

| | |
|----------------------------------|--|
| Meeting | Audit, Risk and Assurance Committee |
| Date | 28 January 2021 |
| Location | Video - conference |
| Title of Paper | Internal Audit Annual Plan |
| Presented By | Gary Devlin, Partner, Azets |
| Recommendation to Members | Members are requested to recommend for approval |
| Appendix Attached | Annual Internal Audit Plan 2021/22 |

PURPOSE

This paper presents our draft Internal Audit Annual Plan for 2021/22.

The paper is presented in line with the Scottish Police Authority Internal Audit contract.

The paper is submitted for discussion and recommend for approval.

1. BACKGROUND

- 1.1 A Public Sector Internal Audit Standards ("PSIAS") require the Chief Internal Auditor to produce an annual, risk-based plan, which takes into account the risk management framework and the strategic objectives of the Scottish Police Authority ("SPA") and Police Scotland ("PS"), and the views of senior managers and the Audit Committee.
- 1.2 The purpose of this audit plan is to direct internal audit resources in the most efficient manner to provide assurance to the Accountable Officer and the Board of SPA, through the Audit Committee, that the key risks to the achievement of SPA's and PS's objectives are being managed effectively.
- 1.3 Azets has prepared the attached draft annual Internal Audit Plan for 2021/22 for consultation with Audit Committee members.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 We have prepared a draft internal audit plan, based on discussions with management within Police Scotland and Scottish Police Authority.
- 2.2 The Audit Committee is invited to provide any comments on the draft IA Plan.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising as a direct result of this report.

4 PERSONNEL IMPLICATIONS

- 4.1 There are no personnel implications associated with this report.

5 LEGAL IMPLICATIONS

- 5.1 There are no legal implications associated with this report.

6 REPUTATIONAL IMPLICATIONS

- 6.1 There are no reputational implications arising from with report.

7 SOCIAL IMPLICATIONS

7.1 There are no social implications directly associated with this report

8 COMMUNITY IMPACT

8.1 There are no community impact implications directly associated with this report.

9 EQUALITIES IMPLICATIONS

9.1 There are no equalities implications directly associated with this report.

10 ENVIRONMENT IMPLICATIONS

10.1 There are no environmental implications associated with this report.

RECOMMENDATIONS

The Committee is asked to review, provide comment, and recommend for approval the draft plan to ensure all key areas of Audit, Risk and Assurance Committee concern are captured.



**Scottish Police
Authority
Strategic Internal Audit Plan
2020/21 – 2022/23**



OFFICIAL

The Scottish Police Authority

Strategic Internal Audit Plan 2020/21 – 2022/23

| | |
|--|----|
| Introduction | 2 |
| Internal Audit Approach | 3 |
| Delivering The Internal Audit Plan | 4 |
| Quality Assurance And Improvement | 8 |
| Appendix 1 – Strategic Internal Audit Plan 2020/21-2022/23 | 9 |
| Appendix 2 – Internal Audit Universe | 14 |
| Appendix 3 – Internal Audit Charter | 23 |

Introduction

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

Section 3 – Definition of Internal Auditing, Public Sector Internal Audit Standards

Our strategic internal audit plan is designed to provide the Scottish Police Authority, through the Audit Committee, with the assurance it needs to prepare an annual Governance Statement that complies with best practice in corporate governance. We also aim to contribute to the continuous improvement of governance, risk management and internal control processes through the implementation of this plan.

Azet's internal audit methodology complies fully with the Public Sector Internal Audit Standards (PSIAS), which cover the mandatory elements of the Chartered Institute of Internal Auditors' International Professional Practices Framework.

Internal Audit Plan

The PSIAS require the Chief Internal Auditor to produce a risk-based plan, which takes into account the Scottish Police Authority (SPA) and Police Scotland's (PS) risk management framework, its strategic objectives and priorities and the views of senior managers and the audit committee. The objective of audit planning is to direct audit resources in the most efficient manner to provide sufficient assurance that key risks to the achievement of SPA's and PS's objectives are being managed effectively and value for money is being achieved.

This document addresses these requirements by setting out a strategic internal audit plan for the three-year period 2020/21 to 2022/23.

As internal auditors, we aim to add value to SPA and PS by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help the organisation promote improved standards of governance, better management and decision making and more effective use of funds. Relevant audits will assess whether the current processes provide best value for money.

Audit Committee action

When preparing the Strategic Internal Audit Plan we carried out a new audit needs assessment, 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. We have also engaged with management across both SPA and Police Scotland to seek initial views and suggestions regarding potential areas of focus over the 3 years. The resultant draft strategic plan is included within Appendix 1.

Internal audit approach

Supporting the Governance Statement

Our Internal Audit Plan is designed to provide the SPA, through the audit committee, with the assurance it needs to prepare an annual Governance Statement that complies with best practice in corporate governance. We also aim to contribute to the improvement of governance, risk management and internal control processes by using a systematic and disciplined evaluation approach.

Risk based internal auditing

Our methodology links internal audit activity to the organisation's risk management framework. The main benefit to the SPA is a strategic, targeted internal audit function that focuses on the key risk areas and provides maximum value for money.

