



**Annual Report of the Audit Committee of  
An Garda Síochána  
for the year ended 31 December 2010**

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For the year ended 31 December 2010

(Prepared in compliance with Section 45 (1) (b) of the Garda Síochána Act 2005)

The Audit Committee ('the Committee') was established in 2006 by the Garda Commissioner in accordance with Section 44 of the Garda Síochána Act 2005 ("the Act").

The following were members of the Audit Committee at the end of 2010:

Mr. Jimmy Farrelly (Chair)  
Deputy Commissioner Rice  
Mr. Pat Fitzpatrick  
Mr. Eamon Kinch.  
Mr. James Collins

The Committee would like to thank Mr. Eoin O Shea who resigned from the Committee at the end of 2009 following his appointment to the European Court of Auditors and to wish him well as Ireland's representative. He was succeeded on the Committee by Mr. James Collins.

We would also like to thank Sergeant Tara King who acted as secretary to the committee for two years. Sergeant King transferred on promotion to another posting within An Garda Síochána during the year and was succeeded by Garda John Griffin.

Short biographies of the current members may be accessed at [www.garda.ie](http://www.garda.ie)

**Code of Practice for the Governance of State Bodies**

Notwithstanding that the Committee has been advised that the Code of Practice is not applicable to this Statutory Body, it is the intention and practice of the Committee to seek to comply with the spirit of the Code of Practice.

**Functions and Audit Charter**

The functions of the Committee are set out in Section 45 of the Garda Síochána Act 2005. However, in accordance with good governance and to clarify a number of matters not specifically addressed in the legislation, a detailed Audit Charter has been formally agreed between the Committee and the Commissioner. A copy of this Charter is attached at Appendix 1.

**Meetings**

Section 45 (3) of the Act requires the Committee to meet at least four times in every year. The Committee met on five occasions during 2010:

1. 24<sup>th</sup> March
2. 23<sup>rd</sup> June
3. 18<sup>th</sup> August
4. 20<sup>th</sup> October
5. 15<sup>th</sup> December

All the meetings were held at Garda Headquarters, Phoenix Park Dublin. The Committee commences all meetings with a discussion of at least thirty minutes at which only committee members are in attendance. Following this initial discussion the committee meetings are normally attended by Mr. John Leamy, Chief Administrative Officer, Mr. Michael Culhane, Executive Director of Finance & Services, and Mr. Niall Kelly, Head of Internal Audit in order to provide up to date information to the committee on relevant subjects.

The Committee met with the Commissioner on 24th March 2010. The Committee met with Mr. Frank O Neill, Deputy Director of Audit and Mr. Martin Byrne, Senior Auditor at the Office of the Comptroller and Auditor General on 20<sup>th</sup> October 2010. Ms. Marie-Clare Maney, Head of Legal Affairs made a presentation to the Committee at the June meeting in regard to the role of Legal Affairs Section and their relationship with the Chief State Solicitors Office and the Office of the Attorney General.

### **Garda Internal Audit**

#### **Staffing of Internal Audit**

Garda Internal Audit was led by a qualified accountant Mr. Niall Kelly, throughout 2010.

During 2010 there were several staffing changes. A Professional Accountant extended his secondment from Garda Internal Audit Section (GIAS) to the Finance Directorate and his position remains vacant in GIAS. Some of the deficit left from this vacancy was filled by the deployment of a Clerical Officer/Trainee Accountant to the Section. One Garda Inspector and one Sergeant were transferred to other positions and were replaced by two new staff of similar rank. Overall the number of staff remained at ten through most of the year.

#### **The Audit Plan**

The Audit Plan 2010 was informed by the Corporate Risk Register. Other factors considered in the risk assessment undertaken by Internal Audit in drawing up this plan include, the findings from previous audits, the length of time since the area/issue was last audited, the concerns of senior management, and the Audit Committee, and the level of resources allocated to the area/issue.

#### **Peer Review of Internal Audit**

During the year substantially all of the recommendations of the peer review were implemented including;

1. A more focused risk based approach to selecting subjects for audit with more emphasis on thematic/crosscutting audit assignments.
2. The charter of the Garda Internal Audit Section was updated in line with good practice.
3. An ICT Audit Strategy was put in place and the advice of the specialist ICT Auditor from the Department of Social Protection was provided on a consultancy basis.
4. A more structured liaison with other assurance providers was put in place. This included other internal assurance providers such as Garda Professional Standards Unit and Garda Risk Governance Board.

The Peer Review of Internal Audit generally confirmed the professionalism and the value contributed by the Section.

### **Value Added from Internal Audit Process**

During the year, 30 audits were completed in accordance with the Audit Plan.

