



**Annual Report of the Audit Committee of
An Garda Síochána
for the year ended 31 December 2009**

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(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 2009:

Mr. Jimmy Farrelly (Chair)

Deputy Commissioner Rice

Mr. Eoin O'Shea

Mr. Pat Fitzpatrick

Mr. Eamon Kinch.

The Committee would like to thank the former Chair Mr. Robert Woods and former members, Paul Turpin and Peter O'Grady Walshe whose term of office expired during the year, for their work on the committee and for their assistance during the handover to the new committee.

Short biographies of the current members may be accessed at 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 Act. 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 may be accessed at www.garda.ie

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 2009:

1. 30 January
2. 26 March
3. 30 June
4. 12 November
5. 10 December

Meetings were held at Garda Headquarters with the exception of the meeting of 30 January 2009 which was held at Store Street Garda Station, Dublin.

The Committee met with the Commissioner on 26 March 2009.

The Committee meetings are normally attended by Mr. John Leamy, Chief Administrative Officer, Mr. Michael Culhane, Executive Director of Finance and Mr. Niall Kelly, Head of Internal Audit in order to provide up to date information to the committee on relevant subjects. Update presentations were made on the following subjects to the Committee;

1. Policing in the Dublin Metropolitan Region, North Central Division - Chief Superintendent Leahy, Superintendent Barry
2. The Operations of the Garda Central Vetting Unit – Superintendent Pat Burke
3. Risk Management – Chief Superintendent Michael O’Sullivan and Inspector John Jacob.

The committee opens meetings with a discussion of up to thirty minutes with attendance of committee members only.

Garda Internal Audit

Staffing of Internal Audit

Garda Internal Audit is led by a qualified accountant Mr. Niall Kelly.

Mr. Lawrence Byrne was appointed as a Professional Accountant in March 2009. This filled the last remaining vacancy outstanding. Since that time two audit teams comprising of a mix of professional accountants, administrative civil servants and garda personnel and headed by Ms. Thérèse Carolan and Mr. Lawrence Byrne have been in operation. This structure has greatly enhanced the capability of Internal Audit. In November Mr. P.J. Leonard (professional accountant) was redeployed from Internal Audit to the Finance Directorate on a temporary basis. He is due to return to Internal Audit in April 2010. This redeployment was a direct consequence of the inability of the Finance Directorate to fill two vacancies for accountants as a result of the staffing embargo. The consequence of this redeployment is that one audit team does not have a dedicated accountant available to it on a full time basis but must rely on the advice and assistance of the Head of Audit, Niall Kelly. This has the consequential effect of deflecting the focus of the Head of Audit from his responsibilities in leading and directing the Internal Audit function.

Peer Review of Internal Audit

During the year a peer review of the Internal Audit function was undertaken by Ms. Aisling McKeon (Head of Audit in the Court Service). This report found;

“In general, our review found that Internal Audit is well received and staff feel it is a necessary and important service. Most of the staff interviewed were satisfied with the Internal Audit approach, which they considered was professional and inclusive and felt that audit reports findings were generally accurate and fair, the recommendations made were generally practical and the process had contributed to an increase awareness of needs for control controls and improved control framework on their area.”

The review also found that;

Current staffing complement and mix of skills between professional staff who have auditing experience, general civil service grades and sworn members compares favourably with the Government Departments and UK police authorities internal audit functions surveyed as part of benchmarking exercise.

The review recommended a number of areas for improvement including;

- 1. A more focused risk based approach to selecting subjects for audit.*
- 2. Current staffing skill mix of Internal Audit should be reviewed in order to ensure that the unit has access to IT audit skills*
- 3. The interim internal audit charter should be reviewed and updated in the light of organisational changes and other regulatory requirements arising from Risk Management Framework, revised Public Financial Procedures, Code of Practice for the Governance of State Sponsored Bodies. The revised charter should be formally approved by the Accounting Officer and reviewed periodically to ensure that it remains current*
- 4. More structured liaison with other assurance providers needs to be put in place. This would include other internal assurance providers such as Garda Professional Standards Unit and Garda Risk Governance Board and external assurance providers such as the Office of the Comptroller and Auditor General, the Garda Síochána Inspectorate and the Garda Síochána Ombudsman Board.*

During the year, Internal Audit carried out 30 audits in accordance with its Plan and a list of the audits completed in 2009 is attached at Appendix 1. The audit of the Criminal Justice Interoperability Pilot Programme (CJIPP) was carried out in conjunction with Mazars. A further audit was carried out by Mazars relative to compliance with the Department of Finance Guidelines for Capital Projects.

Whilst, the development of a Risk Management Framework is well advanced within An Garda Síochána with the establishment during 2009, of a Risk Management Office and a Risk Governance Board chaired by Deputy Commissioner Rice, the Audit Plan 2009 was not informed by a Corporate Risk Register but was informed by the work of the risk working group.

