



**Annual Report of the Audit and Risk
Committee of
An Garda Síochána for the year ended
31 December 2019**

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1. Chair's Summary

I am pleased to present the Annual Report of the Audit and Risk Committee ("the Committee") of An Garda Síochána for the year ending 31/12/19. This report is prepared so as to comply with the obligations under Section 45 (1) (b) of the Garda Síochána Act 2005 as amended by Section 36 of the Garda Síochána (Policing Authority Miscellaneous Provisions) Act 2015.

The Committee has been established independently and objectively to oversee the system of the internal control in An Garda Síochána and to evaluate the related risk management arrangements in place. It is therefore an important element of the Force's governance structures. It carries out its duties on behalf of the Policing Authority so this report is designed to ensure that the Commissioner, the Authority and the Minister for Justice and Equality, are fully aware of Committee's effectiveness and that I, as Chair of the Committee (and on behalf of the Committee), can provide reasonable assurances on the operation and quality of An Garda Síochána's management of governance and risk.

2019 represented a busy year for the Committee with a large and comprehensive body of work completed. There were four meetings held that were attended by all Committee members with a broad range of governance matters reviewed and approved. This annual report provides the detail of this work and is structured under the following headings:

- Governance issues
- Financial Reporting
- Quality of Internal and External Audit

The Committee's annual business cycle is designed to provide adequate time to evaluate each of these areas and the following report reflects this. The Committee is satisfied to report that it believes that An Garda's governance structures operated in a reasonable manner during 2019 subject to the control weaknesses highlighted in the 2018 Statement of Internal Financial Control (that was signed in 2019). The Committee is satisfied that the sources of assurance available to us were adequate to come to this conclusion.

As my three-year term as Chair of the Committee ends in April 2020, this represents my final annual report. I would like to thank my fellow committee members, the Commissioner and members of his management team and his staff for their support during 2019 (and the support afforded me during my six years as a member of the Committee). While, the Policing Authority has yet to formally nominate a new Chair to replace me, I have no doubt that the work of the current Committee will provide a sound platform from which to build. I wish my successor and the members of the new Committee every success with their endeavors.



Dr. Cyril Sullivan

Chair. 24th April 2020.

2. Governance Issues

This section sets out the work completed by the Committee to monitor and assess An Garda Síochána governance arrangements as assigned by its Charter during 2019. This section introduces the Committee and its operation and is then followed by the main governance issues assessed by the Committee during 2019 including:

- Risk Management
- Property and Evidence Management
- The Divisional Policing Model
- Human Resources Management
- Garda Professional Standard Unit
- Roads Policing
- The Youth Diversion Programme

The Audit and Risk Committee

The Audit and Risk Committee ('the Committee') was established in 2006 by the Garda Commissioner in accordance with Section 44 of the Garda Síochána Act 2005 ("the Act") as amended by Section 36 of the Garda Síochána (Policing Authority Miscellaneous Provisions) Act 2015. The current Committee was appointed by the Policing Authority in May 2017.

The following are members of the current Audit Committee since May 2017:

Dr. Cyril Sullivan (Chair)

Professor Niamh Brennan

Ms. Áine Cornally

Ms. Anne Tynan

Mr. Joseph Nugent

Short biographies of the current members may be accessed at

<https://www.garda.ie/en/about-us/audit-and-risk-committee/membership-profile.html>

The services of a Committee Secretary are provided by the Commissioner's Office and the Committee would like to thank Ms. Catherine Heffernan for her dedication and professionalism as Committee Secretary during 2019.

The operation of the Committee is very dependent on the quantity and quality of internal audit reports provided to it and the Committee wishes to acknowledge the work and commitment of the Garda Internal Audit Service (GIAS) and its section head, Mr. Niall Kelly.

The Audit and Risk Committee Operations

As mentioned above, the Committee's operations are set out in Section 45 of the Garda Síochána Act 2005 and further elaborated in its Charter (formally agreed between the Committee and the Commissioner). A copy of this Charter may be accessed at <https://www.garda.ie/en/about-us/audit-and-risk-committee/charter-for-the-garda-siochana-audit-committee.pdf>. Among other things, the Charter provides that the Committee supervises the process of internal audit; reviews and approves internal audit reports; and advises the Commissioner in relation to his role as Accounting Officer.

Meetings

Section 45 (3) of the Act requires the Committee to meet at least four times in every year. The Committee met on four occasions during 2019, namely on the 6th March, 18th July, 11th November, and 18th December 2019.

All these meetings were held in the Officers Club at Garda HQ. The Head of Internal Audit, as well as other Officers, were invited to attend as required to provide up-to-date information to the Committee on relevant subjects.