The audit process has provided assurance in relation to the adequacy of the financial and management controls in place within An Garda Síochána. Internal Audit has advised the Garda Commissioner in his role as Accounting Officer in relation to signing of the Statement of Internal Financial Control. In addition the recommendations from the audit process which have been implemented have improved controls across the organisation including;

- recording and storage of property
- security of Information and Communication Technology (ICT) systems, business continuity and communications channels
- official vehicles and associated maintenance and fuel costs
- greater compliance with Public Procurement Requirements and legislation
- management of court warrants
- overtime, allowances, travel and subsistence costs and other discretionary staffing costs
- receipt of monies.

### **Garda Professional Standards Unit**

Section 24 of the Garda Act 2005 sets out the responsibilities of the Garda Professional Standards Unit (GPSU) as;

*“to examine and review... the operational, administrative, and management performance of the Garda Síochána at all levels”*

*and*

*“promote the highest standards of practice, as measured by reference to the best standards of comparable police services, in operational, administrative and management matters”*

These provisions imply a significant cross-over of responsibility with that of Internal Audit. The Head of Internal Audit meet with Chief Superintendent GPSU to co-ordinate the activities of the two oversight functions in order to maximise effectiveness. A high degree of co-operation has been developed with both units exchanging all completed reports and sharing relevant information.

### **The Garda Síochána Inspectorate**

The Chief Inspector and the Chairman of the Audit Committee have agreed that as the focus of both their organisations is to contribute in a positive manner to the efficiency and effectiveness of An Garda Síochána, they will continue to communicate and to meet, from time to time, as appropriate.

### **Comptroller and Auditor General**

Garda Internal Audit has maintained a professional working relationship with the Office of the Comptroller and Auditor General (C&AG). All significant audit findings and reports on the Audit Committee meetings are communicated to the C&AG.

### **Contract Levels under Section 45(5)(a) of the Garda Síochána Act 2005**

Section 45(5)(a) of the Act places a requirement on the Commissioner to inform the Committee of contracts which are to be entered into above a specified monetary amount. The Committee has set a €5 million threshold. The Committee has requested that it be informed of contracts that fall under this threshold, but which may be sensitive to upward change or have unusual characteristics. No contracts were notified to the Committee in 2010.

### **Statement of Internal Financial Controls**

The Committee reviewed the report of the Head of Internal Audit on the Statement of Internal Financial Controls and a Report by the Executive Director of Finance and on the basis of these two Reports and various enquiries, together with the Committee’s review of the documents that the Commissioner was required to sign, the Committee concluded that it was not unreasonable for the Commissioner to sign the Appropriation Accounts and the Statement by the Accounting Officer on Internal Financial Controls to be included with the 2009 Appropriation Accounts. The Committee communicated that opinion, in writing, to the Commissioner on 24th March 2010.

### **Public Procurement**

Procurement policies, processes and practices in the Garda Síochána, is an area on which the Audit Committee is specifically required to advise the Commissioner

under Section 45 (2)(c)(i) of the Garda Síochána Act 2005. Garda Internal Audit conducted a review of this area which was completed in the latter quarter of 2009. A number of issues were identified. The report established a need for greater compliance with EU and National Procurement Legislation. Compliance with statutory requirements in relation to procurement has historically been an area of concern but the Committee is satisfied as to the very significant progress made by the Finance Directorate/ Procurement Section in 2010 including;

1. In 2010, a Corporate Procurement Strategy, 2010-2012 was developed and will be implemented over the period.
2. The Garda Procurement Guidelines were updated to incorporate the latest procurement procedures and regulations including the new Remedies Directive to ensure a coherent and consistent approach to procurement. Procurement Guidelines were made available on the Garda Portal.
3. In 2010 a new contracts database was implemented in the tendering office which contains details of contracts/supply agreements entered into by An Garda Síochána. This initiative will streamline the process of managing Garda contracts. The new database will allow Garda management to ensure that new tenders are advertised in good time.
4. Contracts were put in place for the supply of electricity following a joint tender competition with the Irish Prison Service. Also, a contract for the supply of natural gas was put in place following a joint tender competition with the Irish Prison Service and the Defence Forces. It is planned to continue to explore opportunities for joint tendering with other agencies in 2011.
5. The Tender office continued to provide training in 2010 as part of the Inspector and Superintendent continuous professional development programs. Training was also provided to 7 Divisional Procurement Committees who are involved in the procurement and tendering process at a local level.
6. An Garda Síochána was short listed in the category of "*Best People Development Initiative*" by the judging committee at the First Annual National Procurement Awards, 2010. The initiative was the development of the Garda Procurement Guidelines and contract templates.
7. In 2010 An Garda Síochána purchased a total of 165 new Garda vehicles following a competitive tender. These vehicles will be allocated to stations which have the greatest operational need, including the Traffic Corps. A contract for the supply of tyres for official vehicles to An Garda Síochána was awarded for a period of 1 year with the option to extend for two further years.

