

To: Joint Audit Committee

Date: 26 January 2022

By: Chief Internal Auditor

Title: Internal Audit Update Report 2021-22

Purpose of Report:

The purpose of this paper is to provide the Joint Audit Committee with an overview of internal audit activity against assurance work completed in accordance with the approved audit plan and to provide an overview of the status of 'live' reports.

The Terms of Reference for the independent Joint Audit Committee of the Surrey Police & Crime Commissioner & the Chief Constable require that the adequacy and effectiveness of internal controls are being monitored and that appropriate and timely action is being taken to address any areas of weakness.

The report covers the audit work completed from April 2021 to date in accordance with the internal audit strategy and plan for 2021-22.

Requirement of the JAC

Members of the Committee are asked to:

Consider and make recommendations as appropriate on the progress of internal audit work for the 2021-22 internal audit plan and gain assurance from Officers that key issues raised are being addressed.

Executive Summary

1. Introduction

1.1 Under the Accounts and Audit (England) Regulations 2015, the Police and Crime Commissioner and Chief Constable are responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.

1.2 Internal audit plays a vital role in advising the Police and Crime Commissioner and Chief Constable that these arrangements are in place and operating effectively.

- 1.3 In accordance with the Public Sector Internal Audit Standards and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to the Joint Audit Committee, summarising internal audit's performance relative to the agreed plan.
- 1.4 A summary of progress made for 2021-22 is attached at appendix 1. Key issues to highlight at this stage of the year are as follows:
- Work is drawing to a conclusion for all reviews assigned to quarters 1 and 2, with all but one having reached at least draft report stage.
 - With regard to the IT plan there have been delays caused by client resource availability and communication difficulties which has meant that the Q2 Security (User Access) audit has not been completed and the start to the Q3 audits on Virtualisation and Network Management was delayed.
 - Work on other quarter 3 reviews is progressing well.
 - The plan included a 20 day contingency to review risks related to the ERP project and we propose that this time be used in quarter 4 to review risks associated with legacy systems and how these are being managed. It is proposed that the planned quarter 4 review of database management be moved to quarter 1 of 2022/23 to manage demand within DDaT.

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APPENDICES

Appendix 1 = Internal Audit progress report 2021-22.

Internal Audit Progress Report (January 2022)

Office of the Police and Crime Commissioner for Surrey and Surrey Police

Office of the Police and Crime
Commissioner for Surrey



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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1. Purpose of report

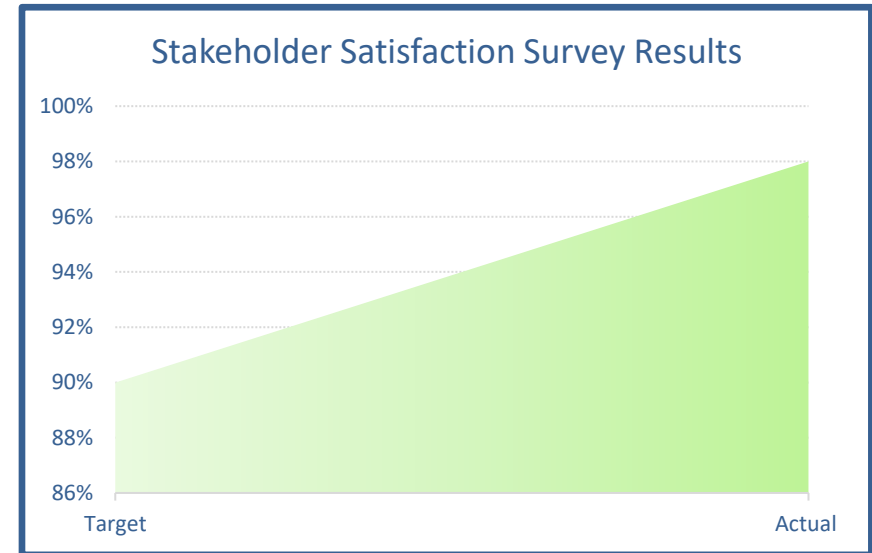
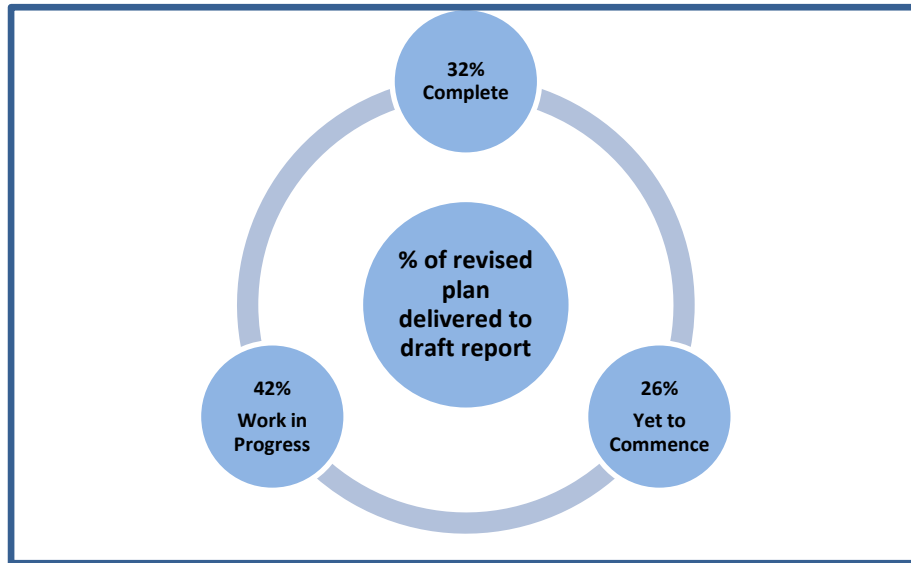
Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review.

