

Cleveland Police Authority

Internal Audit Progress Report

Audit Panel Meeting – 26 November 2009

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	2
Appendix A	Periodic Plan Performance 2009/10	3
Appendix B	Performance Indicators	5

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Bentley Jennison Risk Management Limited

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1. Introduction

- 1.1 The periodic internal audit plan for 2009/10 was approved by the Audit Panel on 28 May 2009. 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 issued four final reports for 2009/10 since the last Audit Panel meeting. These are in the areas of:
- Vetting
 - Corporate Governance
 - Digital Imaging Services
 - Key Financial Controls

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 2009/10.

4. Work in Progress or Planned

- 4.1 The table at Appendix A shows the work planned and undertaken to date for 2009/10. Progress is in line with the audit plan as agreed at the Audit Panel meeting on 28 May 2009.

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 most recent meetings were,
- 3 November 2009 with the Chief Executive.
 - 29 October 2009 with the Deputy Chief Constable and the ACO Finance and Commissioning.
- 5.2 A meeting has been held with the Audit Commission and access to files has been provided.

6. Changes to our Plan

- 6.1 There have been no changes to the audit plan since the last meeting. As agreed we have utilised days from the agreed contingency to complete the audit of the Digital Imaging Services Unit.

Appendix A: Operational Plan Performance 2009/10

Detailed below is a summary of the work undertaken in 2009/10 to date, showing the levels of assurance given and the number of recommendations arising. Reports being considered at this Panel are shown in *italics*. Definitions with regard to the levels of assurance and the classification of recommendations are provided overleaf.

Auditable Area	Scheduled	Start Date	Debrief date	Draft report issued	Response received	Final report issued	Audit Panel	Audit approach	Days	Assurance level given	Number of Recommendations Made				
									Actual (Planned)		F	S	MA	In Total	Agreed
Corporate Governance	Jul 09	10 Aug 09	14 Aug 09	17 Aug 09	14 Sep 09	14 Sep 09	Nov 09	Compliance	7 (7)	Substantial	0	0	3	3	3
Vetting / Disclosure	Sep 09	13 Jul 09	13 Aug 09	14 Aug 09	28 Aug 09	01 Sep 09	Nov 09	Systematic	6 (6)	Adequate	-	2	2	4	4
Partnerships	Sep 09	Sept 09							4 (7)						
Key Financial Controls	Sep 09	7 Sept 09	23 Oct 09	03 Nov 09	17 Nov 09	17 Nov 09	Nov 09	Key Control	8 (8)	Substantial	0	1	1	2	2
Digital Imaging Services Note 1	Sep 09	7 Sept 09	23 Oct 09	06 Nov 09	17 Nov 09	17 Nov 09	Nov 09	Key Control	7 (7)	Adequate	0	5	0	5	5
Payroll and Expenses	Oct 09	12 Oct 09	23 Oct 09	06 Nov 09					7 (7)	Substantial					
Risk Maturity	Oct 09	12 Oct 09							6 (6)						
Counter Fraud Arrangements Thematic Review	Oct 09	3 Nov 09	5 Nov 09	17 Nov 09					7 (7)						
Business Continuity Planning	Nov 09	TBA							1 (10)						
Purchasing and Payments	Dec 09	16 Dec 09							0.5 (7)						
HR Management	Dec 09	TBA							(5)						
Procurement Transformation Project	Dec 09	14 Dec 09							1 (6)						

Auditable Area	Scheduled	Start Date	Debrief date	Draft report issued	Response received	Final report issued	Audit Panel	Audit approach	Days	Assurance level given	Number of Recommendations Made				
									Actual (Planned)		F	S	MA	In Total	Agreed
Corporate and Financial Planning	Jan 10								1 (14)						
Health and Safety	Jan 10								(5)						
Network Security	Jan / Feb 10								0.5 (6)						
Internet and E-mail	Jan / Feb 10								0.5 (6)						
PFI Action Stations	This audit has been deferred.								0	-	-	-	-	-	-
Follow Up	Feb 10								1 (5)						
Audit Management	-	-	-	-	-	-	-	-	11 (15)	N/a					
Pure and Annual Governance Statement (AGS) Group	-	-	-	-	-	-	-	(4)							
Contingency	-	-	-	-	-	-	-	(4)							
Total	-	-	-	-	-	-	-	-	68.5 (142)	-	0	7	5	12	12

Note 1: The Digital Imaging Services audit has been completed using days from the agreed contingency.