The Committee has asked Management for an update on further progress made to the 30<sup>th</sup> June 2011 including the operation of the contracts database and the roll-out of the HQ Directive in relation to the role and responsibilities of Divisional Procurement Committees. In the second half of 2011 Garda Internal Audit Section will conduct a review audit to assess the enhanced controls and to recommend whether any further issues need to be addressed.

### **Taxation Matters**

The issue of a potential tax liability on some allowances payable to Garda members is the subject of an on-going examination by the Revenue Commissioners. The Committee was assured that full co-operation is being given to Revenue and that active discussions are continuing. At the date of the signing of this report this matter has not been concluded.

### **Other matters**

Other matters were considered by the Committee including:

- The Appropriation Account - The Committee reviewed the Appropriation Account for 2009 at the meeting in March 2010.
- Annual Report of Internal Audit Section and Audit Plan 2011 – The Committee considered the Annual Report of the Internal Audit Section and the Audit Plan 2011.
- Public Accounts Committee – The Committee were briefed on the appearances of the Accounting Officer at the Public Accounts Committee.
- Information and Communication Technology (ICT) Audit Strategy – The Committee noted the ICT Audit Strategy for the next three years.
- Capital Projects – The Committee reviewed the reports completed by Mazars on compliance with the Department of Finance guidelines for capital projects.

### **Conclusion**

The members of the Committee would like to acknowledge the assistance that was received during the year ended 31 December 2010 from the Garda Commissioner, Senior Management staff, the Executive Director of Finance and finance staff, the Head and staff of Internal Audit Section and the Department of Justice and Law Reform.

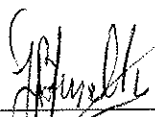
The staffing levels within Garda Internal Audit and other resource allocation will continue to be reviewed by the committee to ensure sufficient resources are made available.

Progress can be reported in relation to reduced risks across the organisation as a result of the implementation of audit recommendation as highlighted above. The Committee is satisfied that there are adequate systems of control across the organisation. The scale and multiplicity of Garda stations across the country together with the fact that in many cases personnel resources required for

certification of claims by lower grade officers may be geographically removed from the area of operation of claimants gives rise to some problems.

The cut back on resources, both personnel and financial, which has necessarily been made due to the change in our economic situation, has brought and will continue to put pressure on the organisation in meeting certain deadlines.

While the Committee is pleased to report significant progress during 2010, a number of important issues continue to be progressed and will be reviewed further in 2011.



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Jimmy Farrelly

Chairman of the Audit Committee of An Garda Síochána

29<sup>th</sup> March 2011



# APPENDIX 1



**Charter  
of the  
Garda Síochána  
Audit Committee**

## **Charter of the Garda Síochána Audit Committee**

### **1.0 Introduction**

1.1 This document sets out the Charter and terms of reference of the Audit Committee, as agreed between the Commissioner of the Garda Síochána, as Accounting Officer, and the Garda Síochána Audit Committee.

1.2 The Charter shall be reviewed annually by the Garda Síochána Audit Committee in consultation with the Garda Commissioner.

### **2.0 Appointment of the Garda Commissioner as Accounting Officer**

2.1 The Garda Commissioner is the accounting officer in relation to the appropriation accounts of the Garda Síochána for the purposes of the Comptroller and Auditor General Acts 1866 to 1998 and Section 43 (1), the Garda Síochána Act, 2005.

### **3.0 Establishment of the Garda Síochána Audit Committee**

3.1 An Audit Committee for the Garda Síochána shall be established and maintained in accordance with Section 44 of the Garda Síochána Act, 2005.

### **4.0 Role of the Garda Síochána Audit Committee**

4.1 The role of the Garda Síochána Audit Committee is to advise the Garda Commissioner on financial matters relating to his or her function and its duties include, as set out in Section 45 of the Garda Síochána Act, 2005, advice on the following matters:

- the proper implementation of Government guidelines on financial issues

- compliance with section 22 of the Exchequer and Audit Departments Act 1866, section 19 of the Comptroller and Auditor General (Amendment) Act 1993 and any other obligations imposed by law relating to financial matters
- the appropriateness, efficiency and effectiveness of the Garda Síochána's procedures relating to:
  - public procurement
  - seeking sanction for expenditure and complying with that sanction
  - acquiring, keeping custody of and disposing of assets
  - risk management
  - financial reporting, and
  - internal audits.