By focussing on the key risk areas, internal audit should be able to conclude that:

- Management has identified, assessed and responded to SPA and PS's key risks;
- The responses to risks are effective but not excessive;
- Where residual risk is unacceptably high, further action is being taken;
- Risk management processes, including the effectiveness of responses, are being monitored by management to ensure they continue to operate effectively; and
- Risks, responses and actions are being properly classified and reported.

We have reviewed the SPA's risk management arrangements and have confirmed that they are sufficiently robust for us to place reliance on the risk register as one source of the information we use to inform our audit needs assessment.

Risk registers are one key source of the information we use to inform our audit needs assessment. We recognise that risk management arrangements are not yet fully embedded across both organisations and as such, we ensure all key risk areas are captured for the audit needs assessment by discussing these with management. By focusing on key risk areas, our audits contribute to the continuous improvement of the controls in place to manage these risks and provide assurance to those charged with governance about the extent to which the key risks are effectively mitigated by management actions.

Audit needs assessment

Our internal audit plans are based on an assessment of audit need. "Audit need" represents the assurance required by the Audit, Risk, and Assurance Committee from internal audit that the control systems established to manage and mitigate the key inherent risks are adequate and operating effectively. The objective of the audit needs assessment is therefore to identify these key controls systems and determine the internal audit resource required to provide assurance on their effectiveness.

Our audit needs assessment takes both a top-down and bottom-up approach followed by a reasonableness check. The top-down approach involves identifying the areas of highest inherent risk and the control systems

OFFICIAL

in place to manage those risks. The bottom-up approach involves defining SPA and PS's audit universe (potential auditable areas) and covering all systems on a cyclical basis in line with their relative risk and significance. The reasonableness check involves us using our experience of similar organisations, together with discussions with other internal auditors, to ensure that all key risk areas and systems have been considered and the resulting internal audit plan seems appropriate.

Our audit needs assessment involved the following activities:

- Reviewing SPA and PS risk registers,
- Reviewing SPA and PS's strategic and operational plans,
- Reviewing previous internal audit reports,
- Reviewing external audit reports and plans,
- Reviewing the SPA's website and internal policies and procedures,
- Utilising our experience at similar organisations and our understanding of SPA and PS; and
- Discussions with senior management and the audit committee.

The audit needs assessment is revised on an on-going basis (at least annually) to take account of any changes in SPA and PS's risk profiles. Any changes to the internal audit plan are approved by the Audit Committee, and by the Board as deemed appropriate by members.

Best value

Our work helps SPA and PS to determine whether services are providing best value. Each year, relevant audits will assess whether the current processes provide best value for money i.e. whether the controls identified to mitigate risks are working efficiently and effectively. Where we identify opportunities for improving value for money, we raise these with management and include them in the report action plan.

Liaison with external audit

We seek to complement the areas being covered by SPA's external auditors, Audit Scotland. Following discussion of this plan at the Audit Committee, we welcome any comment from the external auditors and will look to incorporate the feedback received into the final version submitted for approval to the Audit Committee. This helps us to target our work in the most effective manner, avoiding duplication of effort and maximising the use of the total audit resource.

Delivering the internal audit plan

Internal Audit Charter

At Appendix 3 we have set out our Internal Audit Charter, which details how we will work together to deliver the internal audit programme.

Audit Timetable

We will schedule our work to deliver reports to each Audit Committee meeting during the year. We will agree the timing of each review with management to ensure we avoid particularly busy periods.

Assignment Planning

We would like internal audit to be seen as part of the wider management team at SPA and PS, working closely with senior and operational managers to develop and deliver a programme of internal audit work that adds value to SPA and PS and encourages continuous process improvement.

To achieve this, we will ensure that the assignment plans for all internal audit reviews are agreed with the review sponsor and key contacts well in advance of the fieldwork commencing. To facilitate this, we will need the review sponsors to identify key contacts for each review and help us to focus the reviews in the right areas.

The assignment plan sets out the scope and objectives of the audit, along with an assessment of the key business risks relating to the area under review. This consultative approach ensures that the focus of each review is sensitive to the specific risks and context within which SPA and PS operate. This maximises the value of each review and reflects the risk-based assurance we offer. We will agree these assignment plans with management following the Audit Committee's approval of the internal audit areas to be covered.

Reporting our Findings

During the course of each audit, we will discuss any audit findings with relevant management as they arise. This will ensure that our reports contain no surprises and our recommendations are accurate, practical and relevant.

Our timetables are based on delivering draft reports to management within 15 days of completion of fieldwork. The reports will include an overall opinion on the strength of controls within the area under review, together with an action plan detailing prioritised recommendations, responsible officers and implementation dates.

The timetable is also based on us receiving management responses to our draft reports within 15 days. Subject to there being no major issues of contention or disagreement, we will produce final reports within 10 days of receiving management responses. All timescales will be confirmed with relevant SPA staff prior to the commencement of all audit fieldwork.

On completion of each year's audit programme, we will issue an annual report summarising our main findings for the year and giving an overall opinion on SPA's internal control framework.

