

<b>Meeting</b>	<b>Audit Risk and Assurance Committee</b>
<b>Date</b>	<b>15 September 2020</b>
<b>Location</b>	<b>By video-conference</b>
<b>Title of Paper</b>	<b>Role of Audit Sponsor</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>A Role of Audit Sponsor</b>

### **PURPOSE**

To provide the Audit Risk and Assurance Committee (ARAC) with a definition of the role Audit Sponsor and provide an opportunity to consider if this aligns with expectations and current working practices.

**1. BACKGROUND**

1.1 Appendix A outlines the role of Audit Sponsor at the different stages that an internal audit is progressed. This was developed collaboratively between Scott-Moncrieff, Police Scotland and SPA.

**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 consider the role of the Audit Sponsor shown at Appendix A and advise if any changes to are required

## **APPENDIX A**

### **The Role of the Audit Sponsor**

A key part of an effective internal audit service is effective engagement with management to ensure the audit team understand the organisation, its key activities and operating models, its structures and processes, risks and risk management strategies, cultures and behaviours, governance models and legislative framework.

Similarly, internal audit work can only be fully effective if management recognise and value the assurance activities of internal audit and engage effectively with the internal audit team at all stages of the audit process, and the organisation has a culture of continuous improvement.

A key mechanism for the effective engagement of the work of internal audit and management is the role of the audit sponsor in supporting the work of internal audit.

Once the Annual Internal Audit Plan is agreed with the Audit and Risk Committee (ARAC) and Accountable Officer, detailed planning on developing Assignment Plans can commence. An early key stage in this process is to agree who the audit sponsors for each assignment should be.

This decision should be made by the head of each functional area under audit:

- The Accountable Officer for the SPA
- The Chief Constable or his Deputy in each operational area. In practical terms, this will most often be the Deputy Chief Officer
- The Director of Forensic Services.

The following principles should be applied in determining who should act as audit sponsor for each individual internal audit assignment:

- They should have a leading role in directing the area under audit. It is unlikely the audit sponsor will operate below ACC, or Director level.
- By exception, and with the prior approval of the DCC/DCO responsible for the area, a Head of Service level may be appointed as the Audit Sponsor.
- They should be sufficiently senior to be able commit the organisation to an improvement action plan.

Once the Audit Sponsor has been assigned, they will be the contact for the internal audit team in the planning, fieldwork, reporting and follow up stages of the audit process and will have a critical role to play at each stage as noted below:

## **Planning Stage**

- The Audit Sponsor plays an important role in setting the scope, objectives, and timescales for the audit assignment for agreement with the ARAC. They should ensure their department is aware of the audit, understand when it will take place and what it will cover.

## **Fieldwork Stage**

- The Audit Sponsor will be the key contact for the internal audit team as they undertake fieldwork. They should ensure their department is aware of the audit, understand when it will take place and what it will cover, and engaged in supporting the audit to achieve a successful outcome.
- The Audit Sponsor will be the key communication link between the internal audit team and the area under audit. They should expect to receive regular communication on progress in delivering the audit, support the audit by ensuring appropriate engagement and time of key staff, and ensuring all evidence related to the audit is made available to the audit team to support completion of the work.
- The Audit Sponsor will keep the DCC/DCO responsible for the area briefed as is necessary during the course of the fieldwork.

## **Reporting Stage**

- The Audit Sponsor is the key contact for the audit and should expect effective communication during the audit progress on emerging issues and key audit findings.
- The Audit Sponsor is expected to attend the 'audit close out meeting' which will communicate key findings from the audit.
- The Audit Sponsor will be the key contact for receiving the draft internal audit report. They should ensure the report is circulated appropriately within their organisation to agree factual accuracy.
- The Audit Sponsor will be responsible for coordinating the management response to the audit action plan within timescales agreed with the Audit and Risk Committee.
- The Audit Sponsor will be responsible for ensuring agreed audit actions are delivered within the timescales agreed in the final audit report and agreed with the Audit and Risk Committee.

## **Attendance at the Audit and Risk Committee**

One of the roles of the ARAC is to receive internal audit reports to inform their scrutiny function and to provide assurance to the Board and the Accountable Officer on the adequacy of risk management, systems of internal control and the effectiveness of governance and performance management.

ARAC are only able to effectively scrutinise internal audit reports, including agreed management action plans, if management attending meetings have sufficient seniority to commit their organisation or department to a course of action and have sufficient knowledge of the area under audit to respond effectively to scrutiny questions on internal audit reports.

The following principles should be considered by the ARAC in determining management attendance to respond to internal audit reports:

- The officer attending should either be the agreed Audit Sponsor or a more senior officer with responsibility for the area under audit.
- The ARAC should be able to request the attendance of any officer should it deem this appropriate within its role and remit.

In most cases, the attendance of the Accountable Officer for SPA and the DCO for Police Scotland will meet these principles. In areas where specialist input is required, or the ARAC considers internal audit findings to require a response from a specific officer, then this should be agreed in advance.