CIPFA have recommended standardising the terminology and definitions used in internal audit engagements across the whole of the public sector and have published a standard set of opinions and supporting definitions for internal audit service providers to use. To ensure we continue to conform to the best practice principles, we have adopted the standard definitions. The assurance opinions are categorised as follows:

| | |
|--------------------|--|
| Substantial | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. |
| Reasonable | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. |
| Limited | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |
| No | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |

** Some reports listed within this progress report (pre 2020/21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 1 on page 11.*

2. Performance dashboard



Days Delivered

| | Surrey 2021/22 plan | Joint Sussex and Surrey 2021/22 plan |
|--------------------------------------|---------------------|--------------------------------------|
| Original Plan Days | 120 | 311 |
| Revised Plan Days | 130 | 296 |
| Days delivered | 86 | 207 |
| Percentage of revised plan delivered | 66% | 70% |

In addition, 44 days were spent completing the 2020/21 plan in the first quarter.

Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.

We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

We are pleased to report that SIAP conform with all relevant, associated elements.'

3. Analysis of 'Live' audit reviews

| Audit Review | Report Date | Audit Sponsor | Assurance Opinion | Total Management Action(s) | Not Accepted | Not Yet Due | Complete/Retired** | Overdue | | |
|---|-------------|------------------|-------------------|----------------------------|--------------|-------------|--------------------|----------|-----------|----------|
| | | | | | | | | L | M | H |
| Benefits Realisation from Investment | 10.01.20 | CFO OPCC & EDCFS | Adequate | 4 | 0 | 0 | 2 | | 2 | |
| IT Capacity and Performance Management | 21.05.20 | CDIO | Limited | 8 | 0 | 1 | 7 | | | |
| IT Data Storage and Back Up | 21.05.20 | CDIO | Limited | 11 | 0 | 0 | 9 | | 1 | 1 |
| IT Business Continuity and Disaster Recovery Planning | 11.01.21 | CDIO | Limited | 10 | 0 | 0 | 7 | | 3 | |
| Organisational Risk Management (Force) | 13.04.21 | CFO OPCC & EDCFS | Limited | 13 | 0 | 0 | 12 | | 1 | |
| Systems Lifecycle Support and Planning | 10.05.21 | CDIO | Reasonable | 8 | 0 | 2 | 1 | 1 | 4 | |
| IT Security Controls | 08.06.21 | CDIO | Reasonable | 7 | 0 | 5 | 2 | | | |
| IT Asset Management | 01.07.21 | CDIO | Limited | 12 | 0 | 9 | 3 | | | |
| IT Monitoring, Assurance and Compliance | 27.07.21 | CDIO | Reasonable | 4 | 0 | 0 | 0 | 1 | 3 | |
| Apprentice Levy | 04.10.21 | CFO OPCC & EDCFS | Reasonable | 6 | 0 | 4 | 0 | | | 2 |
| Business Interests, Gifts and Hospitality* | 30.11.21 | CFO OPCC & EDCFS | Reasonable | 2 | 0 | 0 | 2 | | | |
| Local Procurement | 30.11.21 | CFO OPCC & EDCFS | Reasonable | 3 | 0 | 2 | 1 | | | |
| Information Management – Remote Working | 30.11.21 | CFO OPCC & EDCFS | Reasonable | 6 | 0 | 5 | 1 | | | |
| Police Officer Allowances* | 02.12.21 | CFO OPCC & EDCFS | Reasonable | 1 | 0 | 0 | 1 | | | |
| Total | | | | | | | | 2 | 14 | 3 |

* Denotes audits where all actions have been completed since the last progress report.

