

Leicestershire Police Authority

Internal Audit Progress Report

Audit Committee Meeting – 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	2
6	Confirmation of Reporting process	2
7	Changes to our Plan	2
Appendix A	Periodic Plan 2009/10	4
Appendix B	Progress Summary	6
Appendix C	Our New Internal Audit Methodology	8

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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 Committee on 15th April 2009. This report summarises the outcome of work completed against the 2009/10 plan since the last Committee meeting, and Appendix A provides cumulative data in support of internal audit performance.

2. Final Reports Issued

- 2.1 We have finalised eight reports since our last report; these were in the areas of:
- Follow Up;
 - Overtime;
 - Business and Strategic Planning;
 - Police Pensions Injury Award;
 - General Ledger;
 - Asset Management;
 - Income and Debtors; and
 - Payments and Creditors.

3. Key Findings from Internal Audit Work

- 3.1 We have found no issues in our work to date that will effect our annual opinion

Work in Progress or Planned

- 3.2 There are currently two reports at draft stage, these are in the areas of:
- Payroll Provider Processing; and
 - Cash, Banking and Treasury Management.
- 3.3 The following reviews are currently at the fieldwork stage, these relates to the following areas:
- Workforce Planning; and
 - Governance of Health and Safety.

4. Liaison with Management and External Audit

- 4.1 On going liaison is continuing with your external auditors to ensure our work can be relied upon and there is no duplication of work. Regular liaison meetings are held with the Police Authority.

5. Confirmation of Reporting process

- 5.1 At the end of the fieldwork we undertake a debrief meeting with the key contact for the review. Following this debrief meeting, the findings and report go through the quality assurance process with the Client Manager and Partner. Once the report has been approved this is issued to the Treasurer of the Authority and the Director of Finance of the Force. Following receipt of the formal responses from the organisation we will either finalise the report directly or discuss this further if required before finalising. Where responses are not received we will chase these with our key contacts, these being the Treasurer and the Director of Finance to ensure that these can be promptly finalised and reported to the Audit Committee.

6. Changes to our Plan

Since the last Committee meeting the Transport review has been removed from the audit plan at the request of management as this was no longer required. The replacement of this time is currently in discussion with management.

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 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
Business Continuity planning	08/12.09							(5)						
Information Systems	09/11/09							1 (12)						
Transport	Audit removed from plan							(6)						
Performance Management	10/11/09							(6)						
Governance	Dec 09							(5)						
Risk Maturity	Dec 09							(5)						
Budgetary Control	27/10/09							(5)						
<i>General Ledger</i>	<i>28/09/09</i>	<i>02/10/09</i>	<i>12/10/09</i>	<i>23/10/09</i>	<i>23/10/09</i>	<i>November 2009</i>	<i>Key Controls</i>	<i>4 (4)</i>	<i>Substantial</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Debtors</i>	<i>24/09/09</i>	<i>02/10/09</i>	<i>12/10/09</i>	<i>23/10/09</i>	<i>23/10/09</i>	<i>November 2009</i>	<i>Key Controls</i>	<i>5 (5)</i>	<i>Substantial</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>1</i>
Cash and Banking	28/09/09	02/10/09						5 (5)						
<i>Fixed Assets</i>	<i>01/10/09</i>	<i>02/10/09</i>	<i>12/10/09</i>	<i>23/10/09</i>	<i>23/10/09</i>	<i>November 2009</i>	<i>Key Controls</i>	<i>4 (4)</i>	<i>Substantial</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>2</i>
Payroll	19/11/09							(9)						
<i>Creditor Payments</i>	<i>21/09/09</i>	<i>02/10/09</i>	<i>15/10/09</i>	<i>23/10/09</i>	<i>23/10/09</i>	<i>November 2009</i>	<i>Key Controls</i>	<i>5 (5)</i>	<i>Adequate</i>	<i>0</i>	<i>1</i>	<i>3</i>	<i>4</i>	<i>4</i>
<i>Business & Strategic Planning</i>	<i>25/06/09</i>	<i>13/07/09</i>	<i>31/07/09</i>	<i>24/8/09</i>	<i>24/8/09</i>	<i>November 2009</i>	<i>Systematic</i>	<i>5 (5)</i>	<i>Substantial</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>2</i>
<i>Overtime</i>	<i>26/05/09</i>	<i>29/05/09</i>	<i>25/06/09</i>	<i>29/07/09</i>	<i>29/07/09</i>	<i>November 2009</i>	<i>Systematic</i>	<i>5 (5)</i>	<i>Substantial</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>2</i>
Police Pensions Injury Awards	21/09/09	23/09/09	28/09/09	23/10/09	23/10/09			5 (5)						
Workforce Planning Thematic Review	04/08/09	27/10/09						9.5 (10)						
Health & Safety Governance	12/10/09							4(5)						

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
Thematic Review														
<i>Follow Up</i>	<i>June 09</i>	<i>June 09</i>	<i>23/06/09</i>	<i>06/07/09</i>	<i>06/07/09 & 07/07/09</i>	<i>November 2009</i>	<i>Follow Up</i>	<i>2 (4)</i>	<i>Good Progress</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>2</i>
Payroll Provider Review	19/11/09	29/07/09	14/08/09					4 (4)						
Contingency Grant Verification	-	-	25/06/09	-	-	-	-	1 (1)						
Audit Management								9 (15)						
TOTAL								68.5 (130)		0	3	11	14	14

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 C – OPERATIONAL PLAN – 2007/08 TO 2009/10

