

<b>Committee:</b>	<b>Date:</b>
Police Performance and Resources Sub-Committee	15 <sup>th</sup> November 2013
<b>Subject:</b> Internal Audit Update Report	<b>Public</b>
<b>Report of:</b> <b>Chamberlain</b>	<b>For Information</b>

## Summary

This report is six monthly update to your sub-committee and includes details of internal audit reviews undertaken between April and October 2013, as well as further information on the progress being made in the completion of the 2013/14 Internal Audit Plan (Appendix 1).

Good progress is being made in the completion of the 2013/14 Internal Audit plan. Six spot check reviews out of seven planned have been completed between 1<sup>st</sup> April and the 31<sup>st</sup> August 2013: Property & Front Offices; Travel Expenses; Pre-employment Screening; Recruitment (Control Self-Assessment) (CSA) exercise; Police Officers' Allowances and Ad Hoc Payments; and Procurement Processes (paragraphs 2 to 10). In addition, three planned full reviews have been progressed to fieldwork stage: City First Project – Outcomes; City Police Assurance Mapping Exercise; and Compensation Claims (paragraphs 11 to 13).

Internal audit work to date has established that satisfactory controls are in place for the areas that have been examined, although there are a number of minor weaknesses.

Property & Front Offices: an absence of checking and certifying banking reconciliations at Snow Hill and Wood Street Police Stations; and delay in banking of income at Bernard Morgan House.

Travel Expenses: nationally agreed overseas travel expense currency conversion rates ("K-rates") have not been consistently retained in support of claims; police officers are not always completing the correct form when returning from overseas trips.

Pre-employment Screening and Recruitment: copies of letters inviting candidates to interview for job posts are not always retained on personnel files.

Procurement Processes: Evidence of quotations received for the procurement of goods and services are not always retained.

Agreeing implementation date for the recommendations arising from these reviews has been delayed because of the absence of the Director of Corporate Support. Now that he has returned to work, this will be completed by 11<sup>th</sup> November and an update will be provided to your sub-committee.

## Recommendation

Members are asked to note the work that internal audit have undertaken, the plans for the current year and offer any observations on the work to be done.

## Main Report

### Background

1. The previous update report presented to your sub-committee in May 2013 included details of the outcome of those internal audit reviews finalised during the period 1st April 2012 to 31<sup>st</sup> March 2013. It also included details of the 2013/14 Internal Audit Plan This report includes a summary of the status of these reviews (Appendix 1), and summaries in respect of completed reviews for this financial year to date.

### Internal Audit Plan 2013/14 – Progression to date

2. Good progress is being made in completing the 2013/14 Internal Audit Plan. Work related to the City Police has been prioritised with the completion of six spot checks in the first six months of the year. In addition, three of the six full audit reviews are currently at fieldwork stage. Details of the work completed to date and reviews currently at fieldwork stage are included below.

### Summary of Audit reviews

#### Property & Front Offices (4 days)

Recommendations	Red	Amber	Green	Total
Frequency of banking	0	0	1	1
Division of duties	0	0	1	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Accepted</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>

3. For a sample of transactions reviewed, there were satisfactory controls. There were some minor weaknesses in controls over the certification of weekly reconciliations at Snow Hill and the promptness of banking and division of duties at Bernard Morgan House.

#### Travel Expenses (5 days)

Recommendations	Red	Amber	Green	Total
Overseas Expenses	0	0	2	2
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Accepted</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>

4. Internal controls over travel and subsistence claims for business travel within the UK are robust and there is compliance with Standard Operating Procedures (SOPs).
5. Controls over overseas travel and subsistence claims are generally adequate except for a weakness in the audit trail with regard to the absence of some business cases submitted to the Finance Administration Section to support the legitimacy of overseas travel claims.
6. There is a minor weakness in the provision of currency exchange rate details (HMRC “K-rates”) to support claims for hotel expenses. Also, officers are not always completing the relevant Form 186 (b) after returning from overseas trips, which should be submitted, together with any unspent currency. In addition, the Finance Administration Section are not following up cases to ensure that the form is returned fully completed within 14 days after return flights, in accordance with Statements of Operational Procedures (SOPS).