Value Added from Internal Audit

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. Internal Audit has had a major effect in reducing the risk within the organisation. Eighteen audits have completed the full process of audit and follow up audit review over the last two years. These eighteen audits identified 54 high risk issues, but after the review audits were carried out, which examined the enhanced control following on from the audit recommendation, only 8 out of the original 54 high risk issues remained. The recommendations from the audit process which have been implemented will reduce risk and improve controls in relation to the following:

- Improved controls for recording and storage of cash, property and drugs
- Improved security of *Information and Communication Technology* (ICT) systems and *business continuity* in relation to the operations of the Financial Shared Services Centre (FSSC) and the communications channels with An Garda Síochána
- Enhanced control and management of official vehicles and fuel usage
- Compliance with Public Procurement Guidelines and adherence to the Prompt Payments of Account Act
- The management and control of Suspense accounts
- Improved management of court warrants and a reduction in the level of outstanding warrants
- More efficient systems for dealing with vehicles seized in relation to Section 41 of the Road Traffic Act 1994.

Savings are likely to accrue as a result of the audit work undertaken from:

- Better control of overtime and allowances and travel and subsistence costs
- The establishment of more competitive processes for the procurement of goods and services
- Better management of the garda vehicle fleet and associated maintenance and fuel costs
- More efficient management of money received at Garda Stations.

Training & Development

In order to maintain the high standard of service delivery and professionalism Garda Internal Audit has prioritised the training and development of staff. During 2009 three members of staff have completed the Certificate in Internal Audit Programme delivered by the Institute of Public Administration. In addition the Head of Internal Audit successfully completed the Post Graduate Diploma in Police Leadership accredited by UCD Michael Smurfit Graduate Business School in conjunction with the Garda College.

Garda Professional Standards Unit

Section 24 of the Act 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 has met with Chief Superintendent Clare O’Sullivan from GPSU to co-ordinate the activities of the two oversight functions in order to minimise duplication of audit.

The Garda Síochána Inspectorate

The Chairman of the Committee has arranged to meet, roughly on a half yearly basis, with the Chief Inspector of the Garda Síochána Inspectorate. The most recent meeting took place on 24 April 2009.

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

The Head of Internal Audit met with Mr. Bob Olson and Mr. John Brosnan from the Garda Síochána Inspectorate in February 2009.

Comptroller and Auditor General

Garda Internal Audit has maintained a close working relationship with the Office of the Comptroller and Auditor General (C&AG) through regular meetings and on-going communications. All significant audit findings have been communicated to the C&AG.

Contract Levels under Section 45(5)(a) of the 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, but has also requested that it should be informed of contracts which fall under this threshold, but which may be particularly sensitive to upward change or are unusual in nature.

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 2008 Appropriation Accounts. The Committee communicated that opinion, in writing, to the Commissioner on 26 March 2009.

Public Procurement

During the meeting with the Chief Inspector of the Garda Síochána Inspectorate as previously referred to in this report, the Chairman ascertained that the Garda Inspectorate had deferred its proposed inspection of procurement policies, processes and practices in the Garda Síochána, an area on which the Audit Committee is specifically required to advise the Commissioner under Section 45 (2)(c)(i) of the Act. As a result, Garda Internal Audit was tasked with carrying out an Internal Audit Review of this area. This review was completed in the latter quarter of 2009. A number of high risk issues were identified. In particular, the report established a need for greater compliance with EU and National Procurement Guidelines. Progress is being made on regularising some of these. The Committee has asked management to prepare a report on the issues raised and in particular, a detailed programme and timetable for the regularisation of the situation. The GIAS will be carrying out a follow up review of progress made in implementing its recommendations and this together with the detailed report and programme from management will be available for consideration by the Committee in the 2nd quarter of 2010. The Committee recognises the need for the early provision of a central database on contracts and understands that progress is being made on delivering this. This issue will also be further considered by the Committee in the 2nd quarter of 2010.

Other matters considered by the Audit Committee

- **Lesson Learned Framework-** "Lessons Learned" represents an opportunity for Internal Audit to add significant financial value to An Garda Síochána. The Lesson Learned Framework affords an opportunity for the identification of good practice in a particular division or other audit area and its roll-out across the organisation. The process is triggered by identifying an activity or observing a positive development which can contribute to the continuous improvement and development of An Garda Síochána on a financial level. The Committee has placed a special emphasis on encouraging the sharing of financial enterprise, where observed, throughout An Garda Síochána.

- **Risk Management Framework** - The preparation of a risk management framework in accordance the Department of Finance Guidelines of March 2004 has been completed. At the meeting of the Committee held on 12th November a presentation was made by Chief Superintendent Michael O' Sullivan from Change Management and Inspector John Jacob from the Risk Management Office setting out what has been achieved and what has yet to be achieved. During the year the risk working group concluded its work with the establishment of the first draft of a Corporate Risk Register.