4.2 The Audit Committee will also have a role in promoting good accounting practice, improved and more informed decision-making and continued focus on regularity, propriety and value for money throughout the Garda Síochána. The Audit Committee will monitor any exceptions to general accounting principles which come to its attention.

#### 4.3 Internal Audit Unit

The role of the Audit Committee will include, as part of ongoing systematic review of the control environment and governance procedures within the Garda Síochána, overseeing and advising on matters relating to the operation and development of the internal audit function, and reporting to the Garda Commissioner in relation to the operation and development of that function. Accordingly, the Audit Committee will be required to:

- Review and subsequently approve the draft annual Garda Internal Audit Plan.
- Monitor implementation of the Plan throughout the year.

- Review the significant findings and recommendations of the Garda Internal Audit Unit and to monitor the action taken by management to resolve any issues that have been identified.
- Consider a report from Internal Audit on the implications of their findings, of comments of the Comptroller and Auditor General on the Appropriation Accounts, and of other relevant Comptroller and Auditor General reports.
- Request special reports from Internal Audit as considered appropriate.
- Advise and make recommendations to the Garda Commissioner on any matter pertaining to the Internal Audit function within the Garda Síochána that the Committee considers necessary or appropriate, including its overall effectiveness, organisation, resources, training, use of technology etc.

#### 4.4 Financial Reporting

The Audit Committee shall review and question, where necessary, the actions and judgements of management of the Garda Síochána in relation to the Appropriation Accounts and any related financial statements, before submission to and approval by the Garda Commissioner, as the Accounting Officer. Particular attention should be paid to:

- Critical accounting policies and practices and any changes in those policies;
- Decisions requiring a significant element of judgement;
- The extent to which the Appropriation Accounts are affected by any unusual transactions in the year and how they are disclosed;
- Clarity of disclosure;
- Compliance with relevant accounting standards and practices;
- Compliance with other legal requirements;
- Any other topics as requested by the Garda Commissioner

#### 4.5 Advisory Role

The Audit Committee is not responsible for any executive functions and is not vested with any executive powers but shall exercise an advisory role only in relation to its duties and functions.

### **5.0 Independence**

5.1 The Audit Committee shall be independent in the performance of its duties and responsibilities and shall not be subject to direction or control from any other party in the exercise of its duties.

### **6.0 Membership of the Garda Síochána Audit Committee**

#### 6.1 Members of the Audit Committee

The Audit Committee shall consist of the following persons, all of whom are to be appointed by the Minister for Justice, Equality and Law Reform:

- a Deputy Garda Commissioner; and
- not fewer than 4 other persons who have relevant skills and experience and none of whom is, or has ever been, a member of the Garda Síochána (“external members”).

6.2 The Minister shall designate as the chairperson of the Audit Committee one of the external persons appointed to the Committee. A quorum shall consist of three members and, in the absence of the chairman from a meeting of the Committee, an acting chairman will be selected from amongst the external members attending.

6.3 The Committee will normally operate on the basis of consensus. In the event of a vote being required on any matter a simple majority of all members

present, including the chairman, will carry the motion with the chairman of the meeting having a casting vote in the event of a tie.

#### 6.4 Secretary to the Audit Committee

The Garda Commissioner shall ensure that the Audit Committee is provided with the necessary secretarial and other resources to enable it to perform its functions.

The Garda Commissioner will provide an officer to be Secretary to the Committee. The Secretary will convene meetings and maintain and circulate minutes.

#### 6.5 Indemnification

The Garda Commissioner shall arrange for each external member of the Audit Committee to receive an indemnification in accordance with the conditions laid out in the appendix to the General Council Report 1357 of the Civil Service, against liabilities which may arise from his or her membership of the Audit Committee.

### **7.0 Tenure of Members of the Garda Síochána Audit Committee**

7.1 The members of the Audit Committee shall hold office for the period that may be determined by the Minister for Justice, Equality and Law Reform, but a member may resign from the Committee by letter addressed to the Minister, or may at any time be removed from office by the Minister for stated reasons.

7.2 Members of the Audit Committee shall hold office on such terms and conditions as may be determined by the Minister and the Minister for Finance.

## **8.0 Meetings of the Garda Síochána Audit Committee**

### 8.1 Frequency

The Audit Committee shall meet as required, determined at its own discretion, but not less than four times a year.

### 8.2 Agenda

The agenda will be finalised by the Chairman of the Audit Committee and passed to the Secretary who will distribute this to the other members of the Audit Committee (and other attendees, as appropriate) 5 working days in advance of the each meeting.

