

Meeting	SPA Audit, Risk and Assurance Committee
Date	16 September 2021
Location	MS Teams
Title of Paper	Internal Audit Update
Presented By	John McNellis, Head of Finance Audit and Risk Gary Devlin and Matthew Swann, Azets
Recommendation to Members	For Consultation
Appendix Attached	Appendix A Internal Audit Progress Report Appendix B Management Action Follow Up

PURPOSE

To provide the Audit Risk and Assurance Committee (ARAC) with an update on progress against the Annual Internal Audit Plan and summary of management progress in completing management actions arising from internal audit reports.

The paper is presented in line with the corporate governance framework of the Scottish Police Authority (SPA) and Audit, Risk and Assurance Committee (ARAC) terms of reference and is submitted for consultation.

1. BACKGROUND

- 1.1 The Internal Audit plan for 2021/22 was approved by the SPA Board in February 2021.
- 1.2 Updates against delivery of the internal audit plan and summary of management actions arising from internal audit reports are reported to the ARAC on a quarterly basis.

2. FURTHER DETAIL ON THE REPORT TOPIC

Internal Audit Progress Report (appendix A)

- 2.1 Appendix A outlines the current position in delivery of the internal audit plan for 2021/22.
- 2.2 The plan includes 11 assignments, excluding follow up, of which 2 are fully complete and a further 2 are in advanced progress.
- 2.3 A proposed change to the internal audit plan is outlined on page three of appendix A. When preparing the annual audit plan the SPA and internal audit were aware that HMICS would be conducting a “thematic inspection of training and development – phase 2”. It was anticipated that HMICS’ scope would not result in be duplication with this work, however, HMICS has now largely conducted its work and has considered in detail the scope of the internal audit work.
- 2.4 All parties have discussed and agreed that sufficient assurance can be achieved from HMICS’ work and it would not be a valuable use of internal audit resource to continue with this audit.
- 2.5 Furthermore, it is proposed that an internal audit of procurement and tendering is added to the plan. This is in response to an emerging risk where internal audit could add value from undertaking an independent review. The specific scope / assignment plan of this audit is required to be agreed with management and ARAC members.
- 2.6 Internal audits KPI’s are outlined in the report. There are no issues to highlight to members.

Management Action Follow-up

- 2.7 Appendix B summarises the progress made by SPA, Forensics Services and Police Scotland in implementing previously agreed internal audit actions. Internal audit validate the closure of actions on a sample basis focused particularly on recommendations graded 3 (high risk) and above.
- 2.8 There is a continued downward trend in both the overall number of open actions and actions past their due date.
- 2.9 Both SPA and Police Scotland have processes in place to record, monitor and report on progress to resolve internal audit and other recommendations. Further reports are provided to this ARAC.

3. FINANCIAL IMPLICATIONS

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

4. PERSONNEL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

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

6. REPUTATIONAL IMPLICATIONS

- 6.1 There are no reputational implications associated with this paper, however there are potential reputational implications associated with the pace and effectiveness of addressing management actions arising from internal audit reports.

7. SOCIAL IMPLICATIONS

- 7.1 There are no social implications associated with this paper.

8. COMMUNITY IMPACT

- 8.1 There are no community impact implications associated with this paper.

9. EQUALITIES IMPLICATIONS

- 9.1 There are no equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

- 10.1 There are no environmental implications associated with this paper.

RECOMMENDATIONS

Members are requested to:

- Note progress against the annual internal audit plan (2021/22);
- Approve the revision to the internal audit plan as outlined; and
- Note progress regarding the follow up of internal audit actions.



