

ORIGINATOR: TIAA (INTERNAL AUDITORS)

PAPER NO: AC21/12

SUBMITTED TO: AUDIT COMMITTEE 25 JUNE 2021

SUBJECT: INTERNAL AUDIT ANNUAL REPORT 2020/21

SUMMARY:

1. The 2020/21 Annual Report by the internal auditors, TIAA, summarises the outcomes of the reviews carried out on the framework of governance, risk management and control.
2. The report is designed to assist management in making its annual governance statement and includes the Head of Internal Audit's Annual Opinion.

RECOMMENDATION:

1. The Audit Committee is requested to consider the attached report.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	No
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Yes
Have human resource implications been considered?	Yes
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Yes
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Yes
Has communications advice been sought on areas of likely media interest and how they might be managed?	No
Have all relevant ethical factors been taken into consideration in developing this submission?	Yes

In relation to the above, please ensure that all relevant issues have been highlighted in the 'other implications and risks' section of the submission.



Internal Audit

FINAL

Police and Crime Commissioner for Suffolk and Chief Constable of Suffolk Constabulary

Internal Audit Annual Report

2020/21

June 2021

Internal Audit Annual Report

Introduction

This is the 2020/21 Annual Report by TIAA on the internal control environment at the Police and Crime Commissioner for Suffolk and Chief Constable of Suffolk Constabulary. 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 management in making its annual governance statement.

Limitations on our opinion arising from Covid-19

The impact of COVID-19 on all public sector services has been significant including changes to ways of working, reprioritising services, redeploying staff and stretching capacity; the impact has been present throughout the whole of 2020/21 in varying degrees.

For internal audit, it has raised the question of whether they have been able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Head of Internal Audit (HIA) when issuing their annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the organisation relies on for its Annual Governance Statement. Factors that need to be taken in to account in reaching a conclusion include:

- Has any reduction in coverage compared to what was planned resulted in insufficient assurance work?
- Have any limitations in the scope of individual assignments resulted in it only being possible to place partial assurance on the outcome?
- Have changes in ways of working led to gaps in the governance, risk management and control arrangements?

TIAA understands the considerable challenges and the difficult decisions that organisations are having to deal with, however, the professional and regulatory expectations on public bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit will need to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope.

A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the HIA but also for the leadership team and the audit committee who normally rely on that opinion. It may also have wider consequences for stakeholder assessments of the organisation.

What this means for the Police and Crime Commissioner for Suffolk and Chief Constable of Suffolk Constabulary

There has been minimal or no impact on the delivery of the internal audit work for 2020/21 as a result of the COVID-19 pandemic. Whilst there was an impact on delivery of the work in the early part of the year during the initial lockdown, we are able to deliver the planned work by year-end (or shortly thereafter). There have been no changes to the planned work as a result of COVID-19; any changes to the plan were based on purely on business/operational need.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, the Police and Crime Commissioner for Suffolk and Chief Constable of Suffolk Constabulary has reasonable and effective risk management, control and governance processes in place.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the Police and Crime Commissioner for Suffolk and Chief Constable of Suffolk Constabulary from its various sources of assurance.

Internal Audit Planned Coverage and Output

The 2020/21 Annual Audit Plan approved by the Audit Committee was for 330 days of internal audit coverage in the year.

During the year there were the following changes made to the Internal Audit Plan, the collaborations audit has been replaced by an audit of the Joint Justice Service. In addition the OPTIK Post Implementation Review and the Shared Services Transaction Centre audits

have been moved to 2021/22 at the request of management these audit will all be undertaken in the first quarter of 2021/22. The changes were approved by the Chief Finance Officers and the Assistant Chief Officers.

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex A.

Assurance

TIAA carried out 23 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 objectives for the Police and Crime Commissioner for Suffolk and Chief Constable of Suffolk Constabulary. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	5	3
Reasonable Assurance	14	16
Limited Assurance	3	4
No Assurance	0	0

The areas on which the assurance assessments have been provided 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.

We made the following total number of recommendations on our audit work carried out in 2020/21.

Urgent	Important	Routine
3	38	15

Audit Summary

Control weaknesses: There were three areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' assurance. Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	2	19	10
Risk Mitigation			1
Compliance		18	4
Delivery			
Performance Monitoring		1	
Financial Constraint			
Resilience	1		

Operational Effectiveness Opportunities: 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 number of these opportunities is summarised below.

Operational
14

Independence and Objectivity of Internal Audit

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

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2017 and in particular to meet the requirement of an independent 5 year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards and relevant guidance issued by the Accounts & Audit Regulations 2015.

Release of Report

The table below sets out the history of this Annual Report.

Date Report issued:	June 2021
----------------------------	-----------

Annexes

Annex A

Actual against planned Internal Audit Work 2020/21

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Strategic Control and Corporate Governance – Coronavirus Resilience Coronavirus Resilience	Assurance	12	12	Substantial	Replaced the Strategic Control and Corporate Governance Audit
Performance Management	Assurance	12	12	Substantial	This was a 2019/20 audit that was brought forward
Transformation Including Business Cases	Assurance	12	12	Reasonable	
Corporate Health and Safety	Assurance	10	10	Reasonable	
Risk Management (includes both the Risk Management Embedding and the Risk Maturity Audit)	Assurance	12	12	Reasonable	
Key Financials	Assurance	30	30	Reasonable	
Outcome Based Budgeting	Assurance	12	12	Substantial	
Payroll Including ERP Reporting	Assurance	12	12	Substantial	
Data Quality	Assurance	12	12	Limited	
MOPI	Assurance	10	10	Limited	
Recruitment	Assurance	12	12	Reasonable	
Learning and Development	Assurance	12	12	Reasonable	
PEQF	Assurance	12	12	Reasonable	
Estates Strategy and Policies	Assurance	6	6	Reasonable	
Procurement Compliance with Standing Orders	Assurance	14	14	Reasonable	
Recovered Property – Seized Monies	Assurance	10	10	Limited	
Use of Vehicles and Telematics	Assurance	12	12	Substantial	
Covid-19 Controls Resilience	Assurance	10	10	Reasonable	
Vetting	Assurance	10	10	Reasonable	

Cyber Security	ICT	12	12	This is a maturity assessment audit and thus no opinion will be provided	
HR Strategy, Workforce Planning, People Strategy and Succession Planning	Assurance	18	18	Reasonable	
ERP Governance	Assurance	12	12	Reasonable	
Commissioning	Assurance	18	18	Reasonable	
Follow-up		12	12	Complete	
Audit Management Including Annual Planning and Annual Reporting		20	20		
Total Days		330	330		