

Committee:	Date:
Police Performance and Resources Sub-Committee	18 th March 2015
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 November 2014 and March 2015 (Appendix 1). It also includes a schedule of planned work for 2015/16.

Good progress has been made in completion of the 2014/15 audit plan since the last report to your sub-committee in December 2014. One full review of Business Continuity has been fully completed; two remaining full assurance reviews of Police Officers' Overtime Claims and Business Continuity Management Systems have been completed to draft report stage; a mini-assurance review of Police Pensions has also been completed; two spot check reviews, Cash Income and Front Offices and Property Services have been completed, and fieldwork for a spot check review of Informant Funds has been completed. The remaining spot check review of Interpreters Fees will be completed by 17th April 2015 since fieldwork cannot be undertaken until 27th March 2015 at the request of the Force's Support Services office.

PBX (Business Telephone System) Fraud

There is a sound control environment with risks to system objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Whilst the audit objectives were concerned with PBX fraud, during the course of the review a serious issue emerged regarding the PBX resilience. As a result we produced a second report on PBX Resilience (see below).

PBX Resilience

There is only one member of staff responsible for this area and while audit have been informed there is documentation to assist when that member of staff is not present, this represents a 'single point of failure'. In addition, there is no 'out of hours' support regarding both the Force's personnel and that of third party support/maintenance provider. Further, there is no remote access facility at any time regarding both staff and third parties.

Police Officers' Pensions

Sample testing of records and discussions with Pensions Office staff established that there are satisfactory controls over the calculation and payment of pensions

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

IT – Disaster Recovery (DR)

Discussions with the Force Chief Information Officer confirmed that limited formal DR procedures or facilities are in place.

This situation is recognised by the Force Chief Information Officer and the Force leadership and from the 1st of December 2014 the Force has contracted with Agilisys to provide a managed service for the majority of the IT Systems, excluding IL4 and above. The move to a managed service will implement significant changes to the Force IT Systems, including a resilient infrastructure and network, with associated formal processes to manage both daily activities and Disaster Recovery.

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 2014/15 reviews (Appendix 1). It also includes detail of the audit work planned for 2015/16, which has been approved by the Audit & Risk Committee. The level of audit resource has been maintained at existing levels.

Delivery of Internal Audit Work

2. Planned work for 2014/15 is almost completed, with one spot check of Interpreters Fees to be finished by 17th April 2015. One full review of Business Continuity has been fully completed; two remaining full assurance reviews of Police Officers' Overtime Claims and Business Continuity Management Systems have been completed to draft report stage; a mini-assurance review of Police Pensions has also been completed; two spot check reviews, Cash Income and Front Offices and Property Services have been completed, and fieldwork for a spot check review of Informant Funds has been completed.

2014/15 Planned Work

Full Assurance Reviews

PBX Fraud (Green Rating)

3. An assurance fact finding questionnaire was issued by Internal Audit. Discussions regarding the questionnaire were held with a number of individuals (i.e. the Forces IT Department Network Analyst and line Manager, the Force's Director of Information and the team leader from Agilisys Unified Communications Team). An assurance level of 'green' has been given but a number of recommendations have been made to reinforce the current position. The recommendations raised related to the following issues:
- The PBX log is not comprehensively monitored on a daily basis.(Amber)
 - There is a lack of clarify on what security alerts third parties will provide. (Amber)
 - PBX fraud is not currently in the CoLP risk register. (Green)
 - An asset register/inventory of PBX equipment does not exist. (Green)
 - Much reliance is placed on the documentation including PBX infra structure and operation. The organisation of this could be improved. (Green)
 - Hardening¹ of all PBX related software should occur. (Green)
 - Regular consultation should take place with the third party suppliers (i.e. Daisy and Mitel). (Green)
4. The Commissioner agreed to implement all of these recommendations by December 2015.

Recommendations	Red	Amber	Green	Total
Number Made:	0	2	5	7
Number Accepted:	0	2	5	7

PBX Resilience (Red Rating)

5. There is only one member of staff responsible for this area and while audit have been informed there is documentation to assist when that member of staff is not present this represents a 'single point of failure'. In addition, there is no 'out of hours' support regarding both the Force's personnel and that of third party support/maintenance provider. Further, there is no remote access facility at any time regarding both staff and third parties.
6. These issues are known to the IT team and this has been the accepted position for many years. This could leave the Force in an exposed position

¹ Hardening is the process of securing an information system, e.g. changing default passwords, disabling dormant accounts.

