

<b>Committee:</b> Audit and Risk Management Committee	<b>Date:</b> 15/01/2019
<b>Subject:</b> Internal Audit - CoLP Key Financial Controls Update addendum	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Pat Stothard, Head of Audit & Risk Management	

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### Summary

This report relates to the City of London Police Commissioner's Internal Audit Action Plan Update report presented to the A&RMC in this agenda.

The Action Plan Update report summary highlights that *“Over the past 18 months there have been a number of internal audits carried out in City of London Police. The recommendations for these audits have been consolidated into one action plan”*. By way of clarification, the Head of Audit & Risk Management would point out that the CoLP Action Plan may have consolidated a number of the Internal Audit reports issued over the past 18 months; however, these will only be reports made in relation to financially-focussed audits and do not include the non-financial audits such as Seized Goods and Freedom of Information Requests.

The main report section notes under the Current Position that *“Progress is being made against all recommendations and follow up audit field work has taken place in December and further follow up work is planned for January 2019”*. It should be noted that none of the recommendations in relation to the Key Financial Controls audit have yet been followed-up or validated by Internal Audit as part of the Internal Audit Recommendations Follow-up exercise, the outcome of which is presented to the A&RMC in this agenda. This will be undertaken for the May 2019 A&RMC.

It is intended that Internal Audit will undertake additional testing during January 2019 to ascertain whether there have been improvements in financial compliance and to confirm progress in relation to the AP and AR performance statistics and backlogs identified in the CoLP Key Financial Controls audit.

In addition, Members would need to ensure that the City of London Police Commissioner's Internal Audit Action Plan Update report and appendix provides sufficient information to explain the actions being taken to address the control weaknesses to provide them with assurance that there will be and is an ongoing improvement in the financial controls within CoLP, and that resources are available to deliver this improvement. Particularly in relation to the aged debt and invoice

payment statistics, it is suggested that CoLP provide an update on financial performance (particularly with regard to trend information on the AR and AP backlogs) since the audit was undertaken at August 2018.

### **Recommendation(s)**

Members are asked to:

1. Note the comments of Head of Audit & Risk Management alongside the report of the CoLP Commissioner in relation to the City of London Police Internal Audit Action Plan.
2. Ensure that CoLP has provided sufficient assurance that there will be and is an ongoing improvement in the financial controls within CoLP, and request that performance updates should be provided to A&RMC as required to confirm ongoing assurance.

### **Main Report**

#### **Background**

3. At the November 2018 A&RMC, Members requested that the City of London Police provide an Action Plan to address the issues raised in respect of the Internal Audit review of City of London Police (CoLP) key financial controls, undertaken as a result of concerns raised in relation to year-end closedown for the 2017-18 financial year.
4. The Commissioner's Internal Audit Action Plan Update report presented to the A&RMC in this agenda makes a number of references which require clarification to ensure a clear understanding of the current position from an Internal Audit perspective.

#### **Internal Audit Action Plan Update report**

5. The report summary highlights that *“Over the past 18 months there have been a number of internal audits carried out in City of London Police. The recommendations for these audits have been consolidated into one action plan”*. The Head of Audit & Risk Management would point out that the CoLP Action Plan may have consolidated a number of the Internal Audit reports issued over the past 18 months; however, these will only be reports made in relation to financially-focussed audits and do not include the non-financial audits such as Seized Goods and Freedom of Information Requests.
6. The main report section notes under the Current Position that *“Progress is being made against all recommendations and follow up audit field work has taken place in December and further follow up work is planned for January*

2019". The Head of Audit & Risk Management would clarify that none of the recommendations in relation to the Key Financial Controls audit have yet been followed-up or validated by Internal Audit as part of in relation to the Internal Audit Recommendations Follow-up exercise, the outcome of which is presented to the A&RMC in this agenda. This will be undertaken for the May 2019 A&RMC.

7. It is intended, however, that Internal Audit will undertake additional testing during January 2019 to ascertain whether there have been improvements in financial compliance and to confirm progress in relation to the AP and AR performance statistics and backlogs identified in the CoLP Key Financial Controls audit.
8. In addition, Members would need to ensure that the City of London Police Commissioner's Internal Audit Action Plan Update report and appendix provides sufficient information to explain the actions being taken to address the control weaknesses to provide them with assurance that there will be and is an ongoing improvement in the financial controls within CoLP and that resources are available to deliver this improvement. Particularly in relation to the aged debt and invoice payment statistics, it is suggested that CoLP provide an update on financial performance (particularly with regard to trend information on the AR and AP backlogs) since the audit was undertaken at August 2018.

## Conclusion

9. For the sake of clarity in the CoLP Internal Audit Action Plan Update report, the points raised by the Head of Audit & Risk Management above should be read in conjunction with the report and Action Plan presented by the Commissioner at this meeting.
10. The CoLP should be able to provide Members with assurance that there will be and is an ongoing improvement in the financial controls within CoLP and that resources are available to deliver this improvement, and that performance updates should be provided to A&RMC as required to confirm ongoing assurance.

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