

Internal Audit Annual Report 2022-23

“Providing assurance on the management of risks”



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This document summarises the results of Internal Audit work during 2022-23 and as required by the Accounts and Audit Regulations 2015 gives an overall opinion of the control environment that operated during 2022-23 in respect of Warwickshire Police and Warwickshire Police and Crime Commissioner (PCC).

Opinion

Based upon the results of work undertaken during the year my opinion is that the control environments operated by Warwickshire Police and Warwickshire Police and Crime Commissioner (PCC) provide **Substantial** assurance that the significant risks facing their respective organisations are addressed.

Context

This report outlines the work undertaken by the Internal Audit service of Warwickshire County Council for the Police and Crime Commissioner and Chief Constable between 1 April 2022 and 31 March 2023.

Following agreement with management, the year commenced with one review (Performance Management) being deferred from the 2021/22 audit plan to 2022/23. This was primarily due to staff availability and was completed in quarter two. The other review, (Information Governance (Force)) which was finalised in year with a “Moderate” assurance opinion.

Internal Audit is required by professional standards to deliver an annual Internal Audit opinion and report to those charged with governance timed to inform the Annual Governance Statement. The annual Internal Audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements, i.e. the control environment. Internal Audit plays a vital part in advising the organisation that these arrangements are in place and operating properly. On behalf of the organisation, Internal Audit review, appraise and report on the efficiency, effectiveness and economy of these arrangements.

The primary role of audit is to provide assurance to both policing organisations, managers, Joint Audit and Standards Committee and ultimately the taxpayers that the organisations maintain an effective control environment that enables them to manage their significant business risks. The service helps each organisation achieve its objectives and provides assurance that effective and efficient operations are maintained. The assurance work culminates in an annual opinion on the adequacy of each organisation’s control environment.

Internal audit work during 2022-23

The underlying principle to the 2022-23 plan was risk and accordingly audits were only completed in areas that represented an identified risk.

The methodology adopted in preparing the 2022-23 audit plan, and the plan itself, were approved by the Joint Audit and Standards Committee in March 2022.

Since the original plan was approved a number of variations to the plan have proved necessary. Variations to the plan during the year are inevitable if the plan is to adequately reflect changing circumstances and the changing organisation. These changes were subsequently confirmed at the Joint Audit and Standards Committee.

Appendix A provides a summary of those jobs completed since the last Annual Report to the Committee in July 2022. This appendix shows all work completed against the 2022-23 plan.

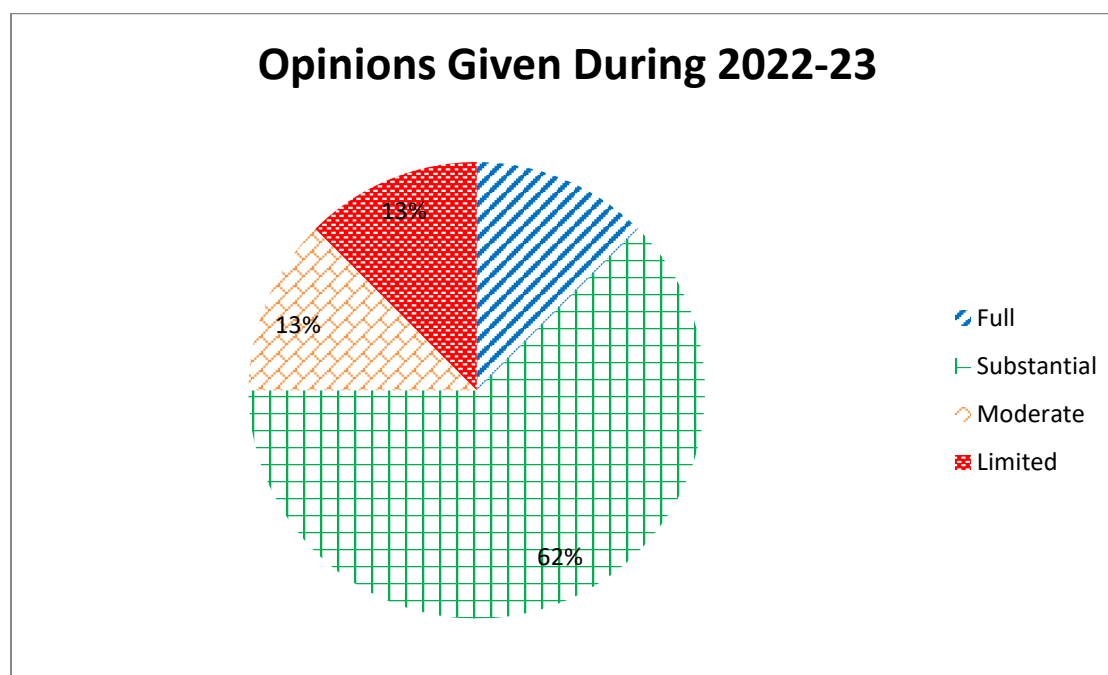
Each final report includes a detailed action plan that has been agreed with the relevant manager. These plans specify the manager responsible for implementing each action and a target implementation date. Where a manager has not agreed a recommendation and is therefore accepting the risks involved this will be noted in progress reports to the Committee.

