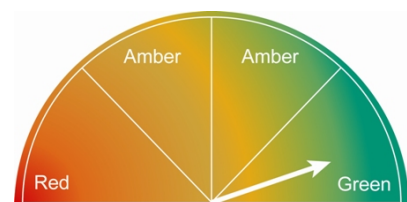


Cleveland Police Authority

Corporate Governance - Service Unit Questionnaires

Internal Audit Report (09.10/11)  
March 2011

**Overall Opinion**



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Debrief meeting	18 February 2010	Auditors	Ian Wallace, Director
Draft report issued	08 March 2011		Susan Turner, Senior Manager
Responses received	15 March 2011		Martin McDonagh, Senior Auditor
Final report issued	16 March 2011	Client sponsor	Michael Porter, Treasurer
		Distribution	Kate Rowntree, Executive Staff Officer



This review has been performed using RSM Tenon's bespoke internal audit methodology, **i-RIS**.

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 EXECUTIVE SUMMARY

## 1.1 INTRODUCTION

An audit of Corporate Governance focusing on the service unit questionnaires that inform the AGS was undertaken as part of the approved internal audit periodic plan for 2010/11.

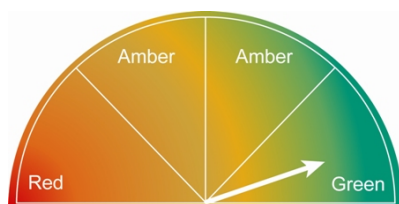
The Accounts and Audit Regulations 2003 (England) Regulation 4(2) requires Cleveland Police Authority to conduct an annual review of the system of internal control and include a statement on the system of internal control within the Statement of Accounts. Cleveland Policy Authority met this requirement by producing a Statement on Internal Control (SIC) in accordance with CIPFA's '*The Statement on Internal Control in Local Government : Meeting the Requirements of the Accounts and Audit Regulations 2003*'. CIPFA introduced a revised framework in 2007 to meet the requirements of the regulations '*Delivering Good Governance in Local Government*' that recommends that the review of the effectiveness of the system of internal control should be reported in an Annual Governance Statement.

To facilitate the production of the Annual Governance Statement the Authority has developed a process where Annual Service Unit Assurance Assessments are completed by Service Unit Managers within the Force to confirm that the governance arrangements within the Service Unit are compliant with the internal control framework and evidence the declarations within the Annual Governance Statement

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	Effective governance and compliance with the code
Risk	Risk of failure to comply with the provisions of the Code of Corporate Governance and the relevant Acts/Orders/Regulations

## 1.2 CONCLUSION



**Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.**

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

### Design of control framework

- Annual Service Unit Assurance Assessments are completed by all Service Units. The Annual Service Unit Assessment contains twenty-one assurance statements which Service Unit Managers are required to assess their Service Unit against as either agreeing with the statement, partially agreeing with the statement or disagreeing with the statement. When a Service Unit Manager disagrees with the assurance statement they are required to identify areas for improvement and confirm whether an action is in place.
- Service Unit Managers are required to retain evidence to support the assurance statements made on the Annual Service Unit Assurance Assessment for evidence purposes.

- The Annual Service Assurance Assessments are used to complete the Annual Governance Statement. A summary of responses was completed and presented to the Audit and Internal Control Committee to inform the decision making purposes on approving the Annual Governance Statement.
- The Audit & Internal Control Panel monitor the governance statement in accordance with the CIPFA guidance 'Delivering Good Governance in Local Government'.

#### **Application of and compliance with control framework**

- The Annual Service Unit Assurance Assessments for 2009/2010 were completed by Special Operations, Information Communication Technology, Stockton, Executive, CBU, Redcar and Cleveland, Legal, Criminal Justice Unit, CPG, Finance and Middlesbrough. The Annual Service Unit Assessments were fully completed and where Service Unit Managers disagreed with an assurance statement an action plan was produced.
- The Service Units were confirmed to retain evidence to support the assurance statement and through discussions held with a sample of Service Unit Manager its was confirmed that Service Unit Managers had a strong awareness of the assurance available and the assurance activities performed within their Service Unit to support the completion of the Annual Service Unit Assessments.
- A Summary of Responses from the Service Unit Assurance Questionnaires was submitted to the Audit and Internal Control Panel on 3<sup>rd</sup> June 2010.
- The Audit & Internal Control Panel received monitoring reports on Annual Governance statement on the 8<sup>th</sup> December 2010 and 10<sup>th</sup> February 2011.

### **1.3 SCOPE OF THE REVIEW**

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following areas for consideration, controls for review and limitations were agreed:

#### **Areas for Consideration:**

- The audit included testing of the completed questionnaires submitted by Service Unit Managers to confirm that evidence was available to support the statements made within the questionnaires.
- The evidence was assessed to confirm that it was appropriate, accurate, relevant and up to date.

#### **Control activities relied upon:**

- The process for the completion of the Annual Governance Statement.
- The reporting of updates on the Annual Governance Statement to members of the Authority.

#### **Limitations to the scope of the audit:**

- Testing was performed on a sample basis, therefore we have not provided assurance that the Code of Corporate Governance has been complied with in all instances.
- In addition, our work does not provide any guarantee against material errors, loss or fraud, or provide an absolute assurance that material error, loss or fraud does not exist.

- We have undertaken sample testing of the questionnaires completed by Service Unit Managers. Our testing was limited to the following areas:
  - Middlesbrough BCU
  - Corporate Planning and Governance
  - Community Justice Unit

The approach taken for this audit was a Risk-Based Audit.

**1.4 RECOMMENDATIONS SUMMARY**

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

**Recommendations made during this audit:**

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	Medium	Low
Design of control framework	0	0	0
Application of control framework	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	Medium	Low
Risk of failure to comply with the provisions of the Code of Corporate Governance and the relevant Acts/Orders/Regulations	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 2 ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
No findings and recommendations have been made						

### 3 FINDINGS AND RECOMMENDATIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all audit testing undertaken.

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
No findings and recommendations have been made					