SCOTTISH POLICE
AUTHORITY

Meeting	Audit Risk and Assurance Committee
Date	15 September 2020
Location	Video conference
Title of Paper	Management Progress on Internal Audit Actions
Presented By	Elizabeth Young, Director, Scott-Moncrieff
Recommendation to Members	For Discussion
Appendix Attached	Internal Audit Follow Up Report Q2

PURPOSE

This paper summarises management progress in completing management actions arising from internal audit reports.

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

The paper is submitted for consultation.

1. BACKGROUND

1.1 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.

2. FURTHER DETAIL ON THE REPORT TOPIC

2.1 We have been able to validate the closure of 19 actions (25%), ten of which are higher risk (Grade 3 or 4). Of the 57 remaining actions, 17 (22%) have passed their original due date. This includes five actions outstanding from 2016/17, all of which relate to Non-Pay Expenditure. Management has proposed to extend the due dates for all five actions to December 2020 as a result of the COVID1-9 pandemic delaying the introduction of the new P2P system.

2.2 We have obtained revised due dates and updates from management for all overdue actions.

3. FINANCIAL IMPLICATIONS

3.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

4. PERSONNEL IMPLICATIONS

4.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

5. LEGAL IMPLICATIONS

5.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

6.   REPUTATIONAL IMPLICATIONS

6.1   The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

7.   SOCIAL IMPLICATIONS

The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

8.   COMMUNITY IMPACT

8.1   The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

9.   EQUALITIES IMPLICATIONS

9.1   The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

10.   ENVIRONMENT IMPLICATIONS

10.1   The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.
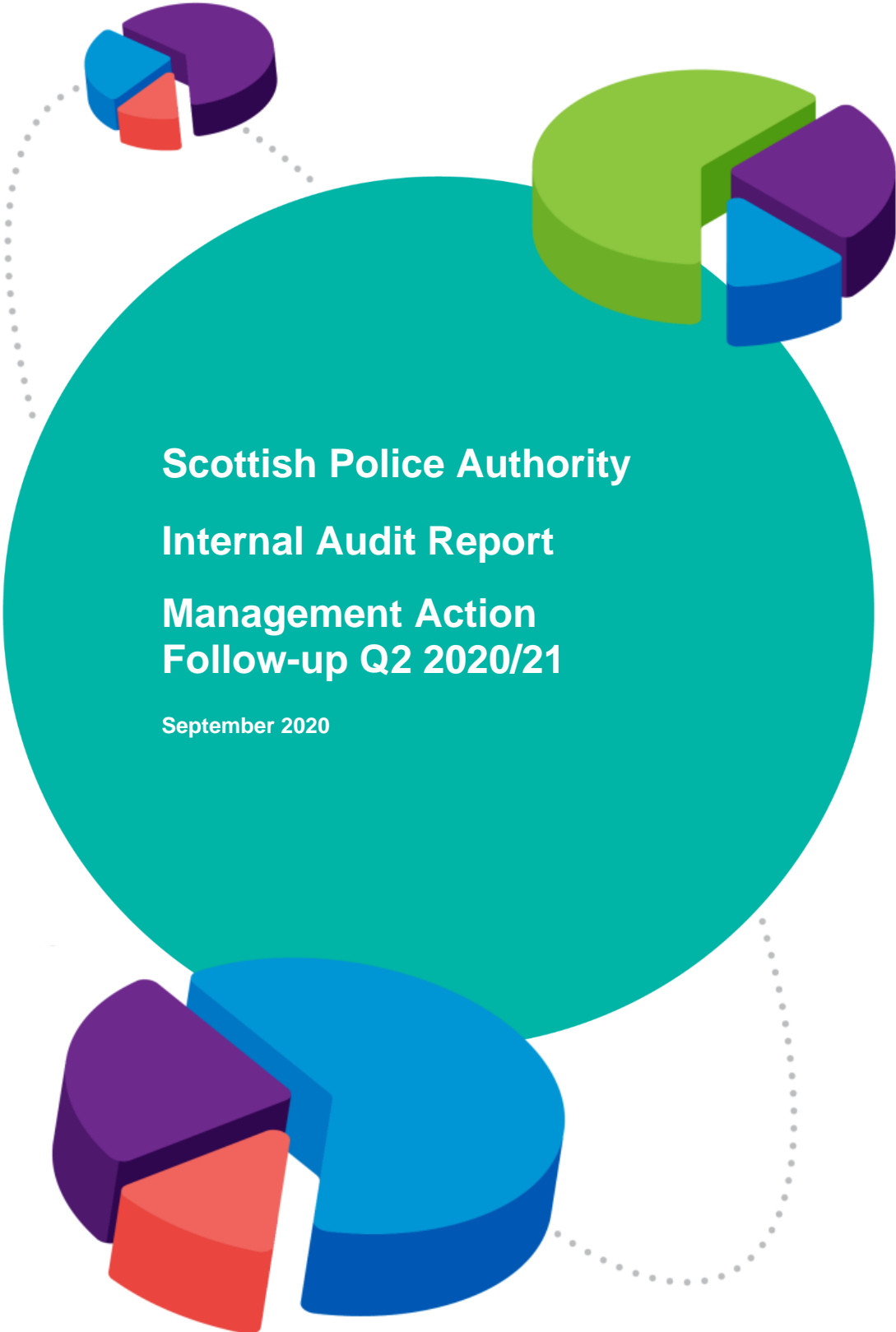

RECOMMENDATIONS

Members are requested to discuss the content of the report.