Scottish Police Authority
Internal Audit
Progress Report
September 2021



Scottish Police Authority

Internal Audit Progress Report

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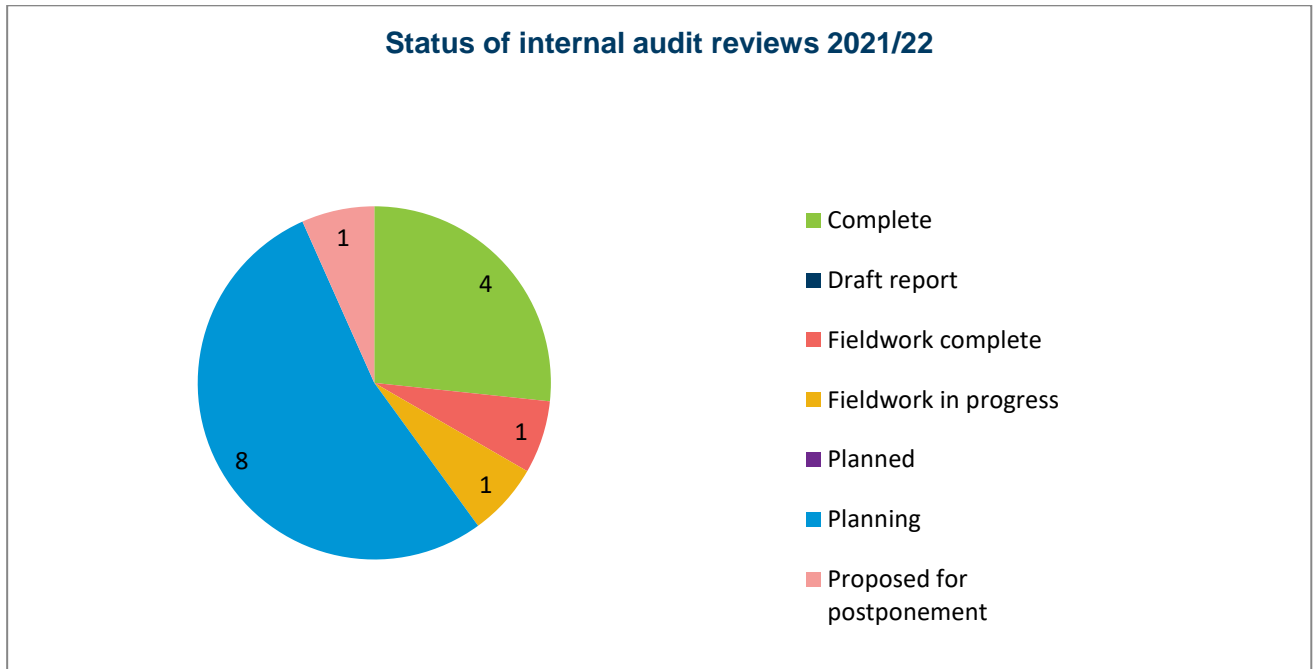
Summary

This paper provides the Audit, Risk, and Assurance Committee with a summary of internal audit activity since its last meeting and confirms the reviews planned for the coming quarter, identifying any changes to the annual plan.

Progress against annual audit plan

In the latest period to September 2021, we have completed the following audits, final reports of which are included as appendices:

- G.4 Q2 Follow Up
- C.11 Environmental Impact
- G.1 Legal Claims Handling



Plan for next quarter

The following reports are due to be presented to the January 2022 Audit, Risk, and Assurance Committee:

- A.3 Payroll (Overtime and Allowances)
- C.2 Estates Management
- C.9 Strategic Planning
- G.3 Data Quality and Integrity
- G.4 Follow Up Q3

Engagement with External Audit

We engage regularly with Audit Scotland in order to understand the scope, outcomes, and issues arising from each other's work. The conclusions that we share inform our understanding of the risks facing the organisation and are a key factor in decisions as to where to focus our work.

We have recently met with Audit Scotland to discuss the progress of our collective work and continue to have an open and constructive dialogue to enhance the assurance obtained from our activities.

Action for Audit, Risk, and Assurance Committee

The Audit, Risk, and Assurance Committee is asked to note the contents of this report and to approve the plan for the next quarter. We have also set out a proposed amendment to the plan, to reflect the replacement of the review of Equality and Diversity. We invite any comments on the format or content of this report.

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Proposed Amendments to 2021/22 Plan

The Review B.4 Equality and Diversity was originally proposed for presentation to the September meeting of the ARAC. In advance of the commencement of scoping discussions in relation to this review, we had been informed that there was some potential overlap with HMICS' review "Thematic Inspection of Police Scotland Training and Development – Phase 2" due to the consideration of equalities within its scope. As a result, we had planned to undertake the internal audit review of Equality and Diversity following the expected completion of this review which was scheduled to report in July 2021. SPA, Police Scotland and HMICS confirmed that the review is ongoing with reporting expected by late Autumn.

