

Committee(s)	Dated:
Performance and Resources Sub (Police) Committee	1st February 2018
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 2017.

Work is completed to a minimum of draft report stage on the 2016-17 planned internal audit programme. There were seven full assurance audits included in the original plan. Six audits were fully completed by November 2017: CoLP Community Consultation; CoLP Policies and Procedures; the Economic Crime Academy; SKYNet Grants Audit Verification; Governance Framework and Performance Measures; and Police Budget Monitoring. The remaining planned audit, Income Streams and Income Generation, has been completed to draft report stage. In addition, an unplanned audit requested by the Commissioner to determine how two former civilian staff members were paid after they had resigned has also been fully completed.

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 ten planned corporate audits for 2017-18, and five of these have been completed to date, with no recommendations that impact on the City Police.

Work is progressing on the Internal Audit Plan for 2017-18. There were eight full assurance audits planned for the financial year 2017-18. Two 2017-18 audits have been completed to Final report stage: Police Project Management and Police Seized Goods. Fieldwork is progressing on three further audits: Police Bank Accounts (Defendants Funds) and Demand and Events Policing; and Business Continuity audit.

It has been necessary to defer two of the 2017-18 audits: IT Technology Refresh Project and Action Fraud. A further 2017-18 audit of IT Network Security has been deleted. An audit of CoLP Freedom of Information requests has been added to the plan. A further 20 days will be carried forward to the 2018-19 internal audit plan.

A corporate audit recommendation follow-up review has recently been undertaken. Three recommendations for the City Police were included in the review and implementation has been agreed.

The draft City Police Internal Audit Plan 2018-19 has been prepared in consultation with the Assistant Commissioner. There are eight full audits included within the plan and a total of 95 audit man days (which includes 20 days carried forward from 2017-18).

At the last meeting Members requested a schedule of recommendations be included within the regular update reports. There are currently 36 “live” recommendations which have been agreed by management and are subject to internal audit follow-up procedures after the implementation date.

Recommendation

Members are asked to:

- Note the report.
- Approve the draft Internal Audit Plan 2018-19.

Main Report

Internal Audit Plan 2016-17

1. There were seven full assurance audits included in the original plan. Six audits were fully completed by November 2017: CoLP Community Consultation; CoLP Policies and Procedures; the Economic Crime Academy; SKYNet Grants Audit Verification; Governance Framework and Performance Measures; and Police Budget Monitoring. The remaining planned audit: Income Streams and Income Generation, has been completed to draft report stage. In addition, an unplanned audit requested by the Commissioner to determine how two former civilian staff members were paid after they had resigned has also been completed. Details of these audits and progress against the 2016-17 Internal Audit Plan are contained in Appendix 1.

Internal Audit Planned Work 2017-18

Corporate Wide Internal Audit Reviews 2017-18

2. Work is progressing on the Internal Audit Plan for 2017-18. There were eight full assurance audits planned for the financial year 2017-18. Two 2017-18 audits have been completed to Final report stage: Police Project Management and Police Seized Goods. Fieldwork is progressing on three further audits: Police Bank Accounts (Defendants Funds) and Demand and Events Policing; and Business Continuity. A further audit of Police Freedom of Information Requests has been added to the 2017-18 plan and fieldwork for this review is progressing.

3. It has been necessary to defer two of the 2017-18 audits: IT Technology Refresh Project and Action Fraud. A further 2017-18 audit of IT Network Security has been deleted as the planned coverage has been incorporated into the Corporate IT Network Infrastructure audit. The total number of audit man days for these audits was 30. A balance of 20 unallocated days has been carried forward into the draft Internal Audit Plan 2018-19.

Corporate Wide Audits 2017-18

4. 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 ten planned corporate audits for 2017-18, five of these have been completed to date and no recommendations that directly impact on the City Police, that is, requiring CoLP action, were made. The audits completed to date are:

- Corporate Wide Use of Waivers
- IR 35 - Use of Consultants and Specialists Regulations
- Evaluation of sub £100K tenders
- Corporate Wide Expenditure – Expenses – Procurement Cards – Petty Cash
- Corporate Wide Business Travel.

Recommendation Follow-up Exercise

5. A recent corporate audit recommendation follow-up exercise has been performed. All recommendations outstanding as at November 2017 have now been evidenced as implemented. Details are contained in the table below.

Audit Recommendation follow-up exercise outcome

Rating	Recommendation	Management Response	Implementation Date
Amber	<p>Cost Centre Managers should check transaction listings sent to them from AllStars Business Solutions each month to ensure the controls set out in the SOP have been adhered to. Anomalies should be investigated and a report should be made to the Fleet Manager and where necessary, the Professional Standards Department, as stated in Sec 3.2 of the SOP.</p> <p>Fleet Management should be aware of their duties at section 3.2 of the SOP (review of any suspect transaction reports and maintaining records on</p>	The Force accepts the recommendation.	<p>Implementation Date: 31st December 2017</p> <p>IMPLEMENTAION EVIDENCED</p>

	misuse) with a view to investigating and putting in place corrective action.		
Amber	The Force should consider how they can put in place a system to compliment the controls within the contractor's system to combat possible fraud. For example, a central electronic record of the VRNs of vehicles used (including demo/hire vehicles) would facilitate a check to ensure all vehicles used are checked.	The Force accepts the recommendation.	Revised Target Implementation Date: 31st December 2017 IMPLEMENTATION EVIDENCED
Amber	The Fleet Manager should review the list and by contacting all cost centres ensure the list held is brought up to date as necessary.	The Force accepts the recommendation.	Revised Target Implementation Date: 31 st December 2017 IMPLEMENTATION EVIDENCED

