

# CBSL

## Annual Report

### Police and Crime Commissioner for Wiltshire and Chief Constable of Wiltshire Police



June 2014

2013/14

## Internal Audit Annual Report

### - EXECUTIVE SUMMARY -

#### INTRODUCTION

1. This is the 2013/14 Annual Report by CBSL on the internal control environment at Police and Crime Commissioner for Wiltshire and Chief Constable of Wiltshire Police. The plan was constructed in such a way as to allow CBSL to make a statement of the adequacy and effectiveness of the risk management, control and governance processes.

#### OBJECTIVES OF THE ANNUAL REPORT

2. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the Police and Crime Commissioner for Wiltshire and Chief Constable of Wiltshire Police in making its annual statement on internal controls assurance.

#### HEAD OF AUDIT'S ANNUAL OPINION

3. **I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of Wiltshire Police's risk management, control and governance processes. In my opinion, Wiltshire Police has adequate and effective management, control and governance processes to manage the achievement of its objectives.**

#### INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

4. The governing body agreed to an input of 90 days of internal audit coverage in the year.
5. The planned reviews approved by the Audit Committee, the planned number of days and the actual time against plan are shown below. All the planned work has been carried out and the reports have been issued (table 1 below).

*Table 1 - Actual against planned Internal Audit Work 2013/14*

System	Type	Planned Days	Actual Days	Comments
Governance - E-Commerce	Gov	3	4	Report Issued
Risk Management – new commissioning arrangements	Risk	5	5	Report Issued
ICT – Disaster Recovery	ICT	4	4	Report Issued
Financial Regulations	Appr	6	7	Report Issued
Security of found, seized and held property	Assur	6	6	Report Issued
Covert Funds	Assur	6	6	Report Issued
Follow Up	F/Up	2	2	Report Issued
Asset Management	Compl	4	4	Report Issued
Budgetary Control	Compl	4	4	Report Issued

Annual Report

Creditor Payments	Compl	4	4	Report Issued
Debtors	Compl	4	4	Report Issued
Payroll	Compl	5	5	Report Issued
Treasury and Banking	Compl	4	4	Report Issued
General Ledger	Compl	3	3	Report Issued
Stock and Stores	Compl	3	3	Report Issued
Pensions	Assur	5	5	Report Issued
Supplies Management	Appr	5	5	Report Issued
Follow up	F/Up	2	2	Report Issued
Strategic Audit Plan	Gov	3	3	Report Issued
Audit Charter & Audit Protocol	Gov	2	2	Report Issued
Annual Report	Gov	2	2	Report Issued
Audit Management		8	8	
		90	92	

**OTHER WORK CARRIED OUT**

- There were no reviews carried out which were in addition to the work set out in the Annual Plan.

**OPERATIONAL ASSURANCE**

- The Police and Crime Commissioner for Wiltshire and Chief Constable of Wiltshire Police is reminded that as set out in the approved Audit Strategy internal audit work cannot be relied upon to identify all circumstances of fraud or irregularity. The responsibility for the identification of fraud rests with management and work performed by internal audit should not be relied upon to identify all opportunities for fraud that may exist.
- CBSL carried out 16 system reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the objectives. Table 2 below summarises the assessments.

*Table 2 – Assurance Assessments 2013/14*

System	Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance
Governance - E-Commerce	✓			
General Ledger	✓			
Budgetary Control		✓		
Creditor Payments		✓		
Debtors		✓		
Payroll		✓		

Annual Report

Treasury and Banking		✓		
Stock and Stores		✓		
Covert Funds		✓		
Financial Regulations		✓		
Risk Management – new commissioning arrangements		✓		
Pensions		✓		
Supplies Management		✓		
ICT – Disaster Recovery			✓	
Security of found, seized and held property			✓	
Asset Management				✓

