

<b>Committee:</b>	<b>Date:</b>
Performance and Resource Management sub (Police) Committee	8 December 2015
<b>Subject:</b> Internal Audit Update Report	<b>Public</b>
<b>Report of:</b> Head of Internal Audit and Risk Management	<b>For Information</b>

### 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 since the last report to the committee in June 2015.

Work on the 2015-16 planned internal audit work is progressing. Three reviews have been completed to Final Report Stage (Interpreters Fees, Gifts and Hospitality and European Commission Grant Verification). One review has been completed to Draft Report stage (Interim Follow Up of Disaster Recovery and PBX Resilience). Fieldwork is being undertaken for two further reviews (Police Officer's Use of Procurement Cards and Police Supplies and Services. The remaining three reviews (Police Officer's Ad Hoc Allowances, Governance and oversight of outsourcing (IT) and the Action Awareness Team) are scheduled to commence in January 2016.

Members requested that details of corporate internal audit reviews and other audit reviews which provide the City Police with an overall assurance for corporate systems and internal controls be included within these update reports. There are six Corporate reviews (Procurement, Petty Cash, Cash Income Collection and Banking, Expenses, Pre Contract Appraisals and Liquidations) and (Main Accounting System) included within the Internal Audit Plan 2015-16.

### Recommendation

- That this report is noted.

### Internal Audit work 2014-15

1. All work related to the 2014-15 internal audit plan has been completed, with the exception of an unplanned review of Invoices on Hold, which has been carried forward to the 2015-16 plan.

## **Internal Audit Work 2015-16**

2. Work on the 2015-16 planned internal audit work, which included nine assurance reviews, is progressing.
3. Members are asked to note that there have been some revisions to the 2015-16 plan due to emerging issues and requests for additional work made by the Commissioner's staff. The following changes to the 2015-16 plan have been made since the last update report to this committee:
  - Two reviews on Expenses and Business Travel Scheme have been replaced with Police Use of Procurement Cards at the request of Michelle King, Head of Finance
  - European Commission Grant Verification at the request of DCI Perry Stokes
  - European Commission Grant Verification at the request of Kim Webster (Project Manager) and Rachel Keightley (Income Generation Manager)
- 4.
5. Three reviews have been completed to Final Report Stage (Interpreters Fees, Gifts and Hospitality and European Commission Grant Verification). One review has been completed to Draft Report stage (Interim Follow up of Disaster Recovery and PBX Resilience). Fieldwork is being undertaken for two further reviews (Police Officer's Use of Procurement Cards and Police Supplies and Services. The remaining three reviews (Police Officer's Ad Hoc Allowances, Governance and oversight of outsourcing (IT) and the Action Awareness Team, are scheduled to commence in January 2016. (Details of the 2015-16 internal audit plan completion to date are contained in Appendix 1).
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## **European Commission Grant Verification**

6. In March 2013, the European Commission agreed to fund "An Intelligence and Investigation Unit Targeting Overseas Organised Crime Networks involved in ATM and Credit Card Fraud" named, led by the City of London Police.
7. The total amount of grant initially approved was EUR 451,203.14, equivalent to 90% of the estimated total eligible cost of EUR 501,337.14. The project was agreed to last 24 months starting on 1<sup>st</sup> of April 2013, to be completed no later than 31<sup>st</sup> of March 2015. The total amount actually spent on the project was EUR 319,106.84.
8. As part of the final reporting documents, the European Commission require that an audit of the accounts for each EU grant amount exceeding EUR 100,000 is completed and submitted by the 30 June 2015. To this effect, we have assessed the adequacy of the Grant's financial management arrangements in place. We also sought to determine whether the submitted accounts are accurate and substantiated by adequate supporting documents.
9. Testing proved generally satisfactory with supporting evidence in place for the majority of the transactions verified. Agency staff Invoices were found for all

transactions and signed and approved timesheets were in place in all cases apart from one. Air travel expenditure was supported by online confirmations of flights and boarding passes and invoices for other direct expenses were also found to be in place.