Following discussion with SPA it has been agreed to postpone this review to enable us to effectively scope the work appropriately factoring in the outcome of the work of HMICS. As an alternative, we propose to undertake a review of Procurement with the scope set out below.

Audit	Change (days)	Scope
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.
C.4 Procurement and Tendering	+30	In an amendment to the 2021/22 Internal Audit Plan, we will perform a review of procurement and tendering. The review will consider the approach to achieving and demonstrating the achievement of value for money.
NET CHANGE	+/-0	

Appendix 1 – 2021/22 audit plan progress

Ref and Name of report	Audit Sponsor	Status	Quarter	Planned ARAC	Actual ARAC
A.1 Core financial systems	CFO	Planning	Q4	May 22	
A.3 Payroll	CFO Director of People and Development	Planning	Q3	Jan 22	
B.2 Staff Pay and Reward Modernisation (SPRM)	Director of People and Development	Planning	Q4	May 22	
B.4 Equality and Diversity	Director of People and Development ACC Partnership & Prevention	TBC as postponed	-	-	
C.2 Estates Management	CFO Head of Estates	Fieldwork in Progress	Q2	Jan 22	
C.5 Health and Safety	DCC Professionalism Head of Health and Safety	Planning	Q4	May 22	
C.9 Strategic Planning	Director of Strategy and Analysis Head of Strategy and Innovation	Planning	Q3	Jan 22	
C.11 Environmental Impact	CFO CDO Staff Officer	Complete	Q1	Sept 21	Sept 21
D.3 ICT Service Delivery	CDIO Head of Service Management	Planning	Q4	May 22	
G.1 Legal Claims Handling	DCC Professionalism Head of Legal Services	Complete	Q1	Sept 21	Sept 21

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Ref and Name of report	Audit Sponsor	Status	Quarter	Planned ARAC	Actual ARAC
G.3 Data Quality and Integrity	ACC Professionalism & Assurance CDO	Fieldwork Complete	Q2	Sept 21 ¹	
G.4 Follow up Q1	N/A	Complete	Q1	Jul 21	Jul 21
G.4 Follow up Q2	N/A	Complete	Q2	Sept 21	Sept 21
G.4 Follow up Q3	N/A	Planning	Q3	Jan 22	
G.4 Follow up Q4	N/a	Planning	Q4	May 22	

Key:	Description
Complete	Audit work complete and report has been agreed and finalised
Draft Report	A draft report has been issued
Fieldwork complete	The audit work is complete but the draft report has not yet been issued.
Fieldwork in progress	The audit work is in progress.
Planned	The scope and timing of the audit has been agreed with management
Planning	The scope and/or timing of the audit has yet to be agreed with management

¹ The timing of this review has been revised after consultation with management, such that the final report will be presented to the January 2022 meeting of the ARAC.

Appendix 2 – Additional Work

The Audit Committee is responsible for the appointment of Azets as Internal Auditors and oversees the delivery of the Internal Audit Plan.

Police Scotland are able to independently commission Azets to carry out additional consultancy work, where this does not affect the internal audit plan and the cost is met from the relevant Police Scotland budget.

In accordance with the Protocol agreed between Azets and the SPA at the September 2020 meeting of the ARAC, a summary of all such work carried out by Azets will be provided to the ARAC on a quarterly basis.

Work billed to date

The following is a summary of work undertaken and delivered since the last update presented to the committee in July 2021.