Scottish Police Authority

Internal Audit Report

Management Action Follow-up Q2 2020/21

September 2020

Scottish Police Authority

Internal Audit Report

Follow-up – Q2 2020/21

Scottish Police Authority

Introduction and background

Introduction

As part of the Internal Audit programme we complete a follow up review every quarter to provide the Audit, Risk and Assurance Committee with assurance that actions agreed in previous Internal Audit reports have been implemented sufficiently.

This report summarises the progress made by management in implementing the agreed management actions during Q2 2020/21.

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.

Audit Committee action

The Audit, Risk and Assurance Committee is asked to note the progress made and the revised due dates for overdue actions detailed within 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 sets out the movement in actions included on the Audit Recommendation Tracker including any outstanding actions brought forward from the previous review in July 2020:

	Number of Actions
Open actions brought forward from July 2020	47
New actions added to tracker	29
Total actions to follow-up	**76**
Actions closed to August 2020	19
Open actions carried forward	**57**

Status of Actions as at June 2020
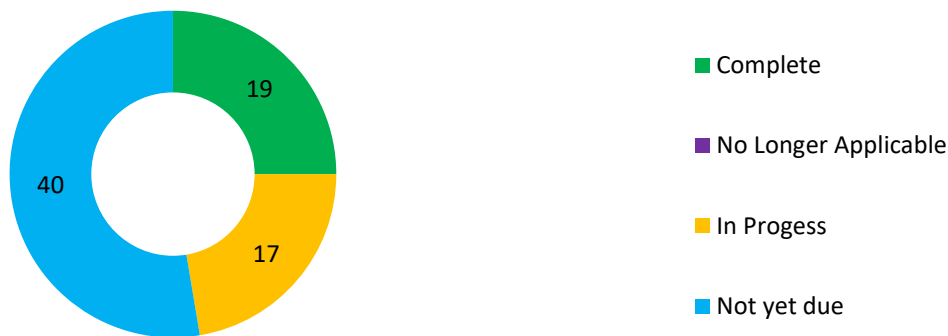
- ■ Complete
- ■ No Longer Applicable
- ■ In Progess
- ■ Not yet due

We have been able to validate the closure of 19 actions (25%), ten of which are higher risk (Grade 3 or 4). Of the 57 remaining actions, 17 (22%) have passed their original due date. This includes five actions outstanding from 2016/17, all of which relate to Non-Pay Expenditure. Management has proposed to extend the due dates for all five actions to December 2020 as a result of the COVID1-9 pandemic delaying the introduction of the new P2P system. We have obtained revised due dates and updates from management for all overdue actions and these are included within Appendix 2.