10. Weaknesses were noted in relation to compliance with European Commission directives regarding supporting evidence for daily subsistence allowances. Daily subsistence allowances were paid in advance with no subsequent supporting evidence provided by officers to substantiate the amount spent. In addition, there is no clarity on the tasks undertaken by officers while travelling and calculations to support daily subsistence allowances paid could not be found on file. Therefore we could not independently verify compliance with European Commission directives in respect of daily allowances paid to officers.

### **Interpreters Fees**

11. There are satisfactory controls operated for the authorisation, processing and payment of interpreters' fees and transcript translation fees. Audit testing of a sample of 20 recent claims established that these had all been paid at the correct Metropolitan (Met) Police rates.
12. It is noted that the Met Police have not increased rates for translation fees and interpreters' fees since April 2009 and April 2010 respectively.
13. The system for processing claims is labour intensive and whilst no errors were found in the sample of claims examined, as with any manual payments process, the risk of errors is increased. Discussion with the Director of Corporate Service has revealed that the outsourcing of claim processing to the Metropolitan Police is being considered, although this is unlikely to happen until the financial year 2016/17 at the earliest.
14. There were two areas of improvement identified as a result of this review. The transfer of claims details for payment, which is processed via the Chamberlain's City Procurement Accounts Payable team, is made via excel spreadsheets. These spreadsheets are not password protected in order to prevent access by non-authorised third parties. A recommendation was raised for this finding which the Commissioner has agreed to implement by 31 January 2016.
15. It was also noted that the claim forms for translators are not fully completed by operational division administrative staff with details of confirmation that word counts are accurate, the date the claim is passed to Finance (Shared Services), and whether the claim can be reclaimed from a third party. Whilst consideration may need to be given to whether this information is necessary, the absence of this information could result in a risk that inaccurate claims are paid or reimbursement for translations where due are not collected. A recommendation made for this finding was implemented with immediate effect.

### **Gifts and Hospitality**

16. Overall, satisfactory policies and procedures are in place for CoLP officers and staff for accepting, declining, offering, declaring and registering gifts and hospitality. The Gifts and Hospitality Standard Operating Procedure (G&H SOP), last updated in April 2015, was found to be in line with good practice.
17. Whilst key information - G&H SOP, gifts and hospitality register (entry form) and guidance on what to consider when making an entry – is available to all officers on the intranet, opportunities were identified to further raise awareness and demonstrate that key information has been read and understood. One amber priority recommendation was accepted to strengthen control in this area with a planned implementation date of 2 January 2016.
18. Adequate arrangements are in place to facilitate the declaration of gifts and hospitality received and declined. A gifts and hospitality register is used to capture declarations and there is an onus on officers and staff to make appropriate entries promptly.
19. An opportunity was identified to strengthen the mechanisms for maintenance of register information for inspection. A discrepancy was noted between the number of declarations contained within the internal register and information published on the CoLP website; an amber priority recommendation was made accordingly, which will be fully implemented by 15 January 2016. Additionally a green priority recommendation was made to consider adopting a more coordinated approach to the management of information relating to gifts and hospitality arrangements by increasing liaison between the Professional Standards Directorate in the capacity of policy maker / monitoring officer, and the function of the Intelligence and Information in updating the entry form, Intranet guidance and the gifts and hospitality entries on the CoLP website. This recommendation will be implemented by 30 April 2016.
20. Based on testing performed, gifts and hospitality transactions are not always compliant with approval requirements. Review of register entries from 01 January 2015 to 18 August 2015 identified 18% (38 out of 207) with no evidence of approval by the line manager, 11 of which were more than £50 in value. An amber priority recommendation was made in this respect and the Commissioner has agreed to implement it by 31 January 2016.

### **Corporate Reviews**

21. Members have requested that they are kept informed of reviews undertaken by Internal Audit of a corporate nature,. The overall conclusions and assurance rating for each of these reviews, together with details of recommendations, both corporate and specific to the Force, will be reported to this committee in due course, as they become finalised. (A schedule of these reviews is included within Appendix 2).

## **Conclusion**

22. Work is progressing on the 2015-16 audit plan and is on schedule to be completed by 31 March 2016.: All recommendations made to date have been accepted and will be fully implemented by 30 April 2016.

## **Appendices**

Appendix 1 – Audit plan progress report for 2015-16

Appendix 2 – Corporate Internal Audit Reviews 2015-2016

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