Draft Internal Audit Plan 2018-19

6. A draft risk-based internal audit plan has been prepared which has been informed by the City Police risk register and Policing Plan 2017-20. Discussions have also been held with the Assistant Commissioner to obtain his input to the planned audit work. Eight full audits have been included within the draft plan with a total of 95 audit man days. This includes 20 days carried forward from the 2017-18 Internal Audit Plan. Details of the proposed audits for 2018-19 are contained in the following table. The Internal Audit Plan strategy 2018-19 to 2020-21 and planned work 2016-17 and 2017-18 is contained in Appendix 3.

Internal Audit Plan 2018-19

Audit and Pen Picture	Audit Man Days
<u>IT Technology Refresh Project</u> The purpose of this audit is to establish the progress made with this project and provide assurance on the achievement of project objectives and outcomes	10
<u>Police Overtime</u> This audit will ascertain compliance with guidance for approving, claiming and authorising police officers' overtime. It will also examine the action being taken to reduce overtime claims, for example, by flexible working initiatives	15
<u>Police Performance Indicators</u> The Force produce a number of measures which indicate achievement of policing plan national and local objectives. Reported statistics will be compared to supporting information for a sample of	5

these indicators.	
<u>Interpreters Fees</u> A probity exercise comparing a sample of claims to guidance will be undertaken.	5
<u>Police Premises Expenditure</u> This audit will examine the controls over identifying faults and arranging building repairs. It will also look at the control over payments of utility bills and initiatives to reduce energy consumption.	15
<u>Police Procurement Contract Management</u> The audit will examine the way in which the Force manages contracted service provision for a sample of contracts.	15
<u>Police Officer's Expenses – Use of Procurement Cards – Petty Cash – Expenses Claims</u> This audit will determine the adequacy of controls over use of cards, cash and expense claims by officers and civilian staff in undertaking their duties.	20
<u>Police Front Offices (including income collection and banking)</u> The purpose of this audit is to determine the adequacy of controls exercised by Police Station front desks over the handling of seized goods (including cash), lost property, and income for services.	10
Total	95

Schedule of Internal Audit Recommendations

7. At the November 2017 meeting Members requested that the sub-committee are given a schedule of all internal audit recommendations raised and agreed with the City Police. This schedule is included within Appendix 4. There are currently 36 “live” recommendations which have been agreed by management and subject to internal audit follow-up procedures after the implementation date. Two of these recommendations have a Green assurance rating; there are 27 recommendations with an Amber rating; and seven recommendations with a Red rating. The following table provides an analysis of recommendations by audit project, the number that the CoLP have stated have been implemented, and the number to be implemented by intended dates.

Audit Recommendations Analysed by Audit Project

Audit	Recommendations			
	Red	Amber	Green	Total
Budget Monitoring 2016-17	-	4	2	6
Implemented*	-	2	1	3
Due implemented by 31st March 2018*	-	2	1	3
Leavers' Overpayments 2016-17	-	2	-	2
Implemented*	-	2	-	2
Programme Management 2017-18	3	7	-	10
Implemented*	2	2	-	4
Due implemented by 31st March 2018*	1	5	-	6

Police Seized Goods 2017-18	4	14	-	18
Implemented*	-	3	-	3
Due implemented by 30 th June 2018*	4	9	-	13
Risk Accepted	-	2	-	2
Total Recommendations	7	27	2	36
Total Implemented*	2	9	1	12
Total due to be implemented by 30th June 2018*	5	18	1	24

*** Subject to Internal Audit Follow-Up**

Conclusions

8. The 2016-17 Internal Audit plan is completed to a minimum of draft report stage.
9. Work is progressing on the 2017-18 Internal Audit plan and two audits have been completed to final report stage. Fieldwork is progressing on three further audits.
10. Three City Police recommendations due for implementation by 31st December 2017 have been evidenced as fully implemented.
11. The 2018-19 draft Internal Audit Plan has been prepared in consultation with the Assistant Commissioner.
12. There are currently 36 “live” audit recommendations: two Green Rated; 27 Amber rated; and seven Red rated. There are 12 recommendations which have been implemented subject to Internal Audit follow-up, and 24 recommendations due to implemented by 30th June 2018.

Appendices

- Appendix 1 - Schedule of Internal Audit Planned Work 2016-17
- Appendix 2 - Schedule of Internal Audit Planned Work 2017-18
- Appendix 3 – Internal Audit Plan Strategy 2018-19 to 2020-21
- Appendix 4 – Schedule of “live” audit recommendations as at 1st February 2018

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