Summary of assurance work

The key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits are given one of four levels depending on the strength of controls and the operation of those controls. The four categories ranging from the lowest to highest are Limited, Moderate, Substantial and Full. The opinion reflects both the design of the control environment and the operation of controls. The lowest category, Limited, is a negative view whilst the others are all positive. The individual opinions given during the year form the basis of the overall annual opinion. The Joint Audit and Standards Committee has received regular reports during the year summarising audits undertaken.

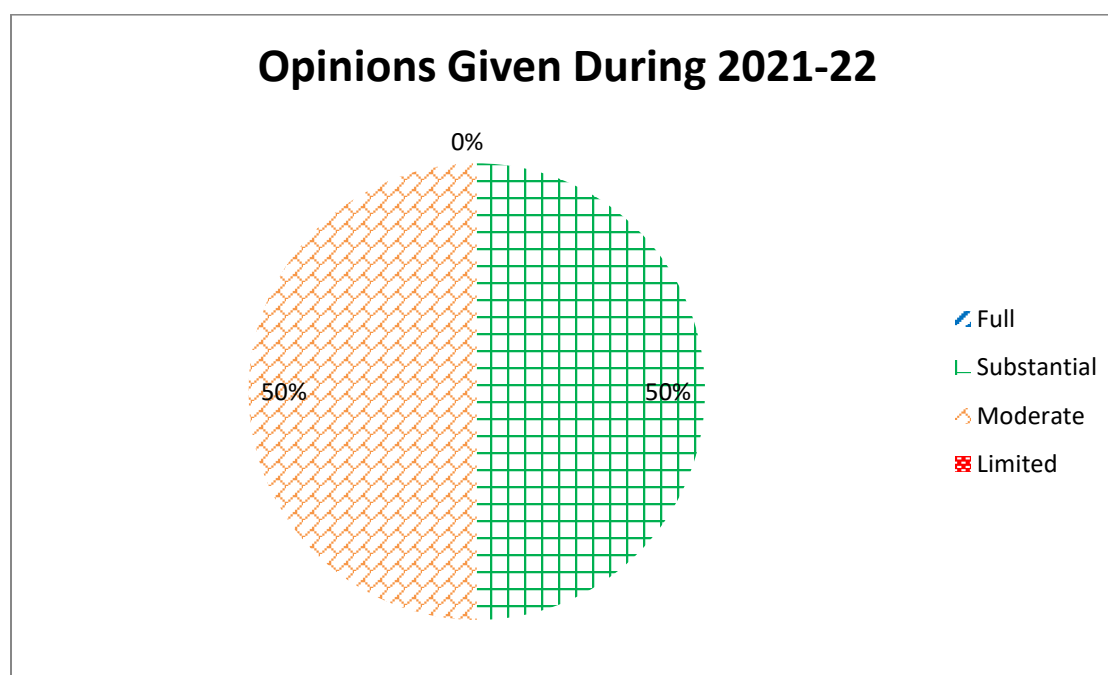
As shown in the following chart 87% of this year's audits have resulted in a positive opinion with either a moderate or substantial rating.

