

Committee(s)	Dated:
Performance and Resources Sub (Police) Committee	29 th June 2018
Subject: Internal Audit Update Report	Public
Report of: The Chamberlain	For Information
Report author: Pat Stothard, Head of Audit and Risk Management Jeremy Mullins, Audit Manager	

Summary

The purpose of this report is to provide the Committee with an update on the work of Internal Audit that has been undertaken for the City of London Police (CoLP) since the last report in April 2018.

Ten full assurance audits were planned for the financial year 2017-18. Two of the 2017-18 audits, IT Technology Refresh Project and Action Fraud, have been deferred as these projects were still in progress; and, a further 2017-18 audit of IT Network Security has been deleted as this had been incorporated into a corporate audit. Audit resources totalling 20 days have been carried forward to the 2018-19 internal audit plan.

Of the seven audits undertaken, six audits have been completed to Final report stage; two Red assurance - Police Seized Goods and CoLP Freedom of Information requests, and four Amber assurance - Police Project Management, Income Streams and Income Generation, Demand and Events Policing and CoLP Business Continuity. One remaining audit has been completed to Draft report stage: Police Bank Accounts (Defendants Funds).

The 2018-19 planned internal audit programme was approved by your Committee in February 2019. There are 95 planned audit days within the plan allocation, which includes 20 days carried forward from the 2017-18 audit planned days. The Chamberlain and Assistant Commissioner of the City of London Police have agreed that the audit programme is reviewed in order to ensure that this resource can be used as effectively as possible. This will be undertaken following a full compliance audit of the CoLP key financial systems, following concerns raised about the year end/close down processes, so this work can inform the audit planning process. This work is expected to be undertaken in July.

As previously agreed with your Committee, where findings and recommendations from corporate-wide audit reviews impact on the City Police details will be reported at the next committee meeting. There were eleven planned corporate audits for 2017-18, and ten of these have been fully completed to date. A corporate wide audit of Income Collection and Banking identified that all departments, including the City Police need to undertake work on identifying opportunities to reduce the amount of cash income collected and banked. Fieldwork for the remaining corporate wide audit, Contract Management (City Police Accommodation Programme), is being concluded and is expected to be issued as draft in early July.

At the last meeting Members requested a schedule of recommendations be included within the regular update reports. There are currently 25 “live” recommendations which have been agreed by management and are subject to internal audit follow-up procedures after the implementation date.

Recommendation

Members are asked to:

- Note the report.

Main Report

Internal Audit Planned Work 2017-18 and 2018-19 Planned Audit Days

1. Ten full assurance audits were planned for the financial year 2017-18. Six audits have been completed to Final report stage: Police Project Management; Police Seized Goods; Income Streams and Income Generation; Demand and Events Policing; CoLP Business Continuity; and CoLP Freedom of Information requests. One remaining audit has been completed to Draft report stage: Police Bank Accounts (Defendants Funds)
2. The draft report has been issued for one remaining audit: Police Bank Accounts (Defendants Funds) and is due to be issued as draft by the end of June. Details are contained in Appendix 1.
3. Two of the 2017-18 audits, IT Technology Refresh Project and Action Fraud, have been deferred as these projects were still in progress; and, a further 2017-18 audit of IT Network Security has been deleted as this was incorporated into a corporate audit.
4. There are 95 planned audit days within the 2018-19 audit plan allocation, which includes 20 days carried forward from the 2017-18 audit planned days; however, the Chamberlain and Assistant Commissioner of the City of London Police have agreed that the audit programme is reviewed in order to ensure that this resource can be used as effectively as possible. This will be undertaken following a full compliance audit of the CoLP key financial systems, following concerns raised around the year end / close down processes, so this work can inform the audit planning process.

CoLP Income Streams and Income Generation (20 days) AMBER ASSURANCE

5. This audit has concluded that the City of London Police (Force) have adequate procedures in place to identify income streams which is outlined in the Force's annual budget estimates. Sample audit testing of one budget area 'Charges to Services' collected in the 2016/17 financial year identified that there were satisfactory controls over collecting, recording and banking income and recording income within the City's General Ledger (CBIS).

