

Corporate Governance Committee

11 June 2008

Open for the Purposes of FOI

Report of the Chief Executive

Effectiveness of Internal Audit

Recommended

- (i) that the Head of Internal Audit reviews the way in which feedback is obtained from service recipients so that information is obtained in a timely and consistent manner regardless of who undertakes the audit**
- (ii) that the Corporate Governance Committee reviews its' requirements as to the contents of internal audit reports to ensure that the Committee's needs are met**
- (iii) That the Committee considers whether or not the internal audit service is effective**

Introduction

1. The Authority is required to undertake an annual review of the effectiveness of internal audit in accordance with the Accounts and Audit Regulations.
2. The 2007/08 review comprised a number of parts:
 - A survey of service recipients
 - Feedback from audit reviews undertaken by Devon Audit Services
 - An assessment from the Treasurer – attached as Appendix 1

Background Information

The Internal Audit Function

3. The role of internal audit includes:
 - Improving the standards of internal control
 - Contribution to risk management
 - Advice to individuals or teams developing new systems
 - Advice of reports to the Corporate Governance Committee
 - Investigations
 - Advice to the Treasurer and the Director of Finance
4. Internal audit is provided by Devon audit Services and auditors from Cornwall County Council under the direction and guidance of the Head of Internal Audit who is employed directly by the Police Authority.
5. The Corporate Governance Committee has approved (meeting 4 March 2008, Minute CG/142 refers) an Internal Audit Strategy which provides the overarching framework for internal audit.
6. Audit reviews are undertaken throughout the year on topics detailed in the annual internal audit plan which is approved by the Corporate Governance Committee. The Committee receive regular progress reports on the work listed in the annual plan.

Survey of Service Recipients

7. A questionnaire was sent to 19 people who had been users of the internal audit function during 2007/08. Service users were asked to rate the current service arrangements in accordance with the following scale:
 - Not Applicable
 - Very satisfied
 - Satisfied

Neither Satisfied nor dissatisfied
Dissatisfied
Very dissatisfied

In addition to rating the service there was an opportunity for respondents to make general comments.

8. Completed responses were received from 11 people. A summary of all the responses is given at Appendix 2 (excluding the comments which are given in 10 below)
9. Respondents indicated that for they rated their overall level of satisfaction with the internal audit service as either very satisfied (7) or satisfied (4) In response to all the other questions no one was dissatisfied or very dissatisfied with the service or the approach of the auditors.
10. The comments were as follows:
 - some audits sprung on you at short notice, always seem to be at the busiest times of the year
 - the auditors are very approachable, very constructive. They are always available to give advice. I often telephone the auditors for advice on specific areas of policy and practice and have found them very helpful and informative
 - I have found the auditors very helpful and reassuring. It is also a two way system – I often find the audit staff contact me for input on certain areas they are specifically looking at.
 - Audit are represented at many of the meetings I attend and have input into many of the projects and working groups I am involved in. This is my main involvement with audit and I find them very helpful and constructive – often playing a key role in constructing policy and procedure.
 - My only other comment would be as to the overall remit of the Internal Audit Manager as sometimes it is unclear as to the level of responsibility and functions that are performed by the post.
 - The amount of time available to the team will always be an issue but there is now a far greater willingness to audit issues that have been identified by the BCU as areas requiring investigation rather than a strict adherence to an inflexible schedule.
 - HoA & staff all very approachable & helpful & willing to take time out to discuss concerns with BCU staff
 - [with reference to the planning stage of the audit process] This has greatly improved over the years; there is extensive consultation around the locations to be visited, new issues that represent possible risks to the Force, Governance and Compliance issues that require auditing & what both parties can achieve from the visits.
 - There is real 2 way dialogue in respect of discussing the findings of the report & the suggestions in respect of corrective action that will help in mitigating the risks to the Force
11. The questionnaire asked respondent to list positive or negative outcomes that were a result of audit work; No respondent listed any negative outcomes; 3 respondents between them listed 9 improvements

Feedback on Audit Work Undertaken by Devon Audit Services

12. Devon Audit Service undertake a Customer Satisfaction Survey for all audits they undertake. During the period covered by this report three completed surveys were received – Business Continuity Planning, Budgetary Control and Learning and Development. All respondents rated the services as adequate or better and the majority of responses indicated that service users were very satisfied with the audit work.

Feedback on Audit Work Undertaken by Cornwall County Council Auditors

13. No feedback from service users was available for the audit work undertaken specifically by Cornwall County Council auditors.

An Assessment from the Treasurer

- 14. The Treasurer's assessment of Internal Audit is reproduced at Appendix 1.
- 15. The Treasurer states "Overall I believe internal audit has delivered relevant, timely and useful advice and has been a great help in providing support to the Force and reassurance to the Treasurer and to Members"
- 16. The Treasurer does highlight three specific issues which require attention regarding the current internal audit service – resilience, possible isolation and possible failure to comply fully with national administrative standards.

Corporate Governance Committee

- 17. The Corporate Governance Committee receives progress reports from the Head of Internal Audit and also final reports on audits undertaken. The Committee have not recently considered whether the content of the audit reports and the exception reporting principle still enable them to make suitably informed decisions.

Audit Commission Report

- 18. The Audit Commission have undertaken a review of the Internal Audit function. At the time of preparing this report the Audit Commission review has not been received in its final form. This review will therefore form part of the authority's 2008 / 09 review of the effectiveness of internal audit.

Recommendations From The 2006/07 Review Of The Effectiveness Of Internal Audit

- 19. The recommendation from the 06/07 review (considered by the Corporate Governance Committee on 5 June 2007 minute CG/93 refers) was
RESOLVED that the internal Audit services review the way in which results of audits are provided to service recipients so as to improve the timelines of feedback.
- 20. During 2007/08, every effort has been made to turn draft reports around within 10 working days of the end of the audit fieldwork. I aim to give the auditee the opportunity to read a pre-draft report to check for factual accuracy and clarity and this may take a couple of days. Sometimes, it is not possible to make the deadline where the draft is dependent on additional information required from the Force. Similarly, finalisation of audit reports is totally dependent on the audit client preparing formal responses to the recommendations in the draft. With just a few exceptions, timeliness has improved both in the issue of draft reports and turnaround time by the auditee.

Committee's View on the effectiveness of Internal Audit

- 21. Taking into account the information, gathered from various sources, as outlined in this report and the appendices, the Committee is asked to consider its view of the effectiveness of internal audit and make a resolution recording that view. For the sake of consistency with the service user satisfaction surveys members may like to rate their view using the scale of
 - Not Applicable
 - Very satisfied
 - Satisfied
 - Neither Satisfied nor dissatisfied
 - Dissatisfied
 - Very dissatisfied

Contact for further information:

Joy Norris, Assistant Chief Executive, email: joy.norris@devonandcornwall.pnn.police.uk