Description	Instructed by	Fees since last update	Cumulative fee total (including this period)
COP26 Assurance	James Gray, CFO	£4,708	£62,957

Appendix 3 – Progress against KPIs

KPI description	Status	Comments
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.	GREEN	The 2021/22 Internal Audit Plan was approved by the SPA Board at the March 2021 meeting.
2. 90% of audit input is provided by the core team and continuity of staff is maintained year on year.	GREEN	
3. Draft reports are issued within 15 working days of completing fieldwork.	GREEN	.
4. Management responses are received within 15 working days and final report issued within 10 working days.	GREEN	Management Responses have been received in an average of 15 days so far in the period 2021/22
5. At least 90% of the audit recommendations we make are agreed with and accepted by management.	GREEN	All recommendations made so far in the period 2021/22 have been accepted.
6. At least 75% of Audit Committee meetings are attended by an Internal Audit Partner.	GREEN	
7. The annual internal audit plan is fully delivered within agreed cost and time parameters.	GREEN	All changes to the plan have been agreed with the Audit, Risk and Assurance Committee.
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.	GREEN	The Annual Report for 2020/21 was presented to the May 2021 ARAC meeting.
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.	GREEN	All papers submitted in line with agreed timescales.
10. Members of senior management and the Audit Committee are invited to participate in the firm's client satisfaction survey arrangements.	N/A	Not yet due.

Key

RED	More than 15% away from target
AMBER	Within 15% of target
GREEN	Achieved

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Scottish Police Authority

Internal Audit Report

Management Action Follow-up

Q2 2021-22

September 2021



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Scottish Police Authority

Internal Audit Report

Management Action Follow-up – Q2 2021-22

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Introduction and background

Introduction

As part of the internal audit programme, we complete a follow up review every quarter to provide the Scottish Police Authority with assurance that management actions agreed in previous internal audit reports have been implemented appropriately. This report summarises the progress made by management in implementing agreed management actions during Q2 2021/22.

Scope

A follow up tracker is maintained by Police Scotland (PS) to record updates on the progress made by management across PS to implement actions from previous internal audits. We have agreed with Police Scotland that they will make the tracker available to Internal Audit on a quarterly basis for review. We also liaise with SPA staff to obtain updates in relation to SPA-specific actions.

For recommendations graded priority 3 or above, we request evidence to validate completion of any actions marked for closure by management.

Action for the Audit, Risk, and Assurance Committee

The Committee is asked to note the progress made by management in implementing agreed management actions. The Committee is also asked to consider and approve those actions for which revised timescales have been provided by management (these are detailed at Appendix 2).

Acknowledgements

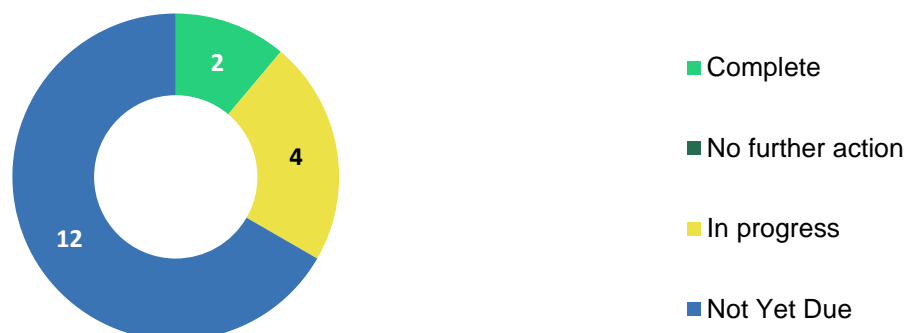
We would like to thank all staff who provided updates for their assistance and co-operation.

Summary of progress

The table below shows the movement in actions included on the Audit Recommendation Tracker, including any outstanding actions brought forward from the previous review in June 2021:

	Number of Actions
Open actions brought forward	18
Actions added to tracker	0
Total actions to follow-up	18
Actions closed	2
Open actions carried forward	16

Status of Actions as at September 2021



We have validated the closure of 2 actions (11%) completed in the period to September 2021. These actions are grade 2 and 3. 12 actions (67%) were not yet due at the time of our validation work, and a further 4 actions (22%) have passed their original due date and have been assessed as in progress. Further detail on all actions that have passed their original due dates for completion is included at Appendix 2.

We received updates and revised due dates for all actions.

