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| Committee: | Date: |
| Police Performance and Resources Sub-Committee | 26 th September 2014 |
| Subject: Internal Audit Update Report | Public |
| Report of: The Head of Internal Audit and Risk Management | For Information |

Summary

This report provides an update on the internal audit reviews undertaken between May 2014 and August 2014 as well as further information on the progress being made on the completion of the 2013/14 Internal Audit Plan (Appendix 1). It also includes a schedule of planned work for 2014/15 (Appendix 2).

All 2013/14 planned work has been completed to at least draft report stage. Four planned reviews have been fully completed since the April 2014 update report. The draft reports have been issued or prepared for the Programme Office and Compensation Claims reviews (details of the outcome of these reviews will be included in the next update report once management action plans have been agreed). All planned spot check reviews have now been completed. Good progress has been made in undertaking the 2014/15 audit plan with a significant amount of the planned work underway.

Two full audit have been completed to final report stage since the last update report as follows:-

Police Fees and Charges: One amber priority recommendation was made concerning the introduction of a procedure to ensure that revised approved fees are published on an annual basis.

Fleet Management Value for Money: This audit review established that the City of London Police (CoLP) fleet management arrangements represent good value for money. Three green recommendations were made:

Spot Check Reviews completed to date related to the 2013/14 or 2014/15 audit plans have not identified any significant control weaknesses.

Recommendation

Members are asked to note the work that Internal Audit has undertaken, and offer any observations.

Main Report

Background

1. This report includes a summary of the status of all 2013/14 reviews (Appendix 1) and 2014/15 reviews. (Appendix 2). It also includes an update on the

progress made in implementing Internal Audit recommendations resulting from 2013/14 work completed by 31st August 2014.

Delivery of Internal Audit Work.

2. All 2013/14 planned work has been completed to at least draft report stage. Four planned reviews have been fully completed since the April 2014 update report. Police Third Party Payments (for which draft findings were included within the May update report); Fees and Charges, Fleet Management Value for Money and City Police Assurance Mapping. The draft reports have been issued or prepared for the Programme Office and Compensation Claims reviews (details of the outcome of these reviews will be included in the next update report once management action plans have been agreed). All planned spot check reviews have now been completed. Performance Measures, Police Procurement Card, and Seized Goods have been completed since April 2014.
3. Good progress has been made in undertaking 2014/15 planned work. Two mini-assurance reviews related to the HMIC Benchmarking exercise and an examination of Bank Accounts have been completed to draft report stage. The two planned full reviews for the year have been started: Police Overtime is at planning stage; and the fieldwork for the Business Continuity/Disaster Recovery review is underway. The fieldwork for a further mini-assurance review of Police Officers' Pensions and two spot check reviews of Cash Income and Police Front Officers are in progress. A report on the outcomes of these reviews will be included in the next update report to your sub-committee.
4. Further to the Committee's concern over the delay in the completion of the 2013/14 audit plan following request for short deferments by City of London Police staff, it has been agreed that any requests for rescheduling should be must be authorised by the Assistant Commissioner, prior to consideration by internal audit.

Summary of audit review outcomes - 2013/14 Planned Work

Police Fees and Charges (20 days)

5. The process for setting and approving the charging rationale for general fees and charges are robust and in accordance with police policies and the City's Financial Regulations. The basis for charging rates is satisfactory, takes into consideration all contribution costs associated with the services provided, and ensures an effective use of police resources. Discussions with the Finance Department identified that a Force Order had not been issued to authorise the publishing of the charges. These charges should have resulted in an average 3.1% increase in fees. It is understood that following committee approval of the fees and charges in May 2013, the Director of Corporate Support who is responsible for ensuring the publication of the charges, was on long-term sickness absence for three months. Based on the year-end outturn of £116,500 for Front Desk income in 2013/14, the lost income is estimated to be in the region of £3,600.

