

Committee(s):	Date(s):	Item no.
Performance & Resource Management Sub-Committee (Police Committee)	5 th September 2012	
Subject: Internal Audit Update Report Financial Year 2012/13 (Quarter 2)	Public	
Report of: The Chamberlain	For Information	
<p style="text-align: center;"><u>Summary</u></p> <ol style="list-style-type: none"> 1. The Audit and Risk Management Committee Members, in consultation with the Chairman of the Police Committee, agreed that the Police Performance & Resource Management sub-committee should be provided with an internal audit update report on activity for the City of London Police (CoLP). It was agreed by Members that these 6 monthly update reports should also be copied to the Audit and Risk Management Committee Members. 2. This is the first update report made to your sub-committee and contains details of the Internal Audit Plan for the current financial year ending 31st March 2013, (Appendix 1), together with the 5 year strategic Internal Audit Plan for the CoLP 2012/2017 (Appendix 2). 3. No significant control issues have been identified so far by Internal Audit work completed in the first two quarters of 2012/13 (period ending 30th September 2012). A review of the CoLP compliance with Her Majesty's Government (HMG) Information Assurance Maturity Model (IAMM) was finalised in the first quarter of 2012/13 (period ended 30th June 2012), the main work for these reviews was undertaken in 2011/12. The fieldwork for a review of the CoLP Value for Money Initiatives has recently been completed and the draft report issued to the Commissioner. Other work completed to date includes a small review of Cash Collection & Banking and follow-up reviews of Business Continuity Planning and CoLP administration of bank accounts holding defendants' funds. In addition, the Commissioner requested that Internal Audit examined details of an allegation made by a former employee concerning compliance with Standing Orders related to the Engagement of External Consultants. <p>Recommendations</p> <ul style="list-style-type: none"> • That this report be noted. 		

Main Report

Background

4. Update reports on Internal Audit activity within the CoLP will be presented to the Performance & Resource Sub Committee on a 6 monthly basis following agreement between the Audit and Risk Management Committee and the Chairman of the Police Committee. This report includes details of the progress made in completing the 2012/13 Internal Audit Plan and also provides a schedule of the Internal Audit Plan 2012/13 which was discussed and agreed with the Director of Corporate Services (Appendix 1). It also includes details of the five years Strategic Internal Audit Plan for the City Police (Appendix 2).

Summary of Audit work undertaken during 2012/13 HMG Information Assurance Maturity Model (5 days)

Assurance Level Green/Substantial

5. An exercise was conducted during 2011/2012 at the request of CoLP to establish how compliant the City of London (CoL) is as a 3rd Party Supplier under the HMG Information Assurance Maturity Model (IAMM).
6. The IAMM questionnaire introduced a number of concepts and highly specific controls which the CoL has not previously encountered. An evidence based approach was used to establish the compliance level for each control listed, often the specific control was not in place as stated, but an alternative control exists which addresses the risk presented. For example strong encryption is enforced on portable and removable devices, and the government 'Protecting Information' training is conducted.
7. It is Internal Audit's view that the information control environment within CoL is robust although there is room for some improvement. There is currently no protective marking scheme within CoLP. It has been agreed with the Commissioner that the HMG marking scheme or an alternative will be investigated and considered for implementation. The review made five observations to the CoLP Information Officer.

City Police Value for Money Initiatives (City First Programme) (10 days)

Assurance Level Green/Substantial

8. The primary purpose of this review was to examine the work undertaken by the CoLP City First Programme Project Team. It was established that a thorough and comprehensive exercise has been undertaken by the Team. Work undertaken in producing the Revised Policing structure for the CoLP included a number of work streams assessing the requirements of the Force for effective delivery of the Policing Plan, together with the appropriate Support Services. A detailed assessment of Emerging and Future Threats was undertaken, a benchmarking exercise for support services was commissioned from an external agency and value for money assessments of each CoLP service completed as part of the project. The draft report for this Internal Audit exercise is currently being considered by the Commissioner, there were no recommendations made as a result of this review.