9. Management have taken or planned appropriate and timely action to implement our recommendations.

**STATUS REPORT ON KEY CONTROL WEAKNESSES IDENTIFIED AND MAIN FINDINGS ARISING FROM INTERNAL AUDIT WORK**

10. For each review the key control objective was identified. To assess whether the key control objective is being met each review identified and tested the controls that are being operated by Wiltshire Police and an assessment of the effectiveness of the controls in meeting the key control objective was provided in each report (table 2 above). The definitions of the assessments are:

<b>Substantial Assurance</b>	Robust series of internal controls in place which should ensure continuous and effective achievement of the control objective.
<b>Reasonable Assurance</b>	Reasonable number of internal controls in place, however may not be operated all the time.
<b>Limited Assurance</b>	The controls in place are not sufficient to ensure the continuous and effective achievement of the control objective.
<b>No Assurance</b>	Fundamental breakdown or absence of core internal controls.

11. CBSL provides one overall assessment for each system reviewed, in line with published guidance. The systems can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if:
- the internal audit recommendations made during the year have not been fully implemented.
  - changes are made to operating practices subsequent to the internal audit review, which either reduce the segregation of duties or diminish the effectiveness of the internal controls.

12. There were three systems reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'. Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted. Table 3 (below) sets out the Police and Crime Commissioner for Wiltshire and Chief Constable of Wiltshire Police's risk exposure in these areas and the number of Priority 1 recommendations made to mitigate the risk exposure.

*Table 3– Risk Exposure based on Internal Audit work 2013/14*

System	Assurance Assessment	Control Risk Exposure
ICT Disaster Recovery	Limited	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.
Security of found, seized and held property	Limited	Failure to direct the process through approved policy & procedures and Seized property is not controlled and stored securely thereby leading to criminal evidence being lost.
Asset Management	No	Arrangements in place for the process provide for compliance with the procedures designed to safeguard the organisation's assets and interests from avoidable losses.

13. Priority 1 recommendations are 'Urgent' and relate to fundamental control issues on which action should be taken immediately. During the year six Priority 1 recommendations were made. Management representations indicate that two of these recommendations have been fully implemented prior to the end of 2013/14. The position in relation to those Priority 1 recommendations which management have indicated as not having been fully implemented by the year end are set out in the table below.

*Table 4– Risk Exposure based on Priority 1 recommendations not fully implemented in 2013/14*

System	Priority 1 recommendation	Control Risk Exposure
IT Disaster Recovery	A new BRP be prepared at the earliest opportunity and then be fully tested once the remedial actions identified to address the issues found during the recent BR test have been completed.	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.
IT Disaster Recovery	The new BRP consider all potential DR events including the total loss of or the inability to access the HQ and WES buildings and their infrastructures.	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.
IT Disaster Recovery	Short term temporary and long term permanent solutions be investigated to address the current risks relating to the loss of the BT Room at Headquarters.	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.
IT Disaster Recovery	A backup solution be implemented that would ensure that systems would be available in the event of the total loss of the Headquarters site.	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.

**OPERATIONAL EFFECTIVENESS OPPORTUNITIES**

14. One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the numbers of these opportunities per area are summarised below (Table 5).

*Table 5– Operational Effectiveness Opportunities - 2013/14*

Review area	Number of OEMs
ICT Disaster Recovery	4
Security of found, seized and held property	1
Supplies Management	1

**INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT**

15. There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

**PERFORMANCE AND QUALITY ASSURANCE PROGRAMME**

16. Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001 standards.

**RESPONSIBILITY**

17. The Police and Crime Commissioner for Wiltshire and Chief Constable of Wiltshire Police are responsible for ensuring that appropriate action has been taken on audit findings. All the internal audit reports produced for 2013/14 have been presented to the Audit Committee and any matters of significance that impacted on internal controls assurance were drawn to the Audit Committee’s attention at the meetings at which the reports were presented.
18. It is the Police and Crime Commissioner for Wiltshire and Chief Constable of Wiltshire Police's responsibility to maintain effective internal controls. The Audit Committee is invited to note the contents of this report.

<b>Date report issued:</b>	19 <sup>th</sup> June 2014
----------------------------	----------------------------

-----