

RSM Tenon

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LEICESTERSHIRE POLICE AUTHORITY

Internal Audit Progress Report

Audit Committee Meeting: June 2010

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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 Committee on 18 March 2010. This report summarises the outcome of work completed to date against that plan. Appendices B and C provide cumulative data in support of internal audit performance.

2. FINAL REPORTS ISSUED

- 2.1 We have finalised two reports since the last Committee meeting; these are in the areas of:

- Estates Procurement (1.10/11); and
- Business and Strategic Planning (2.10/11).

- 2.2 Appendix A summarises our opinions and the number of recommendations made during the year to date.

3. KEY FINDINGS FROM INTERNAL AUDIT WORK

- 3.1 The Audit Committee should note that the assurances given in our audit assignments will be taken into account when we form our overall opinion on the assurance that we can provide in our Annual Report at the end of the year. In particular the Audit Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion.

- 3.2 No common weaknesses have been identified within our reports so far for 2010/11.

4. WORK IN PROGRESS OR PLANNED

- 4.1 The following reviews are currently at the fieldwork stage:

- Follow Up;
- Procurement; and
- Payroll Provider.

5. LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT

- 5.1 Since the last Audit Committee we have had informal discussions with management on the scope of upcoming work. In addition we are due to have a meeting to discuss the scope of the allocation of the plan titles as 'Value for Money'.

6. CHANGES TO OUR PLAN

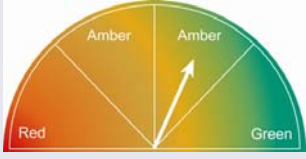
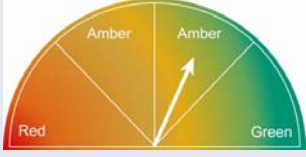
- 6.1 Since the last audit plan we have added the Payroll Provider review to the audit plan. In addition, we have allocated some days of the Value for Money review to the Estates Procurement audit.

7. CLIENT BRIEFINGS

- 7.1 There have been two relevant client briefings issued since the last Audit Committee. These are included at Appendix D.

APPENDIX A: SUMMARY OF ASSURANCE LEVELS AND RECOMMENDATIONS

Reports being considered at this Committee are shown in italics.

Auditable Area	Assurance level given	Number of Recommendations Made				
		High	Medium	Low	In Total	Agreed
<i>VFM - Estates Procurement (1.10/11)</i>		1	0	1	2	2
<i>Business and Strategic Planning (2.10/11)</i>		0	2	3	5	5
Totals to date:		1	2	4	7	7

APPENDIX B: 2010/11 WORK COMPLETED TO DATE

Reports being considered at this Committee are shown in italics.

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee
<i>VFM - Estates Procurement (1.10/11)</i>	<i>02/04/10</i>	<i>28/04/10</i>	<i>05/05/10 26/05/10</i>	<i>27/05/10</i>	<i>27/05/10</i>	<i>June 2010</i>
<i>Business and Strategic Planning (2.10/11)</i>	<i>28/04/10</i>	<i>6/05/10</i>	<i>28/05/10</i>	<i>10/06/10</i>	<i>10/06/10</i>	<i>June 2010</i>

APPENDIX C: WORK IN PROGRESS OR YET TO START (INCLUDING REPORTS STILL IN DRAFT)

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Audit Committee
Follow Up	17/05/10	19/05/10			
Payroll Provider	01/06/10	01/06/10			
Procurement	01/06/10	08/06/10			
Management Information	16/08/10				
Capital Projects	06/09/10				
Information Systems Assurance Audits	Q2				
Use of Mobile Data	Q2				
General Ledger	Q3				
Payroll (incl Pensions and Expenses)	Q3				
Key Financial Controls	Q3				
Proactive Fraud / Counter Fraud	Q3				
Performance Management	Q4				
Risk Maturity	Q4				
Governance	Q4				
Value for Money / Efficiency Work	TBC				
Review of East Midlands Collaboration Team	TBC				
Audit Management	Ongoing				

APPENDIX D: CLIENT BRIEFINGS

Amendment to the Data Protection Act

May 2010

Client Briefing - Gen 04.10

INTRODUCTION

The Information Commissioner's Office (the Commissioner) is the body responsible for serving monetary penalty notices requiring organisations to pay a fine in cases where there has been a serious breach of the Data Protection Act. From 6 April 2010 the Commissioner can issue a penalty notice of up to £500,000 to deal with serious contraventions of the data protection principles.

The power to impose a monetary penalty notice is part of the Commissioner's overall regulatory regime which includes the power to serve an enforcement notice under section 40 of the Data Protection Act (the Act) and the power to carry out an Assessment. It will be used as both a sanction and a deterrent against non-compliance with the statutory requirements.

The Commissioner may still serve an enforcement notice in relation to the same contravention if he is satisfied that positive steps need to be taken by a data controller for compliance with the data protection principle(s) in question to be achieved.

The Commissioner's underlying objective in imposing a monetary penalty notice is to promote compliance with the Act. The possibility of a monetary penalty notice should act as an encouragement towards compliance, or at least as a deterrent against non-compliance, on the part of all data controllers.

ROLE OF THE INFORMATION COMMISSIONER'S OFFICE AND KEY PRINCIPLES OF THE DATA PROTECTION ACT

In relation to the Data Protection Act, the Commissioner is responsible for:

- Promoting good practice in handling personal data, and giving advice and guidance on data protection;
- Taking action to enforce compliance with the Act where appropriate; and
- Bringing about prosecutions for offences committed under the Act.

