



Performance and Resource Management Sub (Police) Committee

Date: FRIDAY, 15 NOVEMBER 2013
Time: 11.30 am
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

9. **AUDIT FRAMEWORK INSPECTION REPORT**
To receive a report of the Chamberlain.

Item received too late for circulation in conjunction with the Agenda.

Enquiries: Xanthe Couture
tel.no.: 020 7332 3113
xanthe.couture@cityoflondon.gov.uk

John Barradell
Town Clerk and Chief Executive

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Agenda Item 9

Committee:	Date:
Performance and Resources Sub (Police) Committee	15 th November 2013
Subject: Internal Audit Report: Audit and Inspection Framework	Public
Report of: Chamberlain	For Information

Summary

At the May 2013 meeting of your sub-committee a detailed outline of the audit and inspection framework was requested to ensure that review coverage provided by Her Majesty's Inspectorate of Constabularies (HMIC) is not being duplicated by the planned audit work programmed by Internal Audit.

A detailed assurance mapping exercise is currently being undertaken by Internal Audit. The purpose of this exercise is to identify the management activity, third party and external organisation functions, and the planned work of the Internal Audit Section which provide assurance that the Force is adequately scrutinised. The areas that are included in this mapping process are: Critical Systems; Operational Due Diligence; Strategic Risks; Emerging Issues; and Key Transformation and Programmes and Projects. It is intended to provide your sub-committee with the results of this review at the next first meeting in the New Year.

This is an interim report which focuses on the audit and inspection work undertaken by HMIC and Internal Audit for the five year period 2008/09 to 2012/13. This period has been selected because the Internal Audit plan is prepared on a five-year rolling basis in order to ensure that the forces risks are adequately examined within the resources available.

Both HMIC and Internal Audit have delivered a range of reviews which have covered a wide area of the Force's activities. HMIC have concentrated on a number of key themes which reflect policing issues that have been identified by HMIC as significant issues. These review areas have been examined across all police forces in England and Wales, including the City of London Police. Areas of coverage include: Major Crime; Police and Community Relationships; Anti-Social Behaviour; Ethics; Custody Suites; and Value for Money. HMIC also undertake Home Office and Local Policing Bodies Commissions as requested. For example, Police Standards and Undercover Policing.

Internal Audit has undertaken reviews which concentrated on: the internal control environment; financial probity; compliance with rules and regulations; and, governance and financial management. Internal Audit also undertook two un-planned reviews at the request of the Commissioner during this period: Police Officer's travel expenses; and compliance with standing orders, in respect of the engagement of consultants.

A comparison of the work undertaken by HMIC and Internal Audit has revealed some overlap in terms of the subjects covered by both organisations work programmes. These include: Ethics, since HMIC included corporate procurement cards within their review of Police Crimes and Incidents Reports (2011/12), which was an area examined by Internal Audit at the request of Members (2011/12), (although HMIC would not be testing compliance with City procedures, which was the focus of Internal Audits review); and value for money, which was the focus of HMIC report on Valuing the Police (2011/12), as well as the assurance exercise undertaken by the Internal Audit section examining the City First project (2011/12).

It is inevitable that some overlap will occur for the following reasons:

- Risks that are identified as part of the Internal Audit Plan preparation process are likely to reflect risk themes identified by HMIC, for example, limited financial resources.
- Some of the findings from HMIC reports will result in requests by Members or the Commissioner for more detailed Internal Audit reviews of the areas in order to address any recommendations made for improvements. For example, police officer's expenses.

It should be noted that the Internal Audit Section also provide the Force with an advisory service which can involve work related to HMIC reports. For example, Members requesting further analysis of the outcome of the Value for Money profiles 2012. Whilst this type of work does not overlap with the review work of HMIC, it does highlight that the Internal Audit Section plays two roles in terms of independent and objective scrutiny; and supporting the City Police's business improvement activities.