(e.g. unable to take public telephone calls) should the PBX system fail. It is understood there are contingency measures including the Metropolitan Police facility at Croydon via CAD messages, however, it is not believed this position has been formally considered and signed off at the highest level.

7. These issues have been discussed with the Force and an Agilisys representative and it is hoped an appropriate resilience level can be achieved. It needs to be recognised, however, that the overall CoLP/Agilisys transition is planned over at least a six months period. The urgency of the situation needs to be determined and prioritised within that planned transition.
8. The recommendations raised relate to the following issues:
 - A single point of failure exists with regard to one member of staff being solely responsible for the PBX operation. (Red)
 - There is no PBX 'out of hours' cover regarding Force personnel. (Red)
 - Neither is there PBX 'out of hours' cover regarding third party maintenance and support. (Red)
 - In addition to a lack of 'out of hours' cover, there is no provision for remote access at any time. (Amber)
9. The Commissioner agreed to implement all of these recommendations by December 2015.

Recommendations	Red	Amber	Green	Total
Number Made:	3	1	0	4
Number Accepted:	3	1	0	4

IT – Disaster Recovery (Red Rating)

Our report to management offers conclusions based on the limited information available. These would indicate that there are absences or significant deficiencies across the 8 objectives of the review.

The timing of our review gives an insight into the position of the Force ICT DR prior to the managed service implementation. The remediation of risks to service and DR is a high priority for the managed service. This report makes only one recommendation, that CoL, CoLP and Agilisys consider the matter as critical and establish a plan to address these deficiencies as soon as possible. This has been agreed to be implemented by December 2015.

As a result of the 'red' assurance rating and delay in being able to fully implement all of the recommendations an interim follow up review has been agreed to take place by July 2015. This will provide an independent update for management on the progress being made to address the issues identified.

Mini-Assurance Review

Police Officers' Pensions (Green Assurance)

10. Sample testing of records and discussions with Pensions Office staff established that there are satisfactory controls over the calculation and payment of pensions. In addition, there are adequate supervisory checks performed on pension calculations, which are evidenced by signature. The Pensions Office receives monthly reports from a data matching bureau contracted to provide details of all pensioners registered deaths, which may not have been reported by executors. Life certificates are sent to overseas pensioners for completion, since details of registered deaths available from United Kingdom records. There were no recommendations made as a result of this review.

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

11. 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. The payment of invoices review established that the number of non-purchase orders raised by all City departments and institutional departments need to be reduced. The "NoPO/NoPay" initiative will be enforced from April 2015. A further review of Corporate Wide use of Temporary Staff has also been undertaken. This review revealed that there is widespread failure to comply with the City corporate contract for temporary staff arranged with Commensura. There are value for money, as well as, timesheet processing control issues related to the use of non-Commensura employment agencies. A recommendation has been made that a business case needs to be prepared for any use of non-Commensura agencies. This business case would need to be approved by senior management and the relevant HR business unit kept informed.

Implementation of Audit Recommendations

12. No follow-up work has been undertaken since the last update report. Any follow-up exercises undertaken concerning 2014/15 work will be reported during the course of 2015/16.

Internal Audit Planned Work 2015/16

13. Based on the risk assessment performed by the Internal Audit team it has been proposed that 85 days is provided to deliver internal audit reviews to the CoLP. This is the same number of days as proposed in last year's plan. Follow up reviews will be encompassed within the City's allocation of days to follow up. The following planned work related to the CoLP has been discussed with officers and was approved by the City's Audit & Risk Management Committee at their February 2015 meeting. Furthermore, strategic and corporate wide reviews may also include coverage of the CoLP activities.

Expenses (inc. Travel Expenses)
Business Travel Scheme
Police Office Allowances and Ad Hoc Payments
Police Supplies & Services Payments
Action Awareness Team
Governance and oversight of outsourcing (IT)

Conclusion

1. Delivery of the 2014/15 internal audit programme is almost completed with one remaining spot check review to be completed by 19th April 2015. There have been some Red Rated recommendations made as a result of the PBX Fraud and Resilience review, as well as the which the Force is actively working to fully implement by December 2015. Other audit work undertaken during 2014/15 has not identified any significant control weaknesses.

Appendices

Appendix 1 Internal Audit Plan Schedule of Projects 2014/14

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