OFFICIAL

Internal Audit team – indicative staff mix

| Grade | 2021/22 Input (days) | Grade mix (%) |
|---------------------------------|----------------------|---------------|
| Partner / Director | 85 | 17% |
| Manager (Other qualified staff) | 125 | 25% |
| Auditors (Specialist Staff) | 110 | 22% |
| Unqualified Staff | 180 | 36% |
| Total | 500 | 100% |

Confirmation of Independence

PSIAS require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that the staff members identified to complete the reviews in the annual plan for 2021/22 were independent of SPA and their objectivity has not been compromised.

OFFICIAL

Internal Audit Team Contacts

Gary Devlin



Chief Internal Auditor (Relationship Partner)

email: gary.devlin@azets.co.uk

telephone: 0131 473 3500

Elizabeth Young



Head of Internal Audit

email: Elizabeth.young@azets.co.uk

telephone: 0141 567 4500

Matt Swann



Interim Head of Internal Audit

email: matthew.swann@azets.co.uk

telephone: 0131 473 3500

Paul Kelly



Director – Business Technology & Consulting

email: paul.kelly@azets.co.uk

telephone: 0141 567 4500

Andrew Diffin



Internal Audit Assistant Manager

email: Andrew.diffin@azets.co.uk

telephone: 0141 567 4500

Quality Assurance and Improvement

Key Performance Indicators

As set out in our Internal Audit Charter in Appendix 6, we assess our performance in the following ways:

- On-going performance monitoring;
- Management feedback from review sponsor and key contacts after each audit;
- Periodic internal assessment; and
- Periodic external assessment.

As part of our on-going performance monitoring, we have agreed the following key performance indicators and targets:

| KPIs | Description |
|------|---|
| 1 | The Annual and Strategic Internal Audit plans are presented to and approved by the Audit Committee prior to the start of the audit year. |
| 2 | 90% of audit input is provided by the core team and continuity of staff is maintained year on year. |
| 3 | Draft reports are issued within 15 working days of completing fieldwork. |
| 4 | Management responses are received within 15 working days and final report issued within 10 working days. |
| 5 | At least 90% of the audit recommendations we make are agreed with and accepted by management. |
| 6 | At least 75% of Audit Committee meetings are attended by an Internal Audit Partner. |
| 7 | The annual internal audit plan is fully delivered within agreed cost and time parameters. |
| 8 | The annual internal audit report and opinion is presented to and approved by the Audit Committee at the first meeting after the year-end each year. |
| 9 | All internal audit outputs are finalised and submitted to the Committee Secretary at least 10 working days before the Audit Committee meeting to allow time for senior management review. |
| 10 | Members of senior management and the Audit Committee are invited to participate in the firm's client satisfaction survey arrangements. |

Performance reporting

We will report the results of the KPI monitoring within the progress reports presented to each Audit Committee. The results of the management feedback and the annual internal assessment will be reported within our annual report each year, along with details of any improvement actions identified.

Appendix 1 – Strategic Internal Audit Plan 2020/21-2022/23

| Audit area | 2020/21 | 2021/22 | 2022/23 | Audit objectives (Notes) |
|---|------------|-----------|-----------|--|
| A. Corporate Support Services – Finance | | | | |
| A.1 Core Financial Systems | 30 | 30 | 35 | <p>2020/21: Fixed assets (<i>To review the arrangements for identifying, recording, valuing and verifying fixed assets</i>)</p> <p>2021/22: IFRS 16 (<i>To review preparedness for the introduction of new reporting standards in relation to lease treatment</i>)</p> <p>2022/23: Receivables, Cash and Treasury Management (<i>Review of controls over collection of income and controls over operation of cash management, including bank reconciliations and cash flow forecasting</i>)</p> |
| A.2 Benefits Realisation and efficiency targets | 75 | | | To review arrangements for the measurement of productivity, capacity, and financial benefits arising from transformation programmes and other work within Police Scotland. Includes coverage of the annual efficiency savings target process. |
| A.3 Payroll | 30 | 30 | | To review the operation of payroll processes in the context of the newly implemented iTrent Payroll system, and revisions to the structure of payroll administration across Police Scotland. To undertake specific review of overtime and allowances in 2021/22 |
| A.4 Non-Pay Expenditure Follow Up | 30 | | | To review the progress of the planned rollout of a proposed unified Purchase to Pay system, including the operation of purchasing controls in areas where new processes have been implemented. |
| Subtotal A: | 165 | 60 | 35 | |
| B. Corporate Support Services – People and Development | | | | |
| B.1 Workforce Strategy | | | 50 | To review the implementation of the Police Scotland workforce strategy, to ensure it appropriately considers the workforce required to deliver organisational strategies and |

