

# **CBSL**

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

**Internal Audit Annual Plan**

**2015/16**

**March 2015**

## Internal Audit Annual Plan

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### INTRODUCTION

This Annual Plan is drawn up in accordance with the Terms of Reference and the Internal Audit Strategic Plan. It is the responsibility of the Independent Audit Committee of Wiltshire Police to determine that the number of audit days to be provided and the planned audit coverage is sufficient to meet the requirements of the organisation.

The audit reviews will be carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL').

### INTERNAL AUDIT ANNUAL PLAN

The Annual Plan (Annex A) sets out the reviews that will be carried out, the planned times and the scopes for each of these reviews. Changes to the strategic plan are set out in Annex B. The rolling strategic plan will be subject to ongoing review and could change as the risks change for the organisation.

The planned time set out in the Annual Plan for the individual reviews includes: research, preparation and issue of terms of reference, production and review of working papers and reports and site work. The timings shown in the Annual Plan assume that the expected controls will be in place. Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of Wiltshire Police and additional time will be required to carry out such testing. Wiltshire Police is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

We are aware that over the period covered by this Internal Audit Strategic Plan the service support functions may be carried out through a partnerships with Wiltshire County Council and Avon and Somerset Police. We will

consider the extent to which the internal audit can place reliance upon the internal control monitoring processes in the partner organisations. The time for this work has not been included in the Internal Audit Strategic Plan at Annex A. No time has been allocated for pro-active working with the Chief Constable to ensure that appropriate controls are in place both during the transferring and also the subsequent operation of services administered by Wiltshire County or Avon and Somerset Police.

### LIAISON WITH THE EXTERNAL AUDITOR

We will liaise with the Police's External Auditor. Any matters in the areas included in an Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

### LIMITATIONS AND RESPONSIBILITY

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made.

The audit reports are prepared solely for management's use and are not prepared for any other purpose.

**REPORTING**

**Assignment Reports:** A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed and which accord with the requirements of the Public Sector Internal Audit Standards (PSIAS).

**Progress Reports:** Progress reports will be prepared for each Independent Audit Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

**Annual Report:** An Annual Report will be prepared for each year in accordance with the requirements set out in the IIA-UK Internal Audit Standards. The Annual Report will include our opinion of the overall adequacy and effectiveness of Wiltshire Police's risk management, control and governance processes.

**ASSESSMENT OF THE KEY RISK CONTROL OBJECTIVES**

For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks will be provided. The assurance mapping process is set out in Annex C.

**PERFORMANCE**

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan (Figure 1 below):

Figure 1 - Performance Targets

Area	Performance Measure	Target
Achievement of the plan	Completion of Planned Audits	100%
	Audits Completed in Time Allocation	100%
Reports Issued	Draft report issued within 10 working days of exit meeting	95%
	Final report issued within 10 working days of receipt of responses	95%
Professional Standards	Compliance with Public Sector Internal Audit Standards	100%

**RELEASE OF REPORT**

The table below sets out the history of this plan.

Date plan issued:	16 <sup>th</sup> March 2015
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## Annual Plan – 2015/16

Quarter	Audit	Type	Days	Scope
1	Risk Management – Mitigating Controls	Assurance	6	The review considers the organisation's arrangements for identifying and monitoring the mitigating controls with regards to the organisation's business significant risk map. Two risks currently included in the organisation's business significant risk map will be selected and the effectiveness of the identified controls will be reviewed. The scope of the review does not include consideration of all potential mitigating arrangements or their effectiveness in minimising the opportunities for the identified risks to occur.
1	ICT Security – Network Controls	Assurance	6	The review considers the arrangements for the physical and access security of hardware and software. The scope of the review does not include consideration of the merits of the types of hardware and software used, the access rights to the individual software; or the depreciation policies.
1	Complaints Management	Appraisal	6	The review appraises the arrangements for monitoring complaints received and ensuring that appropriate action is taken in a timely manner. The scope of the review does not include confirming that the matters leading to complaints received have been appropriately addressed.
2	HR Management - Strategy	Assurance	5	The review considers the arrangements for: inductions; maintaining staff handbook; maintaining job descriptions and person specifications; appraisals; disciplinaries; sickness and leave monitoring; and exit meetings for both Police Officers and Police staff. The scope of the review does not include: the training and development arrangements; promotion and/or merit awards.
2	Security of seized proceeds of crime	Appraisal	6	The review considers the arrangements for managing seized, found and held property. The review will include visits to two locations to assess the adequacy of the local arrangements.
2	Estate Management - Strategy	Appraisal	6	The review will appraise the effectiveness of the preparation and delivery of the Estates Management Strategy. This review will be carried out in the Office of Police and Crime Commissioner.

