

AUDIT COMMITTEE

30 January 2020

Minute of the Scottish Police Authority Board Meeting held on Thursday, 30 January 2020 in Pacific Quay, Glasgow

Board Members Present: Jane Ryder (Chair)
Grant Macrae (Committee Member)
Matt Smith (Committee Member)
Martyn Evans

In attendance: Police Scotland (PS)
Deputy Chief Constable (DCC) Fiona Taylor
Deputy Chief Officer (DCO) David Page
Assistant Chief Constable (ACC) Alan Speirs
James Gray, Chief Financial Officer
Alasdair Corfield, Financial Controller

Scottish Police Authority (SPA)
Lynn Brown, Interim Chief Executive
Barry Sillers, Director of Strategy and Performance
Graham Stickle, Risk and Policy Specialist
Lindsey Davie, Information Management Specialist (Item 5)
Carol-Anne Hilley, Records Manager (Item 5)

Audit Scotland
Stephen Boyle, Audit Director
Pauline Gillen, Senior Auditor

Scott Moncrieff
Elizabeth Young, Head of Internal Audit
Paul Kelly, Business Technology and Consulting

SPA Secretariat
Karen Vallance, Committee Co-ordinator

1. WELCOME AND STANDING ITEMS

The Chair welcomed everyone to the meeting. The Chair formally noted that since the last Committee, the Chair the Annual Report and Accounts had been laid before Parliament and considered on 17th December 2019. The Auditor General and colleagues including Stephen Boyle (SBoyle) had provided helpful commentary and observations to the committee. SBoyle noted that Audit Scotland had identified the wider challenges for the policing system, going beyond the SPA and Police Scotland, with evidence displayed within the Section 22 report.

The Committee **RESOLVED** to:

- **NOTE** no apologies;
- **NOTE** no decisions of interest;
- **ADOPT** the minute of the 12 September 2019 meeting;
- **NOTE** the action log and that there were no matters arising;
- **NOTE** that via correspondence, Committee Members agreed the Internal Audit assignment plan regarding;
- **AGREE** that, in accordance with paragraphs 21 and 22 of the SPA Standing Orders, the Board would consider items 11 - 16 in private for the reasons set out on the agenda.

2. INTERNAL AUDIT PROGRESS REPORT

Elizabeth Young (EYoung) referred to the report which detailed progress against the Annual Internal Audit Plan and highlighted the following areas;

- Half of the audit had been complete with a number of audit reports anticipated to come to the May Committee.
- Due to staff resource within Internal Audit, the Productions report was delayed.

In discussion the following matters were raised:

- The Chair noted the back loading of the internal audit delivery and requested that efforts be made to ensure the 2020/21 plan be better sequenced through the year. EYoung responded that a number of changes had been made to the plan throughout the year which had impacted on the timetable.
- The proposed assignment plans for audits of Strategic Workforce Planning and the Demand and Productivity Unit were recognised as strategically important and it was agreed that these should be taken

forward as a priority in order to have the findings and recommendations available to Police Scotland as soon as possible, with the final reports in place for the May Audit Committee. Members suggested that the audit sponsor for Strategic Workforce Planning should be DCC Fiona Taylor (DCCTaylor) which DCC Taylor agreed.

- EYoung confirmed that, although not specifically in the scope, Internal Audit refer to the Audit Scotland guidance on strategic workforce planning, and best practice. She also confirmed that the Internal Audit team were very experienced in strategic workforce planning, with significant experience within the public sector.
- Members gave feedback on both audit assignment plans centred on the linkages to the wider strategic outcomes and specifics on the business objectives in these audits. EYoung will reflect the comments in a further revision.
- Members endorsed the assignment plans subject to the agreed changes, along with an audit of relocation expense processes and procedures with all three expected to be presented to the Committee in May 2020.

The Committee **RESOLVED** to:

- **NOTE** the update
- **AGREE** the following action:

Internal Audit Reports on Strategic Workforce Planning and Demand and Productivity be provided to Police Scotland and then Committee Members as soon as complete, and be formally presented to the May Audit Committee.

20200130-AUD-001

3. MANAGEMENT PROGRESS ON INTERNAL AUDIT ACTIONS

EYoung referred to the report which summarised management progress in completing management actions arising from Internal Audit reports, highlighting:

- The total number of open actions has decreased this quarter.
- The total number of actions that are passed their original due date have also decreased, including a number of significantly aged items – eight outstanding from 2016/17 and two from 2017/18.

Committee members and David Page (DPage) acknowledged the good progress made and agreed the decreasing trend was very encouraging.

The Committee **RESOLVED** to:

- **NOTE** the update.