| | | | | |
|---|-----------|-----------|-----------|---|
| | | | | meet its current demand. The review will also consider succession planning processes in place. |
| B.2 Staff Pay and Reward Modernisation (SPRM) | | 35 | | Post implementation review of SPRM to confirm all ten legacy pay scales and terms and conditions have now been reduced into a single staff pay and reward structure, including confirmation that staff have been consulted throughout the process and that all salaries, working hours, holiday allowances and overtime rates have all been fairly consolidated for colleagues undertaking similar roles. |
| B.3 Staff wellbeing | 30 | | | To review to assess SPA and Police Scotland's commitment to staff wellbeing in line with the People Strategy, ensuring there is an understanding of the key issues affecting the workforce, actions are being taken to address and regularly monitored. |
| B.4 Equality and diversity | | 30 | | To ensure there is a compliant equality and diversity policy in place within both SPA and PS that has been fully implemented and is regularly reviewed in line with legislative changes. |
| Subtotal B: | 30 | 65 | 50 | |
| C. Corporate Support Services – Other | | | | |
| C.1 Performance management | 75 | | | To review the arrangements to monitor progress against the delivery of Police Scotland's Strategic Plan outcomes, Annual Police Plan and Local Police Plans. This will include as assessment of the arrangements for timeliness, robustness of management information and impact measures. To include detailed review of a sample of specific KPIs. |
| C.2 Estates management | | 40 | | Review of estate management processes to ensure fit for purpose and support the achievement of the Estates Strategy. The review will ensure there is a system in place to report and manage repairs and damage to the portfolio of premises and, maintenance works are appropriately prioritised to ensure all properties are maintained to the required standard. |
| C.3 Corporate governance | | | 40 | To assess the extent to which internal governance arrangements are in place within Police Scotland to provide level 1 and level 2 assurance on which the SPA can rely. This will |

| | | | |
|-------------------------------------|----|----|--|
| | | | include reviewing the current governance structure, roles and responsibilities and gaining an understanding of the assurance provided by each group. We will assess how these arrangements align with reporting to Committees. |
| C.4 Procurement and tendering | | | 50 The review will consider the procurement arrangements in place across SPA and PS to ensure that goods and services are properly procured and all legislation is fully complied with. This will also review the contract management arrangements in place for a sample of suppliers to assess how both bodies gain comfort over service delivery. |
| C.5 Health and safety | | 40 | To review the processes and procedures for health and safety across SPA and PS. This will include policies and procedures, adherence to legislation, staff training, governance and incident monitoring and reporting. |
| C.6 Forensics Case Management | 25 | | To assess the extent to which there are robust controls over the management of forensic evidence, including communication and interaction with Police Scotland, COPFS and the Lord Advocate |
| C.7 Management response to COVID 19 | 50 | | To review the approach taken by Police Scotland management to undertake the initial response to COVID-19. The review will consider the key COVID 19 response decisions made by Police Scotland including the impact of revised working practices, associated procurement spend, tendering arrangements and other staffing costs. |
| C.8 Home working security | 32 | | To review the arrangements for securing remote access to Police Scotland and SPA (including Forensics) IT systems, revisions to payment processes to accommodate home working, and the security of hard copy files which would normally be retained on Police Scotland premises. |
| C.9 Strategic planning | | 50 | To review the processes to develop, implement and report on the delivery of the strategy and sub strategies of Police Scotland including consideration of horizon scanning. |
| C.10 Change management | | | 50 To review arrangements for the implementation of transformation programmes and other work within Police Scotland. |

| | | | | |
|--|------------|------------|------------|---|
| C.11 Environmental impact | | 35 | | To review the approach of Police Scotland to assess and report the impact on the natural environment including consideration of areas such as energy usage and CO2 emissions. |
| Subtotal C: | 182 | 165 | 140 | |
| D. Corporate Support Services – ICT | | | | |
| D.1 TCSS implementation | | | 50 | Continuing assurance over the implementation of the TCSS plan as directed annually by the Audit Committee. |
| D.2 Business continuity planning and disaster recovery | | | 45 | To assess the BCP and disaster recovery plans in place, including identification of key systems, required recovery times, recovery plans and communication. |
| D.3 ICT service delivery | | 35 | | Review of the service delivery standards, monitoring and reporting arrangements in place within ICT including communication and governance. |
| Subtotal D: | 0 | 35 | 95 | |
| E. Local and Specialist Policing | | | | |
| Subtotal E: | - | - | - | |
| F. Operational and Specialist Support | | | | |
| Subtotal F: | - | - | - | |
| G. Compliance and Regularity | | | | |
| G.1 Legal claims handling | | 30 | | We will undertake a review of the process for assessing and deciding upon legal claims within the entire service. In particular, this review will consider how lessons learned from cases are shared and embedded within guidance and training. (deferred from 2019/20). |
| G.2 Data protection and retention | 35 | | | To assess SPA and PS compliance with data protection legislation, including information storage and retention arrangements. |
| G.3 Data quality and integrity | | 50 | | We will review the effectiveness of processes in place to improve data quality and management within Police Scotland. This will include an assessment of risk management processes to minimise regulatory risks as well as progress being made in delivering the foundational capabilities associated with the four Data Drives Digital business cases. |
| G.4 Follow up | 20 | 20 | 20 | Quarterly follow up of outstanding internal audit actions |
| Sub-total G: | 55 | 100 | 20 | |