Audit Opinions 2022-23



Direct comparison between years is not possible because the content of audits plans varies from year to year and the number of audits is relatively small. Nevertheless, it is helpful to monitor for significant changes. The outcomes for 2021-22 were as follows:

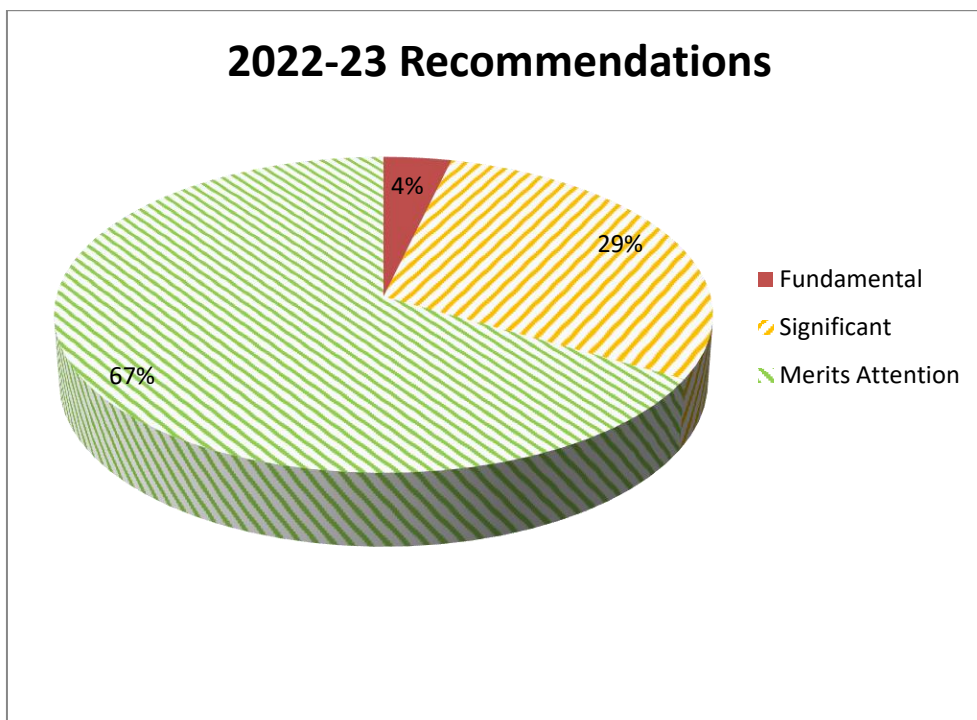
Audit Opinions 2021-22



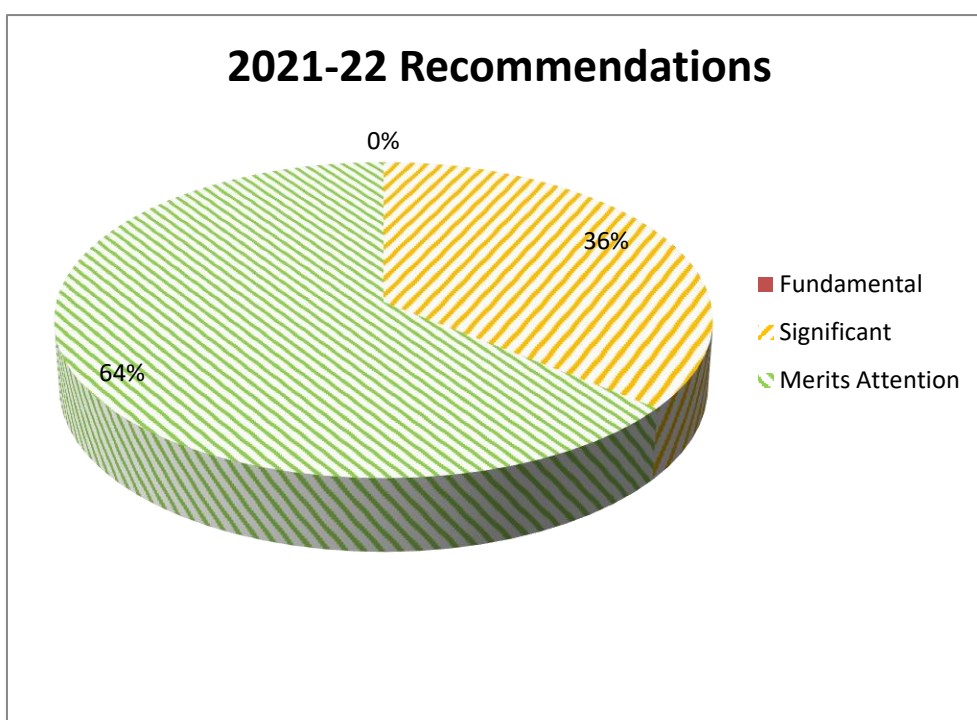
A full list of the assurance work undertaken in respect of Warwickshire Police audits during the year is included in Appendix A.