The Committee welcomed the attendance of Commissioner Harris at each of its meetings during 2019. Notwithstanding the demands of his Office, the Commissioner has made it his business to attend Committee meetings since his appointment in September 2018. The Committee acknowledges the Commissioner's commitment to its function and its work. The Committee has found that working closely with the Commissioner has enhanced the

Committee's effectiveness and connects the Committee directly into the organisation's operations.

Conflicts of Interest

The members of the committee make a *conflicts of interest* declaration at the beginning of every meeting, to confirm our independence. There were no conflicts of interest during 2019.

Main Governance Matters for 2019

Risk Assessment

The Committee continued to review the risks identified within the Risk Management Process and was briefed regularly by the Superintendent heading the Garda Risk Management Unit. The Committee is satisfied that there is a robust risk management process in place but notes that there is further work needed to embed its operation so as to improve its effectiveness.

Property and Evidence Management System (PEMS)

The Committee considered an audit on Property and Exhibit Management (PEMS 2) across several Divisions where Property and Exhibit Management had previously been reported as 'High Risk'. This GIAS report completed in May 2019 provided reasonable assurance to the Committee that there are controls in place in respect of the recording of property and exhibits taken into Garda possession since the completion of the launch of PEMS2 (12/2017), and that these controls are operating as intended.

In addition to the audit findings, the Committee noted that HQ Directive 60/2019, 'Property and Exhibit Management System Part 2' (PEMS 2), came into operation during 2019. It sees this new HQ Directive as a significant advance (as An Garda Síochána had been operating PEMS2 without a prescribed policy for the previous two years).

Given the significance of PEMS in the organisations's governance structures, GIAS will continue to monitor its management, operation and control.

An Garda Síochána – New Divisional Policing Model

The Committee was briefed throughout 2019 on the roll-out of the new Divisional Policing Model. The Committee was provided with details of the pilots of the new model and the related positive impact in several areas including the reduction in administrative tiers and the operational benefits of the new Business Services and Performance Assurance areas. In addition, both the Human Resources Section and the Finance Section have registered improved quality and efficiency of management reporting from these pilots. However, some issues have been identified (such as the need to change legislation to allow for a change in Garda management structures, i.e., to remove responsibility from the Superintendent) and there are other issues with IT systems currently in place that require further development to be fully aligned to the new Operating Model.

At its December 2019 meeting, the Committee queried if the new internal control procedures of the Operating Model would fully provide the Commissioner with the assurance he needs to sign the Statement of Internal Control. The Committee is awaiting a response from the Commissioner in this matter (as of March 2020).

Human Resource Management

The Committee welcomed the comprehensive audit completed by GIAS during 2019 of the Garda Human Resource Management Section. The attention paid by the Audit and Risk Committee and GIAS to this area is directly related to a risk assessment, considering that staffing costs represents approximately 89% of the total Garda Vote and many of the change agenda initiatives (as discussed above) are highly dependent on the HR&PD Directorate and HRM Systems for successful delivery. The six audits completed in 2019 in this area were:

1. Workforce Modernisation – Project 21:21
2. Audit of Absence and Attendance Management Controls
3. Integrated Audit of Overpayment of Pay and Pension
4. Audit of Payroll
5. Audit of Resource Allocation and Management at Divisional and District Level
6. Audit of Public Holiday Allowance Payments at Christmas and New Year 2018/19.

The Committee asked that the Commissioner report on the implementation of the recommendations from these reports. There were a number of high risk audit issues of concern to the Committee including the need for a new integrated HR/ Payroll system and the need for a detailed implementation plan to be put in place in relation to the audit of overpayments of Garda pay and pensions (joint audit completed by GIAS and the National Shared Service Office Internal Audit Section). In addition, the Committee recommended that findings highlighted within the Garda payroll report be fully investigated - especially those raised of possible fraudulent payments. The Committee awaits an update in 2020.

Garda Professional Standards Unit (GPSU)

The Chief Superintendent, GPSU, provided an update to the Committee at its October 2019 meeting on the thematic reviews conducted by the GPSU during 2019. These reviews were selected based on the Inspections and Reviews System, the Corporate Risk Register and requests from stakeholders. The Committee welcomed the update.

The Committee requested that there should be greater collaboration and joint reviews conducted between GPSU and GIAS. During 2019, the Committee sought and received a joint audit plan from the GPSU and GIAS that set out their areas for collaboration during 2020.