| H. Audit Committee, liaison and reporting | | | | |
|--|------------|------------|------------|--|
| H.1 Audit & Risk Committee planning and attendance | 20 | 20 | 20 | To cover preparation and attendance of IA team at all audit committee meetings and development days (c. 5 meetings pa) |
| H.2 Monthly liaison meetings | 18 | 18 | 18 | To attend liaison meetings with SPA x 2 and PS x 2 |
| H.3 Reporting, ad-hoc meetings and other liaison | 6 | 6 | 6 | To cover additional meetings, progress reporting and other ad-hoc information requests as required |
| H.4 Liaison with external audit and HMICS | 4 | 4 | 4 | Quarterly meetings with HMICS plus liaison with Audit Scotland as required. |
| H.5 Audit needs analysis – strategic and operational IA planning | 15 | 10 | 10 | Additional days required in Year 1 to develop new 3 Year Plan |
| H.6 Annual internal audit report | 2 | 2 | 2 | |
| Sub-Total H: | 65 | 60 | 60 | |
| I. Contingency | | | | |
| Contingency | 3 | 15 | 100 | |
| Sub-Total I | 3 | 15 | 100 | |
| TOTAL | 500 | 500 | 500 | |

Appendix 2 – Internal audit universe

| Auditable area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020-23 | Risk priority | Frequency |
|--|---------|---------|---------|---------|---------|---------|---------------|---|
| A. Corporate Support Services – Finance | | | | | | | | |
| Financial ledger / Financial system | ✓ | | ✓ | | | | H | Cyclical review - every 3 to 5 years |
| Financial reporting | (✓) | ✓ | (✓) | (✓) | (✓) | (✓) | M | Covered by external audit |
| Financial planning | | | ✓ | ✓ | | ✓ | H | Cyclical review - every 3 to 4 years |
| Payroll | | ✓ | | | ✓ | ✓ | H | Cyclical review - every 3 to 4 years |
| Executive/Chief officer pay | | | | | ✓ | | L | Not identified as area of risk |
| Budget setting | | ✓ | | | | ✓ | H | Cyclical review - every 3 to 4 years |
| Budget management / Budget Investment | | | ✓ | | | ✓ | H | Cyclical review - every 3 to 4 years |
| Savings plans | | | ✓ | | | ✓ | H | Covered every 3 to 4 years - as part of Budget management |
| Treasury and cash management | | | | ✓ | | ✓ | M | Covered by Financial systems Review |

| Auditable area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020-23 | Risk priority | Frequency |
|---|---------|---------|---------|---------|---------|---------|---------------|--|
| Fixed assets | | ✓ | | | | ✓ | H | Cyclical review - every 3 to 4 years |
| Income and receivables | | | | ✓ | | | M | Cyclical review - every 3 to 5 years |
| Income generation | | | | | | | M | Cyclical review - every 3 to 5 years |
| Expenditure and payables | | ✓ | | | ✓ | | H | Cyclical review - every 3 to 4 years |
| Accounting policies | (✓) | (✓) | (✓) | (✓) | (✓) | (✓) | M | Covered by external audit |
| SPFM compliance (Policies and Procedures) | | ✓ | | | | | M | Cyclical review - every 3 to 5 years |
| Procurement and tendering | | ✓ | | ✓ | | ✓ | H | Cyclical review - every 3 to 4 years |
| Contract management | | | | ✓ | | ✓ | H | Covered by procurement audit |
| Business partnering | | ✓ | ✓ | | | | H | Covered by Budget setting and monitoring |
| B. Corporate Support Services – People and Development | | | | | | | | |
| Leadership and professional development | | | | | | | M | Cyclical review - every 3 to 5 years |
| Training delivery | | | | | | | M | Cyclical review - every 3 to 5 years |
| Staff rostering | | | ✓ | | ✓ | | M | Covered by Workforce management review |
| Demand and Productivity | | | | | ✓ | | M | Cyclical review - every 3 to 5 years |
| Police overtime and allowances | | | ✓ | | | ✓ | M | Covered by Payroll review |
| Special constabulary | | | | | | | L | Not identified as area of risk |

| Auditable area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020-23 | Risk priority | Frequency |
|--|---------|---------|---------|---------|---------|---------|---------------|--|
| Agency and consultant arrangements | | ✓ | | ✓ | | | M | Cyclical review - every 3 to 5 years |
| People / workforce strategy | | | | | ✓ | | H | Cyclical review - every 3 to 4 years |
| Workforce/HR management | | | ✓ | | ✓ | | M | Cyclical review - every 3 to 5 years |
| Resource planning | | | ✓ | | ✓ | | H | Cyclical review - every 3 to 4 years |
| Succession planning | | | ✓ | | ✓ | | L | Not identified as area of risk |
| Staff performance management | | | | ✓ | | | H | Cyclical review - every 3 to 4 years |
| Recruitment and retention | | ✓ | | | | | H | Cyclical review - every 3 to 4 years |
| Equality and diversity | | ✓ | | | | ✓ | M | Cyclical review - every 3 to 5 years |
| Employee contracts | | | | | | | L | Not identified as area of risk |
| Annual leave | | | ✓ | | | | L | Covered by Workforce management review |
| Sickness absence | | | ✓ | | | | L | Covered by Workforce management review |
| Conduct issues | | | | | | | L | Not identified as area of risk |
| C. Corporate Support Services – Other | | | | | | | | |
| Project management - capital projects | ✓ | | ✓ | | | | H | Cyclical review - every 3 to 4 years |
| Change management | ✓ | | ✓ | ✓ | ✓ | ✓ | H | Cyclical review - every 3 to 4 years |
| Fleet management | | | | | | | M | Cyclical review - every 3 to 5 years |
| Estates and asset management | | | ✓ | | | ✓ | M | Cyclical review – every 3 to 5 years |

