

<b>Meeting</b>	<b>SPA Audit Risk and Assurance Committee</b>
<b>Date</b>	<b>15 September 2020</b>
<b>Location</b>	<b>Video-conference</b>
<b>Title of Paper</b>	<b>Internal Audit Protocol and Working Practices</b>
<b>Presented By</b>	<b>Lynn Brown, Interim Chief Executive</b>
<b>Recommendation to Members</b>	<b>For discussion</b>
<b>Appendix Attached</b>	<b>Yes</b>  <b>Internal Audit – Commissioning Protocol</b>

#### **PURPOSE**

To provide the Audit Risk and Assurance Committee (ARAC) with :-

- an updated protocol for additional work by Scott Moncrieff and
- an opportunity to consider the current working practices relating to internal audit.

## **1. BACKGROUND**

### **Protocol**

- 1.1 The previous protocol for commissioning additional work was approved by the Audit Committee in September 2018. The protocol, as shown at Appendix A has been re-drafted to reflect that SPA and Police Scotland may require internal audit resource outwith the internal plan to undertake consultancy work or specific or specialist assurance or investigatory reviews.
- 1.2 Police Scotland Deputy Chief Officer and the Head of Internal Audit both confirmed that the content of the protocol at Appendix A was satisfactory prior to being presented to the ARAC.

### **Working Practices**

- 1.3 The Internal Audit Plan was approved by the SPA Board in March 2020 recognising that adjustments may be required due to the pandemic.
- 1.4 An update on progress against the internal audit plan is reported to meetings of the ARAC by Scott-Moncrieff
- 1.5 ARAC may wish to reflect on the processes supporting the delivery of internal audit and consider:-
  - If adjustment to the internal audit plan is required taking cognisance of the impact of the pandemic
  - If the current methodology utilised to gain approval of assignment plans is efficient and effective recognising, for planned audits, that the annual audit plan has been approved by the Board

## **2. FINANCIAL IMPLICATIONS**

- 2.1 There are no financial implications associated with this paper.

## **3. PERSONNEL IMPLICATIONS**

- 3.1 There are no personnel implications associated with this paper.

## **4. LEGAL IMPLICATIONS**

- 4.1 There are no legal implications associated with this paper.

**5. REPUTATIONAL IMPLICATIONS**

5.1 There are no reputational implications associated with this paper.

**6. SOCIAL IMPLICATIONS**

6.1 There are no social implications associated with this paper.

**7. COMMUNITY IMPACT**

7.1 There are no community impact implications associated with this paper.

**8. EQUALITIES IMPLICATIONS**

8.1 There are no equality implications associated with this paper.

**9. ENVIRONMENT IMPLICATIONS**

9.1 There are no environmental implications associated with this paper.

**RECOMMENDATIONS**

Members are requested to:

- I. Approve the Protocol shown at Appendix A
- II. Consider if changes to current processes relating to internal audit are required

## **Scottish Police Authority Internal Audit – Commissioning Protocol**

### **Introduction**

#### Definition of Internal Auditing, Public Sector Internal Audit Standards

The internal audit team provides audit, assurance and consultancy services to the Scottish Police Authority (SPA) including the Forensic Service, Police Scotland and is commissioned by the Accountable Officer and the Board on the recommendation of the Audit Risk and Assurance Committee (ARAC).

The core of internal audit is agreed through the annual internal audit plan. This plan is approved each year by the Board, on the recommendation of the ARAC following wide ranging consultation with SPA and Police Scotland. The annual internal audit plan includes a number of contingency days to enable the internal audit team to react and respond effectively to changing priorities and risk whilst still delivering the agreed audit programme. In addition, there are some occasions which may require the internal audit team to undertake additional work which requires resourcing that exceeds the available contingency days or is of a specialist nature.

Requests for additional work from the internal audit team can emerge from a range of sources within Police Scotland or the SPA (including the Forensic service) or can come directly from the Board, normally through the ARAC.

This document sets out the arrangements for commissioning internal audit to undertake additional work including the difference between work supporting the internal audit plan and use of internal audit to complete consultancy/audit as directed by, for example, the Accountable Officer or Deputy Chief Officer.

### **Commissioning Protocol**

#### **The annual audit plan**

1. The primary source for commissioning internal audit work will be through the annual audit plan which must be approved by the Accountable Officer and Board on the recommendation of the ARAC. Any proposed changes to the audit plan, including for the use of

contingency days, should wherever possible, be approved in advance by the ARAC.

2. In exceptional circumstances, such as where an urgent response is required, the Accountable Officer or the Board can commission additional work from the internal audit team and authorise the use of contingency days from the annual audit plan to resource this additional work.
3. A recommendation by the ARAC Chair should be sought for such changes and, wherever possible, this should be in advance of the work commencing.

### **Additional work**

4. Police Scotland and the SPA may require internal audit resource outwith the internal plan to undertake consultancy work or specific or specialist assurance or investigatory reviews. These may include, for example, reviews of whistleblowing allegations or the provision of project or programme assurance work.
5. The need for additional internal audit resource may be identified from a variety of sources within Police Scotland or the SPA. Approval of this work must be in line with the delegated authority limits in place for SPA and/or Police Scotland.
6. The applicable rates for all additional work will be agreed during the commissioning process with reference to the skillset and seniority of the team required. Where contingency days from the annual audit plan are to be used to resource additional work, the standard day rate will apply as well as the arrangements outlined in paragraphs 1-3 above.
7. Internal audit will provide a summary of all work undertaken outwith the internal audit plan to the ARAC on a quarterly basis.

### **Mandatory considerations**

8. This Protocol must be read in conjunction with the SPA's and Police Scotland's procurement policies.
9. Commissions for internal audit work outwith the annual audit plan must be compliant with existing procurement policies.
10. The internal audit team must remain independent if it is to undertake its functions and role effectively.

11. The internal audit team must not agree to undertake any audit work which may undermine its independence. Importantly, internal audit cannot undertake activities which require management decision making or which do not comply with Public Sector Internal Audit Standards. It is the responsibility of the Chief Audit Executive to inform the ARAC Chair and/or Accountable Officer of the SPA if there are any threats to the independence of the internal audit team.