



**Annual Report of the Audit Committee of
An Garda Síochána for the year ended
31 December 2017**

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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") as amended by Section 36 of the Garda Síochána (Policing Authority Miscellaneous Provisions Act). 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

The Committee would like to thank the retiring members who held office up to 30th April 2017.

Mr. Michael Howard

Mr. James Collins

Acting Commissioner Donall Ó Cualáin

Mr. Pat Fitzpatrick

The current Chair of the Committee, was also a member of the previous Committee thus providing continuity between the two committees. It should be noted that Mr. Donall Ó Cualáin who was a member of the Committee until 30th April was appointed Acting Garda Commissioner in September 2017. The Committee wishes him well in his new role.

The Committee thank Garda Claire Haugh who acted as Secretary to the Committee in 2017.

Short biographies of the current members may be accessed at <https://www.garda.ie/en/About-Us/Audit-Committee/Membership-Profile.html>

Functions and Audit Charter

The functions of the Committee are set out in Section 45 of the Garda Síochána Act 2005 and further elaborated in a detailed Audit 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-Committee/Charter-for-the-Garda-Siochana-Audit-Committee.pdf>. 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 each year. During 2017 there were effectively two committees, the old Committee met on 18th January 2017, 22nd March 2017 and 19th April 2017. The first meeting of the new Committee was on 27th June 2017 and it held three further meetings on 16th August 2017, 20th September 2017 and 15th November 2017. At the meeting of 16th August 2017, members of the old and new Committees met together to allow a transfer of knowledge. The Committee met with Mr. Gerard Enright of the Office of the Comptroller and Auditor General on 18th January 2017 and with then Garda Commissioner Nóirín O Sullivan at the meeting held on 22nd March 2017 and at the first meeting of the new Committee was on 27th June 2017.

All but one of these meetings were held in the Officers Club at Garda HQ. The meeting on 27th June 2017, was held in Farnleigh House, Phoenix Park, Dublin. The Head of Internal Audit, as well as other Officers were invited to attend as required in order to provide up to date information to the Committee on relevant subjects.

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 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, and by the contents and recommendations of a review of internal controls by the Garda Internal Audit Service (GIAS).

Garda College Reports

The Committee considered the Interim Report of Financial Controls at the Garda College at the meeting held on 23rd February 2017. The report was then forwarded to the Department of Justice and Equality, the Policing Authority and the Office of the Comptroller and Auditor General. The Oireachtas Committee on Public Accounts (PAC) examined the report and called witnesses in relation to it on five separate occasions from 4th May to 13th July 2017. On 31st May 2017, the Head of Internal Audit was asked to provide an opening statement and was questioned in detail by the Committee in relation to the report. At this meeting, also the former Chair of the Audit Committee was also requested to give evidence. The PAC published its report on 18th July 2017¹. This report endorsed the findings and recommendation of the GIAS Report and urged full implementation of its recommendations. The PAC Report (July 2017) contained the following further recommendations:

- *The Committee is of the opinion that the independence of the GIAS is essential and its responsibilities, powers and position within AGS need to be strengthened. The Committee recommends that the function of internal audit be clearly defined and communicated to all senior managers.*
- *The Committee is of the view that GIAS has not been given sufficient standing within the organisation or sufficient staff to carry out its duties. The Committee recommends that the status of GIAS within AGS be upgraded, that it be provided with a full complement of staff, and that its assigned staff grades and reporting structures be reviewed.*
- *The Committee endorses the Interim Audit report's recommendation that training in Public Financial Procedures, governance and risk management should be prioritised for all administrative staff working in the Garda College.*

The PAC Report (July 2017) highlighted that;

- *The Garda Audit Committee was not informed for two months after the Commissioner was made aware of the issues, despite there being a meeting of the Audit Committee in July 2015. It is the view of the Committee that given the seriousness of the issues, the delay in raising the matter and manner in which the issue was raised was not acceptable.*

¹ Oireachtas Committee on Public Accounts Report: Examination of matters in relation to Financial Procedures at Garda College, Templemore, July 2017

- *The Committee notes that the financial issues in the Garda College were not an agenda item at the 30 September 2015 Garda Audit Committee meeting, nor at the subsequent meeting of 9 December 2015. It is the opinion of the Committee that financial issues in the Garda College should have been discussed as a main item and that raising them under “Any Other Business” represented a failure to treat these issues with due gravity.*

Since publication of the PAC Report, the Committee and the Chair of the Committee has met with the Acting Commissioner on a number of occasions at which assurances were provided that the Audit Committee will henceforth be fully informed of all relevant issues and emerging known risks.

In June 2017, GIAS completed a second report entitled *Audit of EU Funded Training Programmes/Projects* which related to international training programmes and seminars run in conjunction with the Garda College. This report concluded that there were suspicions that fraudulent activity may have occurred. On 19th June 2017, this report was referred to GSOC and OLAF (European Commission Anti-Fraud Office) by the Deputy Commissioner of Policing and Security. The GSOC and OLAF investigations are ongoing.

A third report entitled *Systems Audit of Cash and General Management of the Garda College Restaurant and Shop* was concluded in July 2017. This report expressed confidence in the capacity of the new Administrative Team in the College to address the issues identified in the Interim Report (February 2017).