AUDITS	DATE LAST AUDITED	ACTUAL DAYS 2007/08	ACTUAL DAYS 2008/09	PLANNED DAYS 2009/10	ACTUAL DAYS 2009/10	AUDIT COMMITTEE PRESENTATION DATE
Change Management	July 2007	6	N/A	N/A		17 September 2007
Risk Management	January 2009	5	5	5		15 April 2009
Governance	June 2008	5	5	5		8 November 2007 & 28 August 2008
Business Continuity Planning (Non-IT)	April 2008	6	N/A	5		10 June 2008
Collaborative Working (EMSOU)	December 2007	5	N/A	N/A		17 April 2008
Physical and Environmental Security (IT)	November 2007	5	N/A	N/A		21 February 2008
Crime Application review	February 2008	5	N/A	N/A		17 April 2008
HR - Establishment	July 2007	5	N/A	N/A		8 November 2007
HR – Recruitment	June 2008	N/A	4	N/A		28 August 2008
HR – Absence Management	December 2007	5	N/A	N/A		10 June 2008
HR – Training	April 2009	N/A	5	N/A		2 July 2009
Budget Setting and Control	October 2008	7	7	5		3 February 2009
Follow Up	April 2008	3	4	4	2	28 August 2008
Payroll, Expenses and Pensions (separate report for Expenses in 2007/08)	April 2009	11	11	9		02 July 2009
Creditors	October 2008	6	6	5	5	3 February 2009
Debtors	October 2008	6	6	5	5	3 February 2009
General Ledger	October 2008	4	4	4	4	3 February 2009
Fixed Assets	October 2008	4	4	4	4	3 February 2009
Cash and Banking	October 2008	6	4	5	5	3 February 2009
Divisional Reviews	March 2009	15	12	N/A		02 July 2009
Estates Management	July 2007	6	N/A	N/A		8 November 2007
Management Information (MOPI)	August 2007	6	N/A	N/A		8 November 2007
Strategic/Business Planning	August 2007	6	N/A	5	5	21 February 2008
Covert Human Intelligence Payments	July 2008	N/A	4	N/A		28 August 2008
Health & Safety	October	N/A	5	6 – Health	4	13 November

AUDITS	DATE LAST AUDITED	ACTUAL DAYS 2007/08	ACTUAL DAYS 2008/09	PLANNED DAYS 2009/10	ACTUAL DAYS 2009/10	AUDIT COMMITTEE PRESENTATION DATE
	2008			and Safety 5 – Thematic		2008
Police Property Fund	March 2009	N/A	5	N/A		02 July 2009
IT Audit	April 2009	N/A	15	12	1	02 July 2009
Performance Management	N/A	N/A	N/A	6		
Overtime	N/A	N/A	N/A	5	5	
Police Pension Injury Ward	N/A	N/A	N/A	5	5	
Workforce Planning	N/A	N/A	N/A	10	9.5	
Grant Verification	-	1	1	1	1	N/A
Audit Management	-	18	16	15	9	N/A
Contingency	-	5		4	4	N/A
TOTALS		151		130	68.5	

Appendix D -

Client Briefing

Our new Internal Audit Methodology



Introduction

As one of the country's leading providers of internal audit services, we are proud to launch our new internal audit methodology. Named **i-RIS**, our new methodology has been designed to build on our existing approach to risk based internal audit to add further value to the internal audit services we provide.

The enhanced methodology

Our new methodology has two major enhancements which have been designed to make our internal audit reviews more focused and therefore a more integral part of your risk management and assurance cycle:

- Our planning for each assignment will now be linked to just one of your organisational objectives and an associated risk. As part of our planning we will be looking at how the organisation monitors achievement of that objective, and current performance against that objective. This will help us identify any potential issues before the audit commences, and the audit approach used for each assignment will be tailored accordingly.
- The opinion from each risk based internal audit assignment will be linked back directly to the risk around which the audit has been planned. This will allow you to map the assurance and key findings from the review straight back to your risks as part of your risk management arrangements. This will help audit committees determine how assurances received from internal audit inform the audit committee's perception of the organisation's risk profile.

Meeting Professional Standards

RSM Bentley Jennison's current Risk Based Internal Audit Methodology has been in place since 2003. Various changes have been made since 2003, but this is our first major overhaul since then. As ever, our technical team has taken care when researching and developing the new methodology to ensure that our internal audit services and methodology continue to meet all relevant professional standards for internal audit.

What you can expect

Many of our clients have already received an internal audit strategy and audit plan for 2008/09 in a new form, and from this you will see that risk based audits are mapped to your organisational risks.

Our assignment planning sheets, issued for each audit review, have been revised; initial feedback from clients has been extremely positive.

The audit reports that we issue will be changing; in particular the executive summary has been revisited to ensure that the information contained therein is useful and relevant for senior management and the audit committee. Our assurance opinions will be more focused, bucking the trend of other outsourced internal audit providers who fall shy of providing a clear opinion to their clients.

Risk Maturity

We have built a risk maturity thematic review into our audit plans for 2008/09. The purpose of the risk maturity thematic review is:

- To understand where the organisation believes it currently is regarding risk maturity;
- To understand where the organisation wants to be regarding risk maturity;
- To provide the organisation with feedback regarding its risk maturity; and lastly
- To provide all of our clients with a report on best practice on risk management across the sectors in which we work.

The results of your risk maturity review will inform our audit planning for next year.

A separate and more detailed briefing on risk maturity will be issued shortly.

Implementing the i-RIS Methodology

We are confident that our clients will find that our new methodology helps us to deliver an enhanced internal audit service. We would be happy to hear any feedback that you have regarding the changes we have made.

We are also happy to present to the audit committee to explain our new methodology and how it will impact on the work of the audit committee and the assurances that it receives from your internal auditors, RSM Bentley Jennison.