

Committee(s)	Dated:
Performance and Resources Sub (Police) Committee	6 th February 2019
Subject: Internal Audit Update Report	Public
Report of: Head of Audit and Risk Management	For Information
Report author: Jeremy Mullins, Audit Manager	

Summary

The purpose of this report is to provide the Committee with an update on the work of Internal Audit that has been undertaken for the City of London Police (CoLP) and the Police Authority since the last report in November 2018.

The 2018-19 planned Internal Audit programme was approved by your Committee in February 2018. There were 95 planned audit days within the plan allocation, which included 20 days carried forward from the 2017-18 audit planned days. The Chamberlain and Assistant Commissioner of the City of London Police agreed that the audit programme be reviewed following an audit of the CoLP Key Financial Systems, following concerns raised about the year-end/close down processes, so this work can inform the audit planning process.

Following completion of this audit, the proposed 2018-19 Audit Plan has been discussed with the City Police and Police Authority and the originally agreed Plan was confirmed; however, in undertaking the planning process, it was agreed that three audits would be deferred to 2019-20 due to ongoing development issues (IT Technology Refresh and Performance Indicators), and an HMRC visit to review expenses (Officers' Expenses). Therefore, 35 days will transfer to the 2019-20 Plan.

It should be noted, however, that audit coverage of the City Police has included two additional Police Authority audits: Corporate Wide Police Accommodation (20 days), which has been completed to draft report stage; and Police Key Financial Controls (20 days), completed to final report stage. The interim outcome of both these audits was reported to your Committee in November 2018. A further audit requested by your Sub Committee to obtain assurance that the Fleet Street Accommodation Programme has been informed by the issues identified by the Police Accommodation Programme audit now in progress (15 days). In addition, a further testing audit of Key Financial Controls will be undertaken during January (10 days). This results in 125 days audit coverage during 2018/19.

Following the finalisation of the CoLP Key Financial Controls audit, an action plan for the implementation of recommendations arising has been provided by the CoLP. This is attached as Appendix 2.

There are 12 planned corporate-wide audits included within the 2018-19 plan. One of these audits have been completed to final report stage and one to draft report stage,

your Sub Committee will be kept informed of any recommendations which relate to the City Police where this applies.

At the June 2018 meeting Members requested a schedule of recommendations be included within the regular update reports. In addition, in order to have a clearer picture of those recommendations implemented, at the November 2018 meeting Members requested sight of all recommendations made over the past three financial years 2015-16 to 2017-18 and 2018-19 to date. There were 78 audit recommendations made during the three-year period and 2018-19 to date, as follows:

	Red Rated	Amber Rated
Implemented	3	42
Risk Accepted	0	2
Target date revised	1	6
Outstanding at 30 November 2018	4	13
Not yet due	2	5
Total	10	68

Details are provided in Appendices 3 and 4

With regard to the Three-Year Audit Plan 2019-20 to 2021-22, it is proposed that the previously agreed Three-Year Plan be reviewed with the City of London Police and the Police Authority in light of the work undertaken in 2018-19, a draft Plan to be submitted to the Performance and Resources Sub (Police) Committee in April 2019 for comment and approval.

Recommendation

Members are asked to:

- Note the report
- Note the Action Plan for implementation of the Key Financial Controls recommendations
- Agree the draft audit plan 2019-20 proposals.

Main Report

Internal Audit Planned Work 2018-19 Planned Audit Days

1. The 2018-19 planned internal audit programme was approved by your Committee in February 2018. There were 95 planned audit days within the plan allocation, which included 20 days carried forward from the 2017-18 audit planned days (See Appendix 1). The Chamberlain and Assistant Commissioner of the City of London Police agreed that the audit programme be reviewed following an audit of the CoLP Key Financial Systems, following concerns raised about the year-end/close down processes, so this work can inform the audit planning process. This work has been completed to final report stage. The proposed 2018-19 Audit Plan has been

discussed with the City Police and Police Authority and it has been agreed to defer 35 days of audit work until 2019/20 due to ongoing development issues (IT Technology Refresh and Performance Indicators), and an HMRC visit to review expenses (Officers' Expenses). The following table provides Members with detail of the 2018-19 plan, changes made, and the number of audit days planned.