The Covid-19 pandemic continues to affect the organisation's ability to fully complete some outstanding actions as staff and resources are reprioritised.

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

Total outstanding actions

The following graph illustrates management's progress in implementing recommendations since December 2017. The "total" line shows total outstanding audit actions, while the "past due" line shows the number of actions past their original due date.

The total number of outstanding audit actions has increased from 47 to 57 but the number of actions past their due date has decreased significantly from 33 to 17. This is partially due to the completion of actions this quarter that were not able to be finalised during Q1. Management should continue to monitor this closely to ensure that open actions are addressed on a timely basis.
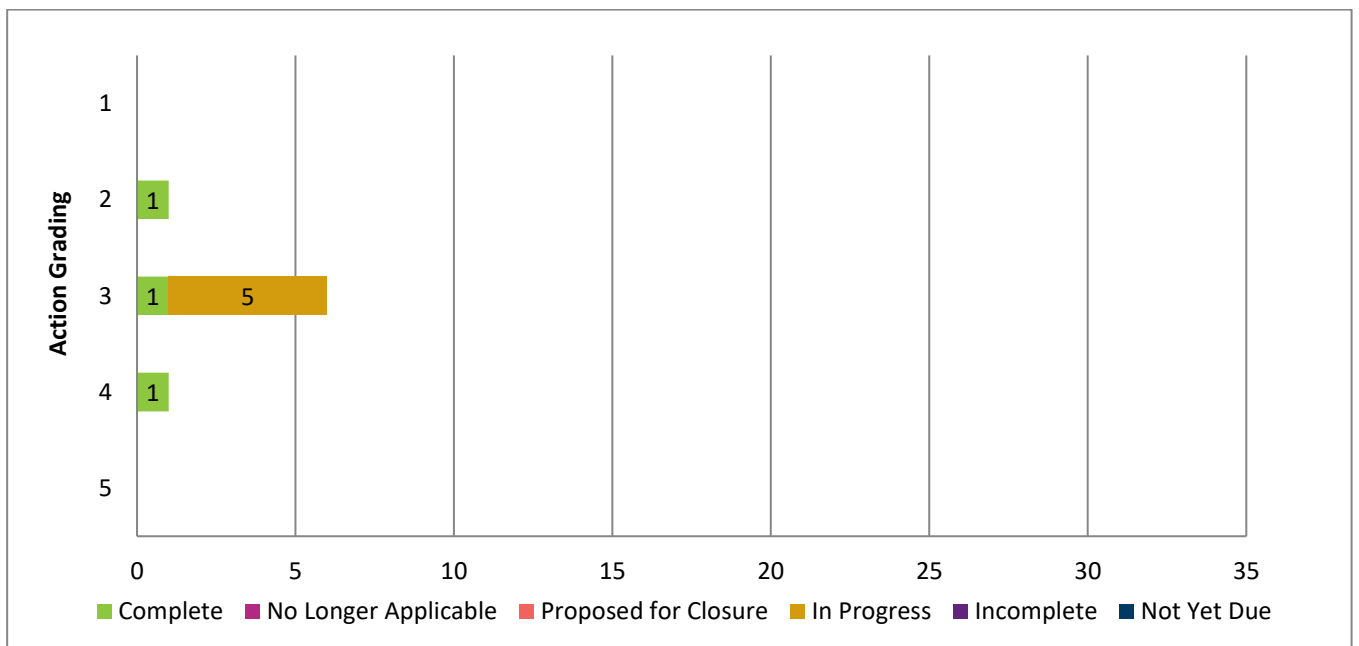

Status by Grading

Until 2017/18, we categorised our recommendations using a sliding scale, as outlined below.

