



**Annual Report of the Audit Committee of
An Garda Síochána
for the year ended 31 December 2011**

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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 2011:

Mr. Jimmy Farrelly (Chair)

Deputy Commissioner Nacie Rice

Mr. Pat Fitzpatrick

Mr. Eamon Kinch

Mr. James Collins

We would like to thank Garda John Griffin who acted as Secretary to the 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 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 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 six occasions during 2011 on 9th February, 9th March, 25th May, 24th August, 26th October and 12th December. All the meetings were held at Garda Headquarters, Phoenix Park Dublin. The Committee met with the Garda Commissioner on 9th March 2011.

The Committee commences all meetings with a discussion of at least thirty minutes at which only Committee Members are in attendance. Following this discussion the Committee meetings are normally attended by the Chief Administrative Officer, the Executive Director of Finance and Services and the Head of Garda Internal Audit Section in order to provide up to date information to the committee on relevant subjects. Presentations were made to the Committee by the Director of the Financial Shared Services Centre in relation to the services provided and the level of controls in place and by Assistant Commissioner, DMR, and Chief Superintendent, DMR Traffic, in regard the Medical Services Working Group Report.

Garda Internal Audit Section

Staffing of Internal Audit Section

Garda Internal Audit Section is led by a qualified accountant. At the end of 2011 two staff vacancies existed at the level of Professional accountant Grade II and Garda Inspector. In February 2012 a further vacancy arose with the retirement of a Garda Sergeant. We would like to thank the staff of the Garda Internal Audit Section for the services provided by them during 2011.

Compliance with Professional Standards

The main professional body for setting of Ethics and Professional Standards is the Chartered Institute of Internal Auditors (IIA). The IIA Professional Standards encourages auditors to report that their activities are “conducted in accordance with the International Standards for the Professional Practice of Internal Auditing”. This statement of compliance with the Standards can only be made if

an independent external assessment (Peer Review) has taken place within the last five years and a quality improvement process demonstrates that the internal audit activity is in compliance with the Standards. A peer review was conducted in 2009 and a continuous quality improvement process is in place.

Value Added Initiatives

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 together with the new initiatives implemented by the Garda Finance Directorate will reduce risk and improve controls in relation to the following;

- The control and management of Overtime Costs and Travel and Subsistence expenses.
- The greater awareness of the necessity to track and manage warrants correctly on PULSE rather than relying on manual registers will reduce the risk of warrants not arriving at the appropriate Station for execution and should reduce the likelihood of errors being made and increase the execution rate.
- Improved compliance with Public Procurement Requirements. The adoption of procurement procedures has led to transparency, greater efficiency and some savings.
- Greater compliance with the Prompt Payments of Accounts Act 1997.
- Enhanced control and management of drugs exhibits, property and evidence.
- Enhanced control of Firearms and Ammunition.
- Improved management of Imprest Accounts and the handling of money received at Garda Stations.
- Greater control of vehicle costs including fuel and maintenance costs.
- Improved management and control of outstanding debt to An Garda Síochána from Non Public Duty and overpayments on salaries.

Training & Development

During 2011 due to financial constraints staff training was curtailed and delayed. However, a number of in-house training initiatives were undertaken. An off-site training day was organised in October where staff who had attended short training courses presented the learning to their colleagues in summary form. The former Head of Internal Audit at the Department of Social Protection gave some thoughts as he approached the end of his career in both the public and private sector. This training day also included a discussion on how Internal Audit could be more effective in 2012.

Limited external training was contracted including one member of staff completing the Certificate in Internal Audit with the Institute of Public Administration. Some short courses were also attended by staff including the Annual Conference of the Institute of Internal Auditors and courses on public procurement, risk management, data protection, change and value for money in the public sector. These courses were provided by the Institute of Internal Auditors, the Institute of Public Administration and Public Affairs Ireland. Some low cost seminars provided as part of the Continuous Professional Development Programme of the Chartered Institute of Management Accounts were also attended by the two CIMA members on the staff including seminars on fraud and forensic accounting and accounting standards. The Heads of Internal Audit Forum also organised a half day seminar in conjunction with the Institute of Public Administration on present and future trends in Internal Audit.

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 give rise to a significant cross-over of responsibility with that of Internal Audit. The Head of Internal Audit has met with the Chief Superintendent GPSU to co-ordinate the activities of the two oversight functions in order to minimise duplication of audit. 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 Chair of the Audit Committee 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 the Principal Officer from the Garda Síochána Inspectorate in February 2011.

Comptroller and Auditor General

Garda Internal Audit has maintained a professional working relationship with the Office of the Comptroller and Auditor General (C&AG) through meetings and on-going communications. All significant audit findings have been communicated to the C&AG. The Head of Internal Audit met with the Senior Auditor from the C&AG in September 2011.

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, but has also requested to be informed of contracts which fall under this threshold, but which may be particularly sensitive to upward change or are unusual in nature. The Committee was not informed in 2011 of any contracts placed that exceeded this threshold.

Statement of Internal Financial Controls

The Garda Commissioner is the Accounting Officer for the Garda voted expenditure and receipts.

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. 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 2010 Appropriation Accounts. The Committee communicated that opinion, in writing, to the Commissioner on 27th March 2011.

