

Committee(s)	Dated:
Performance and Resources Sub (Police) Committee	15 th November 2019
Subject: Internal Audit Update Report	Public
Report of: Matt Lock, Head of Audit and Risk Management	For Information
Report author: Jeremy Mullins, Audit Manager	

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) and the Police Authority since the last report in February 2019.

Since the June 2019 Committee meeting three Final audit reports have been issued: Interpreters Fees; Police Accommodation; Fleet Street Accommodation. Two Draft reports have been issued: Procurement Contract Management; and Front Offices; Premises. Fieldwork for three further audits is in progress: Police Premises Expenditure; Police Payroll and Overtime; and Transformation Change Programme Phase 1.

There are 11 planned corporate-wide audits within the 2019-20 plan. None of the recommendations arising from these audits to date have referred directly to the CoLP.

There were 16 “live” recommendations at 30th June There are currently six “live” recommendations. The following table provides summary details of the current status of the 16 “live” recommendations as at 30th June.

	Red	Amber	Total
Number Implementation Evidenced		10	10
Number Revised Implementation Date Provided	1	3	4
Partially Implemented		2	2
Total	1	5	16

Recommendation

Members are asked to:

- Note the report

Main Report

Internal Audit Planned Work and Planned Audit Days

1. The following table provides details of Police Authority audit work undertaken and planned (See Appendix 1).

Internal Audit Plan City of London Police

Agreed Total Audit Planned Days		
Audit	Current Stage	Audit Days
Interpreters Fees	Final Report	5
Contract Management	Draft Report	10
Front Offices	Draft Report	10
Premises Expenditure	Fieldwork	15
Payroll and Overtime	Fieldwork	15
Transform Change Programme Phase 1	Fieldwork	6
Transform Change Programme Phase 2	Not started	14
Workforce Planning	Not started	15
Financial Forecasting	Not started	20
Total Days		110

2. The following table provides details of Police Authority audit work undertaken and planned (See Appendix 1)

Internal Audit Plan City of London Police Authority

Audit	Current Stage	Audit Days
Police Key Financial Controls	Completed	20
Police Key Financial Controls – additional testing	Completed	10
Police Accommodation Programme	Final Report	20
Fleet Street Accommodation Programme	Final Report	15
Contingency	Not allocated	20
Total Police Authority Plan Days		85

3. The following table provides details of the outcome of audits completed to a minimum of Final Report stage (See Appendix 1).

Audit	Assurance Rating	Recommendations			
		Red	Amber	Green	Total
Interpreters Fees	Amber	0	2	2	4
Police Accommodation Programme	Red	5	0	0	5
Police Key Financial Controls	Amber	3	9	0	12
Police Key Financial Controls – additional testing	Amber	0	5	0	5
Fleet Street Accommodation Programme	Amber	1	2	0	3
Overall Rating to date 2019-20	Amber	9	18	2	29

Key Conclusions of Finalised Audit Reports July 2019 to October 2019

Police Interpreters Fees (5 days) AMBER ASSURANCE

4. The objectives of this Internal Audit review were to verify that adequate arrangements are in place to support payment and management of Police – Interpreter Fees.
 - Policies and procedures are in place covering the processing of interpreter fees.
 - Interpreters used are selected from an approved list.
 - Payments are made in accordance with approved rates.
 - Processes are in place to monitor / manage the overall costs of interpreter fees.
5. The current Interpreter Fees Claim Procedure is dated 2010 and has not been reviewed or updated since introduction.
6. The Agreement between the MPS and CoL has not been subject to an annual review as required within the Terms and Conditions of the Agreement.
7. Whilst it is the responsibility of the MPS to identify and maintain the list of interpreters, audit testing identified that four Interpreter Claim Forms (relating to three interpreters) were received from claimants not on the NRPSI list.
8. Delays in processing Interpreters' Claim Forms have resulted in late payment to the interpreters
9. Four recommendations were made for the areas of improvement listed above. The Commissioner agreed to implement all four recommendations 30th November 2019.

Police Accommodation Programme 2012 – 2017 (15 days) RED ASSURANCE

10. The purpose of this audit was:

- To determine why there were issues with programme option appraisals and detailed designs that resulted in significant changes in the direction of the project, as outlined above;
- To identify and catalogue the key programme issues leading to both significant delays and substantial increases in programme costs;
- To assess the appropriateness of management action taken in response to lessons learned.

