

To: Scrutiny and Audit Committee

From: Treasurer

Date: 9th December 2009

2009/10 INTERNAL AUDIT PLAN – PROGRESS UPDATE

1. Purpose

- 1.1 To provide the Committee with RSM Bentley Jennison's progress report on the delivery of the 2009/10 Operational Audit Plan.
- 1.2 The progress report will be presented by Mr Chris Harris, Head of Internal Audit.

2. Background

- 2.1 The Committee approved the Plan in February 2009 and RSMBJ is contracted to deliver 180 audit days in 2009/10. This is 10% fewer days than in the previous year, based on the fact that assurance levels have been continuing to improve. In 2010/11 a further 10% reduction will be achieved.
- 2.2 The Progress Report sets out:-
 - The audits completed so far, including the assurance levels, and where similar audits were completed in the prior year, the direction of travel,
 - The number and level of recommendations made
 - Details of work in progress and planned, and
 - Details of the Fundamental and Significant recommendations made in the final audit reports.

3. Points to Note

- 3.1 The Audit Plan included a review of Counter Fraud Arrangements (see page 5). The final (and positive) report was published in September 2009. The first page of the executive Summary is reproduced below.
- 3.2 The Committee is reminded that every audit recommendation is recorded on an Action Plan and these Plans are presented to the Committee twice a year. Recommendations made are also routinely followed up at the next audit.

1 Executive summary

1.1 Introduction

In an economic downturn, research suggests that fraud is likely to increase and organisations need to ensure they are robust against such a risk. With available budgets under pressure, attention needs to be focused on protecting finances and assets, as every pound lost to fraud is, at the very least, a pound not spent on achieving the organisation’s aims and objectives. Any investigation, whether it is disciplinary, civil, criminal or regulatory, has to be tackled in a way that is the most efficient and cost-effective for the organisation. However, experience has shown, rather than focusing on tackling the problem after it has occurred, effort should be focused on the deterrence and prevention of fraud.

Clearly, any strategy to assist in reducing losses to fraud is based on an understanding of what the true nature and scale of the risks are for the organisation. Underpinning the strategy are key messages which need to be cascaded to the team and the creation and roll out of an anti-fraud culture.

The first CIPFA Red Book, *Managing the Risk of Fraud – Actions to Counter Fraud and Corruption*, described what action is needed for an organisation to be effective in countering fraud and corruption. The updated version, Red Book 2 (published October 2008) expands on that original guidance. This review compares the arrangements within the Authority and Constabulary against the good practice set out in the CIPFA guidance. To assist us in undertaking the assessment we split the actions into seven areas, and have assessed the arrangements in place at the Cambridgeshire Police Authority and Constabulary for each of those areas.

During the previous nine months, RSM Bentley Jennison has been involved in assisting the Authority with the revision of a number of anti fraud related policies and procedures to assist in meeting recognised good practice.

1.2 Conclusion

On the basis of the work we have undertaken to compare the Cambridgeshire Police Authority’s arrangements with the good practice set out in the CIPFA Guidance, *Managing the Risk of Fraud*. We have concluded that the Authority and Constabulary have appropriate high level executive support, appropriate policies and procedures and actively seek to deter and prevent fraud and promote the honesty and integrity that is expected throughout the Police service.

We have split our findings over seven areas of counter fraud arrangements, using a Red / Amber / Green rating system to conclude on each area:

ELEMENT OF COUNTER FRAUD ARRANGEMENTS:	TAKING A STRATEGIC APPROACH	INSTILLING AN ANTI-FRAUD CULTURE	PREVENTING FRAUD AND CORRUPTION	DETERRING FRAUD AND CORRUPTION	DETECTING FRAUD AND CORRUPTION	INVESTIGATION	SANCTION AND REDRESS
OUR ASSESSMENT OF YOUR ARRANGEMENTS	RED 	RED 	RED 	RED 	RED 	RED 	RED
	AMBER 	AMBER 	AMBER 	AMBER 	AMBER 	AMBER 	AMBER
	GREEN 	GREEN 	GREEN 	GREEN 	GREEN 	GREEN 	GREEN

The key recommendations from this review are:

- The Authority must satisfy itself that there is a suitable level of awareness of fraud and corruption reporting lines within the culture of both the Authority and Constabulary. It is recommended that an employee survey is issued to measure, not only the awareness, but also the confidence of officers and staff in reporting fraud and corruption.
- That fraud is included on the Risk Register. The inclusion of fraud on the Risk Register will allow for risks to be minimised in areas of considered systemic weakness.

4. Recommendation

4.1 The Committee is recommended to note the Head of Internal Audit’s progress report.

BIBLIOGRAPHY

Source Document (s)	Contact Officer	Location
Internal Audit Plans/Reports	John Hummersone Treasurer T. (01638) 667090 E. john@hummersoneconsulting.co.uk	Police Authority Executive Office Hinchingsbrooke Park Huntingdon Cambs PE29 6NP.
<p>Originating Officer John Hummersone, Treasurer</p> <p>Is it considered that this report contains ‘exempt information’ and should be considered in private? NO</p> <p>If the answer is “YES”, please state the nature of the exempt information and the relevant clause(s) Part 1 of Revised Schedule 12A to the Local Government Act 1972</p> <p>.....</p> <p>The attached report has been cleared with the undermentioned officers: (delete as appropriate)</p> <p>Chief Executive/Chief Constable/Treasurer</p> <p>Others</p> <p>Submitted on24/11/2009.....</p> <p>A report will not be sent to the Authority unless this box has been satisfactorily completed and all necessary consultation carried out - the responsibility for which rests with the originator (except for consultation with the Chairman and this will be undertaken by the Chief Executive).</p>		