| Auditable area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020-23 | Risk priority | Frequency |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------------|--------------------------------------|
| Environmental management | | | | | | | L | Not identified as area of risk |
| Waste management | | | | | | | L | Not identified as area of risk |
| Performance management | | | ✓ | | | ✓ | H | Cyclical review - every 3 to 4 years |
| Strategic planning | | ✓ | | | | | H | Cyclical review - every 3 to 4 years |
| Delivery of policing 2026 programme | | ✓ | | | | ✓ | H | Cyclical review - every 3 to 4 years |
| SPA Corporate governance | | | ✓ | | | ✓ | H | Cyclical review - every 3 to 4 years |
| PS Corporate governance | | | ✓ | | | ✓ | H | Cyclical review - every 3 to 4 years |
| Risk management | | | | ✓ | | | H | Cyclical review - every 3 to 4 years |
| Efficiency targets | | | | | | ✓ | H | Cyclical review - every 3 to 4 years |
| Information management | | | ✓ | | | | M | Cyclical review – every 3 to 5 years |
| Risk, Assurance & Inspection Unit | | | | ✓ | | | M | Cyclical review – every 3 to 5 years |
| Lean management | | ✓ | | | | | M | Cyclical review - every 3 to 5 years |
| Litigation costs | | | | | | ✓ | M | Legal Claims Handling audit |
| Health and safety | | | | | | ✓ | H | Cyclical review - every 3 to 4 years |
| Fire safety | | | | | | | H | Cyclical review - every 3 to 4 years |
| Vetting procedures | | ✓ | | | | | H | Cyclical review - every 3 to 4 years |

| Auditable area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020-23 | Risk priority | Frequency |
|--|---------|---------|---------|---------|---------|---------|---------------|--|
| Case and records management | ✓ | | ✓ | | | | H | Cyclical review - every 3 to 4 years |
| Governance statement readiness | | | | | | | M | Cyclical review - every 3 to 5 years |
| Fraud prevention | | | | | ✓ | | M | Cyclical review - every 3 to 5 years |
| National Fraud Initiative (NFI) outcomes | | | ✓ | | | | M | Cyclical review - every 3 to 5 years |
| Freedom of information (Fol) | | | | | | | L | Not identified as area of risk |
| Data protection compliance | | | ✓ | | | ✓ | M | Cyclical review - every 3 to 5 years |
| Complaints management | | | | | (✓) | | M | Covered by Independent Review |
| External communications | | | | | | | L | Not identified as area of risk |
| Internal communications | | | | ✓ | ✓ | ✓ | H | Covered within transformational change work and employee wellbeing |
| Marketing and digital media | | | | | | | L | Not identified as area of risk |
| News | | | | | | | L | Not identified as area of risk |
| D. Corporate Support Services – ICT | | | | | | | | |
| Service delivery | | ✓ | | | | | M | Cyclical review - every 3 to 5 years |
| Applications and development | ✓ | | ✓ | ✓ | ✓ | | M | Cyclical review - every 3 to 5 years |
| CTO | | | | | | | M | Cyclical review - every 3 to 5 years |
| IT strategy | | | ✓ | | | | H | Cyclical review - every 3 to 4 years |

| Auditable area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020-23 | Risk priority | Frequency |
|---|---------|---------|---------|---------|---------|---------|---------------|---|
| Business continuity planning | | ✓ | | | | ✓ | M | Cyclical review - every 3 to 5 years |
| Disaster recovery | | ✓ | | | | ✓ | M | Covered as part of BCP |
| IT security | ✓ | | | | ✓ | | H | Cyclical review - every 3 to 4 years |
| Network management | | | | | ✓ | | M | Cyclical review - every 3 to 5 years |
| Software development | | ✓ | | | | | M | Cyclical review - every 3 to 5 years |
| IT developments - projects | | | | ✓ | | | H | Covered within Transformational Change Programme |
| Information management | | | ✓ | ✓ | | | M | Cyclical review - every 3 to 5 years |
| IT governance | | | ✓ | | | | M | Covered by IT strategy and Information governance |
| ICT project expenditure | | | | | | | M | Cyclical review - every 3 to 5 years |
| E. Local and specialist policing | | | | | | | | |
| Local Policing / Crime | | | | | | | M | Cyclical review – every 3 to 5 years |
| Divisions | | | | | | | M | Cyclical review every 5 to 7 years |
| Shared services | | | | | | | M | Cyclical review – every 3 to 5 years |
| Partnership working/ Joint working | | | | ✓ | | | H | Cyclical review - every 3 to 4 years |
| Major crime | | | | | | | M | Cyclical review – every 3 to 5 years |
| Public protection | | | | | | | M | Cyclical review – every 3 to 5 years |

