

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

### 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

<b>Audit</b>	<b>Assurance Rating</b>
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:

		<b>Recommendations Made</b>			<b>Follow-up Date</b>	<b>Total Outstanding Recs</b>	<b>Revised Assurance Rating</b>
<b>Audit</b>	<b>Assurance Rating</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>			
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.

## **Matt Lock**

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