



Resource, Risk & Estates (Police) Committee

Date: TUESDAY, 4 MAY 2021
Time: 10.30 am
Venue: VIRTUAL MEETING - ACCESSIBLE REMOTELY

SUPPLEMENTARY AGENDA

4. INTERNAL AUDIT UPDATE REPORT

Report of the Chamberlain.

For Information
(Pages 1 - 4)

6. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

- a) **Draft Police Authority Board Risk Register**
Report of the Town Clerk.

For Information
(Pages 5 - 8)

12. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

- a) **Chartered Institute of Public Finance & Accountancy (CIPFA) Finance Review Improvement Plan Update**
Report of the Commissioner.

For Information
(Pages 9 - 28)

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John Barradell
Town Clerk

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Committee(s)	Dated:
Police Resource Risk and Estates Committee	04/05/2021
Subject: Internal Audit Update – 2020/21 Annual Report	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Head of Audit and Risk Management	For Information
Report author: Matt Lock	

Summary

The Public Sector Internal Audit Standards require the Head of Internal Audit and Risk Management to provide an annual Internal Audit opinion. While not currently necessary to provide a separate opinion for the City of London Police to that provided for the City of London Corporation, it is considered useful for this Committee in fulfilling its remit for oversight of the internal control environment.

The following opinion is provided for the 12 months ended 31 March 2021:

*“I am satisfied that sufficient quantity and coverage of Internal Audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the internal control framework of the City of London Police. In my opinion, **the City of London Police has adequate and effective systems of internal control in place to manage the achievement of its objectives.** In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in risk management, governance and control processes. The matters raised by Internal Audit are only those which came to my attention during the course of our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.*

Notwithstanding the overall opinion, Internal Audit’s work identified a number of opportunities for improving controls and procedures which are documented in each individual audit report to management.”

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. This report provides a summary of the work that Internal Audit has undertaken for the City of London Police in the 2020/21 financial year, the findings of which were reported to the Performance and Resource Management (Sub) Committee throughout the year so are not repeated here. The report provides an annual opinion as to the adequacy of the internal control environment.

Current Position

2. Preparation of an Annual Internal Audit Report is one of the requirements set out in the Public Sector Internal Audit Standards (PSIAS). The report incorporates an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework (the control environment). It should be noted that the control framework of the City of London Police is incorporated within the Internal Audit examination and annual report of the City of London Corporation's control environment and there is no specific requirement for a separate opinion. Nonetheless, this is a useful way to summarise the work of Internal Audit and a standalone annual opinion will support this Committee in meeting its remit for the oversight of effective internal control.

Basis of Annual Opinion

3. In forming an annual opinion, the Head of Internal Audit and Risk Management has considered:
 - Work completed by the Internal Audit team throughout the year, key issues arising from this and assurance opinions provided
 - Management responses to Internal Audit work, with particular attention to the acceptance of recommendations made to address significant issues (no exceptions reported)
 - Progress made by management in implementing Internal Audit recommendations
 - The effects of any significant changes to strategic objectives, systems or external factors
 - Any limitations which may have been placed on the scope of Internal Audit
4. On the basis of work undertaken, **it is the Head of Audit and Risk Management's opinion that the City of London Police has adequate and effective systems of internal control in place to manage the achievement of its objectives.** In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes or that no fraud exists within the systems and processes examined or, indeed, those not examined.
5. Notwithstanding the overall opinion, Internal Audit's work identified a number of opportunities for improving controls and procedures, set out in our Audit reports to management. The range of assurance levels provided in our audit coverage are set out below:

Internal Audit Work Completed

Audit	Assurance Rating
Financial Forecasting	Green
Workforce Planning	Green
Transform Programme Audit Phase 2	Amber
Grant Funding	Green
Key Financial Controls	Amber
Use of Procurement Cards	Green

6. In addition to the programme of full audit reviews, a programme of work has been completed to determine the extent to which Internal Audit Recommendations have been implemented. The outcome of this work is summarised in the following table, with recommendations found, in the main to have been implemented satisfactorily:

Audit	Assurance Rating	Recommendations Made			Follow-up Date	Total Outstanding Recs	Revised Assurance Rating
		Red	Amber	Green			
Fleet Street	Amber	0	2	0	Completed	0	Green
Interpreters Fees	Amber	0	2	2	Completed	0	Green
Front Desks	Amber	1	4	0	Jan-21	2	Amber
Transform Programme Phase 1	Green	0	0	0	Not required	0	Green
Financial Forecasting	Green	0	3	0	April-21	0	Green
Workforce Planning	Green	0	0	5	Not required	0	Green
Grant Funding	Green	0	0	0	Not required	0	Green

External Factors

7. Internal Audit work for the City of London Police was suspended during the early part of 2020/21 while the Force responded to the outbreak of the COVID-19 pandemic. With the cooperation and assistance of Force colleagues, it was possible to compress the Audit programme and the team has been able to deliver almost all of the intended Internal Audit Plan; a review of Police Authority – Police Funding had been initiated but not completed by 31 March 2021, work on this audit will recommence shortly, the interruption owing to a staffing change in the Internal Audit team.

Corporate & Strategic Implications

8. The Internal Audit Plan is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the City of London's Corporate Plan, Corporate Risk Register and Departmental Top Risks.

Conclusion

9. While Internal Audit work continues to identify improvement areas for management, the overall opinion provided on the internal control environment of the City of London Police is that it remains adequate and effective. There is a high level of acceptance of recommendations made and consistent implementation of these recommendations.