Roads Policing

The Committee received a presentation on the governance control in relation to Mandatory Alcohol Testing/Mandatory Intoxication Testing (MAT/MIT) checkpoints. The presentation highlighted the improvements being made to ensure accurate and timely recording of these tests including improved recording processes, upgrades to PULSE (with Release 7.2), changes in the processes at MIT/MAT checkpoints, increased number of supervisors tasked with attending checkpoints, the availability of hand-held devices with GPS and improved management reports.

Given the serious deficiencies identified in these processes during 2017 and 2018, the Committee welcomed the presentation. The matter remains an area of focus for the Committee into 2020 and beyond.

The Youth Diversion Programme

The Committee was provided with regular updates on the serious control issues that emerged in An Garda Síochána operation of the Youth Diversion Programme. The updates covered such areas as the operation of the programme, the amount of referrals and children involved, the referrals that were subject to Garda inaction, the improvements to PULSE and elsewhere to adequately address the problem, the plans to notify and/or meet with the victims and the related disciplinary process.

The Committee was very concerned at the findings presented, especially in respect of the level of Garda inaction and the large number of victims affected. The Commissioner and his management team assured the Committee that the mitigating measures in train would adequately address the failings to date and would ensure no re-occurrence.

3. Financial Reporting

Financial Updates to the Committee

An important business control for An Garda Síochána is the oversight and monitoring of its financial performance. Given its significance, this is a standing item on the Committee's agenda.

During 2019, the Executive Director for Finance provided regular updates on the financial and budgetary position for each Committee meeting. The reports, presentations and discussions provided an opportunity to re-enforce the central role of management assurances in relation to controls, compliance and governance issues. This enabled the Committee to gain a greater insight into the activities across the organisation as well as an opportunity to meet senior management and to receive explanations for variances and financial performance throughout the year. The financial reports to the Committee included updates on major procurement contracts and the status of the main suspense accounts.

In addition, GIAS carried out an audit in 2019 on the financial controls in place throughout 2018. The outcome of this audit provided the Committee with a number of assurances as to the standard of governance and control in operation during the year. This is discussed in more detail below under the heading 'Financial Controls'.

Statement of Internal Financial Controls

As part of its work in support of the Garda Commissioner in his capacity as Accounting Officer for the Garda Vote, the Audit and Risk Committee reviewed the Statement of Internal Financial Controls. This review was informed by the contents and recommendations of internal audit reports received during the year coupled with the contents and recommendations of a review of internal controls by the Garda Internal Audit Service (GIAS). Subject to the control weaknesses mentioned in the Statement, the Committee was satisfied that the Commissioner could sign the Statement of Internal Financial Control.

Financial Controls

The Committee considered review audits in 2019 relating to a number of identified financial control weaknesses relating to banking, suspense accounts, recording of expenditure sanctions, asset valuation and control, the purchase ordering system and the general governance of the Financial Directorate (in the area of strategic and financial planning). Given the seriousness of the findings, the Committee sought and received an update from a follow-up audit and the Committee welcomed the improvements found in the financial controls relating to banking, suspense accounts and the recording of expenditure sanctions. However, it noted that the recommendations in relation to asset valuations and the purchase ordering system had not yet been fully implemented.

The Committee was also made aware that an external review of the Finance Directorate, its structures and operations, were conducted by Mazars with a related report produced in late 2019. The Committee awaits a copy of this report.

Anti-Fraud Policy

During 2019, the Committee maintained a watching brief on the Garda Síochána Anti-Fraud Policy. It was noted that twenty one cases of suspected fraud were reported under the policy to Internal Audit. These cases were investigated by appointed investigating officers in line with the policy.

Public Procurement

The Audit and Risk Committee continued to review procurement policies, processes and practices in An Garda Síochána, and to advise the Commissioner as required under Section 45 (2)(c)(i) of the Garda Síochána Act, 2005. An update on procurement issues was presented to the Committee by the Executive Director of Finance at every Audit Committee Meeting during 2019.

The Committee noted that audit work in 2019 continues to identify non-compliance with procurement procedures particularly in relation to towing and storage of vehicles and in relation to medical services. Nevertheless, improvements were identified during 2019 and

the Committee welcomed these – it is hoped that improvements will go some way to addressing the concerns of the Comptroller & Auditor General (C&AG) with regard to on-going procurement compliance.

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

Section 45(5)(a) of the Act requires the Commissioner to inform the Committee of contracts which are to be authorised above the specified monetary amount. The Committee has set a €5 million threshold on these contracts. In accordance with a Department of Public Expenditure and Reform Circular 16/2013, An Garda Síochána is required to use central procurement frameworks and contracts established by the Office of Government Procurement. During 2019, the Committee were not provided with draft procurement contracts to pre-approve. Following a request from the Committee, a list of contracts over €5m in value was made available to the Committee for its review and retrospective approval.