6. One amber priority recommendation was made concerning the introduction of a procedure to ensure that revised approved fees are published on an annual basis. This recommendation has been accepted and was implemented after the approval of revised fees and charges for 2014/15 in May 2014.

| Recommendations | Red | Amber | Green | Total |
|------------------------|------------|--------------|--------------|--------------|
| Number Made: | 0 | 1 | 0 | 1 |
| Number Accepted: | 0 | 1 | 0 | 1 |

Fleet Management Value for Money (10 days)

7. Effective procurement arrangements are in place for the acquisitions of vehicles, and there is evidence that they are being followed. However, Fleet Management's local procedures 'Buy/Lease/Hire rules for vehicles' states that the Command Units and Fleet Manager prepare five year fleet requirement plans for buying and annual leasing plans. These plans are not in place, so the procurement of vehicles may be undertaken in an inconsistent approach and result in strategic objectives not being achieved.
8. There are adequate arrangements for the use and maintenance of vehicles, with reporting and review of vehicle downtime as a result of maintenance. Tyre and monthly fuel transaction reports are produced. However, fuel purchase reports are not analysed to ensure appropriate fuel usage so there is a risk that inefficient fuel usage cannot be identified and rectified. There are also no annual running cost and mileage reports prepared for individual vehicles, this may result in vehicles that incur high running costs not being identified and value for money not being achieved.
9. All recommendations were accepted and the Commissioner agreed to implement them all by 31st March 2015.

| Recommendations | Red | Amber | Green | Total |
|------------------------|------------|--------------|--------------|--------------|
| Number Made: | 0 | 0 | 3 | 3 |
| Number Accepted: | 0 | 0 | 3 | 3 |

Mini – Assurance and Spot Check Reviews - 2013/14 Planned Work

Police Performance Measures (3 days)

10. This probity spot check tested a sample of the Force's published performance measures against supporting documentation. The indicator for Health and Safety Assessments had been compiled from the outcomes of self-assessments undertaken by departments. These had not been audited by the Police Health and Safety team to verify that the assessments had been carried out and to a required standard, and therefore there is no guarantee that the self-assessments reflect Health and Safety reviews carried out in the

departments. Internal Audit was unclear whether the Amber outcome reported to the Police Committee referred to the number of assessments completed, or quality of assessments. The measurement criteria for the indicator is defined as 'Completed risk assessments received by OH'. An Amber rated recommendation has been made to seek clarity in reporting this indicator and ensuring that self-assessment exercises are verified.

Use of Procurement Cards (10 days)

11. This exercise involved a probity test of a sample of card records and purchase transactions. It was established that the cards are being used in accordance with the approved scheme. Although green rated recommendations were made in respect of training for card users and improved processes for cancelling cards when staff leave the Force's employment.

Seized Goods (5 days)

12. A sample of goods, including cash, confiscated from suspects was compared to supporting records. The security of seized goods was also reviewed. Two amber priority recommendations were made for the immediate banking of £24,000 from proceeds of auctioning property and the preparation of written procedures for cash. One further green priority recommendation concerning improved security arrangements was also made.

City of London Audit Outcomes of relevance to City of London Police

13. The Internal Audit section is currently undertaking two reviews in City Procurement. One review is concentrating on payment of invoices, and the other, examining the work of the Corporate Buying Team. Any outcomes relevant to your sub-committee in the next audit update report.

Implementation of Audit Recommendations

14. There has been no significant change in the status of audit recommendation implementation since the May 2014 update report. Any recommendations as a result of reviews at draft report stage will be reported in the next audit update report

Conclusion

15. Internal audit's opinion on the City of London Police internal control environment is that it remains adequate and effective. Delivery of the internal audit programme is progressing to plan.

Appendices

Appendix 1 Internal Audit Plan Schedule of Projects 2013/14

Appendix 2 Internal Audit Plan Schedule of Projects 2014/15

Jeremy Mullins, Audit Manager

T: 020 7332 1279

E: Jeremy.mullins@cityoflondon.gov.uk

Paul Nagle, Head of Audit and Risk Management

T: 020 7332 1277

E: Paul.Nagle@cityoflondon.gov.uk