### 8.3 Attendance

No person other than the Audit Committee members shall be entitled to attend Audit Committee meetings. The Audit Committee may invite a person who has responsibility within the Garda Síochána for internal audits or for any financial matters or any other person it considers appropriate to attend specific meetings. All members of the Audit Committee shall be expected, whenever possible, to attend its meetings whether by physical attendance, by video conference or by telephone connection so long as this shall allow live exchange of views by the members of the Audit Committee.

8.4 The Head of Internal Audit will normally be invited to attend meetings, and such other officials from the Garda Síochána as the Audit Committee may require shall also attend from time to time.

8.5 A representative of the Comptroller and Auditor General may be invited to attend any meeting of the Audit Committee, if the Audit Committee considers this necessary, and shall be invited at least once a year.



8.6 The Audit Committee may, following agreement with the Garda Commissioner, obtain outside legal or other independent professional advice and request the attendance at Committee meetings of outsiders with relevant expertise and experience if it considers this necessary.

## **9.0 Access**

9.1 The Chairman of the Audit Committee or any member, acting with the authority of the Chairman, will have the right of access to the Garda Commissioner and, with the latter's agreement, to any senior personnel of the Garda Síochána.

9.2 The Chairman of the Audit Committee, and any member acting with the authority of the Chairman, will have the right of access to the Head of Internal Audit on any matter relating to the business of the Audit Committee.

## **10.0 Reporting**

10.1 Draft minutes of meetings of the Audit Committee shall be circulated as soon as possible after each meeting and, when approved by the Audit Committee shall be circulated to the Audit Committee and to the Garda Commissioner and made available to the Comptroller & Auditor General.

10.2 The Audit Committee shall communicate with the Garda Commissioner in relation to any significant shortfalls in the business control and compliance and/or risk management environments that come to the attention of and are of concern to the Audit Committee.

10.3 The Audit Committee shall report in writing at least once a year to the Garda Commissioner on those matters and on its activities in the previous year.

10.4 The Audit Committee shall provide the Minister with a copy of each report to the Garda Commissioner.

## **11.0 Functions of the Garda Commissioner (Accounting Officer) in relation to the Audit Committee**

- 11.1 The Garda Commissioner will ensure that the Audit Committee is provided with all of the Garda Síochána's audit reports, audit plans and monthly reports on expenditures.
- 11.2 The Garda Commissioner will report to the Audit Committee as soon as practicable where he has reason to suspect that any material misappropriation of the money for which he is the accounting officer, or any fraudulent conversion or misapplication of the Garda Síochána's property, may have taken place.
- 11.3 The Garda Commissioner will ensure that the Audit Committee is provided at its request with details of any financial matter or procedure necessary for performing its functions, including details relating to:
- any contract that the Garda Commissioner proposes to enter into and that involves the expenditure of more than an amount specified by the Audit Committee, and
  - any legal action against the Garda Commissioner that gives rise to a potential financial liability.
- 11.4 The Garda Commissioner will not accede to a request for details from the Audit Committee (paragraph 11.3) in relation to contracts and legal actions where he considers that the provision of the details requested could prejudice the security of the State or endanger life.
- 11.5 Where the Garda Commissioner declines a request for details from the Audit Committee, he shall certify his grounds in a statement to the Audit Committee.

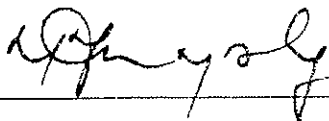
## 12.0 Restrictions on the Functions of the Garda Síochána Audit Committee

12.1 The Garda Commissioner (Accounting Officer) shall have the right to restrict the Garda Síochána Audit Committee's access to records or files where this action is warranted in the interests of maintaining the security of the State or to safeguard life.

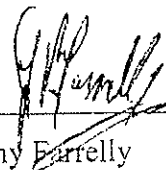
In expectation of such restriction, the Garda Commissioner and the Audit Committee have agreed that, in practice, external members of the Audit Committee shall not have any access to matters relating to either security of the State or to any details relating to the Witness Protection programme.

12.2 The Garda Síochána Audit Committee will observe the restrictions placed on the Garda Commissioner as Accounting Officer under Section 43 (3) of the Garda Síochána Act, 2005.

12.3 The Audit Committee will not have a role in the detailed audit process or in the signing off of audit reports or in the final approval of annual financial statements by the Garda Commissioner, as Accounting Officer.



Fachtna Murphy  
Commissioner of the  
Garda Síochána



Jimmy Farrelly  
Chairman of the Audit Committee

Date: 23<sup>rd</sup> December 2009

Date: 2009