



Internal Audit

INTERIM

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

Internal Audit Annual Report

**2021/22**

May 2022

## Internal Audit Annual Report

### Introduction

This is the 2021/22 Annual Report by TIAA on the internal control environment at the Police and Crime Commissioner for Gwent and Chief Constable 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 Police and Crime Commissioner for Gwent and Chief Constable Gwent Police in making their annual governance statement.

### Limitations on our opinion arising from Covid-19

The impact of COVID-19 on many organisations has continued to be felt throughout 2021/22 with restrictions continuing to be applied. This has been compounded by the emergence of new variants which has required the vaccination and booster programme to be accelerated. These have impacted staff availability and organisational capacity. It is acknowledged that this has affected some sectors more than others.

For internal audit the question remains as to whether sufficient internal audit work has been undertaken to gain assurance during 2021/22. 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 Police and Crime Commissioner for Gwent and Chief Constable Gwent Police

There has been minimal or no impact on the delivery of the internal audit work for 2021/22 as a result of the COVID-19 pandemic. 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 DRAFT ANNUAL OPINION

**I am satisfied 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. This opinion is in draft as three audit reviews remain outstanding, however our overall opinion is not expected to change.**

**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 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 2021/22 Annual Audit Plan approved by the Joint Audit Committee was for 168 days of internal audit coverage in the year.

During the year there were several changes to the plan all of which were reported to and approved by the Joint Audit Committee as follows:

- The Collaborative review of Fixed assets was cancelled by both Gwent and South Wales Police;
- The Collaborative Creditors and Payroll reviews were deferred by Internal Audit to Quarter 2 of 2022/23;
- The Local Policing Property audit was deferred to 2022/23 at Gwent Police's request; and.
- An additional audit of Firearms Licensing was undertaken at the request of management.

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex A.

## Assurance

TIAA carried out 21 reviews, 18 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 Police and Crime Commissioner for Gwent and Chief Constable Gwent Police's objectives. 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.

*Three reports have not yet been issued, although fieldwork is ongoing, and are excluded from the summaries below and will be updated when the final report annual report is issued.*

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	10	10
Reasonable Assurance	5	12
Limited Assurance	0	0
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 2021/22. The numbers in brackets relate to 2020/21 recommendations

Urgent	Important	Routine
0 (0)	10 (26)	12 (28)

*The numbers above exclude the Collaborative All Wales Pension Hub review. All recommendations raised were for implementation by the All Wales Pension Lead based in Dyfed-Powys.*

## 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
<b>Directed</b>			
Governance Framework	0 (0)	3 (5)	2 (7)
Risk Mitigation	0 (0)	0 (0)	1 (1)
Compliance	0 (0)	5 (18)	7 (16)
<b>Delivery</b>			
Performance Monitoring	0 (0)	2 (1)	1 (2)
Financial Constraint	0 (0)	0 (2)	0 (0)
Resilience	0 (0)	0 (0)	1 (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.

<b>Operational</b>
<b>8 (16)</b>

### 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%	90% <sup>1</sup>
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%

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.

<sup>1</sup> The Creditors and Payroll Reviews were not completed by Internal Audit in 2021/22 and have been deferred to 2022/23.

### Release of Report

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

<b>Date Interim Report issued:</b>	25 <sup>th</sup> May 2022
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## Annexes

### Annex A

#### Actual against planned Internal Audit Work 2021/22

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
<b>Collaborative Reviews</b>					
Counter Fraud (Anti-Fraud Procurement)	Compliance	5	5		Fieldwork in progress
Pensions - All Wales Pensions Board	Assurance	5	3	Reasonable	Final Report Issued
Safety Camera Partnership	Assurance	5	5	Substantial	Final Report Issued
Automatic Number Plate Recognition	Assurance	5	5	Reasonable	Final Report Issued
Agile Working	Assurance	5	5	Substantial	Final Report Issued
Electronic Time Management	Assurance	5	5	Reasonable	Final Report Issued
Budgetary Control	Assurance	5	5	Substantial	Final Report Issued
General Ledger	Assurance	5	5	Substantial	Final Report Issued
Payroll	Assurance	5	0	N/A	Deferred to 2022/23
Creditors	Assurance	5	0	N/A	Deferred to 2022/23
Debtors	Assurance	5	5	Substantial	Final Report Issued
Treasury Management	Assurance	5	5	Substantial	Final Report Issued
Fixed Assets	Assurance	5	0		Cancelled
<b>Gwent Police Only</b>					
Business Continuity Recovery Planning	Assurance	10	10	Reasonable	Final Report Issued
Risk Management - Reporting Mechanisms	Compliance	10	10	Substantial	Final Report Issued

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Fleet Management - Single System Electric Vehicles	Assurance	5	5	N/A	Final Report Issued
Local Policing - Property and Cash	Compliance	6	0	N/A	Deferred to 2022/23
Estate Management Delivery	Compliance	7	7		Fieldwork in progress
Vetting	Compliance	6	6	Substantial	Final Report Issued
Service Improvement Board Themes	Assurance	10	10	Substantial	Final Report Issued
HR Management - Recruitment and Training	Assurance	7	7		Fieldwork in progress
Follow Up - Interim	Follow Up	5	5	N/A	Final Report Issued
Follow Up - Quarter 4	Follow Up	5	5	N/A	Final Report Issued
HR Management - Absence Management	Assurance	7	7	Substantial	Final Report Issued
Firearms Licensing	Assurance	-	5	Reasonable	Final Report Issued
Liaison with Audit Wales		2	2	N/A	
Annual Planning		4	4	N/A	Final Report Issued
Annual Report		4	4	N/A	Draft Report Issued
Audit Management		15	15	N/A	N/A
	<b>Total Days</b>	<b>168</b>	<b>150</b>		