6. Audit examination of income budgets for the two financial years 2016/17 and 2017/18 (to date) revealed that in 2016/17 outturn was £65.7 million compared to an estimate of £66.3 million. The main reason for this variance was due to estimated income for Economic Crime Academy not being achieved, due to a lack of trainers to provide income generating courses. For the year 2017/18 income was £67.2 million compared to a budget estimate of £67.6 million.
7. Budget estimates for 2016-17 and 2017-18 were compared to a sample actual income related to Fees, Charges and Services income. It was established that not all sources of income were included within the annual budget estimates and those budget estimates prepared did not reflect actual income. An amber rated recommendation was raised in order to address these issues.
8. The Force has considered opportunities for increasing income across all of its operations. This was outlined in a three-year Strategic Finance Forward Plan 2017/18 to 2019/20 developed by the Director of Finance, which included seven initiatives to commercialise and improve income across the Force. The initial Plan was submitted to the Strategic Finance Board in January 2016 and the Force has now developed the Enterprise Strategy 2017-2022 which sets out five strategic themes for maximising value for money, securing greater external funding, increasing capital to revenue returns, developing ways of delivering sustainable funding, and improving efficiency of service delivery.
9. Examination of the Enterprise Strategy established that this document provides the framework by which the Force will identify, consider and introduce new funding and income sources. It was noted that there were no examples of potential areas of funding and income that the CoLP may obtain. However, the Force will have identified "A pipeline of opportunities with a potential value in excess of £2.5million by 31st December 2017". As well as "Business cases approved and underway with a combined projected value in excess of £1million by 31st December 2017". An amber rated recommendation was raised so that internal audit can be provided with an update on the progress of identifying opportunities and preparing business cases.
10. An update was subsequently obtained from the Assistant Commissioner and it was established that the CoLP have made progress in securing additional funding from Lloyds PLC with an annual value of £1.5 million. At the time of this audit negotiations were still on-going and it was anticipated that income would come on stream in 2018-19.
11. Both recommendations were agreed with the Commissioner and have been implemented.

CoLP Demand and Event Policing (5 days) AMBER ASSURANCE

12. The purpose of this audit was to obtain assurance that:
 - the City Police have established arrangements in place to provide the required response to planned and spontaneous events;

- event budgets are appropriately managed to enable delivery of the required police response to events within available financial resources.

Policing Planned and Spontaneous Events

13. On the basis of discussions with the Inspector, Operational Planning, together with a review of arrangements for planning events and deploying Police Officer resources, the audit confirmed that there are established arrangements in place for identifying planned events and for identifying required Police Officer resources. As with other UK Police Forces and Emergency Services, the City Police use 'gold-silver-bronze' command structures to establish a hierarchical framework for the command and control of planned and spontaneous events. The required command structures are informed by risk and threat assessments.

Event Financial Management

14. On the basis of discussions with the Director of Finance, together with a review of budget monitoring reports from the City Police's financial system, Oracle, the audit confirmed that the City Police utilises a number of funding streams to meet the expenditure including:

- The City of London (c£5m);
- The Home Office (c£18m);
- Other Government Grants (c£0.4m)
- The Department of Communities and Local Government (c£33m)
- Contributions from Other Police Authorities (c£5.5m)
- Charges for Services (c£2.3m)

15. The City Police utilise "special segment CBIS codes" to identify event policing activities and post expenditure to these codes, so that event expenditure can be identified. The cost of providing these services has been calculated by the CoLP as £1,682,000, based on the cost of one Police Support Unit (PSU). Income for event policing, which includes £800,000 for the Bank of England policing services for 2017-18 was £1,653,150. The CoLP budget is, therefore, subsidised event policing by £28,850 in 2017-18.

16. This audit has identified that income and expenditure for event policing should be coded to a specific cost centre in order to provide management information which identifies the impact of demand and event policing on the CoLP core budget. An amber rated recommendation has been made and agreed with the Commissioner for implementation.

CoLP Business Continuity (10 Days) AMBER ASSURANCE

17. The purpose of the audit was to obtain assurance that adequate arrangements are in place for:

- Reviewing the content of the Business Continuity, Recovery, Emergency and Resilience plans that form part of the BCMS;

- Revising the content of plans accordingly;
- Communicating the plans to appropriate staff; and
- Testing the adequacy of the plans.