4. POLICE SCOTLAND AUDIT AND IMPROVEMENT TRACKER Q3 UPDATE

ACC Alan Speirs (ACCSpeirs) referred to the report which provided the Committee with an update of current open recommendations from all audit and improvement activity, highlighting;

- There are 164 recommendations open which is the lowest number recorded thus far.
- There are two actions open with a very high risk rating relating to stock management, however they are not due yet.

In discussion the following matters were raised:

- Members noted the good progress made in closing a large number of the actions and requested that Police Scotland report to the next Committee a trend analysis to show this progress over the past three years.
- With regard to the high risk recommendation on financial planning, ACCSpeirs assured Members that the action will be complete by April 2020. The practice and process is complete and the Standard Operating Procedure (SOP) is to follow.
- Members discussed the outstanding audit recommendations on joint working between Police Scotland and Forensic Services and were assured that processes had been reviewed and were found to be operating effectively. This would also be considered at the Forensics Committee the following week. LBrown advised that progress would continue to be documented

The Committee **RESOLVED** to:

- **NOTE** the report.
- **AGREE** the following action:

A trend analysis over the past three years to be included in future reports.

20200130-AUD-002

5. SPA AUDIT AND IMPROVEMENT RECOMMENDATIONS UPDATE (INCLUDING ICO)

LBrown referred to the report which provided an update on current open recommendations from all SPA audit and improvement activity, highlighting:

- Of the 14 recommendations relating the HMICS Thematic Inspection of the SPA, it was anticipated that 5 would be closed.
- Progressing actions from the ICO report was a huge area and would be treated as priority.
- With regard to Audit Scotland actions, it was expected that all actions would be complete by March 2020, with the exception of workforce planning.

In discussion the following matters were raised:

- Members noted the positive progress on work to progress information security actions and highlighted the importance of improved practice in this high profile and important area of assurance.
- The Chair referenced HMICS comments in parliamentary committee regarding SPA scrutiny of Police Scotland and queried which particular reports were referred to. DCCTaylor was not aware of any particular report and confirmed the statement from HMICS was that of HMICS position, not Police Scotland's position. She confirmed that the Chief Constable has not expressed concern at the degree of scrutiny of SPA to Police Scotland scrutiny

The Committee **RESOLVED** to:

- **NOTE** the report

6. INTERNAL AUDIT REPORT: PAYROLL

EYoung referred to the report which presented the final report on the review of payroll, highlighting that there had been a significant improvement since the previous audit.

In discussion the following matters were raised:

- Members commended Police Scotland on the work to consolidate the legacy payroll systems into a single integrated system. Members noted that not only had this new system greatly improved the controls but had also delivered savings of over £1million.

- James Gray (JGray) noted progress had been significant and informed Members that the Police Scotland payroll team had been nominated for Finance Team of the Year at the Central Government and National Bodies Awards.
- JGray advised Members that Police Scotland had joined a two year programme titled "Achieving Financial Excellence in Policing" for which a CIPFA consultant had undertaken an assessment. The Chair requested that this report be circulated once complete.
- SBoyle advised that Audit Scotland welcomed progress on payroll and had recognised the stronger control management.

The Committee **RESOLVED** to:

- **NOTE** the report
- **AGREE the following action:**

Once complete, the final CIPFA assessment report be circulated to Members.

20200130-AUD-003

7. INTERNAL AUDIT REPORT: GENERAL COMPUTER CONTROLS

Paul Kelly (PKelly) referred to the report which presented a final review of general computer controls (eFinancials & Asset 4000), highlighting that the review had taken place during a restructure of the finance department. The report highlighted three areas of good practice and three areas where improvement could be made, none of which were high risk.

In discussion the following matters were raised:

- Members discussed the ongoing work in relation to purchase to pay and noted that the improvement programme was to be rolled out into local policing first on a prioritised risk basis and that the roll out would proceed through 2020.
- DPage summarised the governance route taken within Police Scotland regarding the agreement and reporting of management actions.

The Committee **RESOLVED** to:

- **NOTE** the report.
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8. AUDIT SCOTLAND 2019/20 ANNUAL AUDIT PLAN

SBoyle referred to the report which contained an overview of the planned scope and timing of the audit, and provided a summary of the financial statement risks and the wider dimension risks noted within the paper.

