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CLEVELAND POLICE AUTHORITY

Internal Audit Progress Report

Audit and Internal Control Panel Meeting: 21 April 2011

CONTENTS

Section		Page
1	Introduction	1
2	Final reports issued	1
3	Key Findings from Internal Audit Work	1
4	Work in Progress or Planned	1
5	Liaison with Management and External Audit	1
6	Changes to our Plan	1
Appendices		
A	Detailed Internal Audit Plan 2010/11	2
B	2010/11 Work Completed to Date	5
C	Summary of Assurance Levels and Recommendations	6

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 and Internal Control Panel on 03 June 2010. This report summarises the outcome of work completed to date against that plan. Appendix A outlines the detailed internal audit plan approved by the Panel, whilst Appendices B and C provide cumulative data in support of internal audit performance.

2. FINAL REPORTS ISSUED

- 2.1 We have finalised three reports in the period since the last Panel meeting.
- Corporate Governance
 - Capital Contract Audit
 - Assurance Stocktake Review

3. KEY FINDINGS FROM INTERNAL AUDIT WORK

- 3.1 We have not identified any major issues in the work undertaken to date that will impact upon our annual opinion.

4. WORK IN PROGRESS OR PLANNED

- 4.1 The following reviews are in the process of being completed:
- Follow Up
 - Project I Governance Framework

5. LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT

- 5.1 Quarterly liaison meetings are held with the Authority, Force and Audit Commission; the next meeting is scheduled to take place 07 June 2011.
- 5.2 In addition, we have met with management from Steria on two occasions to discuss individual audits and general protocols.
- 5.3 A meeting is planned with the Audit Commission for 26 May 2011 and access has been granted to our audit files.

6. CHANGES TO OUR PLAN

- 6.1 At the last Panel meeting the Chair requested that a follow up of the Data Quality / Accuracy and HR Policies and Procedures reports be completed prior to the year end to provide assurance that progress is being made to address the issues raised. This work is ongoing.

APPENDIX A: DETAILED INTERNAL AUDIT PLAN 2010/11**RISK BASED COVERAGE**

Audit Title	High Level Scope	Days	Provisional Timing
HR Policies and Procedures	For a sample of HR polices and procedures we will test to ensure that are up to date, that consultation and approval has been evidenced and they are complied with in practice.	8	June 2010
Data Quality / Data Accuracy	This audit will include management information, testing of the data input in the Control Room, data audits, and data sharing protocols with partners.	8	June 2010
VFM Arrangements	Audit removed from the plan in agreement with the management and the Chair and Vice Chair of the Audit and Internal Control Panel and the days allocated to the contingency.	-	NA
Corporate Governance	This audit will include preparation and approval of the Annual Governance Statement and testing of the evidence to support the completed SUM/BCU questionnaires.	5	October 2010
Total		21	

COVERAGE FOR EXTERNAL AUDIT RELIANCE OR TO MEET REGULATORY REQUIREMENTS

Audit Title	High Level Scope	Days	Provisional Timing
Key Financial Controls	<ul style="list-style-type: none"> ▪ Access Controls. ▪ Journals and input to the nominal ledger. ▪ Bank reconciliation. ▪ Management of suspense accounts. ▪ Recording of income and arrears management / debt enforcement. ▪ Month end closedown and reconciliation process. ▪ Production of trial balance and production of management information. 	8	September 2010
Budgetary Control	<ul style="list-style-type: none"> ▪ Reporting to budget holders. ▪ Virements and variance analysis. ▪ Reporting to the Executive Team. ▪ How efficiency savings are incorporated into the budget setting process. 	8	October 2010
	Total	16	