Quarter	Audit	Type	Days	Scope
3	Creditor Payments	Operational	6	The review considers the arrangements for authorising and paying costs incurred by the organisation compared with those at a sample of other police services. The review will establish the extent to which the practices currently adopted can be enhanced based on the best practice identified at the other organisations at which the review is being carried out. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed.
3	General Ledger	Assurance	4	The review considers the arrangements for providing an effective audit trail for data entered onto the general ledger and the appropriateness of the reports generated. The scope of the review does not extend to the budgetary control arrangements and bank reconciliations.
3	Payroll	Assurance	6	The review considers the arrangements for: the creation, amendment and deletion of payroll records; payment of allowances and pay awards; and payment of salaries. The scope of the review does not include determination of salary scales, appointment and removal of staff, severance payments or reimbursement of travel and subsistence expenses, or pension arrangements.
3	Treasury and Banking	Assurance	5	The review considers the arrangements for providing an effective audit trail for data entered onto the general ledger and the appropriateness of the reports generated. The scope of the review does not extend to the budgetary control arrangements and bank reconciliations.
3	Budgetary Control	Assurance	5	The review considers the budget preparation process, the monitoring arrangements, and reporting to the board. The scope of the review does not include consideration of the assumptions used in preparing the budgets; depreciation policies; apportionment of central costs; or financial information included in tenders prepared by the organisation.
3	Asset Management	Assurance	5	The review considers the identification of assets that need to be recorded in the asset register, the identification, locating and recording of assets; inventories; and the disposal of assets. The scope of the review does not include consideration of the purchasing, depreciation policies or insurance arrangements.
4	Governance - Collaborations	Assurance	7	The review will consider the arrangements for providing effective governance arrangements in a sample of five collaboration projects. The actual projects will be determined in discussion with the Chief Finance Officer.

Quarter	Audit	Type	Days	Scope
2 and 4	Follow Up	Follow Up	4	The review ascertains whether management action has been taken to address the Priority 1 & 2 recommendations arising from selected internal audit work carried out previous financial year
1 and 4	Annual Plan and Report		5	
1-4	Audit Management		8	This time includes attendance at Independent Audit Committee meetings and overall contract management.
		<b>Total days</b>	<b>90</b>	

## Changes to the Internal Audit Strategic Plan

Review	In strategic plan for 2015/16	Change	Rationale for the change
Creditor Payments	Y	Review has been changed from being an assurance review to an operational review	<p>Provides an opportunity to assess the extent to which operational practices compare with those at a sample of other police services.</p> <p>This extension of the planned review is being carried out without any additional time being requested.</p> <p>The cross-service review will include the use of ACL interrogations and consequently if there have been control failures which are letting through inappropriate invoices, these will be identified.</p>

## Assurance Mapping

### Corporate assurance risks

We consider four corporate assurance risks; directed; compliance; operational and reputational. The outcomes of our work on these corporate assurance risks informs both the individual assignment assurance assessment and also the annual assurance opinion statement. Detailed explanations of these assurance assessments are set out in full in each audit report.

### Assurance assessment gradings

We use four levels of assurance assessment: substantial; reasonable, limited and no. Detailed explanations of these assurance assessments are set out in full in each audit report.

### Types of audit review

The Annual Plan includes a range of types of audit review. The different types of review focus on a one or more of the corporate assurance risks. This approach enables more in-depth work to be carried out in the individual assignments than would be possible if all four assurance risks were considered in every review. The suite of audit reviews and how they individually and collectively enable us to inform our overall opinion on the adequacy and effectiveness of the governance, risk and control arrangements is set out in the assurance mapping diagram.

