issued

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Local Policing – Property and Cash (part 1)	Compliance	3	3	Reasonable	Final Report Issued
Corporate Communications	Assurance	6	6	Reasonable	Final Report Issued
Service Improvement Board Themes	Appraisal	4	4	Reasonable	Final Report Issued
HR Management – Wellbeing	Assurance	5	5	Substantial	Final Report Issued
Performance Management	Assurance	8	8	Reasonable	Final Report Issued
Follow up	Follow Up	10	10	N/A	Final Report Issued
Local Policing – Property and Cash (part 2)	Compliance	4	0	N/A	Deferred to 2021/22 at Management’s Request – Days were to be increased to 6 from contingency but not used
Liaison with Wales Audit Office	N/A	2	2	N/A	-
Contingency	N/A	3	0	N/A	-
Annual Planning	N/A	4	4	Management	Ongoing
Annual Report	N/A	4	4	Management	Ongoing
Management, Planning & Joint Audit Committee Reporting/Support	N/A	15	15	Management	Ongoing
	Total Days	164	157		