Reviewing and Revising the Content of Business Continuity Plans

18. On the basis of discussion with the Head of Governance and Assurance and the Business Continuity Co-ordinator, inspection of key documents and audit sample testing, the audit confirmed that CoLP manage their Business Continuity Plans through a BCMS. The BCMS comprises of Business Continuity Planning documents, including the CoLP Business Continuity Policy and Standard Operating Procedure (SOP), the Force Wide Business Continuity Plan, and Directorate Business Continuity Plans.
19. The CoLPs Business Continuity Policy and SOP provides high-level guidance on the Force's approach to Business Continuity. An amber recommendation has been raised that the CoLP Business Continuity Policy and SOP should be updated to include key operational information on the arrangements for reviewing, revising and testing Business Continuity Plans
20. All Business Continuity documents have been assigned owners with the exception of Bespoke Recovery Plans and Force Emergency and Resilience Plans. An amber recommendation has been raised that these Plans are assigned owners to ensure that ownership is clearly defined
21. The CoLP Risk and Business Continuity Group monitors the timeliness of Business Continuity Plan reviews and updated on a quarterly basis.
22. A review of the status of current plans did not confirm that all Business Continuity Plans, Bespoke Recovery Plans and Force Emergency and Resilience Plans have been reviewed on a timely basis. Two amber recommendations have been raised to confirm that all Plans are updated within one month of their review due date and that plans currently in draft are finalised.
23. There are established arrangements for approving changes arising from reviews of Business Continuity Plans which was confirmed through Audit's sample compliance testing.
24. Finalised Business Continuity Plans are located on the I drive and are available to all staff.
25. The CoLP risk management framework provides Members of the Police Committee with assurance over the effectiveness to which business continuity risks are being managed.

Testing Business Continuity Plans

26. Through discussion with the Head of Governance and Assurance and the

Business Continuity Co-ordinator, together with review of key documents, the audit confirmed that the CoLP is in the early stages of its current business continuity testing regime cycle.

27. The Force's approach to Business Continuity Planning Testing encompasses:

- Desktop testing exercises; and
- Undertaking live bespoke Business Continuity Plan testing, as part of wider operational effectiveness reviews.

28. The audit confirmed that the CoLP has devised a calendar for desktop business continuity training exercises across 2018 and 2019; the Business Continuity Co-ordinator has responsibility for its implementation. No desktop testing has taken place since mid-2017. However, the first desktop training exercise in respect of the current regime was planned to take place at the end of February 2018.

29. At the time of conducting the audit fieldwork, we were advised that no live bespoke Business Continuity Plan testing was scheduled to take place until December 2019; however, through review of the CoLPs current Testing an Exercise Calendar, live business continuity testing was undertaken in March and April 2018. These exercises related to a custody business continuity exercise and testing of the control room failure plan respectively.

30. The CoLP Risk and Business Continuity Group have responsibility for monitoring progress against the desktop testing calendar.

31. All recommendations have been accepted by the Commissioner with an implementation date of 1st June 2018.

CoLP Freedom of Information Requests (10 Days) RED ASSURANCE

Policy and Procedures

32. On the basis of audit testing, it was established that elements of the FOI are documented in the Force Policy and Standard Operating Procedures (SOP) which was published in 2014 and also details the procedures to be followed when dealing with the legislative requirements as imposed by the FOI act 2000. This document provided clarity in some areas such as the definition of an FOI request, and processes to manage FOI requests. However, two amber recommendations have been raised:

- update the Force Policy to explicitly make reference to the FOI Act
- incorporate FOI training into the Force Triple A training offering to maintain FOI awareness across the Force

Roles and Responsibilities

33. Audit review of the FOI roles and responsibilities established that staffing arrangements are in place to manage FOI requirements. FOI duties are defined and documented in the job specifications of each FOI related post, and the posts

have been duly assigned to staff members. The high level FOI Act legislation duty of 'general right of access to information held by public authorities' is detailed in the job specification of the CoLP Information Access Manager (IAM). The day to day operational duties are assigned to the Senior Information Access Officers (SIAO) and the Information Access Officers (IAO) and detailed in the corresponding job specifications.

Timescales

34. The FOI legislation clearly defines response timescales that apply to FOI requests. Audit examination of the CoLP FOI documentation confirmed that CoLP timescales are aligned with the legislation. Issues were however identified in the timely management of FOI requests with one Red and one Amber priority recommendation raised:

- create an action plan to remedy the issue of data provision by the FIB team
- there is no documented process covering the FOI data capture process.

Complaints

35. Arrangements were noted to be in place for complaints management. The FOI Act includes a requirement that all complaints (including internal reviews) should be responded to within 20 working days of receipt of the complaint (in the first instance), and during the process the FOI requester must be kept informed of the progress. Audit identified that the arrangements in operation are supported by documented procedures. The fees to be charged for FOI requests were found to be understood by the Information Access Team. Audit were informed that fees are not generally charged for FOI requests, however the application of fees regulations was considered to be unclear in the Force Policy and SOP documentation. This requirement has now been addressed in the re-released Force Policy and SOP document of April 2018.

