



Internal Audit

FINAL

Police and Crime Commissioner for Gwent and the Chief Constable Gwent Police

Summary Internal Controls Assurance (SICA) Report

2020/21

September 2020

Summary Internal Controls Assurance

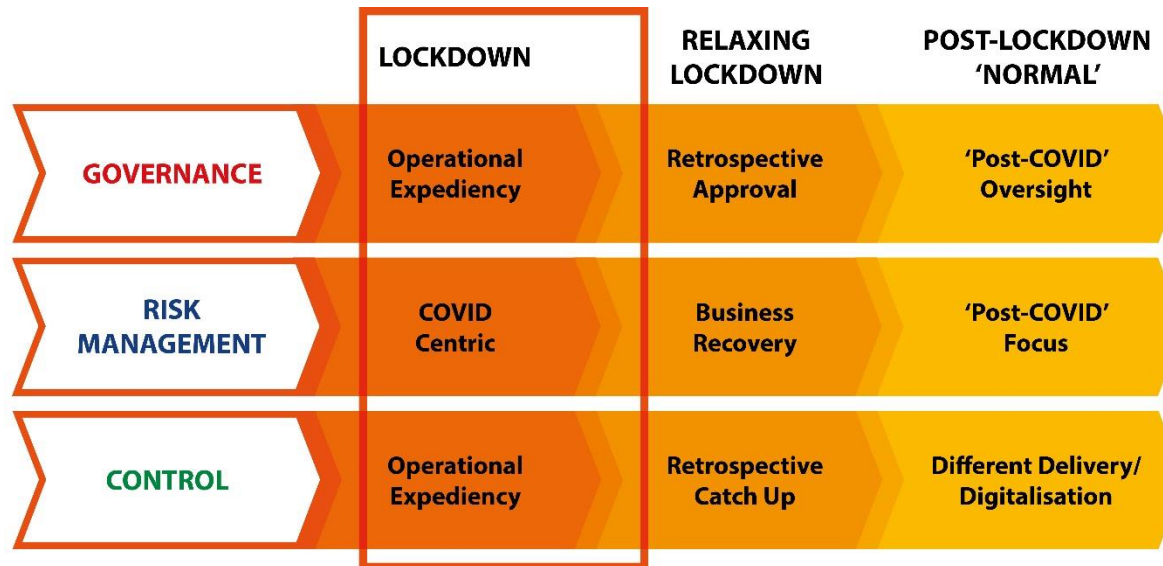
Introduction

1. This summary report provides the Joint Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at the Police and Crime Commissioner Gwent and the Chief Constable Gwent Police as at 25th September 2020. The period covered by this summary controls assurance report was significantly impacted by the COVID 19 pandemic.

Emerging Governance, Risk and Internal Control Related Issues

2. COVID 19 is the most significant recent event to impact both strategically and operationally upon modern day Governance, Risk and Internal Control arrangements. There will be a number of phases in relation to the move through the pandemic and each phase has different implications for the Governance, Risk and Internal Control arrangements. Based upon the information garnered from our work at number of clients some of the potential strategic impacts for 2020/21 are summarised below. A key consideration is that there is unlikely to be a precise timeline when the organisation moves from one phase to the next and also there will be a consequential timelag as the organisation adapts and adopts new ways of operating. The box in the table below signifies the assessment of the current stage, which has gradually eased from Lockdown during the period covered by this SICA.

Impact on COVID 19 on strategic focus during business interruption



3. There are a range of operational matters arising from the COVID 19 pandemic which impact upon the Governance, Risk and Internal Control arrangements and examples of such have been summarised in Appendix A. During the COVID 19 period it would be prudent for the Police and Crime Commissioner Gwent and the Chief Constable Gwent Police to compare the policies, procedures and internal control processes in effect during the pandemic against the policies, procedures and internal control processes in effect prior to the onset of the pandemic. The matters identified should be risk assessed so as to gain awareness about where the undetected vulnerabilities that may exist so that an informed decision can be made around acceptance of such risks.

Internal Control Framework

Audits completed since the last SICA report to the Audit Committee

4. The table below sets out details of audit reports issued as draft since the previous meeting of the Joint Audit Committee.

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Estates Strategy	Reasonable	5 th August 2020	3 rd September 2020	3 rd September 2020	-	2	1	1
Collaborative Review - Vetting	Substantial	11 th August 2020	3 rd September 2020	4 th September 2020	-	-	2	-

5. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Progress in actioning priority 1 recommendations

6. We have been advised that progress of completion of recommendations is monitored internally and not to include within this summary report, following a decision at the February 2016 Joint Audit Committee.

Root Cause Indicators

7. The Root Cause Indicators (RCI) have been developed by TIAA to provide a strategic rolling direction of travel governance, risk and control assessment for Gwent Police. Each recommendation made is analysed to establish the underlying cause of the issue giving rise to the recommendation (RCI). The analysis needs to be considered over a sustained period, rather than on an individual quarter basis. At this stage there are no comparators so the Medium term direction of travel column has not been completed.