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Draft Police Authority Board Risk Register

Risk Owner for All Risks: Police Authority Chief Executive (Follows practice in the CoLC where COs are responsible for corporate risks)

[Scoring matrix](#)

No	Risk description	What are we currently doing to mitigate the risk?	Current score	What more do we need to do to mitigate the risk?	Target score
1	<p>Police Funding</p> <p>Cause: 1. CoLP savings plans insufficiently developed for whole medium term. 2. Failure to deliver savings plans. 3. Unplanned pressures arise. 4. Compounded by Action Fraud/NFIB re-procurement risk (2).</p> <p>Risk Event: Police finances are not sustainable over the medium term. Or tactical savings required which adversely impact services.</p> <p>Effects: Insufficient assurance on medium-term savings plans and related service implications mean PA inhibited in its role of securing an efficient and effective police service.</p>	<p>Police funding from Govt and CoLC has increased by c.£20m since 2018/19.</p> <p>CoLP Commissioner is committed to delivering savings to achieve balanced finances in future.</p> <p>Regular reporting from CoLP on progress against in-year savings plans.</p> <p>Review of full savings plans for 21/22 and operational / service implications to follow at March 21 PAB.</p> <p>Greater scrutiny from PAB and involvement from the PA in the Transform programme.</p>	<p>Likely 4 Major 4 Risk score; 16 Red</p>	<p>Receive and review CoLP proposals on savings plans across medium-term, and service implications, aligned to Transform programme.</p> <p>Specific assessment of impact of CT grant reduction once communicated.</p> <p>Clarity from the Home Office on a funding settlement for the next generation Action Fraud/NFIB system post 2021 Spending Review.</p>	<p>12 Amber (by Spring 2022, then review)</p>

2	<p>Action fraud/NFIB re-procurement</p> <p>Cause: Uncertainty on funding pending next Spending Review. Reluctance from the Home Office to commit to additional funding for this service until the outcome of the Spending Review is known, triggering a delay in the re-procurement timetable.</p> <p>Risk Event: No commitment from Home Office to fund procurement, build and run of future system/service (or significant delay on funding decision) pending the outcome of the Spending Review.</p> <p>Effects: Significant impact on CoLP/CoLC finances – or unacceptable level of service reduction for victims. Delays to the procurement timetable.</p>	<p>Financial analysis of future cost projections:</p> <ul style="list-style-type: none"> • Current IBM extension • IBM settlement / further extension • Re-procurement, build and run (capital and revenue) <p>Analysis of HO, CoLC, CoLP funding options, including contributions from AF reserve and underspend.</p> <p>Regular engagement with relevant Home Office Ministers and officials.</p>	Possible 3 Major 4 Risk score; 12 Amber	<p>Ensure clear decision made with input from all parties, in coming months.</p> <p>Streamlined governance for the procurement to expedite the introduction of the next generation system.</p>	0 (risk eliminated through decision on MT funding)
3	<p>Maintaining effective working relationships</p> <p>Cause: Lack of integration between the respective roles of the Police Authority and the Force</p> <p>Risk Event: Lack of co-operation and mutual trust between the Police Authority and CoLP</p>	<p>Implementing a clear framework on how the Police Authority will discharge its role.</p> <p>Providing greater clarity on the Police Authority's requirements for CoLP in terms of reporting and information exchange.</p> <p>Providing CoLP with the necessary tools to facilitate appropriate</p>	Possible 3 Major 4 Risk score; 12 Amber	Following through current mitigations should reduce the risk score.	8

	<p>Effects: Inability of the Police Authority to carry out its legal responsibilities of securing efficient and effective police service and holding the Commissioner.</p>	<p>independence and delegation through CoLC governance.</p> <p>Ensure balancing in applying “critical friend” approach to relationship.</p>			
4	<p>Changes to Police Authority Governance</p> <p>Cause: CoLC governance structures inhibit sound and timely decision making on Police matters.</p> <p>Risk Event: Inability to achieve efficient and effective governance of CoLP.</p> <p>Effects: Police Authority not fulfilling its role with delays to critical decisions.</p>	<p>Fully implement current plans for refining Police Authority governance.</p> <p>Make case as appropriate for other changes to Police governance recommended by the Lisvane Review, as part of CoLC’s overall process of implementing the Lisvane Review’s recommendations.</p>	<p>Possible 3 Major 4 Risk score; 12 Amber</p>	<p>Consider scope to streamline CoLC capital programme governance for CoLP.</p>	8
5	<p>Transform</p> <p>Cause: Insufficient clarity on the outcomes of the Transform programme for the Police Authority to obtain robust assurance on whether key objectives are deliverable.</p> <p>Risk event: Police Authority has an uninformed or erroneous view of efficiency and effectiveness of the operating changes being delivered through Transform and/or progress being made to deliver Transform to agreed timelines.</p>	<p>Regular reporting from CoLP into Police Authority Board and relevant sub-committees.</p> <p>New reporting template in place.</p> <p>SIA Member engagement, with appropriate Police Authority officer support, to develop a clearer and more quantified articulation of the Transform programme for Members.</p> <p>Implement Member sessions to deep dive the TOM by workstream.</p>	<p>Possible 3 Major 4 Risk score; 12 Amber</p>	<p>Following through current mitigations should reduce the risk score.</p>	8 (review in 1 year)

	<p>Effects: Leading to an over or under optimistic view of the delivery of the programme. Potential undermining of the Policing Plan, MTFO and working relationships between the Police Authority and CoLP.</p>				
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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