

Cleveland Police Authority

Internal Audit Progress Report

Audit Panel Meeting – 03 September 2009

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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 no final reports for 2009/10 to date.

**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 meeting was with the Chief Executive and ACO Finance and Commissioning held 10 July 2009. The next meeting is scheduled for 3<sup>rd</sup> September 2009.
- 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 Following discussions with the Chief Executive and the ACO Finance and Commissioning we have agreed to transfer the 12 days from the planned PFI Action Stations audit to the Procurement Transformation Project (6 days) and the contingency (6 days). Use of the contingency will be discussed with the Force and a further update provided at the next meeting of the Panel.

## 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 approach	Days Actual (Planned)	Assurance level given	Number of Recommendations Made					
										F	S	MA	In Total	Agreed	
Corporate Governance	Jul 09	10 Aug 09	14 Aug 09	17 Aug 09			Compliance	7 (7)							
Partnerships	Sep 09	Initial planning meeting held with Norman Wright 13 July 2009. Planning meeting with ACC White and ACC Pickard 27 August 2009.							1 (7)						
Vetting / Disclosure	Sep 09	13 Jul 09	13 Aug 09	14 Aug 09			Systematic	6 (6)							
Key Financial Controls	Sep 09	7 Sept 09						0.5 (8)							
Payroll and Expenses	Oct 09	12 Oct 09						0.5 (7)							
Risk Maturity	Oct 09	12 Oct 09						0.5 (6)							
Counter Fraud Arrangements Thematic Review	Oct 09							(7)							
Purchasing and Payments	Dec 09							(7)							
HR Management	Dec 09							(5)							
Business Continuity Planning	Nov 09							(10)							
Procurement Transformation Project	Dec 09							(6)							

Auditable Area	Scheduled	Start Date	Debrief date	Draft report issued	Response received	Final report issued	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	TBA							(6)						
Internet and E-mail	TBA							(6)						
PFI Action Stations	See section 6 above.							0						
Follow Up	Feb 10							(5)						
Audit Management	-	-	-	-	-	-	-	4 (15)	N/a	-	-	-	-	
Pure and Annual Governance Statement (AGS) Group	-	-	-	-	-	-	-	(4)						
Contingency	-	-	-	-	-	-	-	(11)						
<b>Total</b>	-	-	-	-	-	-	-	<b>20.5 (142)</b>						

### Recommendation Categorisation

Our findings and recommendations are categorised as follows:

<b>Fundamental (F):</b> <i>action is imperative to ensure that the objectives for the area under review are met</i>	<b>Significant (S):</b> <i>requires action to avoid exposure to significant risks in achieving the objectives for the area under review.</i>	<b>Merits Attention (MA):</b> <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
<b>(positive opinions)</b>	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.
<b>(negative opinion)</b>	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:

<b>(positive opinions)</b>	Good Progress
	Reasonable Progress
<b>(negative opinion)</b>	Little Progress

## Appendix B: Suggested 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			
	% of planned audits actually completed Q3			
	% of planned audits actually completed Q4			
	% of audits completed within planned time Q1	None	N/a	

Item	Characteristics	Target	Dates/Frequency	Met Y/N
	% of audits completed within planned time Q2			
	% of audits completed within planned time Q3			
	% of audits completed within planned time Q4			
	Average no. of days from audit closing meeting to issue of a draft			
	Number of draft reports issued outside agreed turnaround time			
	Average no. of days from receipt of response to draft report to issue			
	Number of final reports issued outside agreed turnaround time			
	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%		
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.	<b>90%</b>		

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%		
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%		
	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%		
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%		
Acceptance of recommendations made by H of IA	The percentage of recommendations in draft audit reports accepted by management.	90%		
	The percentage of recommendations in final audit reports accepted by management.	95%		
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	<p>To enable security checks to be carried out, Authority may request individual’s details or details of all staff.</p> <p>RSM Bentley Jennison to reply within <b>10 business days</b>, otherwise the Authority may refuse admission to its premises to any persons for whom details have not been provided.</p>	100%		