Internal Audit Plan 2018-19

Agreed Total Audit Planned Days				95
Audit	Current Stage	Audit Days		
Payroll and Overtime	Planning	20		
Interpreters Fees	Planning	5		
Contract Management	Planning	10		
Front Offices	Planning	10		
Premises Expenditure	Planning	15		
Total Revised Plan Days			60	
IT Technology Refresh	Deferred	10		
Performance Indicators	Deferred	5		
Officers' Expenses	Deferred	20		
Total Deferred Plan Days			35	
				95

2. The following table provides details of Police Authority audit work undertaken and planned during 2018-19.

Audit	Current Stage	Audit Days
Police Accommodation Programme	Draft Report	20
Police Key Financial Controls	Final Report	20
Police Key Financial Controls – additional testing	Fieldwork	10
Fleet Street Accommodation Programme	Planning	15
Total Police Authority Plan Days		65

3. This provides a total of 125 days of assurance work in relation to the City of London Police for 2018-19.
4. Following the finalisation of the CoLP Key Financial Controls audit, an action plan for the implementation of recommendations arising has been provided by the CoLP. This is attached as Appendix 2. Most of the recommendations are due to be implemented by 31 March, after which the recommendations will be followed up and the outcome reported to this Sub Committee.

Internal Audit Plan 2019-20

5. With regard to the Three-Year Audit Plan 2019-20 to 2021-22, it is proposed that the previously agreed Three Year Plan be reviewed with the City of London

Police and the Police Authority in light of the work undertaken in 2018-19, a draft Plan to be submitted to the Performance and Resources Sub (Police) Committee in April 2019 for comment and approval. Details of the two years audit work for 2017-18 and 2018-19, and the three year forward strategy 2019-20 to 2021-22 will be included.

Implementation of Audit Recommendations

6. At the June 2018 meeting Members requested a schedule of recommendations be included within the regular update reports. In addition, in order to have a clearer picture of those recommendations implemented, at the November 2018 meeting Members requested sight of all recommendations made over the past three financial years 2015-16 to 2017-18 and 2018-19 to date. There were 78 audit recommendations made during the three-year period and 2018-19 to date: 42 Amber Rated and three Red Rated recommendations have been implemented; the risk was accepted for two Amber Rated recommendations; and four Red Rated and 13 Amber Rated recommendations require evidence of implementation; revised implementation dates have been provided for one Red Rated and six Amber Rated recommendations; and two Red Rated and five Amber Rated recommendations are not yet due for implementation. Full details of the status of recommendations is contained in Appendices 3 & 4

Corporate Wide Audits 2018-19

The following corporate wide audits have been included within the Internal Audit Plan 2018-19. As agreed with your subcommittee in November 2017, where findings and agreed recommendations impact on the City Police, the subcommittee will be advised of the details. One audit has been completed to date (GDPR Readiness) and has not resulted in any recommendations that directly impact on the City Police.

- IR35 – Use of Consultants and Specialists (Off Payroll Engagement)
- GDPR Readiness
- Suppliers Financial Health/Resilience
- Commercial Manager Scorecard Procedures
- Change Control
- Programmed Repairs and Maintenance
- Property Rents and Service Charges
- Projects Change Control Process

Conclusions

7. Following the Key Financial Controls audit, work on the 2018-19 Internal Audit plan a revised plan has been prepared. The total number of audit days coverage for 2018-19 including both City Police and Police Authority audit work is 125 days.
8. Following the finalisation of the CoLP Key Financial Controls audit, an action plan for the implementation of recommendations arising has been provided by the CoLP for members consideration.
9. The draft Internal Audit Plan for 2019-20 to 2021-22 will be discussed with the City of London Police and the Police Authority, with the draft Plan being presented to the April meeting of the Performance and Resources Sub (Police) Committee.
10. There are currently 33 “live” audit recommendations: There are 26 Amber rated recommendations and seven Red rated recommendations.

Appendices

- Appendix 1 - Schedule of Internal Audit Planned Work 2018-19
- Appendix 2 – CoLP Key Financial Systems audit – Recommendations Implementation Action Plan
- Appendix 3 - Internal Audit Recommendation Schedule of Implementation Progress 2015-16 to 2017-18 to February 2019
- Appendix 4 - Schedule of “live” audit recommendations as at February 2019

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