The potential for duplication of work can be minimised by ensuring that HMIC planned inspection regime, which is published in advance on their website, is used to inform the preparation of the Internal Audit Plan. In addition, the Director of Corporate Services has agreed that requests for information by HMIC for their reviews will be shared with Internal Audit. This will be beneficial when scoping internal audit reviews and proving a basis for placing reliance on the work of HMIC when forming audit opinions.

Recommendation

Members are asked to note the content of this report and offer any observations.

Main Report

Background

1. At the May 2013 meeting of your sub-committee a detailed outline of the audit and inspection framework was requested to ensure that audit coverage provided by HMIC is not being duplicated by the planned audit work programmed by Internal Audit.
2. HMIC undertake a wide range of reviews which examine the operational activities of police forces across England and Wales. These reviews have been more focused on value for money issues in the past two years (2011/12 and 2012/13), which does have the potential to overlap with the review work undertaken by the City of London Internal Audit Section.
3. This report examines the work of both HMIC and Internal Audit over a five year period 2008/09 to 2012/13. This period was chosen because the Internal Audit Plan is prepared on a rolling five-year basis with the intention to examine all the City's operation risks during that time.

Comparison of HMIC Review Work to Internal Audit Reviews 2008/09 to 2012/13

4. The core role of HMIC is: "Through inspecting, monitoring and advising, to promote and advance improvements in the efficiency and effectiveness of policing. Monitoring and reporting on forces and policing activity with the aim of encouraging improvement." Some of this work stems from Home Office and Local Policing Bodies commissions.
5. The Public Sector Internal Audit Standard definition of internal auditing is "Internal auditing is an independent, objective assurance and consulting (advisory) activity designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."
6. To a certain extent there will inevitably be some overlap in the work activities performed by both review functions, especially where HMIC are examining issues such as budget responses to limited financial resources and ethical issues, including police officers expenses and procurement. Issues which also include areas of financial probity of interest to the Internal Audit section.

7. A review of the work undertaken by both HMIC and Internal Audit for the period 2008/09 to 2012/13 has been performed. The following analysis has been prepared which compares the content of HMIC reviews to those Internal Audit reviews where some overlap in scope may have occurred. A table of the work undertaken by both HMIC and Internal Audit is included within Appendix 1.

2008/2009

HMIC – Major Crime Handling – no overlap with Internal Audit plan.

HMIC - Developing Citizen Focus Policing – no overlap with Internal Audit Plan.

2009/2010

HMIC - Delivering the Policing Pledge – no overlap with Internal Audit Plan

2010/2011

HMIC - Anti-Social Behaviour Inspection – no overlap with Internal Audit Plan.

2011/12

HMIC - Valuing the Police – Preparedness Inspection – Internal Audit examined the City First Project, both HMIC and Internal Audit examined the City Police's response to limited financial resources.

HMIC - Review of Police Crimes and Incidents Reports –this inspection included an examination of police officer's expenses claims and the use of procurement cards. Internal Audit undertook similar reviews at the request of Members and the Commissioner. It is appreciated that whilst the subject was the same, the Internal Audit review focused on compliance with the City's Procurement procedures, which did not form part of HMIC's work.

2012/13

HMIC - Anti-Social Behaviour Inspection Report – no overlap with Internal Audit Plan.

HMIC - Policing In Austerity – One Year On – no overlap with Internal Audit Plan.

HMIC - Police Value for Money Profiles: 2011; and 2012 – the Internal Audit Section have been requested by Members to participate in a focus group on the reporting of these profiles in order to provide more meaningful statistics.

HMIC - Joint Inspection of Police Custody Suites – no direct overlap, although the Internal Audit Section did examine interpreter's fees, which result from the custody of suspects.