In relation to the handling of information, the Act states that anyone who processes personal information must comply with a number of principles to ensure that personal information is:

- Fairly and lawfully processed;
- Obtained and processed only for one or more specified and lawful purposes;
- Adequate, relevant and not excessive;
- Accurate and, where necessary, kept up to date;
- Not kept for longer than is necessary;
- Processed in accordance with the rights of data subjects under the Act;

-
- Secure against unauthorised or unlawful processing and against accidental loss, destruction or damage; and
 - Not transferred to a country or territory outside the European Economic Area unless that country or territory ensures an adequate level of protection in relation to the processing of personal data.

FINANCIAL PENALTIES

The Commissioner has published the document entitled the *Data Protection Act 1998, Information Commissioner's guidance about the issue of monetary penalties prepared and issued under section 55C (1) of the Data Protection Act 1998*. This statutory guidance sets out how the Commissioner will exercise its new power to issue fines of up to £500,000. It also provides information on how the Commissioner will determine whether a monetary penalty is appropriate and the factors that will contribute to determining how much any potential monetary penalty may be.

The guidance states that the Commissioner may impose a monetary penalty notice if:

- A data controller has seriously contravened the data protection principles and the contravention was of a kind likely to cause substantial damage or substantial distress.
- In addition, the contravention must either:
 - Have been deliberate; or
 - The data controller knew or should have known that there was a risk that a contravention would occur and failed to take reasonable steps to prevent it.

Factors determining the penalty amount will include an organisation's size, financial resources, and the severity of the data breach.

Prior to issuing any monetary penalty the Commissioner will undertake a full investigation; the initial drivers for any investigation include:

- Issues of general public concern (including those raised in the media);
- Concerns that arise because of the novel or intrusive nature of particular activities;
- Concerns raised with the Commissioner via formal complaints it has received; and
- Concerns that become apparent through the Commissioner's other activities.

Once the Commissioner has decided to impose a monetary penalty, it must then decide the appropriate amount. The Commissioner will take the circumstances of each individual case into account. The Commissioner will, however, consider the nature of the data breach, its effect on individuals and the impact it has had on the organisation charged with committing the offence.

Appeals on notices are heard by the First-tier Tribunal (Information Rights), an independent body set up to hear cases concerning enforcement notices or decision notices issued by the Commissioner.

FURTHER INFORMATION

For further information and advice on Data Protection issues please contact:

Terry Day, Associate Director, Information Systems Assurance:

Tel: +44 (0) 7788 150913

Email: terry.day@rsmtenon.com

Changes to Internal Audit Recommendations and Opinions

29 April 2010

Client Briefing - Gen 03.10

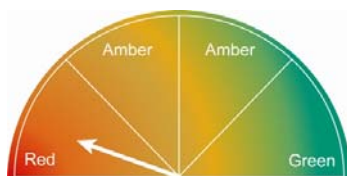
INTRODUCTION

As one of the country's largest providers of internal audit and risk management services, we are proud to launch the changes to the way that we will report our internal audit opinions and recommendations. The changes will be introduced for the 2010/11 internal audit plan.

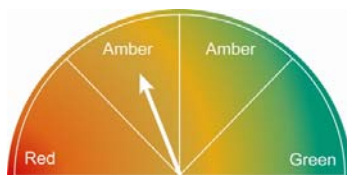
CHANGES WE ARE MAKING TO OUR OPINIONS

New assurance opinions have been introduced to clarify the meaning of our opinions. The meaning of the term "adequate" has changed over time when applied in an audit or scrutiny context and we recognise that in many sectors "adequate" is now considered to reflect "meeting only minimum standards".

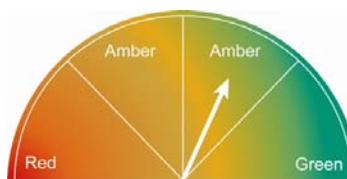
Our opinion will be graphically represented as a speedometer (see below). We have provided guidelines for each segment of the speedometer to provide the Audit Committee (or equivalent) with some context behind each of the ratings.



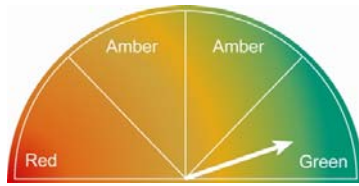
Taking account of the issues identified, the Authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.



Taking account of the issues identified, whilst the Authority can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.



Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.



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

The Amber assurance level is split into two so that we are able to give you a clear indication of whether we consider the assurance to be “above or below the line”. We hope this will help draw attention to those reports where we are highlighting that although not a negative opinion, the organisation does need to take action to ensure the risk is managed. Similarly the above the line amber opinion reflects that although a positive opinion, there is still room for improvement.

Our assurance will continue to reflect an opinion on the controls in place to manage a risk and advises how much assurance the Board or Authority can take on how that risk is managed. During the year our progress reports to Audit Committee will reflect the opinions given and build up a picture of our findings so that there will be no surprises in our year end annual opinion.

In giving our opinions, it should be noted that assurance can never be absolute and, therefore the most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and internal control.

CHANGES WE ARE MAKING TO OUR RECOMMENDATIONS

For recommendations, we are moving from fundamental, significant and merits attention to high, medium and low priority recommendations. We are also introducing a “suggestion” category to highlight ideas we have seen elsewhere that you may wish to consider. Unlike the prioritised recommendations, the suggestion category will have no bearing on the overall assurance opinion.

New recommendations	
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.

IMPLEMENTING THE CHANGES

We are confident that our clients will find that our changes to internal audit recommendations and opinions beneficial. We are also happy to present to Audit Committees or management teams to explain the changes and the assurances from your internal auditors, RSM Tenon.