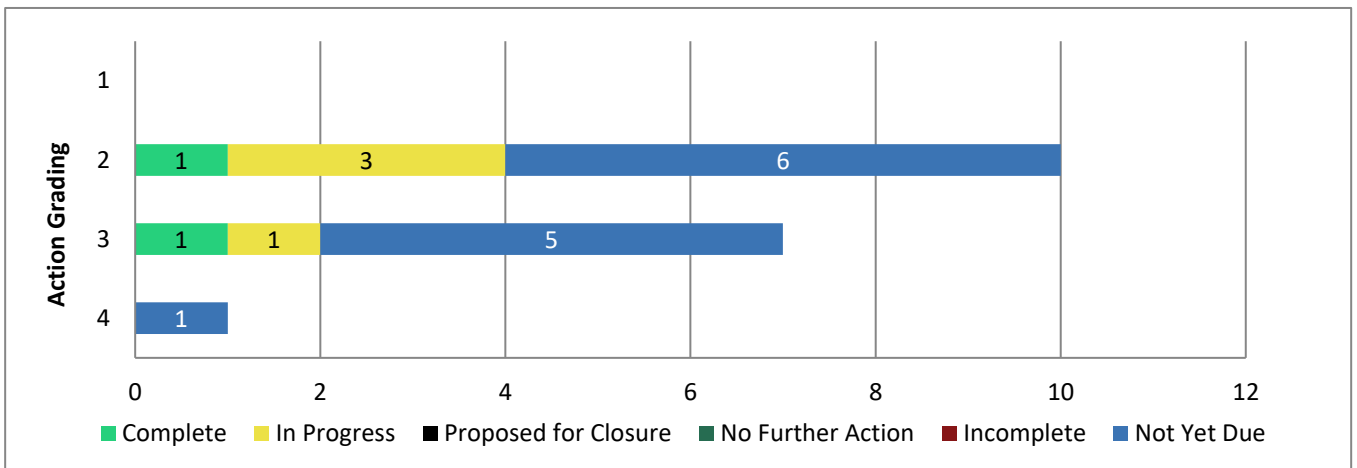
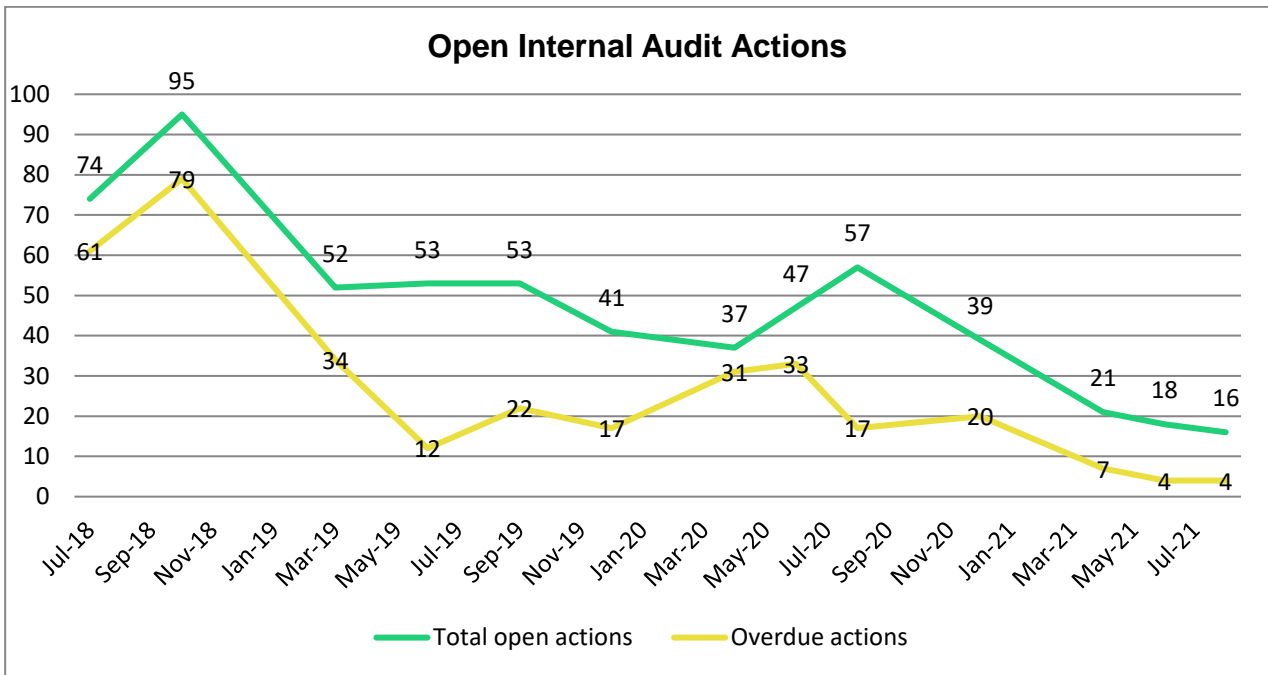
We therefore consider that management has made good progress in implementing agreed audit actions and note that all actions raised in reports pre-dating the 2020/21 audit year have now been implemented.