| Auditable area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020-23 | Risk priority | Frequency |
|--|---------|---------|---------|---------|---------|---------|---------------|--------------------------------------|
| Local crime | | | | | | | M | Cyclical review – every 3 to 5 years |
| Organised crime | | | | | | | L | Not identified as area of risk |
| Counter Terrorism | | | | | | | L | Not identified as area of risk |
| Intelligence Support | | | | | | | L | Not identified as area of risk |
| Cybercrime | | | | | | | L | Not identified as area of risk |
| Brexit | | | | | | | H | Current topic |
| Forensics | | | | | | | L | Not identified as area of risk |
| Safer Communities | | | | | | | L | Not identified as area of risk |
| F. Operational and specialist support | | | | | | | | |
| Specialist Services | | | | | | | L | Not identified as area of risk |
| Armed policing | | | | | | | L | Not identified as area of risk |
| Specialist Operations | | | | | | | L | Not identified as area of risk |
| Specialist Support | | | | | | | L | Not identified as area of risk |
| Contact command and control (C3) facilities | | | | | | | H | Cyclical review - every 3 to 4 years |
| Air support | | | | | | | L | Not identified as area of risk |
| Dive and marine unit | | | | | | | L | Not identified as area of risk |
| Dog unit | | | | | | | L | Not identified as area of risk |

| Auditable area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020-23 | Risk priority | Frequency |
|---|---------|---------|---------|---------|---------|---------|---------------|---|
| Hostage and Crisis Negotiation Coordination | | | | | | | L | Not identified as area of risk |
| Mountain Rescue | | | | | | | L | Not identified as area of risk |
| Mounted section | | | | | | | M | Cyclical review – every 3 to 5 years |
| Search / Public Order | | | | | | | M | Cyclical review – every 3 to 5 years |
| Football Coordination Unit | | | | | | | M | Cyclical review – every 3 to 5 years |
| Emergency Events and Resilience Planning (EERP) | | | | | | | M | Cyclical review – every 3 to 5 years |
| Roads policing | | | | | | | M | Cyclical review – every 3 to 5 years |
| Call handling | | | | | | | M | Cyclical review – every 3 to 5 years |
| Crime mapping | | | | | | | M | Cyclical review – every 3 to 5 years |
| Stop and search | | | | | | | M | Cyclical review – every 3 to 5 years |
| Crime recording | | | | | | | M | Cyclical review – every 3 to 5 years |
| Operational planning | | | | | | | H | Cyclical review - every 3 to 4 years (part of strategic planning) |
| Police equipment and devices | | | | | | | M | Cyclical review – every 3 to 5 years |
| Firearms | | | | | | | M | Cyclical review – every 3 to 5 years |
| Forensic equipment | | | | | | | M | Cyclical review – every 3 to 5 years |
| Stock management | | | | | ✓ | | M | Cyclical review – every 3 to 5 years |

| Auditable area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020-23 | Risk priority | Frequency |
|---|---------|---------|---------|---------|---------|---------|---------------|--------------------------------------|
| Incident management | | | | | | | M | Cyclical review – every 3 to 5 years |
| Custody Services | | | | | | | M | Cyclical review – every 3 to 5 years |
| Crown Office and Procurator Fiscal (COPFS) Liaison | | | | | | | M | Cyclical review – every 3 to 5 years |
| Disclosure Administration | | | | | | | L | Not identified as area of risk |
| Productions | | | | | ✓ | | H | Cyclical review - every 3 to 5 years |
| Lost and found property | | | | | | | L | Not identified as area of risk |
| Administration of warrants, court orders, interdicts, fixed penalty tickets and direct measures | | | | | | | M | Cyclical review – every 3 to 5 years |
| Victim satisfaction and victim / witness care | | | | | | | M | Cyclical review – every 3 to 5 years |
| Prisoner Belongings | | | | | | | M | Cyclical review – every 3 to 5 years |

Appendix 3 – Internal Audit Charter

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Scottish Police Authority (SPA) and Police Scotland (PS).

It helps SPA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and continuously improve the effectiveness of risk management, control, and governance processes.

The mission for internal auditing is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Definition

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve [your organisation]'s operations. It helps [your organisation] accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Aim

The aim of this Charter is to set out the management by all parties of the internal audit process. The Charter sets out the context of the internal audit function, including the place of the Audit Committee, the key personnel, timescales and processes to be followed for each internal audit review.

Role

The internal audit activity is established by the Audit Committee on behalf of the Board. The internal audit activity's responsibilities are defined by the Audit Committee as part of its oversight role.

Professionalism

The internal audit activity will adhere to Public Sector Internal Audit Standards (PSIAS), which are based on mandatory guidance of The Chartered Institute of Internal Auditors (CIIA) including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

The CIIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to SPA's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

Internal audit activity will also reflect relevant Scottish Government directions, as appropriate to SPA.