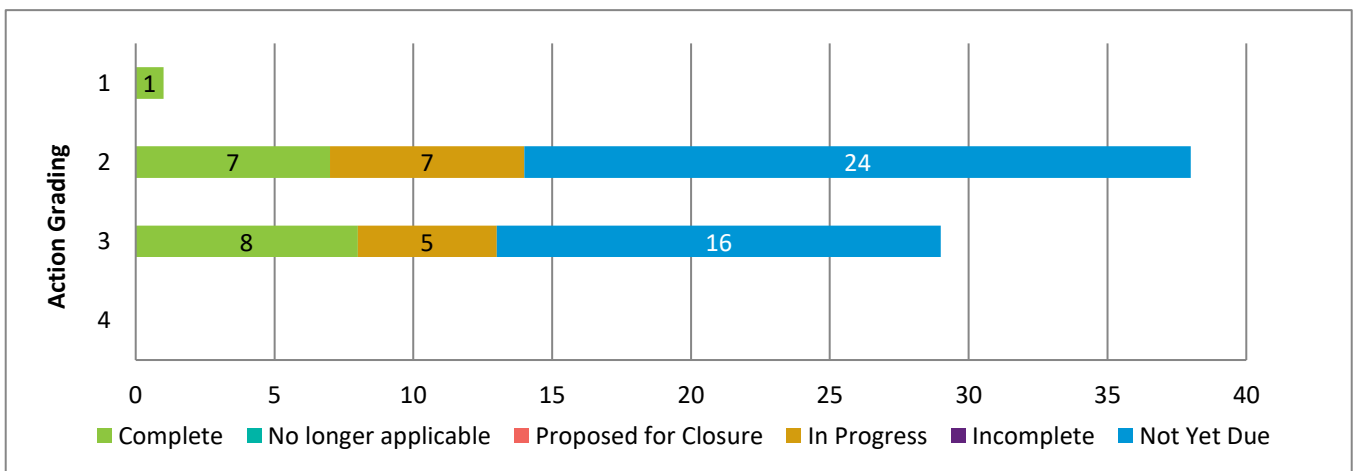| Priority	Definition
Grade 5	Very high risk exposure - Major concerns requiring immediate Board attention.
Grade 4	High risk exposure - Absence / failure of significant key controls.
Grade 3	Moderate risk exposure - Not all key control procedures are working effectively.
Grade 2	Limited risk exposure - Minor control procedures are not in place / not working effectively.
Grade 1	Efficiency / housekeeping point.

From 2017/18, our categorisations changed as follows.

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.

Pre 2017/18 actions

Legend: Complete · No Longer Applicable · Proposed for Closure · In Progress · Incomplete · Not Yet Due

2017/18 onwards

Legend: Complete · No longer applicable · Proposed for Closure · In Progress · Incomplete · Not Yet Due