11. The audit established the lack of suitably skilled and experienced;

- Programme team within the City;
- External Consultants.

12. The audit established that external consultants WYG did not have appropriate expertise for a programme of the nature of the Police Accommodation Programme.

13. The audit identified that the City Police failed to provide robust challenge to the options pursued in respect of the Police Accommodation Programme.

14. The tender documentation issued when procuring the services of WYG in 2014, the audit confirmed that the tender documentation failed to set out the City's detailed requirements in relation to producing detailed designs for the Police Accommodation programme.

15. The Police Accommodation Programme was significantly delayed; a key reason for this was failure to engage specialist consultants in a timely manner e.g. security specialists.

16. Five recommendations were made for the areas of improvement listed above. The City Surveyor in consultation with the Commissioner agreed all recommendations and these were implemented for the Fleet Street Scheme Programme.

Fleet Street Estate Programme (15 days) AMBER Assurance

17. The purpose of the audit was to obtain reasonable assurance that appropriate action has been taken to address lessons learned from the Police Accommodation Strategy in delivering the Fleet Street Estate for the City Police.
18. The Chamberlain's department has expressed concerns that department comments have not always fed into reports presented to Members. Furthermore, the department has also expressed concerns that reports presented to Members are often issued with insufficient time for comments from key stakeholders to be provided on the reports.
19. Full programme cost estimates were not presented to Members of the Capital Buildings Committee at its March and July 2019 meetings. The cost estimates presented only included projected construction costs.
20. Two recommendations were made for the areas of improvement listed above. The City Surveyor in consultation with the Chamberlain agreed all recommendations and these were implemented for the Fleet Street Scheme Programme.
21. More detailed key conclusions for these three audits are included within Appendix 3.

Implementation of Audit Recommendations

22. There were 16 “live” recommendations at 30th June 2019: one Red Rated; and fifteen Amber Rated. Ten of these recommendations have now been implemented. Full details of the status of recommendations are contained in Appendices 2.

	Red Rated	Amber Rated
Implemented	0	10
Partially Implemented	0	2
Revised target date provided	1	3
Total	1	15

The live Red Rated recommendation is as follows:

Audit Name	Recommendation	Assurance Rating	Status
Key Financial Controls 2018-19	<p>MK02998 The budget-setting process should incorporate:</p> <ul style="list-style-type: none"> Stakeholder input to ensure alignment with operational requirements; Clear linkage with the Medium-Term Financial Plan and Workforce Plan; Local arrangements for scrutiny; Retention of documentation to reflect key elements of the process e.g. meetings between Finance Business Partners and budget holders and working papers to support budget calculations. 	RED	Revised Implementation Date 30 th April 2020

Corporate Wide Audits 2019-20

23. The following corporate wide audits have been included within the Internal Audit Plan 2019-20. Where findings and agreed recommendations impact on the City Police, the subcommittee will be advised of the details. Corporate Wide audit work has not resulted in any recommendations that directly impact on the City Police to date.

- Corporate Wide Change Control
- Corporate Wide Project Management
- GDPR Compliance
- Fire Safety Management
- Asset Management
- Projects Change Control Management
- Project Estimating (Gateway Process)
- Workforce Planning
- Legionnaires Risk Management
- Use of Consultants
- Apprenticeships

Conclusions

24. Work is progressing on the 2019-20 Internal Audit Plan. The Final Reports have been issued for three audits; draft reports have been issued for two audits; and the fieldwork is progressing for three more audits.

25. There are currently 6 “live” Amber rated audit recommendations.

Appendices

- Appendix 1 - Schedule of Internal Audit Planned Work
- Appendix 2 - Schedule of “live” audit recommendations as at 31st October 2019
- Appendix 3 - Key Conclusions of Finalised Audit Reports July 2019 to October 2019

Matt Lock, Head of Audit and Risk Management

T: 020 7332 1276 E: matt.lock@cityoflondon.gov.uk

Jeremy Mullins, Audit Manager

T: 020 7332 1279 E: jeremy.mullins@cityoflondon.gov.uk