8. It is inevitable that some overlap will occur for the following reasons:
 - Risks that are identified as part of the Internal Audit Plan preparation process are likely to reflect risk themes identified by HMIC, for example, limited financial resources.
 - Some of the findings from HMIC reports will result in requests by Members or the Commissioner for more detailed Internal Audit reviews of the areas in order to address any recommendations made for improvements. For example, police officer's expenses.
9. It should be noted that the Internal Audit Section also provide the Force with a consultancy service which can involve work related to HMIC reports. For example, Members requesting further analysis of the outcome of the Value for Money profiles 2012. Whilst this type of work does not overlap with the review work of HMIC, it does highlight that the Internal Audit Section plays two roles in terms of independent and objective scrutiny; and supporting the City Police's business improvement activities.
10. Internal audit also undertakes review work on central systems and processes operated by the City of London Corporation which the City of London Police utilises, e.g. Payroll, CBIS. The outcomes from this work is reported to the Audit and Risk Management Committee
11. The potential for duplication of work can be minimised by ensuring that HMIC planned inspection regime, which is published in advance on their website, is used to inform the preparation of the Internal Audit Plan. In addition, the Director of Corporate Services has agreed that requests for information by HMIC for their reviews will be shared with Internal Audit. This will be beneficial when scoping internal audit reviews and proving a basis for placing reliance on the work of HMIC when forming audit opinions.

HMIC & Internal Audit Review Work 2013/14

12. HMIC Inspection Plan and Internal Audit Plan 2013/14 do not result in any obvious overlap. Although it should be noted that Members or the Commissioner may request specific Internal Audit reviews stemming from HMIC inspections, since HMIC 2013/14 inspection plan includes a wide remit examining "Efficiency and Effectiveness". These are areas that have commonly generated consultancy type reviews for the Internal Audit Section in previous years, such as City First Outcomes and assistance with reporting the results of HMIC VFM profiles. Full details of the 2013/14 review work plans for HMIC and Internal Audit are contained in Appendix 2.

Conclusion

13. Whilst there is some overlap between HMIC review work and the activities of the Internal Audit section, these are minimal. These mainly stem from the supporting role performed by Internal Audit to the Force, whereby Members and the Commissioner may seek further assurance on areas identified by HMIC, or where risks identified during Internal Audit planning may reflect common themes across police forces.

Background Papers

Appendix 1 - HMIC and Internal Audit Reviews 2008/09 to 2012/13

Appendix 2 - HMIC & Internal Audit Planned Review Work 2013/14

Jeremy Mullins, Audit Manager

T: 020 7332 1279

E: Jeremy.mullins@cityoflondon.gov.uk

HMIC and Internal Audit Reviews 2008/09 to 2012/13

Financial Year	HMIC	Internal Audit
2012/13	Anti-Social Behaviour Inspection Report Policing In Austerity – One Year On Police Value for Money Profiles: 2011; and 2012 Joint Inspection of Police Custody Suites Revisiting Police Relationships – Progress Report	Cash Income Interpreters Fees
2011/12	Valuing the Police – Preparedness Inspection Review of Police Crimes and Incidents Reports	Premises Related Expenditure Police Clothing Store Olympic Security Plan Financial Management City First Project Use of Corporate Procurement Cards Front Office Processes Requested Investigation: Employment of Consultant
2010/11	Anti-Social Behaviour Inspection	Governance & Financial Management Business Continuity & Planning Prisoner’s Bank Accounts Grants (inc. Govt. Grants) Petty Cash Holdings Requested investigation: Officer’s Travel Expenses
2009/10	Delivering the Policing Pledge	Effective Zero Based Budget Delivery Interpreters Fees Cash Security & banking
2008/09	Major Crime Handling Developing Citizen Focus Policing	Police Officer’s Pensions Travel Expenses Section House Compensation Claims

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HMIC & Internal Audit Planned Review Work 2013/14

Financial Year	HMIC	Internal Audit
2013/14	Inspection of Police Efficiency and Effectiveness in England & Wales. Support Police Governance & Leadership	City First Outcomes Assurance Mapping Project Office Fleet Management VFM Fees & Charges

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