Percentages, rather than actual number of reviews/recommendations made permits more effective identification of the direction of travel, however the number of recommendations has been included in brackets for information. The quarter 2 information relates to the two reports reported as final (refer to paragraph 4).

RCI – Direction of Travel Assessment

Root Cause Indicator	Qtr 1 (2020/21)	Qtr 2 (2020/21)	Qtr 3 (2020/21)	Qtr 4 (2020/21)	Medium term Direction of Travel	Audit Observation
Directed						
Governance Framework	-	(3) 60%				Both priority 2 recommendations relate to the governance framework.
Risk Mitigation	-	-				
Control Compliance	-	(1) 20%				
Delivery						
Performance Monitoring	-	(1) 20%				
Financial Constraint	-	-				
Resilience	-					
TOTAL		(5) 100%				

Progress against the 2020/21 Annual Plan

8. **COVID 19:** The progress against the planned work for the quarter has been disrupted by the COVID pandemic. In mid-March, when the potential scale and impact of COVID 19 was becoming evident it was agreed with the Police and Crime Commissioner Gwent and the Chief Constable Gwent Police that the delivery of the internal audit service would be carried out remotely thereby minimising the need to physically access Gwent Police’s offices/premises and to hold face to face meetings. Following discussions with the senior management at Gwent Police it has been agreed that some work may be undertaken on site as required and subject to the appropriate risk assessments.
9. Our progress against the Annual Plan for 2020/21 is set out in Appendix B.

Changes to the Annual Plan 2020/21

10. There are currently no changes to the plan. Number of areas where internal audit work is recommended to enable an unqualified Head of Audit Opinion to be provided for 2020/21.

Frauds/Irregularities

11. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Other Matters

12. We have issued a number of briefing notes and fraud digests, shown in Appendix C, since the previous SICA report. The actions taken by Gwent Police are summarised below:

Action taken by Gwent Police in response to Alerts issued by TIAA

Briefing Note	Management Response
Guide for Audit Committees on Financial Reporting and Management during Covid-19	Changes to financial reporting guidelines have been accommodated during the accounts process. Guidance has been shared with the Joint Audit Committee
NIAO Whistleblowing Guidance	Whistleblowing policy to be reviewed to ensure consistent with updated guidance.
Cyber Threats using the COVID-19 Pandemic	These are shared using forcewide communications to ensure staff are aware of the continuing risks.

Fraud Alert	Management Response
Business Directory Scam	Finance and procurement staff are aware of this risk.

13. An Audit Committee Chairs Newsletter was issued which provided guidance on potential COVID 19 related matters for Audit Committees.

14. We have reviewed recent guidance issued by the Internal Audit Standards Advisory Board (IASAB) in relation to internal auditing during the COVID-19 pandemic. The guidance aims to support heads of internal audit and individual internal auditors in continuing to meet their personal and professional responsibilities for conforming the UK Public Sector Internal Audit Standards (PSIAS). We can confirm continued conformance with the professional standards during this period.

Responsibility/Disclaimer

15. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Covid 19 – Governance, Risk and Control considerations during ‘lockdown’ phase


Area	Possible assurance from internal audit
<p>Governance: The speed of the need to respond to COVID 19 has significantly impacted on the strategic governance infrastructure:</p> <ul style="list-style-type: none"> • Urgent decisions taken for urgent operational reasons which would normally have gone through Board review and approval • Extension and rollover of procurement contracts • Disruption to management information received by the Board • Operational necessity for management dispensation to scheme of delegation and financial regulations • Move to remote working for reactive operational expediency reasons, rather than as part of a pre-planned strategy 	<p>Covid-19 Financial Governance: A review of financial governance and decision making following the business interruption caused by Covid-19, including assessing the accountability for additional spend on Covid-19 related activity.</p>
<p>Risk Management: The markers which differentiate COVID 19 pandemic from most business resilience/recovery plans are:</p> <ul style="list-style-type: none"> • Speed of major disruption to business as usual did not permit normal level of preparation • International as well UK-wide, not local • Level of government intervention • Duration and severity • Move to medium term remote working arrangements by staff and suppliers • Consequential impact upon all the previous strategic risks 	<p>Business as Usual Resumption Arrangements: Targeted post-event risk mitigation assessment to identify any unintentional gaps in the risk management framework</p>
<p>Internal Control: COVID 19 has provided the perfect storm both in a positive as well as negative manner. The positive aspects are the expeditious embracing of digital business delivery. It is recognised that a number of government and/or regulatory guidance requirements were issued at short notice and many of these were without the normal consultation and similar. On a negative basis the following need to be recognised:</p> <ul style="list-style-type: none"> • Suppliers and contractors being unable to deliver contracted services • Increased digitalisation introduced at very short notice increases information governance risks • Temporary compromise of effective segregation of duties due to staff absences and/or remote working etc • Fraudsters seeking to take advantage of COVID disruption • Deferment and/or reprioritisation of services • Sudden and significant change in demand patterns for services 	<p>COVID-19 Business Interruption Controls Framework: To review the control environment in relation to policy and process design or temporary re-design, taking into account the heightened risk of fraud and changes to ways of working.</p> <p>Accountability for Additional COVID-19 Funding: Revisiting the control framework for when emergency payments shift into longer term services – especially where large sums are invested.</p>