4. External and Internal Audit

4.1 External Audit - The Comptroller and Auditor General (C&AG)

An Garda Síochána external auditor is the Comptroller and Auditor General (the C&AG).

In March 2019, the Committee met the C&AG's audit team, namely, Maureen Mulligan (Deputy Director of Audit), Kiernan Scott (Senior Auditor) and Eric Derham (Auditor). The meeting reviewed the C&AG's Annual Report in relation to audit issues that arose in 2018. Possible future risks and audit strategy in 2019 were also discussed.

The key management letter issues highlighted by the C&AG's Office at the meeting included the following:

- On-going compliance with procurement regulations
- An Garda Síochána's management of overtime
- The reconciliation of key suspense accounts (particularly those with the OPW)
- Administration issues with the operation of Fixed Charged Notices (FCNs) and Breath Tests.
- The further development of accrual accounting in the preparation of the Appropriation Accounts
- Salary and Pension Overpayments

The Committee welcomed the C&AG's engagement which it considered thorough and comprehensive.

4.2 Garda Internal Audit Service (GIAS)

The Committee welcomes the on-going commitment by the Commissioner and the Policing Authority to adequately resource the Garda Internal Audit Service (GIAS).

During 2019, GIAS operated more or less to its full complement of 15 staff. However, it was noted that towards the end of the year, the staff in GIAS decreased from 15 to 13. A full complement would be important to deliver the 2020 audit plan, so the Committee urges An Garda Síochána to progress the recruitment campaigns for these vacancies as a matter of urgency.

Internal Audit Work Reviewed by the Committee

The Committee approved the Audit Plan for 2019 set out by Internal Audit and reviewed progress against this plan during the year. The Committee agreed additional priorities and amended the plan during the year. In total the Committee considered and approved 21 Audit Reports:

Divisional/Specialist Unit Audits	2
Review Audits	7
Audits of HQ Sections/Units	2
Thematic/Crosscutting Audits	9
Report to the Garda Commissioner	1

The Committee commended the work achieved by GIAS in terms of its quality, quantity and diversity across many different elements of the work of policing and in particular the use of data analytic techniques used to identify unusual trends in recent audit assignments.

Collaboration with Garda Professional Standards Unit (GPSU) and other Governance Units

As mentioned above, the Chief Superintendent Garda Professional Standards Unit and the Head of Internal Audit briefed the Committee in relation to the work of their respective Units. The Committee recommended that a Joint Assurance Plan be developed for 2020 and this was agreed between GPSU and GIAS. This plan has now been put in place and contains work that will be separately completed by GPSU and GIAS as well as audits that will be engaged in jointly.

Value Added from Audit Process

The recommendations from audits over several years have contributed to bringing to fruition three important initiatives in 2019. Firstly, the new PEMS 2 Policy was published as HQ Directive 60/19. In addition, there has been considerable improvement in controls in the Finance Directorate in relation to the control of bank accounts and suspense accounts and the recording of expenditure sanctions during 2019. There was also significant improvement in the procurement of ICT Contracts. As highlighted earlier in this report, the work of the Audit and Risk Committee has informed and advised in relation to Work Force

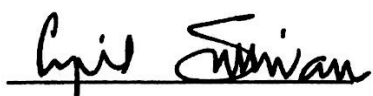
Modernisation Plan, the Youth Diversion Programme and the Risk Management Framework with significant progress achieved.

Using year-on-year comparisons there was significant internal audit work reported to the Committee. In March 2019, there were 69 priority one recommendations (high risk issues), of these 34 were either fully resolved or down-graded to lower risk status. An additional 53 priority one issues were added in 2019/20 resulting in a total of 88 outstanding priority one issues in March 2020. The Committee welcomed the improvements in quality and output achieved by the GIAS unit during 2019.

5. Conclusion

The members of the Committee would like to acknowledge the co-operation and assistance that they have received during the year from the Commissioner Management and Staff of An Garda Síochána. The Committee also acknowledges the good work of the management and staff of the GIAS. Ultimately, the degree to which the Audit and Risk Committee made up of mainly external members can contribute to the success of the Force can turn on the level of support received from senior management.

At present, An Garda Síochána is going through a process of significant change and reform. The Audit and Risk Committee wishes to continue to support the Force during this process and would be anxious to draw attention of the Management to the opportunities this process provides to strengthen its governance structures and to demonstrate its support for Internal Audit.



Dr. Cyril Sullivan

Chairman of the Audit and Risk Committee of An Garda Síochána

Date: 24th April 2020.