Recommendations

Recommendations are categorised according to the risks they are intended to mitigate. Categorising recommendations also assists managers in prioritising improvement actions. The current categories used, in increasing order of importance are: Merits Attention, Significant and Fundamental. During the year 27 recommendations were made to address weaknesses in control which would otherwise not have been identified. The following chart shows the proportion of recommendations made in each category:



Whilst the variation in audit plan content means that direct comparisons are not always helpful, the proportion of merits attention remains relatively constant when compared to 2021/22:



Responsibility for implementing agreed recommendations rests with the PCC Chief Executive and Chief Constable who have implemented monitoring arrangements to establish progress on implementing audit recommendations. Analysis & Service Improvement (A & S I) are responsible for recommendation follow up for Warwickshire and ask managers for regular updates and provide information for inclusion in Committee reports.

The information in Appendix B summarises the results of the latest monitoring exercise based on the information provided by A&SI. The table shows all those audits which have recommendations which have still to be implemented. Based upon the target date agreed with management there are 18 recommendations overdue. Whilst none of these are classed as fundamental, there are 7 “Significant” Medium (M) priority recommendations which are more than 6 months overdue. Progress with these actions continues to be reported and monitored.

Summary of non-assurance work

Other sources of assurance

We reviewed the evidence from reports by HMICFRS and the external auditors as well as the budget setting reports for 2022-23.

An HMICFRS report, PEEL 2021/22 was issued in October 2022. This reviewed nine areas and rated three as “requires improvement”. These were:

- Investigating crime;
- Responding to the public; and
- Managing offenders

Ownership of the actions arising has been allocated and governance arrangements are in place to ensure they are addressed.

Cyber Security

In relation to the important risk area of cyber security, assurance was gained from an external IT Health Check and also PSN certification were used as sources of assurance. We reviewed the results and work to address findings using the National Cyber Security Centre ten steps guidance.

Special Investigations

Special Investigations within the organisation are largely dealt with by Professional Standards, although on occasion we may be asked to undertake an investigation into suspected irregularities. We did not undertake any investigations during the year.

Effectiveness

This section of the report sets out information on the effectiveness of the audit service and focuses on compliance with the Public Sector Internal Auditing Standards (PSIAS) and customer feedback.

A full externally conducted quality assessment of the service was conducted during February 2023. External assessments are required every five years. The report of CIPFA assessor confirmed conformance to the standards and there were no areas of non conformance, or partial conformance identified.



In accordance with best practice there is a rigorous internal review of all work undertaken by senior staff and the results feed into the staff appraisal process.

Following each audit a “post audit questionnaire” is issued to the relevant managers asking for their views on the conduct of the audit. The questionnaire includes a range of questions covering the audit approach, reporting format, etc. A key feature of the audit role is the need to sometimes be critical of existing or proposed arrangements. There is therefore an inherent tension that can make it difficult to interpret surveys.

Warwickshire Internal Audit continued to rate very highly during 2022-23 with an overall average score of 4.8 (out of a maximum of 5). A number of positive comments and compliments about the service provided have been received, including:

- Auditor was both supportive and informative with his planned approach but also that of follow up to ensure complete understanding throughout
- The reviewer took plenty of time to fully understand the area of business and the challenges faced.