Age and grade of open actions
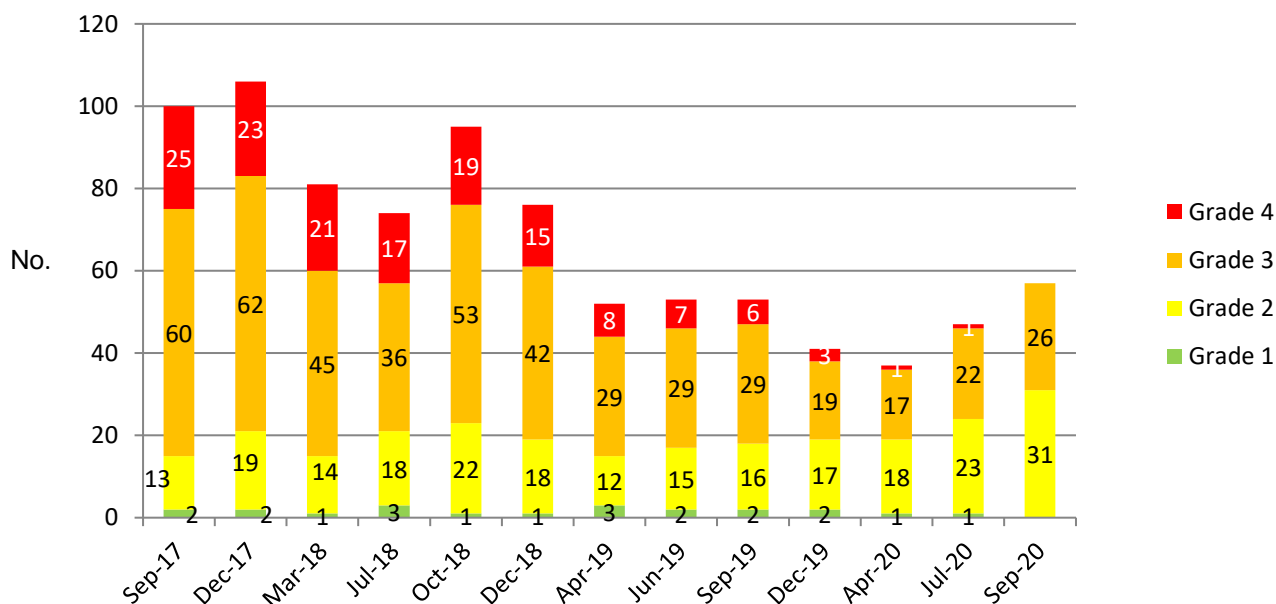
The chart below shows the number and grade of open actions categorised by the year in which the actions were raised:
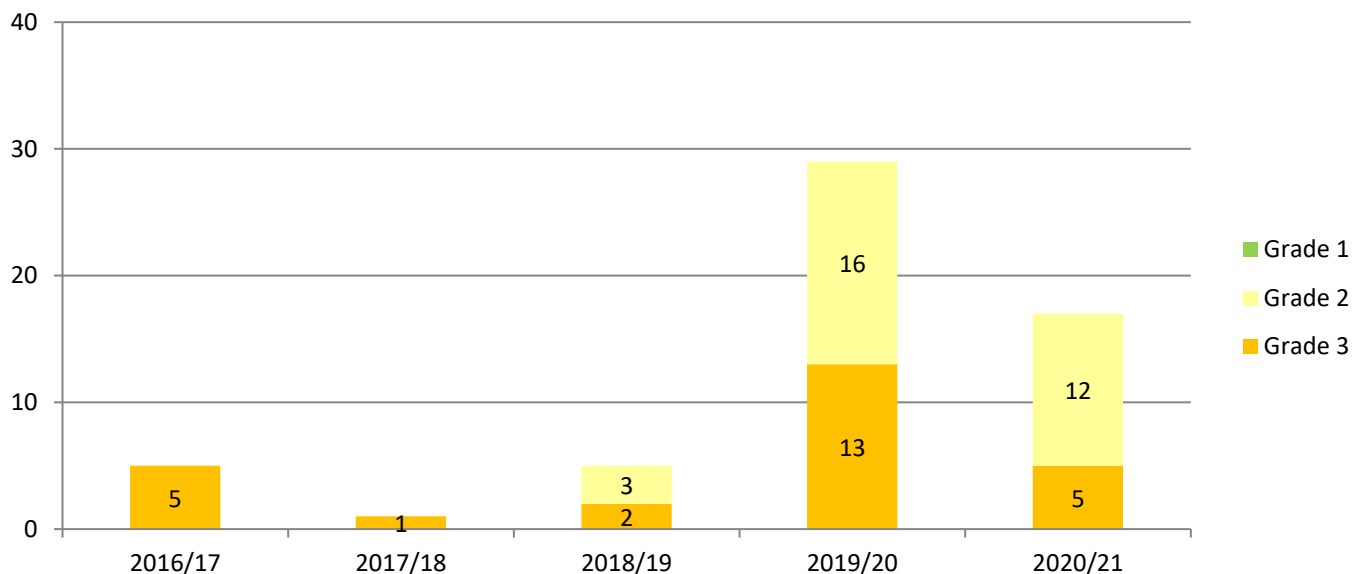
Movement in Audit Actions

The graph below prioritises the outstanding actions by grade, as reported in our follow up reports since September 2017.

