

**Corporate Governance Committee**

**11 June 2008**

Open for the purposes of Freedom of Information

Report of the Treasurer

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**Assessment of Internal Audit 2007/08**

**Recommendation: That members consider this report in their assessment of internal audit**

1. The Treasurer's post has a dual relationship with internal audit being both a customer and responsible for provision. This gives a unique opportunity to comment on assessing internal audit from close up but also runs the risk of bias. Members will need to bear both these aspects in mind when considering this assessment.
2. Audit was provided by a large organisation. This gave benefits of experience, skill mix, resilience and all the bureaucratic factors in compliance with standards. The downside was lack of flexibility, lack of continuity and not always being the top priority. Now audit is primarily provided internally with additional bought in support from Devon and Cornwall counties.
3. Any assessment of the current audit must involve an element of subjectivity but that subjectivity is based on 35 years experience in the business including 26 years in senior management and running internal audit in two principal authorities before this one. I believe the current internal audit service is highly beneficial to the authority. The individual recruited is dedicated, hard working and has excellent personal and professional skills. An audit strategy is in place. Audit plans are risk based and focus on the key areas for the organisation after consultation with key stakeholders. Plans are monitored and the record on delivery is good. I am particularly grateful for the work on covert operations which was conducted with great sensitivity and has involved a significant pay back, on key financial systems and the leading role taken with the chairman on green issues. Relations with Professional Standards have improved considerably and a formal protocol is in place and is working. Continuous audit of key financials is a great step forward as is the use of timely notes, warnings and reassurances to cut through the formal reporting mechanism which can be time consuming. In addition, flexibility has increased giving the opportunity to respond to developing need such as on the staff handbook. 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.
3. Having an in-house resource also has its downsides. These are resilience, possible isolation and not having enough bodies to comply fully with national administrative standards. Of these, resilience is the greatest concern. As with much of the Police Authority activity, we have little cover. We have managed well so far but I will need to discuss these issues further with external audit colleagues, other providers and with Treasurers nationally and within the region with a view to some kind of recovery plan in case of catastrophe.
4. Isolation is being overcome with national and regional work and I am particularly pleased with the lead taken by the individual in liaising on regional collaboration. It is accepted that we do have a problem with compliance with some national standards such as senior officer review and audit

manuals and I am currently in discussion with external audit as to how we can improve compliance where this is really important and not some bureaucratic nicety.

5. In conclusion, I believe the current arrangements are working well in providing reassurance to members and to the Treasurer. Much of this is due to the qualities of the individual and we are very lucky to have such a practitioner. There are weaknesses largely due to only having one employee and we will do what we can to ameliorate these in partnership with external audit and others.

John Glasby