Progress against Annual Plan


System	Planned Quarter	Days	Current Status	Comments
Gwent specific				
Estates Management – Strategy	2	7	Final report issued 3 rd September 2020	
Counter Fraud	2	5	Draft report issued 23 rd July 2020	
Expenses and additional payments	2	5	Fieldwork commenced 22 nd July 2020	Unable to complete due to unavailability of client staff. Audit work being completed w/c 21 st September 2020.
Corporate Communications	3	6	Fieldwork completed 19 th September 2020	
Follow Up – Interim (Quarter 2)	3	5	Fieldwork ongoing	
Capital Programme	3	4	Fieldwork ongoing	
HR Management – Wellbeing	3	5	Planned 5 th October 2020	APM issued
Service Improvement Board themes	3	4	Planned 14 th December 2020	
Local Policing – Property and Cash	2	6	Planned for 14 th December 2020	APM issued
Contract Management	1	6		New date to be agreed
Performance Management	4	8	Planned 11 th January 2021	
Collaborative approach	1-4	71	N/A	See collaborative elements below
Follow up - Final (Quarter 4)	4	5	Planned 1 st February 2021	
Contingency	1-4	4		
Liaison with Audit Wales		2		
Annual Planning	1	4		
Annual Report	4	4		


System	Planned Quarter	Days	Current Status	Comments
Client Portal	1-4			
Management, Planning & Joint Audit Committee Reporting/Support	1-4	15		
Collaborative Audits – Pan Wales				
Vetting of Contractors	1	3	Final report issued 4 th September 2020	
Risk Management – Mitigating Controls	1	7	Fieldwork ongoing	Work started at NWP - MC completing
Collaborative Project Review – Office 365 (part of National Enabling programme)	2	6	Fieldwork completed – see note	Work started a NWP, GWP and DPP – I think DPP have withdrawn as they aren't as far advanced so CF should be writing up the report
Strategic Resource Planning	3	8	Planned 18 th October 2020	Awaiting further confirmation of the Scope – this has been raised with the Force Lead.
Procurement – Strategic Lead	3	4	Planned 30 th October 2020	APM issued
Collaborative Budgetary Control	3	6	Planned for 23 rd November 2020	APM issued
Collaborative Project Review – Early Action Together (Adverse Childhood Experiences ACE Project)	4	6	Planned 18 th January 2021	
Collaborative Audits - Dyfed Powys, South Wales and Gwent Only:				
Fleet Management – Fuel Usage	3	6	Planned 12 th October 2020	APM issued
Collaborative Audits - South Wales and Gwent Only:				
General Ledger	3	5	Planned for 12 th October 2020	APM issued
Creditors	3	6	Planned for 12 th October 2020	APM issued
Debtors	3	6	Planned for 12 th October 2020	APM issued
Payroll	3	6	Planned 14 th December 2020	APM issued

KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued

Briefings on developments in Governance, Risk and Control

TIAA produces regular briefing notes to summarise new developments in Governance, Risk, Control and Counter Fraud which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs and Fraud Alerts issued in the last three months which may be of relevance to Police and Crime Commissioner for Gwent and Chief Constable Gwent Police is given below. Copies of any CBNs are available on request from your local TIAA team.

Summary of recent Client Briefing Notes (CBNs)

CBN Ref	Subject	Status	TIAA Comments
CBN - 20009	Guide for Audit Committees on Financial Reporting and Management during Covid-19		<p>Action Required Not Urgent</p> <p>Audit Committees are advised to consider the guidance in the context of current and shorter-term financial reporting. They may also wish to review the assurance they require on how Covid-19 has impacted on the control environment, financial regularity and the potential for fraud.</p>
CBN - 20012	NIAO Whistleblowing Guidance		<p>Action Required</p> <p>Organisations should review the contents of these guides, in particular the self-assessment checklist, and incorporate the guidance within their Whistleblowing policies and procedures.</p>
CBN - 20019	ICO Online Self-Assessment Toolkit for FOIs		<p>Action Required Not Urgent</p> <p>Audit Committees and Boards/Governing Bodies are advised to consider utilising the toolkit and to update their GDPR compliance plan according to the results of the self-assessment</p>

Summary of recent Fraud Alerts

Ref	Subject	Status	TIAA Comments
0000	Business Directory Scam		<p>Action Required</p> <p>This alert provides information and advice about fraud and economic crime that may occur during the pandemic, and the risks associated with it. Scams should be reported to Action Fraud: www.actionfraud.police.uk or 0300 123 2040.</p>