Appendix 2 sets out the current status of those actions classed as "in progress", 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 Qtrs.	Open in Qtr. 2	Complete or No longer applicable	Outstanding Actions Breakdown			
							In progress	Incomplete	Not yet due	Proposed for closure
Non-Pay Expenditure	Aug 17	Chief Financial Officer	9	2	7	2	5	-	-	-
ICT Service Delivery	Jun 17	Director of IT	15	14	1	1	-	-	-	-
2016-17 Sub-total			24	16	8	3	5	-	-	-
Workforce Management	Jul 18	Director of People and Development	10	9	1	-	1	-	-	-
2017-18 Sub-total			10	9	1	-	1	-	-	-
Staff Performance Management	Dec 18	ACC, Organisational Change and Resilience, Director of Forensics	5	-	5	3	2	-	-	-
Information Management – Data Security	Feb-19	ACC, Professionalism and Assurance	6	4	2	1	1	-	-	-
Financial Planning	Jun-19	Chief Financial Officer	4	3	1	-	1	-	-	-
SPA/PS/Forensic Services Joint Working	Jun-19	SPA CO, PS Deputy CO & Director of FS	3	2	1	-	1	-	-	-
IT Application Audit - SCOPE	Jan-19	Acting Director of ICT, ACC Operational Change and Resilience	5	4	1	1	-	-	-	-

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Report title	Date of Issue	Audit Sponsor	Total Report Actions	Completed in previous Qtrs.	Open in Qtr. 2	Complete or No longer applicable	Outstanding Actions Breakdown			
							In progress	Incomplete	Not yet due	Proposed for closure
2018-19 Sub-total			**23**	**13**	**10**	**5**	**5**	**-**	**-**	**-**
Stock Management	Aug-19	Chief Financial Officer	11	7	4	4	-	-	--	-
Transformation programme assurance processes	Jun-19	Deputy Chief Officer	6	5	1	-	1	-	-	-
Payroll	Dec-19	Chief Financial Officer	6	2	4	1	-	-	3	-
General Computer Controls (eFinancials & Asset 4000)	Aug-19	Chief Financial Officer, Interim Director of ICT	9	6	3	-	2	-	1	-
Strategic Workforce Planning	Apr-20	DCC, People and Professionalism	5	1	4	2	-	-	2	-
Transformational Change Programme	Mar-20	Deputy Chief Officer	10	-	10	3	2	-	5	-
Relocation Costs	Apr-20	SPA Interim Chief Executive	11	10	1	-	1	-	-	-
Cyber Risk and Resilience	Jun-20	Deputy Chief Officer, Director – Forensic Services	4	-	4	-	-	-	4	-
Demand and Productivity	Jun-20	Deputy Chief Officer	7	-	7	-	-	-	7	-
Non Pay Expenditure	Jun-20	Chief Financial Officer	1	-	1	-	-	-	1	-
Productions	Apr-20	ACC	3	2	1	1	-	-	-	-
2019-20 Sub-total			**73**	**33**	**40**	**11**	**6**	**-**	**23**	**-**

							Outstanding Actions Breakdown			
Report title	Date of Issue	Audit Sponsor	Total Report Actions	Completed in previous Qtrs.	Open in Qtr. 2	Complete or No longer applicable	In progress	Incomplete	Not yet due	Proposed for closure
Data Protection	Jun-20	ACC,Interim Chief Executive	**17**	-	**17**	-	-	-	17	-
2020-21 Sub-total			**17**	-	**17**	-	-	-	**17**	-
TOTAL			**147**	**71**	**76**	**19**	**17**	-	**40**	-