City Police Cash Income (3 days)

Assurance Level Green/Substantial

9. This minor spot check review included an examination of a sample of transactions for income collection, recording, security and banking and division of duties at Bishopsgate, Wood Street and Snow Hill Police Stations.
10. Sample testing established that there are satisfactory controls over the collection, safe custody and banking of income at Front Desk sites with an adequate division of duties. There is, however, a weakness in controls over recording income at Bishopsgate and Snow Hill Police Stations where there are no independent records being maintained. In addition, it is noted that receipts to verify income collections at Snow Hill were not being provided by Shared Services who are based on site. There is also a weakness concerning the safe key at Wood Street which needs to be held by a member of staff during the day and over the banking of a small amount of income taken from the sale of personal attack alarms at Bishopsgate which needs to be undertaken on a more regular basis. All four green recommendations made as a result of weaknesses identified have been agreed with the Commissioner and will be implemented by 30th September 2012.




Investigation of a complaint made by a former civilian support officer

Assurance Level Green/Substantial

11. An examination of the information supplied concerning the appointment of Pareto Management Ltd. as a consultant was undertaken by Internal Audit. It is understood that the officer has alleged that this appointment was not made in accordance with the City of London Corporation's (the City's) Financial Regulations.
12. On the basis of the documentation provided and interrogation of CBIS Accounts Payable, it has been determined that the engagement of Pareto Management Ltd. to undertake the role of independent advisor and critical friend to the City First Programme was in accordance with the City's Financial Regulations. E-mail and memoranda correspondence examined by Internal Audit demonstrated an awareness of the requirements of Standing Order 49 as expressed within the City's Procurement Guidance, specifically, that consultant appointments with a contract value up to £50,000 are at the discretion of the Chief Officer. In this instance it is noted that the Commissioner approved the engagement of Pareto Management Ltd. and the value of the contract was within the £50,000 threshold required by Standing Order 49.

CoLP Business Continuity Planning – Follow-up exercise

Summary of Current Position (20th August 2012)

RAG Rating	Recommendations	Implemented	Partially Implemented	Outstanding
	0	0	0	0
	11	8	3	0
	1	1	0	0
Total	12	9	3	0

13. An on-going follow up exercise has been undertaken of the above audit to review progress in the implementation of recommendations. The review identified that of the twelve recommendations made, nine have been implemented. The partially implemented recommendations are discussed below.

Recommendations 6 & 7 (Partially Implemented)

14. The Emergency Planning and Business Continuity Team (EPBCT) are reviewing departmental plans and reporting back to departments where

the relevant information has not been found together with deadline dates for plans to be reviewed again.




Recommendations 9 (Partially Implemented)

15. The EPBCT state that it has not been possible to plan a major exercise because of commitments for The Queen's Jubilee Celebrations and Olympic Games in July 2012. There are, however, exercises scheduled following completion of the Olympic Games in September 2012.

16. It is understood that some resilience work has already begun in June 2012 with live testing of the e-mail system scheduled for August 2012. It has been agreed that the outcome of this test will be reported to Internal Audit to confirm full completion of this exercise.

Bank Accounts for Defendants' Funds – Follow-up exercise

Summary of Current Position (20th August 2012)

RAG Rating	Recommendations	Implemented	Partially Implemented	Outstanding
	0	0	0	0
	0	0	0	0
	2	1	0	1
Total	2	1	0	1

17. The outstanding recommendation relates to reconciling bank account balances to approved deposits and withdrawals. At the time of this follow-up review (May 2012) this task had not been undertaken since December 2011. It was agreed with the Interim Director of Finance that reconciliations would be brought up to date as soon as possible. The completion of this task will be reviewed again by Internal Audit before the end of September 2012.

Conclusion

18. Good progress is being made in the completion of the 2012/12 Internal Audit Plan. There have been no major control weaknesses identified to date.

Appendices

Appendix 1: Schedule of Internal Audit Projects 2012/13

Appendix 2: Five Year Strategic Audit Plan 2012/17

Contact:

