

# **Audit, Risk and Assurance Committee Annual Report 2019-20**

## **1. Introduction**

The Audit, Risk and Assurance Committee (ARAC), previously the Audit committee is a standing committee of the SPA Board. Its role is to provide assurance that appropriate governance structures are in place, operating an effective system of internal controls and risk management. The committee does this by critically reviewing governance and assurance processes on which the Board places reliance.

In accordance with the Scottish Government's Audit and Assurance Committee Handbook and the ARAC Terms of Reference, reviewed at the Audit Committee Development Day in November 2019 and approved by the Scottish Police Authority (SPA) Board, this report is submitted to the Board and to the Accountable Officer as the Annual Report of the ARAC. The report provides an account of the Committee's activities and offers the Committee's views of the internal control environment, to assist with the preparation of the Annual Governance Statement.

## **2. Membership and Meetings**

### **2.1 Membership**

The Membership of the Audit Committee during the financial year ended 31 March 2019 was:

Jane Ryder	Committee Chair
Matt Smith	Committee Member
Grant Macrae	Committee Member

### **2.2 Meetings**

The Committee met on the following occasions:

1<sup>st</sup> May 2019  
11<sup>th</sup> July 2019  
12<sup>th</sup> September 2019  
30<sup>th</sup> January 2020

The attendance schedule is attached at Appendix 1. Persons were invited to attend from time to time to present on individual topics.

All meetings are held in public with the papers published on the SPA Website. A small number of agenda items are heard in private in accordance with the SPA Standing Orders.

## **2.3 Committee Efficiency and Effectiveness**

In addition to the meetings outlined above, a development day for the committee was held in November 2019 which included an assessment of the effectiveness of the committee following the Scottish Public Finance Model (SPFM) model which concluded satisfactory process, and identified priorities for the committee work plan. The development day in November included discussion with Scottish Fire and Rescue Services counterparts. A planning day was held in March 2020 informing priorities for the committee during 2020-21.

## **3. Assurance**

### **3.1 Assurance Landscape**

Scottish Policing operates in a complex scrutiny and assurance landscape with the ARAC being a key and essential element. The SPA's ARAC is key to the SPA's governance arrangements including audit, inspection and assurance activity. The ARAC draws from and informs, the work of other SPA Committees and also supports and provides assurance to the SPA Board, requiring communication and coordination on the part of the ARAC Chair and SPA executive staff

The Committee has recognised that there were gaps in the structure informing the roles and responsibilities of the Committee and contributing to wider assurance. The Committee is therefore pleased to report the implementation of SPA Risk and Excellence Frameworks (see below) providing a greater clarity of the landscape and with further work on Assurance Mapping being progressed.

### **3.2 External Audit**

External Audit services to SPA are provided by Audit Scotland. At time of this draft Annual report, Audit Scotland has not issued their interim report with publication expected in July 20. Audit Scotland have indicated areas where they intend to place reliance on internal audit's reports when considering their opinion.

### **3.3 Internal Audit**

The contract to provide internal audit services for Scottish policing was awarded to Scott-Moncrieff in July 18 for a period of three years with an option to extend for a further two years. The annual Internal Audit plan considered by the Audit Committee and approved by the SPA Board in March 2019. Changes to the annual plan were approved by the Audit Committee, throughout the year reflecting changes in project/programme delivery timescales from when the annual plan was approved.

A total of 13 audits were undertaken by Scott-Moncrieff during 2019-20. Scott-Moncrieff provided the committee regular updates on progress of addressing

recommendations from completed audits. At time of drafting this Annual Report (April 20) the overall assessment by Scott-Moncrieff is not available and is expected to be reported to the July meeting of the ARAC. Based on ongoing reporting and discussion, the ARAC view is that an overall improving position of controls has been identified by internal audits and progress reports .

### **3.4 Other**

The Committee has received regular updates from both SPA and Police Scotland on progress to address recommendations from external bodies including, but not exclusively, HMICS. Outstanding recommendations are being addressed on an ongoing basis. In February 2020 HMICS published a Strategic Review of Police Scotland's response to online child sexual abuse. The recommendations are wide ranging and have impact on many aspects of the functionality of Police Scotland. The Committee will be looking for assurance that the plans to address the recommendations are being robustly developed and monitoring of implementation is in line with appropriate processes.

