

Committee:	Date:
Police Performance and Resources Sub-Committee	26 th February 2014
Subject: Internal Audit Update Report	Public
Report of: The Chamberlain	For Information

Summary

This report updates the sub-committee on the current work undertaken by Internal Audit. It includes details of internal audit reviews undertaken between November 2013 and January 2014, as well as further information on the progress being made in the completion of the 2013/14 Internal Audit Plan (Appendix 1).

Good progress is being made in the completion of the 2013/14 Internal Audit plan. One planned review (City First Project – Outcomes) has been completed since the last update to this sub-committee in November 2013.. Fieldwork has been completed on the City Police Assurance Mapping Exercise and Third Party Payments (full review). Fieldwork on the following reviews is in progress: Compensation Claims; Fleet Management VFM; Fees and Charges; and the Project Office all of which will be completed by 31st March 2014. The fieldwork on the Performance Measures spot check review has started, which leaves work on one remaining spot check review of Seized Goods to be undertaken. It is envisaged that the fieldwork for the 2013/14 Internal Audit Plan will be completed by 31st March 2014.

Internal audit work undertaken between November 2013 and January 2014 has established that satisfactory controls are in place for the areas that have been examined, although suggestions have been made to enhance the clarity of information reported to the Police Committee in respect of the City First Project.

City First Project: As part of this review supporting evidence was examined and accepted for the outcomes from thirteen work streams. There are nineteen work streams in total but four related to action that could not be independently verified by Internal Audit, two did not include sufficient detail for testing, and one requires a more detailed examination, potentially as part of the 2014/15 Internal Audit Plan (Appendix 2). It was recommended that more detailed analysis of results should be provided in the full evaluation of City First to be reported to the Police Committee by the Commissioner in October 2014.

Implementation dates for the recommendations arising from all spot check reviews completed earlier in the year have been obtained from the Director of Corporate Services. All recommendations either have been implemented or will be by 31st October 2014.

Details of the draft five years' Internal Audit Plan for the Police 2014 – 2019 are also included within this report (Appendix 2). Consultation on the 2014-2019 internal audit plan has been undertaken with the Assistant Commissioner and the Director of Corporate Services. Details of the draft Internal Audit Plan 2014-2019, as well as the draft Internal Audit Plan 2014/15 (Appendix 3) are included within this report for your observations and any changes that Members would wish to make.

Recommendation

Members are asked to note the work that internal audit have undertaken, and offer any observations on the Internal Audit Plan 2014/19.

Main Report

Background

1. Includes details of the progress made on work undertaken during the period 1st November 2013 to 31st January 2014. It also includes a summary of the status of all 2013/14 reviews (Appendix 1) and details of the draft five year Internal Audit Plan 2014 – 2019 (Appendix 2). In addition, an update on the progress made in implementing Internal Audit recommendations (up to 31st December 2013) resulting from work completed in 2013/14 is contained in Table One (paragraph 6).

Internal Audit Plan 2013/14 – Progression to date

2. Good progress is being made in completing the 2013/14 Internal Audit Plan. There were seven full reviews and nine spot check reviews scheduled for completion by 31st March 2014. Work related to the City Police has been prioritised this financial year with the completion of seven spot checks in the first six months of the year. In addition, one full review of the City First Project has now been completed. Fieldwork has been completed on two full audit reviews: Assurance Mapping; and Third Party Payments. Fieldwork is progressing on the remaining four full reviews: Compensation Claims; Fleet Maintenance VFM; Fees & Charges; and the Project Office. Two spot check reviews: Performance Measures; and Seized Goods will be completed by 31st March 2014. (52 audit days to date – total audit days in 2013/14 115 days). Details of the work completed since 1st November 2013 is included below.

Summary of Audit reviews

City First Project

3. A number of the High Level Evaluation measures, which were used to evaluate achievements against the original aims of the City First Programme, have been tested to supporting evidence. The conclusion is that there is satisfactory supporting evidence for the results that have been achieved. It should be noted that not all work stream results could be independently tested in this fashion, because there are elements which can only be tested against

information that would be supplied directly by the City Police, for example, the effectiveness of reallocating police officer manpower resources. The focus of this review was the financial results, which could be tested against evidence obtained from the financial management system CBIS, the HR and payroll system iTrent and the City Police's fleet list.

