



Norfolk and Suffolk Police & Crime Commissioners and Chief Constables

INTERNAL AUDIT CHARTER

June 2015

incisive approach, assured delivery

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Norfolk and Suffolk Police – Internal Audit Charter

The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The Internal Audit Charter establishes the internal audit activity's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Police & Crime Commissioner (PCC) and Chief Constable; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Approval of the Internal Audit Charter resides with each of the PCCs and Chief Constables.

Definitions

Within this Charter reference to:

- 'Norfolk and Suffolk Police' refers to the services delivered by both the two PCCs and the two Chief Constables;
- 'PCC and Chief Constable' refers to the posts at both Norfolk and Suffolk Police;
- 'PCC and Chief Constable' also refers to the postholders, the Office of the Police and Crime Commissioner (OPCC) and their respective Chief Finance Officers;
- 'Annual Plan' refers to the joint internal audit plan for both Norfolk and Suffolk Police; and
- 'Head of Internal Audit's opinion' refers to the annual opinion statement which will be provided separately for both Norfolk and Suffolk Police.

1.1 Strategy Statement

The main objective of internal audit activity is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of Norfolk and Suffolk Police framework of governance, risk management and control. The Head of Internal Audit's opinions are a key element of the framework of assurance that each of the PCCs and the Chief Constables need to inform the completion of the Annual Governance Statements.

This objective is achieved through the production and delivery of a risk based annual audit plan that provides both Norfolk and Suffolk Police with an independent opinion on the level of assurance that can be placed upon their internal control environments and to make recommendations to improve them.

The purpose of the Internal Audit Charter is to put in place arrangements that will enable the internal audit service to be managed to facilitate:

- Delivering the service by completing the Annual Internal Audit Plan;
- Adequately reviewing the fundamental financial systems to provide assurance that proper arrangements are in place for financial control;
- Reviewing the risk management, control and governance systems, giving suitable priority to Norfolk and Suffolk Police objectives and risks to give an opinion on the arrangements;

- Identifying the resources required to deliver an audit service that meets the required professional standards.

1.2 Statutory Basis

The requirement for an internal audit function for Norfolk and Suffolk Police is enshrined in 'The Financial Management Code of Practice for the Police Service of England and Wales' (Home Office – October 2013).

1.3 Definition of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

1.4 Requirements for Providing the Service

The Financial Management Code of Practice for the Police Service of England and Wales states that the PCC and the Chief Constable are required to maintain effective internal audit of their affairs by the Accounts and Audit (England) Regulations 2011. In fulfilling this requirement the PCC and Chief Constable should have regard to the Public Sector Internal Audit Standards (PSIAS). In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by PSIAS sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

In addition to enabling the PCC and the Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, internal audit is required:

- to satisfy the PCCs and the Chief Constables that effective internal control systems are in place; and
- to satisfy the external auditor that financial systems and internal controls are effective and that the Police Funds are managed so as to secure value for money.

In accordance with The Financial Management Code of Practice for the Police Service of England and Wales the PCCs and Chief Constables have agreed to a shared internal audit service which covers both bodies for both Norfolk and Suffolk Police.

1.5 Terms of Reference (Charter for Internal Audit)

The internal audit service is provided by TIAA Ltd. The internal audit service is headed up by a designated Head of Internal Audit and this duty will be discharged by an Audit Director from TIAA Ltd.

The Head of Internal Audit has operational responsibility for providing the function which requires independence in the planning and reporting processes and does not have responsibility for providing or managing non-audit services.

The Head of Internal Audit has direct access to the PCCs, Chief Constables, Audit Committees and all levels of management.

The Internal Audit Service has authority to:

- enter at a reasonable time any PCC premises or land;
- have access to records, documents and correspondence relating to any transaction of the PCCs and Chief Constables;
- review any activity of the PCCs and the Chief Constables;
- require and receive such explanations as are necessary concerning any matter under examination; and
- require any employee or contractor of the PCCs or the Chief Constables to produce any asset under his/her control for which the PCC/Chief Constable is responsible.

The responsibility of internal audit is to provide opinions on the adequacy and effectiveness of control systems to:

- ensure adherence to management policies and directives in order to achieve the organisation’s objectives;
- safeguard assets;
- secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records;
- ensure compliance with procedures, laws and regulations; and
- ensure the economy, efficiency and effectiveness with which resources are employed.

1.6 Anti-fraud arrangements

Internal audit will undertake the investigation of a reported or suspected fraud at the request of management. Terms of reference will be agreed for each assignment. The Head of Internal Audit will recommend what audit resources are required for the investigation.

The PCC and/or the Chief Constable can direct internal audit to carry out work to confirm that the control failures have been addressed and such work will be co-ordinated with the Professional Standards Department so as to ensure there is no compromise of any investigation being carried out.

The Police and Crime Commissioners and Chief Constables for Norfolk and Suffolk have produced an “Anti Fraud and Corruption Policy”. The contents of this Policy will take precedence over this Charter.

1.7 Delivering the Service

TIAA will deliver the service in accordance with the proper internal audit practices set out in the PSIAS, which defines the way in which the internal audit service should undertake its function. TIAA will work in accordance with their Internal Audit and Professional Standards Manuals.

1.8 Audit Planning

The Head of Internal Audit will draw up a Three Year Strategic Internal Audit Plan in consultation with the PCCs and Chief Constables for Norfolk and Suffolk Police for consideration by the Audit Committees of both Norfolk and Suffolk Police. Prior to the start of each financial year the Head of Internal Audit will draw up an Annual Internal Audit Plan, which is based upon the Strategic Internal Audit Plan.

