

Committee:	Date:
Police Performance and Resources Sub-Committee	4 th December 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 September 2014 and October 2014 as well as further information 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. Good progress has been made in undertaking the 2014/15 audit plan: a mini-assurance review of data submitted to HMIC has been fully completed: one full review of Business Continuity/Disaster Recovery has been completed to draft report stage; and a mini-assurance review of Police Bank Accounts has been completed to draft report stage.

Two full reviews have been completed to final report stage since the last update review:

Police Programme Office: (Green Assurance Rating) This review established that the Programme Office is delivering an efficient and useful role in co-ordinating Police major projects. One green recommendation was made, which has been considered by the Town Clerk and will be partly implemented.

Police Compensation Claims: (Green Assurance Rating) This audit review has established that there are satisfactory controls operated in the handling of compensation claims. There are, however, some minor improvements required in general Force awareness concerning claims handling. The inclusion of information concerning claims in the quarterly report made to the Professional Standards (Police) sub-Committee should also be considered.

Assurance Mapping: This exercise has identified the current status of management and third party scrutiny of the Force's activity. Whilst no recommendations were required for the CoLP to action, the results will be used to inform the audit planning process for the five year audit plan 2015/16 to 2019/20.

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 October 2014.

Delivery of Internal Audit Work.

2. All 2013/14 planned work has now been completed, with three audits finalised since the September 2014 update report: Police Programme Office; Compensation Costs and CoLP Assurance Mapping.
3. Good progress has been made in undertaking 2014/15 planned work. One mini-assurance review related to the HMIC Benchmarking exercise has been fully completed. An examination of Bank Accounts has been completed to draft report stage. The two planned full reviews for the year have been started: Business Continuity/Disaster Recovery has been completed to draft report stage; and the fieldwork for Police Overtime is progressing. 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 the HMIC Benchmarking exercise is included below and the outcome of current work in progress will be included in the next update report to your sub-committee.

Summary of audit review outcomes - 2013/14 Planned Work

Police Programme Office (10 days) – Green Assurance – 1 green priority recommendation

4. This audit review has established that the Programme Office is providing a necessary role in ensuring that projects vital to the City Futures initiative are properly coordinated, kept on track and within budget (both in terms of cost and time).
5. Governance: A clear governance structure is in place. It was, however, recommended that the Town Clerk considered the requirement for CoLP projects to be scrutinised by the City's Project Board after the robust challenge that the Force's Senior Management Team undertake. The Town Clerk felt that it is important to ensure that all major projects are scrutinised by the

Project Board, but would instruct the committee clerk to seek to reduce the time gap between CoLP project approval and Project Board meetings.

6. Information Systems: The Programme Office utilises project recording and monitoring software called RAID. This provides staff with the ability of set up projects (including details of resources and timeframes for task completion), to make revisions to project details as necessary, and update the status and progress of projects. Audit sample testing revealed that the system is being updated as required.
7. Staffing: The Programme Management Office staff have been subject to appropriate job evaluation and justification in accordance with the business needs for the CoLP City Futures project.
8. Budgetary Control: The budget for the Programme Management Office is adequately defined for financial management processes and included within overall CoLP budget monitoring reports.

Police Compensation Claims (20 days) – Green Assurance – 3 green priority recommendations

9. This audit review has established that there are satisfactory controls operated in the handling of compensation claims. There are, however, some weaknesses in general Force awareness concerning claims handling. The inclusion of information concerning claims in the quarterly report made to the Professional Standards (Police) sub-Committee should also be considered.

Record Keeping

10. A complete record of all cases being dealt with by the Professional Standards Office, City Solicitor and Chamberlain's Insurance Section is maintained. Audit testing of a sample of files established that entries on the record accurately reflect supporting files and are appropriately referenced to provide an audit trail.

Claims Handling

11. Discussion with the Insurance Manager and CoLP Professional Standards Officer did, however, establish that there is no procedure for ensuring that all claims are forwarded to the Professional Standards Section. If they are received in the post or at a police station front desk they should be passed to the Professional Standards Section who will allocate a unique reference for handling and tracking purposes. They are, however, sometimes given to the section specified in the claim and then forwarded to City Solicitors without the Professional Standards Section allocating a unique reference.
12. The absence of written procedures could result in delays handling claims, because they could be lost in the system; this may also result in additional costs if claims are not responded to within times specified by the claimant's legal representatives.

Settlement Authorisation

13. There are robust checks and balances in place to ensure that payments of settlements are made for the correct amount and in accordance with agreed conditions. These include: detailed information on case files provided by the CoLP; correspondence with legal representation; and claims processing and authorisation by the Chamberlain's Insurance Section.

Claims Mitigation

14. It was established that a list of issues raised because of claims is maintained and that these are discussed at regular section meetings with a view to preparing business cases for training.

15. Details of behaviour which has resulted in claims are forwarded to the Learning and Development Group, which is chaired by Assistant Commissioner Ian Dyson and the appropriate training and communications to mitigate similar claims are considered by that group.

Governance

16. There is currently no report made to the Police Senior Management Team concerning the status of claims and their settlement. This means that the Commissioner may not be aware of the cost involved as a result of complaints received against police activity. It is especially pertinent in view of the estimated full cost of current open cases (in the region of £1.4million).