OTHER INTERNAL AUDIT WORK

Audit Title	High Level Scope	Days	Provisional Timing
Contract Monitoring / Management	Ongoing monitoring of contractors including, <ul style="list-style-type: none"> ▪ Monitoring contract performance. ▪ Assessing quality. ▪ Financial viability. ▪ Reporting against objectives and targets. 	6	July 2010
Compliance with Contract Standing Orders	The new Contract Standing Orders were implemented in 2009/10. This will include: <ul style="list-style-type: none"> ▪ Low value procurement. ▪ Procurement cards. ▪ The tendering process. ▪ Exceptional situations. ▪ Maintenance of an audit trail to support each contact. 	10	July 2010
Assurance Stocktake Thematic Review	This review will build upon the risk maturity work completed in 2009/10 and will include: <ul style="list-style-type: none"> ▪ How the organisation understands and uses assurances, and ▪ For a small number of risks, review what assurances are available and which are used, and how the information available informs the risk profile. The results of this review will feed into our risk management opinion at year end.	6	November 2010
Project Governance Framework	This audit will consist of 2 reviews: <ul style="list-style-type: none"> ▪ Prior to the contract being signed we will review the arrangements the Force are intending to establish on the client side. This will include identification of any perceived gaps and consideration of how the Force and the Authority will gain assurance over the functions to be undertaken by the provider. ▪ Once the contract has been let we will assess how well the arrangements are working in practice and whether they are delivering against the expectations of the Force. Please note: this audit will also feed into the Assurance Stocktake review outlined above.	12	November 2010
Capital Contract Audit	A review of the management of capital contracts. This will include: <ul style="list-style-type: none"> ▪ Approval. ▪ Tendering – compliance with legislation and CPA Standing Orders ▪ Monitoring. ▪ Authorisation of payments. ▪ Reporting against agreed objectives 	8	November 2010
Follow Up	To meet the IIA Standards and to provide management with ongoing assurance regarding implementation of recommendations.	5	February 2011
AGS Group	Attendance at the AGS Group.	3	On going

Audit Title	High Level Scope	Days	Provisional Timing
Audit Management	This will include: <ul style="list-style-type: none">▪ Annual planning;▪ Preparation for, and attendance at, Audit and Internal Control Panel meetings;▪ Regular liaison with management and external audit;▪ Ad hoc advice and support; and▪ Preparation of the annual internal audit opinion.	18	On going
Contingency	To be used with the approval of the Audit and Internal Control Panel.	10	
Total		78	
TOTAL FOR 2010/11 Internal Audit Plan		115	

APPENDIX B: 2010/11 WORK COMPLETED TO DATE

Reports being considered at this Panel are shown in *italics*.

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Panel	Days
							Actual (Planned)
Contract Monitoring / Management	19/07/10	23/07/10	28/07/10	16/08/10	16/08/10	October 2010	6 (6)
Compliance with Contract Standing Orders	19/07/10	23/07/10	06/08/10	27/08/10	27/08/10	October 2010	10 (10)
Data Quality / Data Accuracy	02/08/10	13/08/10	03/09/10	01/10/10	04/10/10	October 2010	8 (8)
Key Financial Controls	20/09/10	30/09/10	14/10/10	01/11/10	01/11/10	December 2010	8 (8)
HR Policies and Procedures	23/08/10	14/10/10	16/10/10	15/11/10	16/11/10	December 2010	8.5 (8) Note 1
Budgetary Control	13/10/10	18/10/10	21/10/10	17/11/10	17/11/10	December 2010	8 (8)
<i>Corporate Governance</i>	13/12/10	18/02/11	08/03/11	15/03/11	16/03/11	April 2011	5 (5)
<i>Capital Contract Audit</i>	13/12/10	NA	08/03/11	17/03/11	17/03/11	April 2011	8 (8)
<i>Assurance Stocktake Review</i>	13/12/10	18/02/11	06/03/11	12/04/11	12/04/11	April 2011	6 (6)
<i>Follow Up</i>	28/02/11						5 (5)
Project I Governance Framework							(12)
Contingency							(10)
Management	-	-	-	-	-	-	20.5 (20) Note 1

Note 1: The 0.5 day overrun will be netted off against the contingency.

APPENDIX C: SUMMARY OF ASSURANCE LEVELS AND RECOMMENDATIONS

Reports being considered at this Panel are shown in *italics*.

Auditable Area	Assurance level given	Number of Recommendations Made				
		High	Medium	Low	In Total	Agreed
Contract Monitoring / Management		-	1	-	1	1
Compliance with Contract Standing Orders		-	1	2	3	3
Data Quality / Data Accuracy		1	2	-	3	3
Key Financial Controls		-	-	-	0	NA
HR Policies and Procedures		-	5	2	7	7
Budgetary Control		-	-	1	1	1
<i>Corporate Governance</i>		-	-	-	0	NA
<i>Capital Contracts</i>		-	-	-	0	NA
<i>Assurance Stocktake Review</i>	ADVISORY	1	1	-	2	2

Auditable Area	Assurance level given	Number of Recommendations Made				
		High	Medium	Low	In Total	Agreed
Follow Up						
Project 1 – Governance Framework						
Totals to date:		2	10	5	17	17