**Pre-Employment Screening (5 days) **

7. An examination of the personnel files for a sample of ten staff appointed in the period between 1<sup>st</sup> June 2012 and 18<sup>th</sup> June 2013 identified that they were properly vetted in accordance with HR policies. The vast majority of appointments in this period were civilian staff (69 out of 76 appointments). In each case, staff were appropriately vetted and cleared through the Force’s Vetting Officer in accordance with documented procedures. There were no recommendations as a consequence of this review.

**Recruitment (including control self-assessment (CSA)) (3 days) **

<b>Recommendations</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
Maintenance of Personnel Files	0	0	1	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Accepted</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

8. Generally, controls surrounding the recruitment staff prior to employment are operating satisfactorily. There are, however, weaknesses with regard to the maintenance of some documentation. Copies of letters inviting applicants for formal interview, as well as those confirming the appointment of job posts, were not available, or were missing from personnel files.

**Police Officers’ Allowances and Ad Hoc Payments (5 days) **

9. For a sample of allowances and payments, audit testing identified that allowances and ad-hoc payments made to police officers are being properly applied and authorised appropriately in accordance with Police Orders and Police Regulations 2003. There were no recommendations as a consequence of this review.

### City Police Procurement (5 days)

Recommendations	Red	Amber	Green	Total
Evidence of quotations	0	0	1	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Accepted</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

10. Generally, controls over the procurement are operating satisfactorily, and in accordance with Financial Regulations. Sample testing established that quotations are sought for services valued in excess of £5,000, although in one of the cases examined as part of sample testing, written quotations were not retained.

### City First Project (5 days) (current status: fieldwork in progress)

11. A number of meetings were held with City Police staff over the summer in order to establish the scope for this review. The basis of the scope has now been agreed to deliver an independent assurance by Internal Audit of the accuracy of the High Level Evaluation Results which the Commissioner plans to report to the Police Committee in December 2013. This is being achieved by reference to data from iTrent (in respect of staffing numbers), CBIS budget reports, together with the Chamberlain's Financial Services staff comments (in respect of budget savings) and fleet records (in respect of reductions in fleet numbers). It is anticipated that this work will be fully completed by 30<sup>th</sup> November 2013 with a view to including the results in the December Police Committee report on City First outcomes.

### Assurance Mapping Exercise (5 days) (current status: fieldwork in progress)

12. The information required in order to perform this exercise has now been obtained (31<sup>st</sup> October 2013). This includes details of critical business systems; due diligence activities; strategic risks; and emerging risks. The current stage is examining the management activity; corporate and third party functions; and Internal Audit work related to these areas. Any gaps in coverage will be identified and recommendations made accordingly.

### Police Compensation Claims (20 days) (current status: fieldwork delayed)

13. The terms of reference for this review have been agreed and testing schedules planned. Due to a major special investigation relating to another Department, resources were diverted from this review resulting in the fieldwork being delayed. That investigation is now drawing to a close and it is anticipated that work will resume on this review at the beginning of November 2013.

## **Implementation of Audit Recommendations**

14. There are no outstanding unimplemented recommendations related to internal audit reviews prior to this financial year. Due to the sickness absence of the Director of Corporate Support, it has not been possible, at the time of preparing this report, to agree the implementation dates for Internal Audit Recommendations in respect of the internal audit work 2013/14 detailed above. Now that the Director has returned to work, 11<sup>th</sup> November and an update will be provided to your sub-committee.

## **Conclusion**

15. Good progress is being made in completing the 2013/14 Internal Audit Plan. Whilst a number of recommendation have been made to date (six GREEN priority rated in total), no significant control weaknesses have been identified to date.

## **Background Papers**

### **Appendix 1 Internal Audit Plan Status Report 2013/14**

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