A Risk Management Office and a Risk Governance Board have been established and a risk policy document has been approved by the Garda Commissioner. This considers Strategic, Operational, Financial and Reputational risks. An Garda Síochána's proposed approach to risk management is to be embedded within the operational structure of the organisation. This approach is to be welcomed as risk management encompasses, of course, far more than pure financial matters.

- **Service Level Agreement (SLA)** - The Financial Shared Services Centre (FSSC), an entity controlled by the Department of Justice, Equality and Law Reform, processes payroll and performs other significant accounting services on behalf of An Garda Síochána and other bodies. While a SLA between An Garda Síochána and FSSC was in place, it was dated prior to the change in Accounting Officer in 2006 to the Commissioner. A comprehensive review of this SLA was carried out by the Director of Finance during 2008 to ensure that it fully reflects any changes that may have arisen by virtue of the change in Accounting Officer to the Commissioner. The revised SLA was signed on 23 December 2008.
- **Capital Projects** – Mazars have completed a report on compliance with the Department of Finance guidelines for capital projects. This is to be submitted to the audit committee, together with management response, for consideration at a meeting in early 2010.
- District Clerks and Finance Officers are pivotal to good Financial Management and provide good backup to the Finance Directorate.
- Oracle Accounting System provides good information and has centralised control.
- **Imprest Accounts** are generally well managed and up to date.
- **The Appropriation Account** - The Committee reviewed the Appropriation Account for 2008 at the meeting in March 2009.
- **Computer Security of PULSE System** – The Committee discussed the security of the PULSE System.

- **Garda Síochána Corporate Strategy 2010-2012** – The Committee discussed the development of a new corporate strategy document.

Conclusion

The members of the Committee would like to acknowledge the assistance that they have received during the year ended 31 December 2009 from within An Garda Síochána, the Department of Justice, Equality and Law Reform and the Financial Shared Services Centre.

The full staffing complement of 10 staff was available to Internal Audit from March to November 2009. However one member of staff was redeployed temporarily from 1st November. The staffing levels within Garda Internal Audit will continue to be reviewed by the committee to ensure sufficient resources are made available. Significant work has been achieved during the year in relation to embedding a risk management framework within the organisation. Progress can be reported in relation to reduced risks across the organisation as a result of the implementation of audit recommendations.

The Peer Review of Internal Audit generally confirmed the professionalism and the value contributed by the unit. It also presented a road-map for future improvements to the audit function.

A moratorium on promotions in An Garda Síochána has been in place, pursuant to a Government decision taken in the context of present economic stringencies. While understanding the reasons for such an approach, the Committee would respectfully point out that financial controls in An Garda Síochána are predicated on having a complete cohort of senior officers in place, particularly at Superintendent level and above. In tandem with their operational and legal responsibilities, such officers oversee the operation of financial controls concerning staff deployment, approval of overtime and other allowances together with having responsibility for local procurement within their districts and divisions. The Committee welcome the Government's recent decision to authorise a significant number of promotions.

The findings from the audit reports highlight that significant added value is being contributed to the garda organisation by Internal Audit but also indicate areas where further progress needs to be made. These will continue to be reviewed and monitored by the committee.

While the Committee is pleased to report significant progress during 2009, a number of important issues remain to be progressed in 2010 to ensure that the Commissioner is provided with the appropriate support that he needs to ensure that the financial affairs and systems of An Garda Síochána are efficient and effective.


Jimmy Farrelly

Chairman of the Audit Committee of An Garda Síochána

March 2010

Appendix 1: Audit Reports Completed in 2009

- 1 Review Audit of Donegal Division
- 2 Review Audit of Mayo Division
- 3 Audit of Dublin Metropolitan Region (DMR), Northern Division
- 4 Report to the Commissioner in relation to Financial Controls in 2008
- 5 Audit of Compensation Claims
- 6 Audit of Overtime and Allowances
- 7 Audit of Procurement
- 8 Audit of Clare Division
- 9 Review Audit of Limerick Division
- 10 Review Audit of North Cork Division
- 11 Review Audit of DMR, West Division
- 12 Review Audit of Suspense Accounts
- 13 Audit of DMR, Southern Division
- 14 Audit of Louth Division
- 15 Audit of Meath Division
- 16 Audit of DMR Eastern Division
- 17 Audit of Laois/Offaly Division
- 18 Audit of Longford/Roscommon Division
- 19 Audit of Travel and Subsistence
- 20 Review Audit of Kerry Division
- 21 Review Audit of Garda National Drugs Unit
- 22 Review Audit Office Machinery and Other Office Supplies
- 23 Review Audit of DMR Northern Division
- 24 Audit of Training and Development
- 25 Audit of Garda National Immigration Bureau
- 26 Review of ICT Security in the Financial Shared Services Centre (FSSC), Killarney
- 27 Review of Payroll Controls within An Garda Síochána
- 28 Review of Payroll Controls within the FSSC
- 29 Audit of CJIPP System (Mazars)
- 30 Audit of DMR South Central

An audit was completed by Mazars relative to compliance with Department of Finance Guidelines on Capital Projects.