4. It should be appreciated that some of the financial results included within the High Level Evaluation measures are included within larger budgeted sums and it has not been possible to verify some of the specific figures quoted in the results. For example, Occupational Health savings stated as £120,000. In these instances the indicator used to demonstrate achievement was a verifiable reduction in the overall budget allocation between the years 2011/12 and the current year 2013/14. This has highlighted the need for the Commissioner's Full Evaluation of City First planned for October 2014 to include more detailed analysis for specific efficiencies. For example, comparisons of the pre and post City First components of the Home Office Grant, or the reduction in unit prices by renegotiating procurement contracts such as stationery and catering.
5. The conclusions of this review have been acknowledged and the recommendation accepted that a more detailed analysis to be reported to the October 2014 Police Committee.

Implementation of Audit Recommendations

6. It was reported to your November 2013 sub-committee that agreeing implementation dates for the recommendations arising from the 2013/14 Internal Audit reviews completed up to 1st November 2013 had been delayed because of the absence of the Director of Corporate Services Agreement has now been obtained for all work undertaken up until 31st December 2013 and details are included within Table One below.

Table One: Schedule of Implementation of Audit Recommendations 2013/14

Audit Review	Recommendations				Agreed implementation dates
	Red	Amber	Green	Total	
City First Project	-	-	1	1	31 st Oct 14
Property & Front Offices	-	-	2	2	31 st Mar 14
Procurement Processes	-	-	1	1	Implemented
Police Officers' Travel Expenses	-	-	2	2	31 st Mar 14
Recruitment CSA	-	-	1	1	31 st Mar 14
Total Accepted	-	-	7	7	

7. A meeting was held with the Director of Corporate Resources and Head of Finance in December 2013. It was established that recommendations in respect of: Property & Front Offices consistent banking reconciliations at each police station and Bernard Morgan House; compliance with Police Travel Expenses recording requirements; and the consistent maintenance of Recruitment records would be fully implemented by 31st March 2014. It was accepted that the City Police are now working with the City's Procurement Service (CLPS) in ensuring that quotes are obtained for all supplies and services in accordance with Financial Regulations. The recommendation in respect of the City First Project review will be implemented by October 2014.

Draft Five Year Internal Audit Plan 2014/2019

8. A meeting was held in January 2014 with the Assistant Commissioner and the Director of Corporate Services to discuss the draft five year Internal Audit Plan 2014 – 2019. This was a productive meeting where the methodology for preparing the draft plan, by reference to the Forces Policing Plan and risk register, and internal audit risk assessment methodology was explained. The relationship between the reviews undertaken solely for the City Police and how full risk coverage is achieved via reliance on corporate City of London Corporation reviews, for example, CBIS, iTrent and CLPS was also described.
9. The Assistant Commissioner and Director of Corporate Services demonstrated a keen interest in the internal audit planning process, offering advice concerning future plans for Bernard Morgan House and the Police Clothing Store, which influence the content of the plan in years two to five. Changes to the timing of audit reviews was requested to reflect the risk perceived within the Force, for example, Business Continuity Planning. There are 90 days dedicated to City Police Internal Audit work in the year 2015/16. (See Appendix 2).
10. Details of the draft Internal Audit Plan 2014/15 including pen pictures are contained in Appendix 3.

Conclusion

11. Good progress is being made in completing the 2013/14 Internal Audit Plan. Whilst a number of recommendations have been made to date (seven GREEN priority rated in total), no significant control weaknesses have been identified to date. The plan is on course for full completion by 31st March 2014, with four full reviews in progress, one spot check review underway, and one remaining spot check review to start.
12. The draft five year 2014-2019 Internal Audit Plan has been prepared, using the internal audit risk assessment methodology and informed by the outcome of discussions held with the Assistant Commissioner and the Director of Corporate Resources and the Force Risk Manager.

Background Papers

Appendix 1 Internal Audit Plan Status Report 2013/14

Appendix 2 Internal Audit Plan 2014-2019

Appendix 3 Draft Internal Audit Plan 2014/15

Jeremy Mullins, Audit Manager

T: 020 7332 1279

E: Jeremy.mullins@cityoflondon.gov.uk