A summary of the status of actions by report is shown at Appendix 1.

Open Internal Audit actions

The following graph illustrates management's progress in implementing actions since July 2018. The two lines show the total number of open actions, which includes those not yet due for completion, and the number of overdue actions that have passed their original completion date.

There is an overall downwards trend has continued in both open and overdue actions, following a peak in open actions towards the end of 2020, attributable to the suspension of work not critical to the delivery of operational policing during the response to the COVID-19 pandemic.

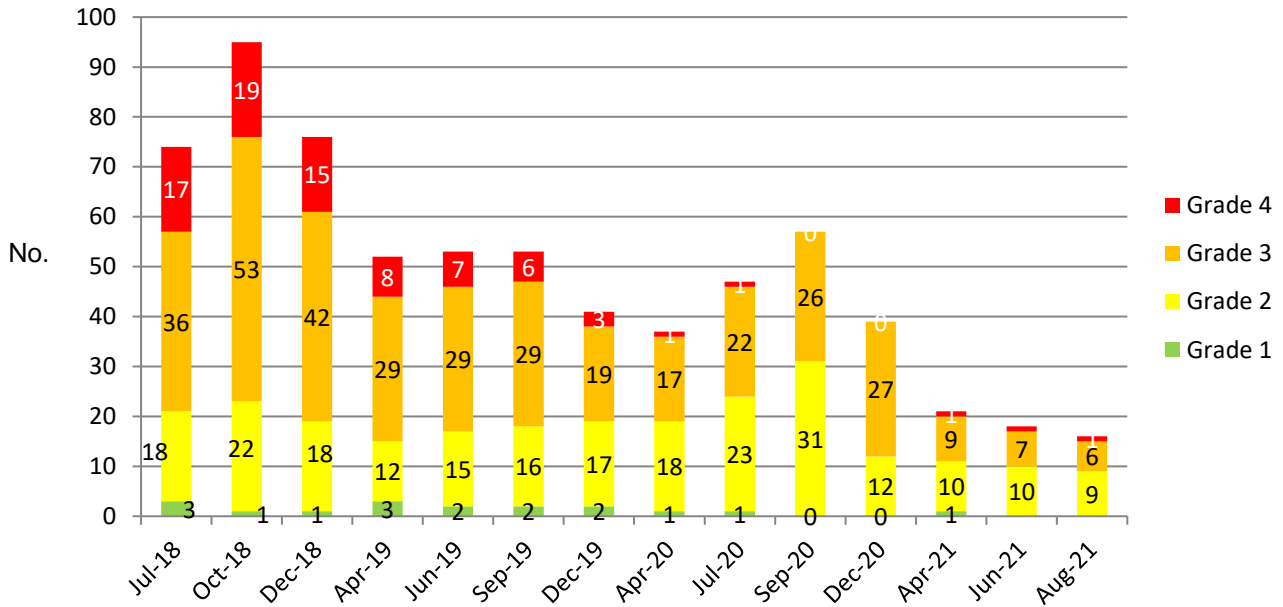


Status by Grading

The two actions closed this quarter were Grade 2 and Grade 3. The overdue actions are predominantly Grade 2, with the only high risk (Grade 4) action not yet due for closure. This indicates that management attention is generally being appropriately directed towards the areas of higher risk exposure, as opposed to being concentrated on lower risk recommendations.

Movement in Audit Actions

The graph below prioritises the outstanding actions by grade, as reported in our follow up reports since July 2018.



