



ORIGINATOR: TIAA (INTERNAL AUDITORS)

PAPER NO: AC22/08

SUBMITTED TO: AUDIT COMMITTEE – 24 JUNE 2022

SUBJECT: INTERNAL AUDIT ANNUAL REPORT 2021/22

SUMMARY

1. The report attached is the Internal Auditor's Annual Report for 2021/22

RECOMMENDATION:

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

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

Internal Audit Annual Report

2021/22

JUNE 2022

Internal Audit Annual Report

Introduction

This is the 2021/22 Annual Report by TIAA on the internal control environment for the Police and Crime Commissioner for Suffolk and Chief Constable of Suffolk Constabulary. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control.

Limitations on our opinion arising from Covid-19

The impact of COVID-19 on many organisations has continued to be felt throughout 2021/22 with restrictions continuing to be applied. This has been compounded by the emergence of new variants which has required the vaccination and booster programme to be accelerated. These have impacted staff availability and organisational capacity. It is acknowledged that this has affected some sectors more than others.

For internal audit the question remains as to whether sufficient internal audit work has been undertaken to gain assurance during 2021/22. 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

There has been minimal or no impact on the delivery of the internal audit work for 2021/22 as a result of the COVID-19 pandemic. There have been no changes to the planned work as a result of COVID-19.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, for the Police and Crime Commissioner for Suffolk and Chief Constable of Suffolk Constabulary effective risk management, control and governance processes are 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 2021/22 Annual Audit Plan approved by the Audit Committee was for 229 days of internal audit coverage in the year.

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

At the request of management, there have been the following changes made to the 2021/22 internal audit plan, the days for the Transformation and Strategic Planning / Change audit were used to undertake the seized monies work. In addition the Data Quality and the Systems- ERP / Enact / DMS / Chronicle interfaces internal audits have been moved to quarter one of the 2022/23 financial year at the request of management.

Assurance

TIAA has carried out 16 reviews in 2021/22, 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 strategic objectives. 15 of the 16 audits were assurance audits and one was an advisory follow-up review. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. There are three audits which have been completed to fieldwork stage. Details of these are provided in Annex B and a summary is set out below.

| Assurance Assessments | Number of Reviews | Previous Year |
|-----------------------|-------------------|---------------|
| Substantial Assurance | 4 | 5 |
| Reasonable Assurance | 8 | 11 |
| Limited Assurance | - | 2 |
| No Assurance | - | - |

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 2021/22.

| Urgent | Important | Routine |
|--------|-----------|---------|
| 0 | 14 | 14 |

Audit Summary

Control weaknesses: There were two 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 | - | 11 | 10 |
| Risk Mitigation | - | - | - |
| Compliance | - | 1 | 4 |
| Operational | | | |
| Performance Monitoring | - | - | - |
| Financial Constraint | - | - | - |
| Resilience | - | 2 | - |

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 |
|-------------|
| 2 |

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.

Release of Report

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

| | |
|---------------------|-----------|
| Date Report issued: | June 2022 |
|---------------------|-----------|

Head of Internal Audit Opinion (HoIA) on the Effectiveness of the System of Internal Control for the Year Ended 31 March 2022

The purpose of my annual HoIA Opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will in turn assist the Board in the completion of its Annual Governance Statement (AGS).

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion;
3. Matters that have had an impact on the opinion; and
4. Commentary.

1. My overall opinion is that **Reasonable** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.
2. The basis for forming my opinion is as follows:
 - i. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes; and
 - ii. An assessment of the range of individual opinions arising from risk-based audit assignments, contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.
3. There are no matters to bring to your attention which have had an impact on the Head of Internal Audit Opinion.
4. Commentary – see Annex B for a summary of completed internal audit work.

Actual against planned Internal Audit Work 2021/22

| System | Type | Planned Days | Actual Days | Assurance Assessment | Comments |
|--|-----------|--------------|-------------|----------------------|--|
| Corporate and HR Policies | Assurance | 6 | 6 | Substantial | |
| Joint Justice Services Review | Assurance | 12 | 12 | Reasonable | |
| Risk Maturity and Development | Assurance | 8 | 8 | Reasonable | |
| Disaster Recovery and Business Continuity | Assurance | 12 | 12 | Reasonable | |
| Shared Services Transaction Centre | Assurance | 12 | 12 | Reasonable | |
| Key Financials | Assurance | 26 | 26 | Substantial | |
| Capital Programme | Assurance | 8 | 8 | Substantial | |
| Pensions Administration | Assurance | 6 | 6 | Substantial | |
| Overtime | Assurance | 12 | 12 | Reasonable | |
| Procurement Strategy and Policy | Assurance | 8 | 8 | Reasonable | |
| Transport Review - Maintenance, Management, Repair, Disposal and Transport Stock | Assurance | 15 | 15 | Reasonable | |
| Dog Handling | Assurance | 10 | 10 | Reasonable | |
| Seized Monies Audit and Follow-up | Advisory | 10 | 10 | n/a | The days originally for the Transformation and Strategic Planning / Change audit were used to undertake the seized monies work |
| Establishment, Capacity, Recruitment and Retention | Assurance | 10 | 10 | Fieldwork complete | Audit commenced May 2022, it was requested by management that the audit was undertaken in quarter one of the 2022/23 financial year. |
| Absence Management, with limited duties | Assurance | 12 | 12 | Fieldwork complete | Audit commenced May 2022, it was requested by management that the audit was undertaken in quarter one of the 2022/23 financial year. |

| | | | | | |
|--|-----------|------------|------------|--|--|
| PEQF | Assurance | 8 | 8 | Fieldwork complete | Audit commenced May 2022, it was requested by management that the audit was undertaken in quarter one of the 2022/23 financial year. |
| Data Quality | Assurance | 12 | 0 | n/a audit moved to the 2022/23 year at the request of management | Audit days carried forward. |
| Systems – ERP / Enact / DMS / Chronicle interfaces | Assurance | 16 | 0 | n/a audit moved to the 2022/23 year at the request of management | Audit days carried forward. |
| Follow-up | | 9 | 9 | | |
| Annual Report and Annual Planning | | 2 | 2 | | |
| Audit Management | | 15 | 15 | | |
| Total Days | | 229 | 201 | | |