Performance Monitoring and Reporting

36. Established practices are noted to be in operation for monitoring and reporting of FOI requests to enable compliance with FOI legislation. The Information Access Team undertake a regular exercise to provide FOI statistical information to the senior management. The information reported includes the number of FOI request received and the number actioned by the Team with the required timescales. Performance information is regularly reported to the Information Management Board, and the Performance Management Group, both of which are attended by the Commissioner.

37. All recommendations have been agreed by the Commissioner for implementation.

Corporate Wide Audits 2017-18

38. Where findings and recommendations from corporate-wide audit reviews impact on the City Police details will be reported at the next committee meeting. There

were eleven planned corporate audits for 2017-18; ten of these have been completed to date and no recommendations that directly impact on the City Police, that is, requiring CoLP action, were made. The audits completed to date are:

- Emergency Planning
- Use of Waivers
- IR 35 - Use of Consultants and Specialists Regulations
- Evaluation of sub £100K tenders
- Procurement Consultation with Stakeholders
- Corporate Wide Income Collection and Banking
- Corporate Wide Expenditure – Expenses – Procurement Cards – Petty Cash
- Corporate Wide Business Travel
- IT Network Infrastructure (SekChek)
- Information Governance/GDPR.

39. The remaining corporate wide audit of contract management is dedicated to the City Police Accommodation Programme. An audit of the City Police Projects Management, the outcome of which was reported to your committee in November 2017, identified that due to the cross-department nature of the Police Accommodation Programme, it was beneficial to undertake a corporate review of the management of this specific programme. Fieldwork is currently ongoing for this audit and it is anticipated that a full report will be made to your committee in Autumn 2018.

Schedule of Internal Audit Recommendations

40. At the November 2017 meeting Members requested that the sub-committee are given a schedule of all internal audit recommendations raised and agreed with the City Police. This schedule is included within Appendix 2. There are currently 25 “live” recommendations which have been agreed by management and subject to internal audit follow-up procedures after the implementation date. One of these recommendations has a Green assurance rating; there are 20 recommendations with an Amber rating; and four recommendations with a Red rating. There are 11 recommendations which have been implemented and evidenced by Internal Audit, 10 recommendations not yet due to be implemented, two where the risk has been accepted, and two have been closed. The following table provides an analysis of recommendations by audit project, the number that the CoLP have stated have been implemented, and the number to be implemented by intended dates.

Audit Recommendations Analysed by Audit Project

Audit	Recommendations			
	Red	Amber	Green	Total
Budget Monitoring 2016-17	-	4	1	5
Closed	-	1	-	1
Due to be implemented by 30 th September 2018	-	3	1	4
Leavers' Overpayments 2016-17	-	1	-	1
Implemented	-	1	-	1
Programme Management 2017-18	2	5	-	7
Implemented*	1	5	-	6
Due implemented by 31st July 2018*	1	-	-	1
Police Seized Goods 2017-18	2	10	-	12
Implemented	1	3	-	4
Closed	-	1	-	1
Due implemented by 30 th June 2018*	1	4	-	5
Risk Accepted	-	2	-	2
Total Recommendations	4	20	1	25
Total Implemented	2	9		10
Total Closed		2		2
Risk Accepted		2		2
Total due to be implemented by 30th June 2018*	1	4		6
Total due to be implemented by 31st July 2018*	1	-		1
Total due to be implemented by 30th September 2018*	-	3	1	4
TOTAL	4	20	1	25

* Subject to Internal Audit Follow-Up

Conclusions

41. Six of the 2017-18 Internal Audit plan audits have completed to final report stage (Two Red and four Amber assurances) and remaining one to draft report stage.
42. The 2018-19 Internal Audit plan is currently subject to review and will be undertaken following the Key Financial Controls audit.
43. There are currently 25 "live" audit recommendations: one Green Rated; 20 Amber rated; and four Red rated. There are 11 recommendations which have been implemented and evidenced by Internal Audit, ten recommendations not yet due

to be implemented, two where the risk has been accepted, and two have been closed.

Appendices

- Appendix 1 - Schedule of Internal Audit Planned Work 2017-18
- Appendix 2 – Schedule of “live” audit recommendations as at June 2018

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