17. Examples of issues identified due to sample testing of claims were:

- Inappropriate comments to people in custody, contributing to a complaint upheld by the Tribunal (court costs £42,300);
- Loss of Incident Report Books (IRBs) which hindered a successful appeal against a ruling (court costs £48,000) ;
- Damage to a vehicle by police dog (£15,500 successfully claimed);
- Careless driving, which resulted in claims of third party damage and damage to police vehicles (£183,000 paid to third parties)..

18. Information concerning compensations claims is currently not included within quarterly reports made to the Professional Standards (Police) sub-Committee, which should be considered by the Commissioner in order to provide Members with a greater level of information concerning the Force.

Assurance Mapping (5 days)

19. Information was gathered on the following business areas:

- **Critical systems**
- **Due diligence activities**
- **Strategic Emerging Issues**
- **Key transformational programmes and projects**
- **ICT Assurance**

20. The CoLP's Senior Management Team has taken steps to ensure that there is an adequate management and supervision framework **covering critical systems**. This activity is enhanced by the independent assessment performed by HMIC, the Home Office and other national agencies.

21. Responsibility for due **diligence activities** including: preparation of the Annual Policing Plan; Budget Reporting and Financial Management; Risk Register maintenance; reporting to the Police Committee; and review of National "Leadforce" Performance Outcomes, have been allocated to members of the Senior Management Team. These activities are also subject to review by HMIC and the Home Office, with the City of London Corporation providing support services, including the Town Clerk's management of committee reporting, the Chamberlain's Financial Service Division supporting budget preparation and financial reporting, and the Chamberlain's Corporate Risk Advisor giving advice on risk management issues.

22. The CoLP's **strategic risks** have been rated by the Force using the "traffic light" system. There are fourteen strategic risks and five of these have been rated as "Green"; nine are currently rated as "Amber". Risk ownership is spread across the CoLP and there is mitigating activity from third parties, including the Metropolitan Police, British Transport Police, the Ministry of Defence and the City of London Corporation.

23. **Emerging issues** are included within the Policing Plan 2013/15 and include: anti-social behaviour; begging; and criminality linked to the night time economy. The responsibility for these areas rests with the Uniformed Policing Directorate. There are also a number of community projects which support the CoLP in tackling these issues such as, Pub Watch; Shop Watch; Face Watch and Safer Partnerships.

24. The City First Change Programme was a wide ranging project which has been classified for the purposes of this review as a **key transformational project**. The outcomes of this programme are subject to reporting prepared by the Superintendent – Strategy, Performance & Review. Success is also subject to scrutiny from HMIC and the Home Office.

25. **ICT Assurance** is focused on the ICT Risk Register since IT Business Continuity is rated Amber on the CoLP Strategic Risk Register. There are 23 ICT risks being addressed by the CoLP. The Force is working with the City of London IS Division to develop a partnership IS provision delivery with the City and IS partners Agilisys. The management of these is the responsibility of the Director of Corporate Services, the Director of ICT and regular reports are being made to the Force Risk Assurance Group. Third party inputs provided by the Association of Police Authorities and the Home Office. This entails reviews that examine specific areas of compliance to national standards of crime data statistic collection and the CoLP's access to shared data systems maintained by these bodies.
26. The assurance map demonstrates that Internal Audit Assurance is providing assurance across most of the business areas. Within the last five years reviews have been undertaken of Governance and Financial Management (2011/12); Risk Register Maintenance (2010); Business Continuity Arrangements (2011/12); Information Assurance Maturity Model (IAMM) compliance (2012/13) and the City First project (2012/13 & 2013/14).
27. Some gaps in Internal Audit coverage have been identified and these will be addressed by specific internal audit reviews.. These include: IS Business Continuity (2014/15): and Systems/Security/Strategy (2015/16); a review which will examine the accuracy of crime data collected (2014/15), a review has also been undertaken to verify the validity of data used for the Police VFM Benchmarking exercise.
28. The Assurance Map as at 30th September 2014 is included within Appendix Three attached.

Mini – Assurance and Spot Check Reviews – 2014/15 Planned Work

HMIC Assurance Review

29. There were two aspects to this project: to verify the accuracy of data submitted to the HMIC for Police Authority benchmarking statistics; and work with the external consultants Baker Tilly, who were commissioned by the CoLP to produce a range of useful comparators from CoLP financial, manpower and population data, which can be reported to members to demonstrate the CoLP's performance benchmarked against similar police authorities (in terms of population and police activities).
30. Audit sample testing established that the information provided by the CoLP for HMIC was based on accurate financial information obtained from CBIS General Ledger.
31. A number of meetings were attended with the consultants Baker Tilly, the Assistant Commissioner, and the Chamberlain's Business Support Director. Advice was provided concerning the methodology developed by Baker Tilly. It was also concluded that the chosen methodology was appropriate and was based on relevant financial, manpower and population data.

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

32. The Internal Audit section has recently undertaken two reviews in City Procurement. One review is concentrating on payment of invoices, and the other, examining the work of the Corporate Buying Team. These reviews have been progressed to draft report stage. Any outcomes relevant to your sub-committee will be provided in the next audit update report.

Implementation of Audit Recommendations

33. The recommendation made as a result of the Programme Office review has been partially implemented. Any recommendation as a result of reviews currently at draft stage will be reported in the next audit update report.

Conclusion

34. All planned work for 2013/14 has now been fully completed. 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

Appendix 3 Police Assurance Mapping exercise outcome as at 30th September 2014

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