Reflecting on feedback and discussions with managers we have agreed that with respect to financial systems reviews of more than one area, separate reports will be produced for each area.

It is clearly important for any audit service to keep abreast of best professional practice. Warwickshire Internal Audit Services are fortunate in having strong links with colleagues both within the Midlands and nationally. The service has a group membership to the Institute of Internal Auditors providing its staff with technical and professional support. At a regional level there are networking opportunities for auditors specialising in Police audit. As well as good opportunities for sharing best practice these activities provide advance information on new developments which are then considered for inclusion in the audit plan.

The PCC and Force can be confident that a best practice quality Internal Audit service continues to be provided.

As set out in the Audit Charter, the Service does not have any executive responsibilities and is independent of the activities that it audits. There were no impairments to independence during the year.

Opinion

It is the responsibility of both PCCs and Chief Constables to develop and maintain their internal control framework. In undertaking its work, Internal Audit has a responsibility under PSIAS to provide an annual Internal Audit opinion on the overall adequacy and effectiveness of the respective organisation’s governance, risk and control framework (i.e. the control environment) and a summary of the audit work from which the opinion is derived.

No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. The work of Internal Audit is intended only to provide reasonable assurance on controls. In assessing the level of assurance to be given, I have taken into account:

- all audits completed during the year;
- any follow-up action taken in respect of audits from previous periods;
- any fundamental recommendations not accepted by management and the consequent risks;
- anticipated outcome from audits currently in draft;
- work in progress;
- the effect of non-assurance work undertaken during the year;
- the effect of any significant changes in the Organisation's systems; and
- matters arising from previous reports to the Audit and Standards Committee.

Some significant issues have arisen during the year but action plans have been agreed with the relevant managers to address the weaknesses identified. Where weaknesses have been identified they have tended to relate to specific parts of the organisation rather than an across the board breakdown in controls. There was one Limited assurance (regarding Accounts receivable) audit this year and in general terms, controls are sufficient to prevent or detect serious breakdowns in systems and procedures. Whilst there is still more to be done, it is pleasing to note the progress made over the last year.

Based upon the results of work undertaken during the year my opinion is that the control environments operated by Warwickshire Police and Crime Commissioners and Warwickshire Police provide **Substantial** assurance that the significant risks facing their respective organisations are addressed.

Paul Clarke CPFA
Internal Audit Manager
(Head of Audit)

Appendix A: Summary of audits contributing to the 2022-23 Annual Audit Opinion.

Original Plan Topic	Original Planned days	Actual Days to	Current Status	Assurance level	Notes
OPCC AUDITS					
GDPR/ Information governance	12	12	Completed	Substantial	
Publication compliance review	15	15	Completed	Substantial	
Ministry of Justice - independent sign off of return	2	2.5	Completed	N/A	Return certified
FORCE AUDITS					
Key financial systems	22	22	Completed	Limited	Overall assurance impacted by the weaknesses in vetting services debt management.
VFM practice review	15	15	Completed	Substantial	
ICT Cyber security	15	13.5	Completed	N/A	
Performance management	15	15	Completed	Full	
Learning, development, and training	20	20	Completed	Moderate	
Firearms Licensing	15	16	Completed	Substantial	
Control of firearms and tasers	15	15	Completed	Substantial	
Management and planning	24	24			
TOTAL	170	170			

Appendix B: Audits with recommendations outstanding (as at June 2023).

	Number of Recommendations								
Audit	Made	Risk Accepted	Redundant	Implemented	Not yet due to be implemented	Overdue (Months)			Response Rec'd Y/N
						0 to 3	3 to 6	Over 6	
FORCE									
Police Fleet (2018)	9			8				1(M)	N
Estates	6			4				2(M)	N
Information Governance	9							9(4M)	Y
Learning, development and training	4				1	3(2M)			Y
Firearms Licensing	1				1				
Firearms and Tasers	4			2			1	1	
	33	0	0	14	2	3	1	13	
PCC Office									
Publication Compliance	6			5				1	Y
	6			5				1	