Jeremy Mullins, Audit Manager

Telephone 020 7332 1279

Email: jeremy.mullins@cityoflondon.gov.uk

Schedule of Internal Audit Projects 2012/13

Full Reviews				Recommendations			
Project	Planned Days	Planned Completion Date	Current Stage	Total Red	Total Amber	Total Green	Total
<p>POLICE ICT SERVICE SUPPORT CONTRACTS</p> <p>The Force operate a variety of ICT service contracts to support the City's policing arrangements. Controls over the procurement of ICT support contracts will be examined.</p>	10	30 th September 2012	Planning	-	-	-	-
<p>POLICE SUPPLIES AND SERVICES</p> <p>The City Police requires a wide range of items to support delivery of its policing plan. This review will examine the control of the procurement, payment and asset management aspects will be examined.</p>	20	31 st December 2012	Not Started	-	-	-	-
<p>POLICE FLEET MANAGEMENT VFM</p> <p>The City Police Force operates a diverse fleet of vehicles to enable a responsive policing presence within the square mile and beyond. Arrangements for the procurement, maintenance and usage of vehicles will be examined, including potential efficiency savings.</p>	10	31 st March 2013	Not Started	-	-	-	-

Full Reviews				Recommendations			
Project	Planned Days	Planned Completion Date	Current Stage	Total Red	Total Amber	Total Green	Total
<p>VALUE FOR MONEY INTIAITIVES</p> <p>In the current economic climate, City departments need to continuously identify expenditure savings and income generation opportunities. This review will examine on-going efficiency savings against proposals introduced by the Commissioner.</p>	5	30 th June 2012	Draft Report Issued	0	0	0	0
<p>POLICE COMPENSATION CLAIMS</p> <p>During the course of police operations there are inevitable incidents where innocent parties are inadvertently affected by police activity. The management of claims made against the Police including arrangements to mitigate the risk of claims being made will be examined.</p>	20	31 st December 2012	Planning	-	-	-	-
Spot Check Reviews							
Petty Cash	3	31st March 2013	Not Started	-	-	-	-
Cash Income	3	30 th June 2012	Management Letter issued	0	0	3	3
Property & Front Offices (All Police Stations)	4	30 th September 2012	Not Started	-	-	-	-
Police Officers' Allowances & Ad Hoc Payments	5	30 th September 2012	Planning	-	-	-	-
Interpreters Fees	5	31 st December 2012	Not Started	-	-	-	-

Follow-up reviews										
Project	Follow-up Date	Recommendations Made				Recommendations Implemented				
		Red	Amber	Green	Total	Red	Amber	Green	Total	Outstanding
Business Continuity Planning	August 2012	0	11	1	12	0	8	1	9	3
Defendants' Funds Bank A/c's	June 2012	0	0	2	2	0	0	1	1	1
Police Clothing Store	Not Yet Due	0	0	9	9	-	-	-	-	-

**Five Year Strategic Audit Plan
City of London Police**

FULL REVIEWS	Last Audited	2012/13	2013/14	2014/15	2015/16	2016/17	5 Year Coverage
DEPARTMENTAL GOVERNANCE AND FIN.MAN (INC BUD CONTROL) PART CSA	2010.07	0	0	0	25	0	25
POLICE ICT SERVICE SUPPORT CONTRACTS	NEW	10	0	0	0	0	10
POLICE SUPPLIES AND SERVICES	2007.01	20	0	0	0	0	20
POLICE PREMISES RELATED EXPENDITURE	2007.01	0	0	0	0	20	20
POLICE USE OF THIRD PARTY PAYMENTS (INC CONSULTANTS)	2007.11	0	20	0	0	0	20
POLICE FLEET MANAGEMENT VFM	2006.02	10	0	0	0	0	10
POLICE FEES & CHARGES (inc income maximisation and debt management)	2006.03	0	20	0	0	0	20
POLICE BUSINESS CONTINUITY PLANNING	2011.11	0	0	0	0	15	15
POLICE CLOTHING STORE (INCL. COMP. SYSTEM)	2007.01	0	0	0	0	5	5
POLICE BANK ACCOUNTS	2010.10	0	0	0	10	0	10
POLICE GOVT GRANTS, OTHER GRANTS & REIMBURSEMENTS (incl CJU)	2010.10	0	0	0	10	0	10
POLICE BERNARD MORGAN HOUSE VFM	2010.08	0	0	15	0	0	15
POLICE OVERTIME	NEW	0	0	20	0	0	20
VALUE FOR MONEY INTIAITIVES	NEW	5	5	5	8	6	29
POLICE COMPENSATION CLAIMS	2005.12	20	0	0	0	0	20
POLICE SEIZED GOODS		0	5	0	5	0	10
TOTAL MAN DAYS FULL REVIEWS		65	45	40	53	46	249