In discussion the following matters were raised:

- LBrown advised that a joint SPA and Police Scotland internal team meet regularly to discuss timing and progress of completing the Annual Report and Accounts. The Chair suggested that the group consider presentational aspects as well as the planning of content.
- With regards to PFI, SBoyle advised that it is always included in the audit report, however, there would be further focus on the costs and valuation of PFI.
- SBoyle confirmed that the review of the revised performance management framework would take place at the interim testing phase.
- The Chair sought further information on how monitoring progress on developing costed implementation plans would assist financial sustainability. SBoyle responded that financial plans lead to financial balance.
- During discussion on the procurement and contract management risk, SBoyle offered reassurance to Members that Audit Scotland do not operate on a surprise basis and will commit to engage with officials at the right point.
- With regards to the audit risk on risk management 'identification and reporting of risks that align to the delivery of Policing 2026', SBoyle confirmed that Audit Scotland would track and report on the development of a corporate strategy to address this.
- Members requested consideration of how to best articulate the reporting ambiguity between Police Scotland, SPA corporate and the Board. SBoyle acknowledged it was a complicated landscape and agreed to consider further.
- Members noted the sources of assurance including internal audit which would be drawn on in progressing the audit.

The Committee **RESOLVED** to:

- **NOTE** the report.

9. POLICE SCOTLAND INTERNAL GOVERNANCE AND ASSURANCE

DCCTaylor provided a “deep dive” to the committee on Police Scotland’s internal governance and assurance. By way of background she referred to the report which provided a briefing on Police Scotland’s excellence framework which was initially approved in March 2019.

ACCSpeirs provided a worked example of the internal governance process that was undertaken following a HMICS inspection. DCCTaylor advised how the risk assurance and inspection function capture recommendations, track them and hold the rest of business to account in terms of ability to discharge.

DCCTaylor provided Members with an organogram of the primary Police Scotland Internal boards and committees and provided an overview of each group and level. She highlighted:

- The strategic workforce plan will be reported through the corporate finance and people board.
- The Health and Safety Board has been escalated to a tier 1 meeting.
- Output from benefits realisation is reported to the strategic resource and resilience group.
- The strategic organisational performance board had just been created and would be chaired by the Chief Constable.
- Representatives from unions and staff associations have standing invites to the People Board and the Health and Safety Board.
- Wellbeing currently sits within both the finance and people board, and discussions are continuing to see what further work can be undertaken within regard to wellbeing.

In discussion the following matters were raised:

- Following a discussion on data information, DPage confirmed that a cyber strategy and resilience group is being stood up to look at both data and digital information. This will report through the Police Scotland Change Board
- Members questioned how a target operating model can be developed without a strategic workforce plan. DPage responded that the strategic workforce plan looks at numbers of resources put in different places notwithstanding the mechanics of processes, procedures and technology required in given areas. The target operating model is populated and comprised of where there is known best practice throughout the UK.

- Members were provided with information, and discussed, the use of ethics panels within Police Scotland and the relationship with wider issues of the public interest and public confidence. The Chair suggested that a data ethics representative attend the next Digital Forensics workshop.
- Members explored potential ideas on areas of deep dives, including data and ethics.

The committee thanked DCC Taylor for the very useful presentation and discussion. The Committee **RESOLVED** to:

- **NOTE** the report and accompanying papers

10. AUDIT COMMITTEE FORWARD PLANNING

10.1 OVERVIEW AND LESSONS LEARNED FROM DELIVERY OF 19/20 AUDIT PLAN

The Committee **RESOLVED** to:

- **NOTE** the report.

10.2. INTERNAL AUDIT FORWARD PLANNING

EYoung referred to the report which presented the first draft of the new 3 Year Strategic Internal Audit Plan for the period 2020-2023, highlighting:

- A new audit needs assessment was carried out, which included consideration of key risks, known issues, business plans, projects and a review of the recently refreshed audit universe to ensure all key processes have been subject to audit on a cyclical basis.
- Engagement with management across both SPA and Police Scotland had taken place to seek initial views and suggestions regarding potential areas of focus.

In discussion the following matters were raised:

- Members gave extensive feedback on the proposed plan suggesting the importance of optimising the timing of audits, avoiding fragmentation of strategic programmes into separate audits and the wish to consider better alignment with other sources of assurance and scrutiny such as HMICS.
- Specific topics and timings were discussed including the scope of the Brexit planning audit and whether force reserve should be included. Members suggested staff training and recruitment and retention be pushed back due to the dependency on the Strategic Workforce Plan. Instead, Members suggested that staff wellbeing, employee

engagement and, data protection and retention are brought forward. Members felt that there was limited value in undertaking a fleet audit so soon after the approval of the Fleet Strategy.

- LBrown undertook to work with Internal Audit colleagues to revise the draft plan for year 1 and share with members by correspondence, with a view to recommendation for the March Board meeting. She suggested that future years are discussed through a Board development day.

The Committee **RESOLVED** to:

- **NOTE** the report.
- **AGREE** the following action:

LBrown to work with Internal Audit colleagues to revise the draft plan for year 1 and share with members by correspondence, with a view to recommendation for the March Board meeting.

20200130-AUD-004

10.3. AUDIT COMMITTEE WORKPLAN

The Committee **RESOLVED** to:

- **NOTE** the report.