

Police and Crime
Commissioner
North Yorkshire



JOINT INDEPENDENT AUDIT COMMITTEE

14 December 2015

REPORT OF HEAD OF AUDIT

INTERNAL AUDIT PROGRESS REPORT & INTERIM AUDIT OPINION FOR 2015/16

1. PURPOSE OF REPORT

- 1.1 The report sets out the progress made in relation to the first six months of audit plan for 2015/16 and marks the termination of audit provision by the WYOPCC internal audit service.
- 1.2 The report also sets out an interim audit opinion based on our audit findings to date in relation to the first six months of the 2015/16 audit cycle.

2. KEY INFORMATION

- 2.1 The report details the progress made in completing the final six monthly audit plan (April-September 2015/16) and the with the exception Exhibits Handling which has been issued as a final report awaiting a management response all reports outstanding in relation to 2014/15 and those covering the period of 2015/16 up to the handover of audit services have now been finalised.
- 2.2 In total six audit reports have been finalised with agreed management responses since the last JIAC in September. The full reports are detailed in the appendices (B-G) and in summary these are:
 - Follow-Up Exercise 2 (2014/15) (*Reasonable Assurance*)
 - Appropriate Use of Places of Safety (2014/15 audit) (*Limited Assurance*)
 - Clothing Stores (*Reasonable Assurance*)
 - Mobile Phone Examination (*Limited Assurance*)
 - Delegated Authority- Procurement (*Reasonable Assurance*)
 - Follow-Up Exercise 1 (2015/16) (*Reasonable Assurance*)
- 2.3 Although the Appropriate Use of Places of Safety has been previously reported as part of the Annual Audit Opinion for 2014/15, the full reporting

on our audit findings was subsequently delayed due to internal clarification about ownership of one of the agreed management responses. IA agreed to undertake an early interim follow-up review at a previous committee and overall, there is satisfactory evidence from this work that North Yorkshire Police have adequate action plans in place to address the weaknesses identified during the original internal audit review.

- 2.4 Progress against the six-monthly 2015-16 Audit Plan are set out in Appendix A and is summarised in Table 1.

Table 1: Summary of Progress

| STATUS OF AUDITS | September 2015 |
|--|---------------------|
| | 2015/16 Plan |
| Final Reports with Response Received | 3 |
| Final Reports – Response awaited | 1 |
| Final Reports – No Response Required | 2 |
| Draft Report Stage | 0 |
| Work Completed (including advice provided) | 1 |
| Audits in Progress | 0 |
| TOTAL | 7 |

3. INTERIM AUDIT OPINION

- 3.1 As part of the handover process I have provided an interim audit opinion which follows the principle adopted for previous annual audit opinions in that it is determined using information and conclusions drawn from a number of sources during the course of the six monthly audit programme. These were primarily a categorisation of individual audit opinions, specific findings relating to the main financial systems, areas of concern relating to other key systems and the implementation of previous recommendations in areas of significant weakness.

- 3.2 Based on the audit opinions in relation to five audits for 2015/16 against a numerical scale (Substantial assurance (1) - Inadequate assurance (4)) the internal control score is as follows:

Comparison with Previous Internal Control Scores

| Year | 2015/16 (1 st 6 months) | 2014/15 | 2013/14 | 2012/13 |
|-------------------------------|---------------------------------------|---------|---------|---------|
| Internal Control Score | 2.4 | 1.9 | 2.3 | 2.1 |

- 3.3 The performance during the first 6 month period of 2015/16 represents a deterioration compared to 2014/15; however the movement is not sufficient to change the overall opinion from reasonable assurance and compares to the outturn in earlier years.

3.4 The audit opinion reflects that although the internal control score has been impacted by two audits where there is an opinion of limited assurance, exhibits handling and mobile phone examinations respectively, these were both areas of risk highlighted through the Joint Corporate Risk Group (JCRG). It is still, however, a concern of Internal Audit that there are many recurring themes relating to the issues highlighted in the Exhibits Handling audit and this continues to be an area that the organisation has difficulty managing effectively.

4 RECOMMENDATIONS

4.1 That members monitor the progress made in completing our audit plan for 2015/16 and the content of our interim audit opinion.

Neil Rickwood
Head of Audit

Supporting documentation

Appendix A - Internal Audit Plan 2015/16

Appendix B – Internal Audit report: Follow-Up Exercise 2 (2014/15)

Appendix C - Internal Audit Report: Appropriate Use of Places of Safety

Appendix D – Internal Audit Report: Clothing Stores

Appendix E - Internal Audit Report: Mobile Phone Examination

Appendix F - Internal Audit Report: Delegated Authority- Procurement

Appendix G - Internal Audit Report: Follow-Up Exercise 1 (2015/16)

Appendix A: Internal Audit Plan 2015/16

| Audit Status | Audit Rating | Audit Name | Description |
|---|-------------------------|-----------------------------------|--|
| Advice provided Remainder of work postponed to November as implementation delayed | | Decision Making Processes | To consider the decision making process for both the Organisation the Commissioner and NYP. How it ensures that decisions are made on a timely basis with sufficient information. Feedback/ advice on proposal already provided but main review now delayed until November 2016 as processes are currently being rolled out. |
| <i>Removed</i> Agreed not to test 14/15 EA completed work and too early in year to do sufficient 15/16 transactional testing. | | Financial Systems Testing | To cover key financial systems not already covered and transactions covering, Oct 2014 to Sept 2015. |
| <i>FINAL report (with management response)</i> | 3- Limited Assurance | Mobile Phone Examination | To consider the investigation of mobile phones and determine whether local practice manages the risks associated with the proper retrieval and safe storage of retrieved information. |
| <i>FINAL report (with management response)</i> | 2- Reasonable Assurance | Clothing Store | Review the processes for managing the Organisation's Clothing Store. |
| <i>FINAL report (with management response)</i> | 2- Reasonable Assurance | Delegated Authority - Procurement | Review the changes in the delegated authority levels designed to minimise bureaucracy and to empower people. |
| <i>FINAL report (no response required)</i> | 2- Reasonable Assurance | Follow Up | To follow up recommendations, reported as being implemented, and provide assurance that they have. |
| <i>FINAL report (no response required)</i> | | Places of Safety – Follow Up | A follow-up on progress made against the recommendations made in the original report was agreed at the June JIAC. |
| <i>FINAL report</i> | 3- Limited Assurance | Exhibits Handling | Review compliance with controls in place for the handling of exhibits across the Force. Based on perceived weaknesses identified in handling cash in particular, there is a need to |

| <i>Audit Status</i> | <i>Audit Rating</i> | <i>Audit Name</i> | <i>Description</i> |
|--|---------------------|----------------------|--|
| | | | give assurance that new arrangements address the risks in this area. (To commence in July). |
| Audit postponed - ISO left organisation | | Information Security | To undertake a high level assessment as to how the organisation addresses information security risk, including determining how well the requirements of information security are understood throughout the organisation. |