Appendix 2: Summary of actions past their due date

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2020/21 Q2 Follow Up	Status
2016/17 Reviews							
Non-pay expenditure	1.1 Consistent purchasing process	Head of Procurement	3	Sep 19	Dec 20	Further improvements to the purchasing process workflow will be implemented through the delivery of the new P2P system functionality. As a consequence of Covid-19, the initial pilot of the system has been paused until at least Q2 FY 2020. This being the case, we anticipate a phased roll out commencing Q3 FY 2020.	In Progress
Non-pay expenditure	1.2 Purchasing policies, procedures and training	Head of Procurement	3	Sep 19	Dec 20	As per 1.1, the Procurement Improvement Team will implement a communication and training plan to ensure all relevant staff are aware of new policies and procedures. Further training will be planned under the P2P project. As a consequence of Covid-19, the initial pilot of the system has been paused until at least Q2 FY 2020. This being the case, we anticipate a phased roll out commencing Q3 FY 2020.	In Progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2020/21 Q2 Follow Up	Status
Non-pay expenditure	2.1 Staff roles and responsibilities	Head of Procurement	2	Sep 19	Dec 20	Further work will be carried out under the P2P project to ensure that job profiles reflect the new processes. Depending on the outcome of this review, consultation may be required to align job profiles to the new system/processes. As a consequence of Covid-19, the initial pilot of the system has been paused until at least Q2 FY 2020. This being the case, we anticipate a phased roll out commencing Q3 FY 2020.	In Progress
Non-pay expenditure	3.1 Purchase orders	Head of Procurement	3	Sep 19	Dec 20	Further improvements to the purchasing process workflow will be implemented through the delivery of the new P2P system functionality. As per action 1.1 above, existing manual processes will be migrated to electronic processes where possible for the remaining expenditure categories. As a consequence of Covid-19, the initial pilot of the system has been paused until at least Q2 FY 2020. This being the case, we anticipate a phased roll out commencing Q3 FY 2020.	In Progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2020/21 Q2 Follow Up	Status
Non-pay expenditure	6.1 Three-way matching	Head of Procurement	3	Sep 19	Dec 20	A significant portion and value of transactions are already handled electronically through the eFinancials system, enforcing segregation of duties and carrying out three way matching electronically. As per action 1.1 above, existing manual processes will be migrated to electronic processes where possible for the remaining expenditure categories. Further improvements to the purchasing process workflow will be implemented during the delivery of the new P2P system functionality. As a consequence of Covid-19, the initial pilot of the system has been paused until at least Q2 FY 2020. This being the case, we anticipate a phased roll out commencing Q3 FY 2020.	In Progress
2017/18 Reviews							
Workforce Management	3.2 Monitoring of rostering requirements	Director of P&D	3	Jul 19	Mar 21	RDU Redesign Potential Project Assessment (PPA) was approved in principle on 13 August. Once implemented, this project aims to deliver: efficiencies through streamlining processes through a national approach to	In Progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2020/21 Q2 Follow Up	Status
						resource allocation and consequence management; and increased compliance with policy, the Workforce Agreement and other Statutory requirements.	
2018/19 Reviews							
Staff Performance Management	1.1 PDC Completion - Police Scotland	Director of People and Development	3	Jun 19	Oct 20	Leadership and Talent will launch MyCareer as proof of concept commencing on 1 October 2020.	In Progress
Staff Performance Management	1.2 PDC Completion - Forensic Services	Director of Forensic Services	2	Aug 19	Oct 20	Forensic Services is included in the first phase of the rollout of MyCareer. This is progressing well and communication plan and mangment train is arranged ahead of the October pilot.	In Progress
Information Management - Data Security Management	2.1 Information Asset Owners (IAOs)	ACC Professionalism and Assurance	2	Dec 19	Oct 20	Training products have been developed and require to undergo quality assurance with Learning and Development, these are expected to be ready for delivery in October.	In Progress
Financial Planning	3.2 Long-term financial planning	SFP & Budgeting Lead	2	Dec 19	Dec 20	Revised formal 3 and 10 year financial plan will be produced later in 2020/21. In the interim an options analysis has been provided for Scottish Government and SPA. Underpinning strategies for DDICT, Estates and Fleet have been published and fully articulate the organisation's ambition and multi-year investment	In Progress