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. A number of Audit Reports have highlighted the requirement for further development in the area of procurement and competition law. In addition the Committee has recommended that all incidences of non-compliance be reported in the circular 40/02 return which is required to be appended to the annual Appropriation Account. The Committee in 2011 requested reports for each meeting detailing activity and a timetable for the implementation of audit recommendations. During 2011, the Central Procurement Section entered into twenty nine new contracts, renewed a further fifty five contracts and is completing the evaluation of fourteen tenders advertised in late 2011. The nature of the contracts awarded range from the towing and storage of seized vehicles, transport of detained persons, training, to miscellaneous estate management services. The tenders for these services and goods are advertised on the Government's *etenders* website and in the EU Journal when the value of the tender exceeded €125,000. Progress made in 2011 relating to procurement includes the following:

Development of New Structures

Additional supports and advice to Divisional Procurement Committees from the Central Procurement Section have been put in place. The Central Procurement Section now evaluate tenders received with input from the Divisional Procurement Committees and make the final decisions on the most economically advantageous tender.

The practice of charging payments for local purchases and services from local Imprest Accounts has been discontinued. The Finance Directorate have put in place systems for examining payments from Imprest Accounts to ensure that Districts/Divisions/Business Units comply with the requirements.

The GRACE (Garda Response to A Changing Economy) Programme in the latter part of 2011 focused on services for the provision of cleaning, vehicle towing / storage and waste disposal with a view to placing more economically advantageous contracts.

Contract Database

The Garda Central Procurement Section has since 2010 used the Supplier Agreement Database developed by the Department of Justice and Equality. This database includes details of contracts placed. The database has a facility to alert the Procurement Section of contracts that are due to expiry in three months time. The database includes twenty nine new contracts placed in 2011. To ensure completeness, the Committee recommended that all contracts placed be included on this database including ICT contracts of a technical proprietary nature.

The Garda Central Procurement Section also maintain a spreadsheet detailing procurement items at whatever stage they are in the process from the preparation of business cases to the placing of contracts. This provides a mechanism for tracking each procurement item and managing the process through the various stages.

Medical Services

A very comprehensive and detailed report, entitled “*The Range of Medical Services required by An Garda Síochána*” was completed by Assistant Commissioner DMR and submitted to the Garda Commissioner towards the end of 2011. The Report recommends that procedures be standardised for the employment and the call out of registered medical practitioners to address the provision of medical services required by An Garda Síochána. Currently, each registered medical practitioner is contacted by individual Garda Stations to supply medical services to An Garda Síochána. The Report makes recommendations that suitably qualified registered medical practitioners be invited to submit tender proposals for the provision of medical services that are required in six separate lots for the six Garda Regions. The object of the exercise is to ensure that the most economical medical services are in place for An Garda Síochána and to improve the quality and efficiency of the service. Following consideration of the Report at the highest level within the Garda Síochána, it was submitted to the Department of Justice and Equality seeking sanction to invite tenders for the provision of medical services.

Other Procurement Issues

In addition to the points set out above the following are being developed at management level;

- A business case was submitted seeking sanction from the Department of Public Expenditure and Reform in relation to the placing of towing and storage contracts in regard to vehicles seized under section 41 of the Road Traffic Act 1994. Sanction was granted in January 2012.
- A business case is being prepared in association with the National Procurement Services for a national waste management contract rather than separate contracts in each Division.
- An Garda Síochána are participating in a public service wide tender for laboratory equipment and supplies being lead by the Health Service Executive.

Some (amongst many) other matters discussed by the Audit Committee

The Committee recommended the Audit Plan 2011 set out by the Garda Internal Audit Section for 2011 and during the course of the year reviewed progress against this plan and made recommendation for additional audit priorities.

The Audit Committee reviewed at each meeting the Management Accounts and budgetary position.

The Committee recommended the Anti Fraud Policy Document drafted by the Internal Audit Section which has now been submitted to Legal Section for Human Rights Proofing.

The legacy issue of tax liability in relation to the payment of certain allowances and the settlement made with the Revenue Commissioners was discussed. This resulted in a once off tax payment of €12.5m in 2011. Tax is now being deducted directly from Garda Members in relation to these allowances.

The Committee reviewed the Service Level Agreement with the Financial Shared Services Centre.

The Committee reviewed the repayment of amounts which had in the past been overpaid to employees. The Committee recommended that these be recouped as quickly as possible and that if not possible sanction be sought for the write-off of these amounts from the Department of Finance.

Conclusion

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 findings from the audit reports highlight that significant added value is being contributed to the garda organisation by Internal Audit. The Committee is satisfied that there are adequate systems of control across the organisation. While recognising the challenging financial circumstances within which An Garda Síochána is required to deliver a policing service, the Committee is pleased to

report significant progress during 2011. A number of issues remain to be progressed and will be reviewed further in 2012.

The members of the Committee fully acknowledge the co-operation and assistance that they have received during the year from all levels of An Garda Síochána up to and including the Commissioner. They also acknowledge the assistance of the Department of Justice and Equality.



Jimmy Farrelly
Chairman of the Audit Committee of An Garda Síochána
26th March 2012