Recommendation Categorisation

Our findings and recommendations are categorised as follows:

Fundamental (F): <i>action is imperative to ensure that the objectives for the area under review are met</i>	Significant (S): <i>requires action to avoid exposure to significant risks in achieving the objectives for the area under review.</i>	Merits Attention (MA): <i>action advised to enhance control or improve operational efficiency</i>
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Opinions

Risk Based Internal Audit Assignments

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

	Level	System Adequacy	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: Performance Indicators

Item	Characteristics	Target Dates/Frequency		Met Y/N
Annual Audit Plan and Strategic Plan	Discussions with all interested parties to have been concluded and an agreed plan to Audit & Internal Control Panel	March meeting		
Head of Internal Audit Annual Report	Final or near final draft to PURE and AGS Group	By end of April		
	Final report to the Audit & Internal Control Panel	May meeting		
Review of Terms of Reference	Undertaken by H of IA in consultation with the Chief Executive and Force – report to Audit & Internal Control Panel	May meeting		
Compliance with CIPFA Standards	This report by H of IA and Chief Executive to the Audit & internal control Panel informs the statutory requirement to review the effectiveness of internal audit.	May meeting		
		Target %	Actual %	
Attendance at Audit & Internal Control Panel meetings	By Contract Manager or by Client Manager	100%	100%	
Progress report relating to achievement of the Annual Audit Plan	From H of IA to the Audit & Internal control panel at each of its meetings. This to show actual performance against planned activity, and a forecast of the outturn.	100%		
	% of planned audits actually completed Q1	None	N/a	
	% of planned audits actually completed Q2	100%	75%	Note 1
	% of planned audits actually completed Q3			
	% of planned audits actually completed Q4			
	% of audits completed within planned time Q1	None	N/a	
	% of audits completed within planned time Q2	100%	100%	Yes
	% of audits completed within planned time Q3			

Item	Characteristics	Target Dates/Frequency		Met Y/N
		Target %	Actual %	
	% of audits completed within planned time Q4			
	Average no. of days from audit closing meeting to issue of a draft	10 Days	6.2 Days	
	Number of draft reports issued outside agreed turnaround time		None	
	Average no. of days from receipt of response to draft report to issue	5 Days	1 Day	
	Number of final reports issued outside agreed turnaround time		None	
	Average no. of days from date report finalised to the date it is presentation to the Audit & Internal Control Panel			
Audit input relating to Assurance Services	The proportion of the planned core audit work to be undertaken by qualified / part qualified staff.	61:39		
	The proportion of chargeable days of the contract which relate to contract management (e.g. 15 days) rather than fieldwork (e.g. 100 days).	15 Days		
	Confidence level that the audit plan will be completed by year end.	95%	100%	
Specialist / Advisory Services	Specialist and advisory audits have been completed to or within the agreed days.	95%		
	The full year value of agreed efficiency savings exceeds the cost of the associated audit.	90%		
	The full year value of agreed cashable efficiency savings exceeds the cost of the associated audit.	75%		
Attendance at PURE and AGS Group	By Client Manager about 6 times p.a.	66%		
ToR of individual audits	To be submitted to the Force Executive one month in advance of the audit.	90%	100%	

Item	Characteristics	Target Dates/Frequency		Met Y/N
	Force Executive to sign off within 2 weeks the terms of reference and advise the relevant BCU/SUM.	90%	100%	
Draft report in respect of the individual audit.	Draft report and action plan submitted to the BCU/SUM 2 weeks after the end of the audit by H of IA.	90%	100%	
	In Consultation with the relevant member of the Force Executive the BCU/SUM respond to the draft report within 3 weeks of its issue.	90%	50%	
Final report in respect of the individual audit.	To be submitted to the next Audit & Internal Control Panel after the report is finalised with the Chief Executive and/or the Force.	100%	100%	
Acceptance of recommendations made by H of IA	The percentage of recommendations in draft audit reports accepted by management.	90%	100%	
	The percentage of recommendations in final audit reports accepted by management.	95%	100%	
Satisfaction survey	The % of auditees providing a “very satisfied” assessment of aspects of their individual audit	80%+		
	The % of auditees providing a “satisfied” assessment of aspects of their individual audit	50%+		
List of names, addresses, dates of birth and national insurance numbers of staff	To enable security checks to be carried out, Authority may request individual’s details or details of all staff. RSM BentleyJennison to reply within 10 business days , otherwise the Authority may refuse admission to its premises to any persons for whom details have not been provided.	100%		

Note 1: The Partnership audit was started in September and remains work in progress at the time of writing this report.