



RSM Tenon

CLEVELAND POLICE AUTHORITY

Internal Audit Progress Report

10 August 2010

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The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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1. INTRODUCTION

- 1.1 The periodic internal audit plan for 2010/11 was approved by the Audit Committee on 3 June 2010. This report summarises the outcome of work completed to date against that plan, and Appendix A provides cumulative data in support of internal audit performance.

2. FINAL REPORTS ISSUED

- 2.1 We have finalised no reports since the last Committee meeting.

3. KEY FINDINGS FROM INTERNAL AUDIT WORK

- 3.1 There are no issues arising from our work for the year to date that will have a negative impact upon our opinion for 2010/11.

4. WORK IN PROGRESS OR PLANNED

- 4.1 Dates have been agreed for the following audits to be completed and the planning has been issued:

- Compliance with Contract Standing Orders
- Contract Monitoring / Management
- Data Quality / Data Accuracy
- HR Policies and Procedures

- 4.2 Once the meeting mentioned at 6.2 below has taken place further planning meetings will be held.

5. LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT

- 5.1 Regular liaison meetings are held with the Authority and the Force to discuss developments within the organisation and the scoping of individual audits. The next quarterly meeting is planned for 7 September 2010.

- 5.2 The Audit Commission have reviewed our work on Procurement and Payments and Payroll from 2009/10. There were no issues arising from their review.

6. CHANGES TO OUR PLAN

- 6.1 There have been no changes to the audit plan.
- 6.2 Since the plan was completed the Authority has approved Project I and there have been key staffing changes within the Authority. As such we have requested a meeting with the Chair and Vice Chair of the Panel and the Acting S151 Officer to discuss the impact on the internal audit plan.

7. SECTOR GUIDANCE

- 7.1 There has been one relevant client briefings issued since the last Audit Committee. This is included at Appendix B.

APPENDIX A: OPERATIONAL PLAN PERFORMANCE 2010/11

Detailed below is a summary of the work undertaken in 2010/11 to date, showing the levels of assurance given and the number of recommendations arising. Reports being considered at this Committee are shown in italics. Definitions with regard to the levels of assurance and the classification of recommendations are provided overleaf.

	Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Days	Assurance level given	Number of Recommendations Made				
							Actual (Planned)		Actual (Planned)		F	S	MA	In Total	Agreed
Assurance	Compliance with Contract Standing Orders	19/07/10						Systematic	3 (10)						
	Contract Monitoring / Management	19/07/10						Key Control	2 (6)						
	Data Quality / Data Accuracy	02/08/10						Key Control	1 (8)						
	HR Policies and Procedures	16/08/10						Key Control	1 (8)						
	VFM Arrangements	Sep 10						TDC	(10)						
	Key Financial Controls	Sep 10						Key Control	(8)						
	Budgetary Control	Sep 10						Key Control	(8)						
	Corporate Governance	Oct 10						Compliance	(5)						
	Capital Contract Audit	Nov 10						Compliance	(8)						
Advisory	Project I Governance Framework	May 10						Advisory	6 (6)						
		Nov 10					(6)								
	Assurance	Nov 10						Thematic	(6)						

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							Actual (Planned)		Actual (Planned)		F	S	MA	In Total	Agreed
	Stocktake Thematic Review							Review							
Other	Follow Up	Feb 11						Follow Up	(5)						
	AGS Group	-	-	-	-	-	-	-	(3)						
	Audit Management	-	-	-	-	-	-	-	5 (18)						
Totals to date:									18 (115)						

Recommendation Categorisation

Our findings and recommendations are categorised as follows:

Fundamental (F): *action is imperative to ensure that the objectives for the area under review are met*

Significant (S): *requires action to avoid exposure to significant risks in achieving the objectives for the area under review.*

Merits Attention (MA): *action advised to enhance control or improve operational efficiency*

Opinions

Risk Based Internal Audit Assignments

The definitions for the level of assurance that can be given are:

	Level	Control Design	Control Application
(positive opinions)	Substantial Assurance	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
	Adequate Assurance	Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger.	Controls are applied but with some lapses.
(negative opinion)	Limited Assurance	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

Follow Up Reviews

Our opinions reflect the progress made in implementing previous internal audit recommendations:

(positive opinions)	Good Progress
	Reasonable Progress
(negative opinion)	Little Progress

APPENDIX B: CLIENT BRIEFINGS

Changes to Internal Audit Recommendations and Opinions

29 April 2010

Client Briefing - Gen 03.10



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THE BRIBERY ACT

The tough new Bribery Act heralds the end of an era of practice and law described by the Law Commission as “*riddled with uncertainty and in need of rationalisation*”. Having received Royal Assent in April this year, organisations need to understand the legislative requirements and act now to ensure compliance, or risk exposing themselves to an unlimited fine, up to ten years imprisonment for Directors and critical damage to the reputation of the organisation. With the stakes this high, you cannot afford to gamble and risk the consequences. Organisations must ensure that they have incorporated adequate procedures into their standard operational practice and control framework that are designed to prevent bribery in order to mitigate their liability.

The new Bribery Act has created four principal offences:

- Offering, promising or giving of an advantage;
- Requesting, agreeing to receive or accepting of an advantage;
- Bribery of a foreign public official; and
- Failing to prevent bribery (‘failing to prevent bribery’ is the new corporate offence which commercial organisations must act to set in place appropriate procedures to stamp out unethical business practices).

ADEQUATE PROCEDURES

The adequate procedures that the Act requires commercial organisations to adopt also represents good governance and best practice for the public sector. This preventive approach to anti-bribery is not prescriptive however it will include anti-bribery policies, training of staff, clear guidance

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and limits on corporate entertainment and gifts, plus better due diligence on agents and business partners. You should be preparing now and not wait until the Government issues guidance on what constitutes 'adequate procedures' to ensure you do not fall foul of the legislation.

HOW WE CAN HELP YOU

RSM Tenon can assist by working with you to design, deliver and embed a comprehensive and bespoke Anti-Bribery Programme including:

- A bespoke anti-bribery policy;
- Updating internal codes of conduct and policies such as gifts and hospitality, declarations of interests, Standing Financial Instructions, and whistleblowing;
- Deliver a communication strategy to both internal staff and external contractors;
- Training to all staff as well as targeting high risk areas such as procurement and finance; and
- A comprehensive bribery risk assessment to identify areas of the highest risk of exposure.

With unlimited fines, potential jail sentences and reputational devastation, ask the question: can your organisation afford to gamble?

IF YOU REQUIRE FURTHER INFORMATION CONTACT

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