### **3.5 Risk Management**

During the year the Committee has:

- Reviewed regular updates on risk management arrangements and revisions to the Police Scotland Strategic and Corporate Risk Register;
- Endorsed a new SPA Risk Framework which was subsequently approved by the SPA Board;
- Supported the development and endorsed the SPA Strategic Risk Register which again was subsequently approved by the SPA Board

The Committee notes the significant improvement completed during the year in respect to SPA risk management which, in parallel to robust risk management practices evident in Police Scotland, contribute positively to the overall assurance landscape for Scottish Policing.

### **3.6 Excellence Framework**

The Committee endorsed the SPA Excellence Framework which was subsequently approved by the SPA Board. The Excellence Framework outlines the organisational approach to assurance and complements the SPA Risk Framework which together articulate the SPA approach to risk and assurance.

## **4. Summary**

While there have been undoubted improvements made in the control environment during 2019- 20, the ARAC observes that continued improvement is required.

The Committee recognises that significant gaps remain, as previously reported by Audit Scotland, in respect to the development of a Strategic Workforce Plan and on the financial sustainability of Scottish Policing. While it is recognised that progress has been made on both these matters, further work is required, as evidenced in robust oversight at both Committee and Board Meetings. However

## OFFICIAL

the uncertainties of COVID 19 implications in both the immediate and medium term and a rescheduled COP26 are likely to impact yet further .The ARAC will work with the Board as a whole and with the Resources Committee in particular to provide assurance that issues are being addressed, with progress being reported in an open and transparent manner.

The Internal Audit Plan for 2020/21 was approved by the SPA Board in March recognising that the challenges COVID 19 brings may result in significant changes to the timing and content of the plan. The plan was developed to focus on key risks while allowing the Committee flexibility to instruct audits on emerging risks/issues/challenges.

As the current structure of Scottish policing matures, the Committee is looking to move from compliance oversight to a learning environment supporting enhanced efficiency and effectiveness. In particular the committee is looking to develop enhanced reporting and assurance relating to Best Value, recognising the unique legislative and policy environment within which Police Scotland and the SPA operate.

As Chair of the ARAC, I believe that the approach, the frequency of meetings, the breadth of business considered, and the range of those attending meetings, have allowed the ARAC to discharge its responsibilities in line with the Terms of Reference. Allowing for the significant risks, including those posed by COVID 19, and areas of improvement already identified, the ARAC can accordingly provide assurance to the Board and Accountable Officer regarding the internal control environment

**OFFICIAL**

**Appendix 1 – Attendance Schedule**

Name	Position	1 <sup>st</sup> May 19	11 <sup>th</sup> July 19	12 <sup>th</sup> Sep 19	30 <sup>th</sup> Jan 20
Jane Ryder	Committee Chair	Present	Present	Present	Present
Matt Smith	Committee Member		Present	Present	Present
Grant Macrae	Committee Member	Present	Present	Present	present
David Crichton	Vice-Chair	Present			
Martyn Evans	Board Member				Present
Lynn Brown	SPA Interim CEO				Present
Hugh Grover	SPA CEO	Present			
Barry Sillers	SPA Dir of Strat & Perf	Present		Present	Present
Linsey McNeill	SPA Dir of Gov & Ass		Present		
John McCroskie	SPA Dir of Comms & Engage'			Present	
Graham Stickle	SPA Risk and Policy Specialist	Present	Present	Present	Present
Karen Vallance	SPA Committee Co-ordinator	Present	Present	Present	Present
Lindsey Davie	SPA Info Mgmt. Specialist				Present
Carol-Anne Hilley	SPA Records Manager				Present
Fiona Taylor	PS DCC				Present
David Page	PS Deputy Chief Officer	Present	Present	Present	
Alan Speirs	PS ACC	Present	Present	Present	
James Gray	PS Chief Financial officer	Present		Present	
Alastair Corfield	PS Financial Controller	Present	Present	Present	
Iain McKie	PS Interim Procurement Lead	Present	Present	Present	
Fiona Miller	PS Enterprise Risk Manager	Present	Present	Present	
Stephen Boyle	Audit Scotland	Present	Present	Present	Present
Stephanie Harold	Audit Scotland	Present		Present	
Pauline Gillen	Audit Scotland				Present
Gary Devlin	Scott-Moncrieff	Present	Present	Present	
Elizabeth Young	Scott-Moncrieff		Present		Present
Claire Beattie	Scott-Moncrieff			Present	
Paul Kelly	Scott-Moncrieff	Present		Present	Present
Rachael Weir	Scott-Moncrieff	Present			