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2020/21 Q2 Follow Up	Status
						requirement in these areas. However, the strategic workforce plan will not be available until late 2020. As the workforce continues to represent over 85% of the organisation's cost base, this remains the most critical single element in forecasting the financial needs of the organisation. Furthermore, the organisation wide "joint strategy for policing (2020)" has been developed and approved by the SPA Board in March 2020. This overarching organisational strategy will also be supported by a more detailed three year implementation plan setting out the specific operational and change activity that will be undertaken in the short term towards meeting the overarching strategy outcomes. There is also a key dependency on establishing the likely multi-year profile of funding from central government. Previous formal iterations of the financial plan were able to reference the Scottish Government's £100m commitment on revenue funding increases over the lifetime of the parliament, which introduced some degree of certainty,	

Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2020/21 Q2 Follow Up	Status
						however, the future funding position is unclear. Completion of the revised financial plans will crucially rely on the key dependencies, outlined above, being delivered.	
SPA/PS/ Forensics Joint Working	2.1 Corporate Services Board	SPA CEO	3	Sep 19	Dec 20	The current organisational development (OD) work ongoing for the SPA Corporate function includes consideration of the options available for the delivery of corporate services currently provided by Police Scotland. The recommendation will be considered on completion of the OD work.	In Progress
2019/20 Reviews							
Transformation Assurance Programme	5.1 Agile Project Delivery	Head of Portfolio Assurance	2	Dec 19	Oct 20	The relevant content has been developed, and will be added in the next update cycle of the the Portfolio Management Framework.	In Progress
General Computer Controls (eFinancials & Asset 4000)	6.1 Business Continuity and Disaster Recovery	Finance Systems Specialist	2	Mar 20	Jan 21	Due to staff working remotely it has been agreed that it would not be suitable and too risky to test eFinancials at this moment. The plan will now be to test the BCP in January or sooner if working arrangements allow.	In Progress

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Report	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2020/21 Q2 Follow Up	Status
General Computer Controls (eFinancials & Asset 4000)	7.1 User and system monitoring	Finance Systems Specialist/Technical Assurance Officer (ICT)	3	Jul 20	Jan 21	It has not yet proven possible to integrate the eFinancials data to the existing SIEM process, and as such the only report currently available would be to document log in times of users. Given the current working arrangements where a number of individuals have altered working patterns, this is not considered to be an effective control at this point. Work is ongoing with IT to attempt to remediate the situation, however at this point the timescales involved are not clear.	In Progress
Transformational Change Programme	2.1 Programme Level Plans are not in place	Raymond Taylor, Portfolio Planning Lead	2	Jun 20	Oct 20	Programme Level plans are currently in development. A revised timescale has been set to allow for the planning standard to be reviewed.	In Progress
Transformational Change Programme	2.2. Project Plans are not consistently updated	Raymond Taylor, Portfolio Planning Lead	2	Jun 20	Oct 20	Revised project plans are currently in development. A revised timescale has been set to allow for the planning standard to be reviewed.	In Progress
Relocation Costs	4.1 Reporting of Relocation Expenses	Financial Controller	3	Jun 20	Sept 20	A report for the period 2019/20 is to be produced. This paper is to be presented to the next meeting of the SPA Succession Planning Committee.	In Progress

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Appendix 3: Audit risk categorisations

Risk categorisation – Pre 2017/18

Priority	Definition
Grade 5	Very high risk exposure - Major concerns requiring immediate Board attention.
Grade 4	High risk exposure - Absence / failure of significant key controls.
Grade 3	Moderate risk exposure - Not all key control procedures are working effectively.
Grade 2	Limited risk exposure - Minor control procedures are not in place / not working effectively.
Grade 1	Efficiency / housekeeping point.

Risk categorisation – 2017/18 onwards

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.