Authority

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal

audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit Committee.

Accountability

The Head of Internal Audit will be accountable to the Audit Committee and will report administratively to the Head of Finance, Audit and Risk.

The Audit Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the Head of Internal Audit.

The Head of Internal Audit will communicate and interact directly with the Audit Committee, including between Audit Committee meetings as appropriate.

Independence and objectivity

The internal audit activity will remain free from direction by any element in SPA or PS, including matters of audit selection, scope, procedures, frequency, timing, or report content. This is essential in maintaining the internal auditors' independence and objectivity.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, manage risks, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments. Under the terms of the co-source relationship for the delivery of internal audit services, Azets will take appropriate and necessary steps to ensure the operational independence of any in-house internal auditors employed by SPA while engaged in the delivery of the approved audit plan and associated activities.

The Head of Internal Audit will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity. Any interference experienced should be disclosed by the Chief Audit Executive to the Board and the implications discussed.

Scope and responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programmes with established objectives and goals;
- Effectiveness and efficiency of operations and use of resources;
- Compliance with significant policies, plans, procedures, laws, and regulations;
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information; and

- Safeguarding of assets.

Internal Audit is responsible for evaluating all processes ('audit universe') of SPA, including governance processes and risk management processes. In doing so, internal audit maintains a proper degree of coordination with external audit and where practical other assurance providers.

Internal audit may perform consulting and advisory services related to governance, risk management and control as appropriate for the organisation. It may also evaluate specific operations at the request of the audit committee or management, as appropriate.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the audit committee and to senior management, including fraud risks, governance issues, and other matters needed or requested by SPA.

Annual internal audit plan

The audit year runs from 1 April to 31 March

At least annually, the Head of Internal Audit will submit to the Audit Committee an internal audit plan for review and approval. The internal audit plan will detail, for each subject review area:

- The outline scope for the review;
- The number of days budgeted;
- The timing, including which audit committee the final will report will go to; and
- The review sponsor.

The Chief Audit Executive will communicate the impact of resource limitations and significant interim changes to senior management and the Board.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management. Prior to submission to the audit committee for approval, the plan will be discussed with senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

Assignment Planning and Conduct

An assignment plan will be drafted prior to the start of every assignment setting out the scope, objectives, timescales and key contacts for the assignment.

Specifically, the assignment plan will detail the timescales for carrying out the work, issuing the draft report, receiving management responses and issuing the final report. The assignment plan will also include the name of the staff member who will be responsible for the audit (review sponsor) and the name of any key staff members to be contacted during the review (key audit contact).

The assignment plan will be agreed with the review sponsor and the key audit contact (for timings) before the review starts.

Reporting and Monitoring

The internal auditor will discuss key issues arising from the audit as soon as reasonably practicable with the key contact and/or review sponsor, as appropriate. At the conclusion of the fieldwork, the internal auditor will hold a close-out meeting with the key contact and / or review sponsor to discuss all audit findings.

A written report will be prepared and issued by the Head of Internal Audit or designee following the conclusion of each internal audit engagement and will be distributed to the review sponsor and key contacts identified in the assignment plan for management responses and comments.

Draft reports will be issued by email within 15 working days of the close-out meeting. The covering email will specify the deadline for management responses, which will normally be within a further 15 days. The management comments and response to any report will be overseen by the review sponsor. Internal Audit will make time after issuing the draft report to discuss the report and, if necessary, meet with the review sponsor and/or key contact to ensure the report is factually accurate and the agreed actions are clear, practical, achievable and valuable.

The internal auditors will issue the final report to the review sponsor and the Director of Financial Accountability. The final report will be issued within 10 working days of the management responses being received. Finalised internal audit reports will be presented to the Audit Committee. Finalised internal audit outputs must be in the hands of the committee secretary at least 10 working days before the date of each meeting.

The working days set out above are maximum timescales and tighter timescales may be set out in the assignment plan.

The internal audit activity will follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

Audit Committee

The Audit Committee meets at least four times a year, dates for Audit Committee Meetings will be provided to internal audit as soon as they are agreed. The Head of Internal Audit and/ or Relationship Partner will attend all meetings of the audit committee.

Internal audit will schedule its work so as to spread internal audit reports reasonably evenly over the Audit Committee meetings. The annual internal audit plan will detail the internal audit reports to be presented to each Audit Committee meeting.

The Audit Committee will meet privately with the internal auditors at least once a year.

Periodic Assessment

The Head of Internal Audit is responsible for providing a periodic self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its Plan.

In addition, the Head of Internal Audit will communicate to senior management and the Audit Committee on the internal audit activity's quality assurance and improvement programme, including results of on-going internal

assessments and external assessments conducted at least every five years in accordance with Public Sector Internal Audit Standards.

Review of Charter

This Charter will be reviewed by both parties each year and amended if appropriate.

© Azets 2021. All rights reserved. Azets refers to Azets Audit Services Limited. Registered in England & Wales
Registered No. 09652677. VAT Registration No. 219 0608 22.

Registered to carry on audit work in the UK and regulated for a range of investment business activities by the
Institute of Chartered Accountants in England and Wales.