Appendix 2 sets out the current status of actions classed as “partially complete” or “incomplete” based on updates provided by management.

Appendix 1: Action status by report

Report title	Date of Issue	Audit Sponsor	Total report actions	Completed in previous quarters	Open in Qtr 2	Breakdown of Outstanding actions			
						Complete or no longer applicable	In Progress	Incomplete	Not Yet Due
SPA/PS/Forensics Joint Working	Jun 19	SPA CO, PS Deputy CO, Director of Forensics	3	2	1	1	-	-	-
2018-19 Sub Total			3	2	1	1	-	-	-
Data Protection	Jun 20	ACC Professionalism and Assurance Interim Chief Executive	17	14	3	-	3	-	-
Benefits Realisation and Efficiency Targets	Oct 20	Chief Digital Information Officer	11	7	4	-	-	-	4
Forensic Case Management	Nov 20	Director of SPA Forensic Services	3	2	1	-	1	-	-
Performance Management	Jan 21	Director of Strategy and Analysis	7	-	7	-	-	-	7
Non-Pay Expenditure Follow Up	Mar 21	Chief Financial Officer	2	1	1	1	-	-	-
Home Working Security	Mar 21	SPA CO, PS Deputy CO, Director of Forensics	4	3	1	-	-	-	1
2020-21 Sub Total			44	27	17	1	4	-	12
TOTAL			47	29	18	2	4	-	12

Appendix 2: Summary of actions past their current due date

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q1 Follow Up	Status
2020/21 Reviews							
Data Protection (SPA)	<p>4.1 Monitoring of compliance with policies and procedures</p> <p>If the additional role is approved, management should establish and implement formal, risk based compliance monitoring of data protection and retention activities.</p>	SPA CEO	3	31/03/2021	31/03/2022	The post has been advertised but was not filled after interview. It has now been re-advertised with a revised advert and longer closing date.	In Progress
Data Protection (SPA)	<p>6.1 Monitoring of Training Completion Rates</p> <p>We recommend that the Information Management team requests and receives online training completion rates from Police Scotland on a regular basis e.g. monthly or quarterly. These reports should be reviewed to identify any staff who have not yet completed the training. Those staff who have not completed the training should be reminded to do so. If staff persist in not completing the training, the issue should be escalated to their line manager and then to senior management, if necessary.</p>	Head of IM	2	30/06/2021	31/12/2021	New training has not yet been delivered and as such the recommendation has not yet been implemented. It is anticipated that new training will be delivered by Q3 2021/22	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q1 Follow Up	Status
Data Protection (SPA)	<p>7.1 Clarity of decisions taken to inform retention periods within the retention schedule</p> <p>We recommend that where "archive" has been recorded as the retention action, the schedule is updated to record the time period for which the document is required to be easily accessible for processing purposes. We also recommend that the schedule notes the reasoning behind the documented retention action to allow individuals, particularly those who will have to review the Record Retention SOP in the future, to understand where requirements are to meet regulatory and legislative requirements, and where retention periods have been decided on business purposes.</p>	Records Manager	2	31/03/2021	31/10/2021	Changes have commenced to reflect SPA's needs in the document. As the document is owned by PSoS, it is the intention to provide a brief for SPA staff with key weed periods and explanations.	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2021/22 Q1 Follow Up	Status
Forensic Case Management	<p>4.1 Prioritisation and agreed timescales for casework</p> <p>The Forensic Service should ensure that the setting of service standards and expected timescales are addressed in the revised MoU. The MoU should specify the service standards required in enough detail that these can be seen to be consistent with the business rules applied by the Forensic Service and effectively monitored. If greater flexibility is required, the MoU could specify a process by which service standards are agreed and reviewed, to allow for these to be revisited without revising the MoU as a whole.</p>	Director of Forensic Services	2	30/04/2021	31/12/2021	<p>Work continues on the development of the MOU with progress updates provided to the FS Committee. The current expectation is that the MOU will be agreed Q3 2021/22</p>	In Progress

Appendix 3: Audit Risk Categorisations

Management action grades

4	•Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.
3	•High risk exposure - absence / failure of key controls that create significant risks within the organisation.
2	•Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.
1	•Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.

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