The combined Norfolk and Suffolk Police's Strategic Internal Audit Plan and Annual Internal Audit Plan are risk based and are determined from the priorities identified by the ongoing risk assessment and the productive audit days available. The Head of Internal Audit will assess whether the resources available are sufficient to produce a robust opinion on the internal control environment. If the resources are insufficient, this will be discussed with the CFOs and appropriate action taken before being reported to the relevant Chief Constables, the PCCs and the Audit Committees. The Three Year Strategic Internal Audit Plan and Annual Internal Audit Plan are approved by the Chief Constables and the PCCs and agreed by the Audit Committees of Norfolk and Suffolk Police.

1.9 Monitoring

The Head of Internal Audit will monitor the actual work against the Annual Internal Audit Plan and report progress to the Audit Committees of Norfolk and Suffolk Police. The Annual Internal Audit Plan is intended to be flexible and will be continually re-assessed to adapt to any changing priorities during the year, especially those prompted by the risk management processes. Any material changes to the Annual Internal Audit Plan will be agreed with the Chief Constable or the PCC, as appropriate, and reported to the appropriate Audit Committee.

1.10 Client Liaison

The Contract Manager will meet formally with the Chief Finance Officers for the PCC and the Chief Constable on a quarterly basis (more frequently informally if required) to discuss audit performance and any issues arising. The Contract Director will meet biannually with the Chief Finance Officers for the PCC and the Chief Constable of Norfolk and Suffolk Police to discuss audit progress and how the service might be improved.

1.11 Reporting

All audit assignments will be the subject of formal reports (where appropriate). Dependent upon whether the audit assignment was on behalf of the Chief Constable or the PCC the draft report will be issued, in the first instance to the Chief Constable or the PCC (or such other person as so designated), for the factual accuracy of the findings to be confirmed. The reports will identify any risks associated with the internal control environment and recommend actions to address any weaknesses. For joint reviews a single report will be produced unless otherwise agreed with the PCCs and/or Chief Constables.

An executive summary will be produced of each report for the Chief Constable and/or the PCC and the Audit Committee to give an overview of the audit work, the conclusions drawn and management's responses.

A progress report will be provided to each meeting of the Audit Committee that sets out progress against the Annual Internal Audit Plan relating to each Police organisation and highlights any matters additional to those raised in the individual audit reports that need consideration. Each progress report will be discussed with the PCC/Chief Constable prior to finalising to confirm the detail to be included within each report.

The Head of Internal Audit will prepare an annual report for each Audit Committee for both Norfolk and Suffolk. This will include an opinion on the adequacy and effectiveness of the systems of risk management and internal control based on the work completed during the

year, which will be a source of evidence for both Norfolk and Suffolk Police Annual Governance Statements.

1.12 Third Party Assurances

TIAA in consultation with the PCCs and Chief Constables would be happy to accept assurances from third party organisations such as HMIC and the HSE where they undertake review/investigation work at Norfolk and/or Suffolk Police.

1.13 Mutual Co-operation

It is important that good working relationships are developed and maintained with those staff subject to audit. TIAAs commitment to this process is to:

- be constructive and helpful and provide protection and security for Norfolk and Suffolk Police and individual members of staff, particularly those having financial responsibilities and/or being accountable for Norfolk and Suffolk Police assets and/or stores;
- notify the scope of the audit to the appropriate level of management prior to the start of each assignment (except where unannounced visits are necessary) and to offer the opportunity to include other aspects of work, which may be of particular concern to them;
- discuss issues found with the appropriate level of management and, where possible, resolve any control issues during the currency of the audit;
- acknowledge areas of good practice in the audit report;
- consult with senior managers on assignments to be considered for inclusion in the annual audit plan.

It is equally important that TIAA develops and maintains a professional working relationship with Norfolk and Suffolk Police review functions. A joint working protocol setting out the working relationships with the External Auditors for Norfolk and Suffolk Police will be prepared. The External Auditor has full access to all internal audit reports and working papers.

1.14 Sharing of Data between the Norfolk and Suffolk Police Forces/PCCs

TIAA will respect the need for confidentiality of all data provided to them as part of their internal audit work. Sharing of data (eg OPCC or units not joint) between Norfolk and Suffolk (and vice-versa) will only be with the express permission of the PCC/Chief Constable.

1.15 Performance Management

The internal audit activity adds value to Norfolk and Suffolk Police when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes. Section 5 of the PSIAS states that the Head of Internal Audit must effectively manage the internal audit activity to ensure it adds value to the organisation. The internal audit activity is effectively managed when:

- The results of the internal audit activity's work achieves the purpose and responsibility included in the Internal Audit Charter;
- The internal audit activity conforms with the Definition of Internal Auditing and the Standards; and
- The individuals who are part of the internal audit activity demonstrate conformance with the Code of Ethics and the Standards.

1.16 Audit Quality Checks and Customer Satisfaction

Each audit assignment is subject to a supervisory quality check to ensure that the objectives have been achieved and that recommendations made are consistent with the findings and evidence recorded.

Annually (March each year) TIAA will seek, from the Senior Management Team at each of the PCCs/Chief Constables, their views on the internal audit service which TIAA will include in the annual Head of Audit assurance report to the respective Audit Committees.

1.17 Resources

TIAA is responsible for ensuring that the required resources are provided to deliver the audit plan and the Internal Audit Charter.

1.18 Achievement of the Charter

The Internal Audit Charter is reviewed and updated annually; where no changes are required this review will be reported in the Head of Internal Audit's Annual Report. TIAA's achievement of its objectives will be assessed as part of the monitoring process throughout the year and reported in the Head of Internal Audit's Annual Report.

1.19 Resolving Matters in Dispute

Should a situation arise where one of the PCCs or Chief Constables disagrees with the outcome of an audit review TIAA reserve the right to report independently to the appropriate Audit Committee on the matter.