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| Committee(s) | Dated: |
| Performance and Resources Sub (Police) Committee | 23 February 2017 |
| Subject: Internal Audit Update Report | Public |
| Report of: The Chamberlain | For Information |
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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) since the last report in November 2016.

Work is progressing on the 2016-17 planned internal audit work and is on target to have completed all audits to a minimum of draft report stage by 31st March 2017. There are seven full assurance audits included in the plan: three audits (CoLP Community Consultation, CoLP Policies and Procedures, and the Economic Crime Academy) have all been completed to Final Report Stage. The draft report for an audit of CoLP Governance Framework and Performance Measures has been issued recently. The fieldwork is in progress for the remaining three audits: Police Budget Monitoring, Police Grants and Income Streams and Income Generation.

As previously agreed with your committee, where findings and recommendations from corporate-wide audit reviews impact on the City Police details will be reported at the next committee meeting. There are four planned corporate audits for 2016-17, work on these audits to date has not resulted in recommendations that impact on the City Police.

The previous report made to the November 2016 Committee included the results of the recent CoLP audit recommendations follow-up exercise. There are four outstanding recommendations, one Red rated, and three Amber rated, the Red rated recommendation is in respect of the CoLP Supplies and Services Audit 2015-16 with a revised completion date of April 2017.

The draft Internal Audit Plan for 2017-18 has been prepared and details, including pen pictures for the 2017-18 audits, and the three year strategic audit plan, are included as Appendix 3. There are seven full assurance reviews planned for the financial year 2017-18 totalling 75 days. In addition, there will be a number of corporate audits undertaken which will feed into the overall assurance for the City of London Police.

Recommendation

Members are asked to:

- Note the report and provide any comments on the 2017-18 Internal Audit Plan.

Main Report

Internal Audit Plan 2016-17

1. There are seven full assurance audits included in the plan: three audits (CoLP Community Consultation, CoLP Policies and Procedures, and the Economic Crime Academy) have all been completed to Final Report Stage. The draft report for an audit of CoLP Governance Framework and Performance Measures has been issued recently. The fieldwork for the remaining three audits: Police Budget Monitoring; Police Grants; and Income Streams and Income Generation is in progress. Details of all these audits and progress against the 2016-17 Internal Audit Plan are contained in Appendix 1.
2. As previously agreed with your committee, where findings and recommendations from corporate-wide audit reviews impact on the City Police details will be reported at the next committee meeting. There are four planned corporate audits for 2016-17, work on these audits to date has not resulted in recommendations that impact on the City Police.

Internal Audit Recommendations Follow-up Exercise Update

3. There are four outstanding recommendations: one Red rated, and three Amber rated. The Red rated recommendation is in respect of the CoLP Supplies and Services Audit 2015-16 with a revised completion date of April 2017. See full details of this update exercise in Appendix 2.
4. At the November 2017 meeting the Chairman requested an update on progress in implementing the AMBER rated recommendation for the Telecoms PBX Fraud Audit 2014-15. It has been established that the CoLP Performance Management Group (PMG) have re-allocated responsibility for the Professional Standards Division (PSD) for phones. Now that this action has been taken the PSD is in a position to undertake the necessary work to implement the requirements of the audit recommendation. No date has been provided for the completion of this recommendation.
5. In accordance with the Chairman's request at the November 2016 meeting, the following table includes details of the outstanding recommendations and the position concerning the planned implementation dates.

Table 1: Details Outstanding Recommendations as at 23 February 2017

| Audit | Recommendation | Rating | Implementation Date |
|--|--|--------|--|
| Police Seized Goods (2013-14) | The Property and Records Manager should develop formal written guidance for the recording and banking of income received from the disposal of property (e.g. Seized, stolen, or lost items) via auction. | Amber | 31 st March 2017 |
| Police Defendants' Bank Accounts (2013-14) | The Head of Finance should perform a quarterly reconciliation of the suspense account (Defendants Bank A/C). | Amber | No revised implementation date provided. |
| Telecoms PBX Fraud (2014-15) | <p>6.1 Check the telecoms bill regularly including itemised calls, international calls and calls outside of business hours</p> <p>6.2. Ensure monitoring is occurring in all possible areas (e.g. CoLP IT team, Daisy)</p> <p>6.3. Ensure monitoring is followed by 'as soon as possible' alerts.</p> <p>6.4. The 'back stop' daily reports all calls in excess of an amount (e.g. £2) that occurred during 'out of hours' (17:00 to 08:00, plus all day Saturday and Sunday. This is a key detection mechanism and should be in operation).</p> <p>6.5. Formally establish the 'alert' procedure, for suspected fraudulent calls, provided by third parties and evaluate if this is adequate.</p> | Amber | No revised implementation date provided. |
| Supplies and Services, and Third | City of London Police with Corporate Procurement should | Red | Implementation Date: |

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| Party Payments (2015-16) | formalise a strategy for all uniform spend. | | 30th April 2017 |
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Internal Audit Planned Work 2017-18

6. The Internal Audit Plan for 2017-18 and the three year strategy have now been drafted. There are seven full reviews of the City Police included within the plan. There are 75 planned audit man days to undertake these audits which these is commensurate to the resources level for 2016-17.
7. The detailed work plan for City Police audit reviews in 2017-18 is as follows:

Table 2: Internal Audit Draft Plan 2017-18

| Audit | No Planned Days |
|--|-----------------|
| Action Fraud Procurement Process | 10 |
| Demand Policing and Event Resourcing | 10 |
| Police Business Continuity Planning | 10 |
| Police Bank Accounts (Defendant's Funds) | 15 |
| Police Seized Goods | 10 |
| IT Network Security | 10 |
| IT Technology Refresh Project | 10 |
| Total Planned Days | 75 |

8. The "Pen Pictures" for the 2017-18 City Police audit reviews are:

Action Fraud Procurement Process (10 days)

This audit will examine the procurement process for the team and contract monitoring arrangements.

Demand Policing and Event Resourcing (5 days)

The purpose of this audit is to examine the budget setting and monitoring arrangements for ad-hoc non-core policing activities.

Police Business Continuity Planning (10 days)

The audit will focus on the arrangements in place to review, revise and test the CoLP Business Continuity plan.

Police Bank Accounts (Defendant's Funds) (15 days)

An audit exercise to ascertain the adequacy of controls over the management of defendants funds.

Police Seized Goods (15 days)

An audit exercise to ascertain the adequacy of controls over the recording and secure storage of seized goods.

IT Network Security (10 days)

The audit will focus on the integrity of the IT network security arrangements.

IT Technology Refresh Project (10 days)

This audit will determine the adequacy of governance of the IT Refresh Project and consider adherence to timescales and the delivery of milestones.

9. The three year strategy 2017- 18 to 2019-20 is included in Appendix 3.

Conclusions

10. The 2016-17 Internal Audit plan is on target for completion to draft report stage for remaining audits by 31st March 2017.
11. Following on from the previously reported audit recommendation implementation follow-up exercise, four recommendations have yet to be fully implemented (One RED and three AMBER rated recommendations).
12. The draft Police audit plan 2017-18 and the three year strategic plan 2017-18 to 2019-20 have been prepared. There are seven full assurance reviews planned for 2017-18 and a total of 75 audit man days.

Appendices

- Appendix 1 – Schedule of Internal Audit Planned Work 2016-17
- Appendix 2 - City Police Recommendation Follow- Up update as at November 2016
- Appendix 3 - Three year City Police audit plan strategy 2017-18 to 2019-20

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