** Denotes where actions have been retired.

| Audit Sponsor (Director) | |
|--|-------|
| Chief Finance Officer, Surrey OPCC | CFO |
| Executive Director for Commercial & Financial Services | EDCFS |
| Chief Digital Information Officer | CDIO |

4. Rolling Work Programme

| Audit Review | Audit Sponsor | Scoping | Audit Outline Issued | Fieldwork | Draft Report Issued | Final Report Issued | Assurance Opinion | Comment |
|--|---------------|---------|----------------------|-----------|---------------------|---------------------|-------------------|---------------------|
| Audit Plan 2021/22 | | | | | | | | |
| Surrey Police Plan | | | | | | | | |
| Estates Management follow Up | EDCFS | ✓ | ✓ | ✓ | 28.09.21 | 04.10.21 | N/A | |
| Police Officer Allowances | EDCFS | ✓ | ✓ | ✓ | 10.11.21 | 02.11.21 | Reasonable | |
| Building for the Future – Programme Management Arrangements | EDCFS | ✓ | ✓ | ✓ | 14.10.21 | 26.10.21 | Substantial | |
| Safeguarding Governance Arrangements | EDCFS | ✓ | ✓ | ✓ | 10.11.21 | 22.11.21 | Substantial | |
| Savings plans – project and programme management | EDCFS | ✓ | ✓ | ✓ | 21.12.21 | | | Q2 |
| Main Accounting System | EDCFS | ✓ | ✓ | ✓ | | | | Q3 |
| Freedom of Information Requests | EDCFS | ✓ | ✓ | ✓ | | | | Q3 |
| Payroll | EDCFS | | | | | | | Q4 |
| Duty Resource Planning | EDCFS | | | | | | | Q4 |
| Shared Plan with Sussex Police | | | | | | | | |
| Pensions | EDCFS | | | | | | | Q4 Scoping 14.01.22 |
| Apprentice Levy | EDCFS | ✓ | ✓ | ✓ | 04.08.21 | 04.10.21 | Reasonable | |
| Strategy and arrangements for delivery of training to meet future need | EDCFS | ✓ | | | | | | Q3 |
| Transport - Fleet | EDCFS | ✓ | ✓ | ✓ | 20.12.21 | | | Q3 |

| Audit Review | Audit Sponsor | Scoping | Audit Outline Issued | Fieldwork | Draft Report Issued | Final Report Issued | Assurance Opinion | Comment |
|---|---------------|---------|----------------------|-----------|---------------------|---------------------|-------------------|------------------------------|
| Local Procurement | EDCFS | ✓ | ✓ | ✓ | 05.10.21 | 30.11.21 | Reasonable | |
| Joint Force Vetting Unit | EDCFS | | | | | | | Q4 Scoping 25.01.22 |
| Insurance Claims | EDCFS | ✓ | ✓ | ✓ | 17.09.21 | 05.10.21 | Substantial | |
| Health and Safety | EDCFS | ✓ | ✓ | ✓ | | | | Q3 |
| Uniform | EDCFS | ✓ | ✓ | ✓ | 13.10.21 | | | Q2 |
| Information management – remote / working from home | EDCFS | ✓ | ✓ | ✓ | 04.11.21 | 30.11.21 | Reasonable | |
| Firearms Licencing | EDCFS | ✓ | ✓ | ✓ | | | | Q2/3 Closed 06.01.22 |
| Use of Tasers | EDCFS | | | | | | | Q4 Scoping 17.01.22 |
| Seized property and cash | EDCFS | ✓ | ✓ | | | | | Q3 Agreed testing early 2022 |
| Business Interests, Gifts and Hospitality | EDCFS | ✓ | ✓ | ✓ | 05.11.21 | 30.11.21 | Reasonable | |
| IT Follow up | CD&IO | N/A | ✓ | ✓ | 27.5.021 | 30.06.21 | N/A | |
| Security (User Access) | CIO | ✓ | ✓ | ✓ | | | | Q2 – Closed 8.11.21 |
| Application Management (Niche) | CIO | ✓ | ✓ | ✓ | | | | Q3 |
| Network Infrastructure Management and Monitoring | CIO | ✓ | ✓ | ✓ | | | | Q3 |
| Virtualisation | CIO | ✓ | ✓ | ✓ | | | | Q3 |
| Operating Systems Management | CIO | | | | | | | Q4 |
| ERP – Legacy IT Risks SAP | CIO | | | | | | | Q4 |
| ERP – Legacy IT Risks Oracle People Solutions | CIO | | | | | | | Q4 |

The following variations have been made to the 2021/22 internal audit plan since it was presented to the Joint Audit Committee in January 2021.

| | |
|---|--|
| Audit reviews removed from the plan | |
| Operations Command | Removed from plan as not required |
| Database Management | Moved to Q1 22/23 to manage demand in DDaT alongside the addition of the legacy IT risks work. |
| Audit reviews added to the plan | |
| Register of Interests, Gifts and Hospitality | Moved from the Sussex plan into the shared plan at client request |
| Freedom of Information Requests | Added at client request to Surrey plan |
| ERP – Legacy IT Risks SAP | Added at client request to shared plan using ERP contingency time |
| ERP – Legacy IT Risks Oracle People Solutions | Added at client request to shared plan using ERP contingency time |

Annex 1 - Assurance opinions and definitions used by SIAP prior to adoption of the CIPFA standard definitions

| | |
|-------------|--|
| Substantial | A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified |
| Adequate | Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified |
| Limited | Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk |
| No | Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives. |