Finally, in February 2018 the *Review Audit of the Garda College* was completed. This examined the implementation of the recommendations from three reports as follows:

1. Interim Audit of Financial Procedures at the Garda College
2. The Oireachtas Committee on Public Accounts Report, Examination of Matters in regard to Financial Controls at the Garda College (July 2017)
3. The Comptroller and Audit General Report 2016, Chapter 12, Management of Ancillary Services at the Garda College published in September 2017

This Review Audit has taken the recommendations of these three reports and has sought to evaluate how the recommendations have been implemented by Management in An Garda Síochána. This review audit concluded that GIAS are satisfied with the progress

made to date and continuing in relation to reform of the governance of the Garda College. Significant progress has been made in implementing the recommendations of the reports. As a result of the progress made, GIAS revised the audit opinion to “reasonable assurance”.

Property and Evidence Management

In previous reports, the Committee noted in particular the number of issues that needed to be addressed in the area of Property and Evidence Management but was encouraged by the plans put in place by the Strategic Transformation Office to resolve these issues. During 2016 and 2017, the issue of Property Management was prioritised within the Modernisation and Renewal Programme. A three-step approach has been adopted to address the issues raised by GIAS as follows;

- i. The adoption of a standardised Property and Evidence Management System (PEMS) across all Divisions with a standardised computer system integrated to the Garda Information System (GardaIS). This was accomplished during 2016.
- ii. The integration of PEMS records within the PULSE System. The development of the software to integrate the PEMS systems within PULSE, with barcoding to register all items, is being implemented and rolled out across the organisation since September 2017.
- iii. The provision of adequate storage facilities and the development of Strategy and PEMS Policy. This will take several years to complete in order to have adequate storage facilities available in every Division.

The Committee is encouraged by the fact that the above points i & ii (PEMS 1 & 2) have now been implemented. The required software link to PULSE (PEMS2) commenced rollout across the organisation in September 2017. The Committee considers that the critical issue in relation to the proper management of property and evidence is the link with PULSE, so that every property item can be related to a PULSE incident, tracked and managed within the Performance Accountability Framework (PAF). The Committee is also mindful that a successful implementation of the new PEMS will depend on introducing new, standardised work practices across the organisation. The Committee has recommended that GIAS audit the improved systems controls, as a result of PEMS2, once sufficient time has been given, for the new systems to become fully operational across the country.

Human Resource Deployment and Civilianisation

Approximately 90% of the total Garda Vote relates to “staff costs” in one form or other (e.g. basic pay, overtime, allowances and pensions). As well as complying with administrative procedures, it is also important this expenditure is managed effectively and represents value for money. Both, the Policing Plan and recommendations from the Garda Inspectorate Report (November 2015)², have highlighted the importance of ensuring that the maximum number of Gardai are assigned to high visibility policing duties with “*direct contact with the public*”, with administrative roles undertaken by Civil Servants to the fullest extent possible to allow Garda members to perform these high visibility policing roles.

The Organisation Deployment Survey conducted in 2017 produced very disappointing results in relation to the immediate deployment of Civil Service Staff to roles previously held by attested Garda members. The Committee would like to see greater results in respect of this strategy. Divisional audits conducted in 2017 indicate that the average percentage of attested staff that were engaged on the day of the audit in patrolling and high visibility policing, in direct contact with the public, is low (44%).

Risk Assessment

Serious Control Failures in the Garda College and in other parts of the organisation that were known but not placed on the Corporate Risk Register, as well as audit reports detailing weaknesses in the risk management framework, were evident at the start of 2017. The Committee welcomes the new Risk Management Procedures that have been put in place since April 2017 and the Committee has requested that these be audited. Presentations were made to the Committee by the Garda Risk Management Unit at all meetings of the Committee, except for the August 2017 meeting.

Collaboration with Garda Professional Standards Unit and other Governance Units

The Committee welcomes the initiative in 2017 by GIAS and Garda Professional Standards Unit (GPSU) to widen the scope of co-operation and discussion to include the Risk Management Unit, the Policy Development Unit, the Strategic Transformation Office and Internal Affairs. This group meets monthly and has recently re-branded itself as the Management

² Garda Inspectorate Report (November 2015), Changing Policing in Ireland

Assurance Stakeholders Team (MAST). The objective of the group is to co-ordinate the management assurance and risk management functions within the organisation and maximise effectiveness. One of MAST's initiatives, led by GPSU, is providing an electronic, simplified method to help Local Management, with undertaking and responding to the Inspections and Reviews. This solution will be piloted in the second quarter of 2018.

Fixed Charge Penalty Processing

The Garda Internal Audit Unit continued to audit the central administration of Fixed Charge Penalties during 2017. The overall administration was found to be working well, subject to the resolution of a small number of specific issues. During these audits, none of the legal difficulties arising outside the administrative system were brought to the attention of the auditors.

In March 2017, Garda Management announced that around 14,500 convictions will have to be vacated due a legal problem in relation to the prosecution of offences which fall within the remit of the Fixed Charge Penalty system. Prior to this public announcement, and notwithstanding the very specific role assigned to the Garda Internal Audit Section in relation to the Fixed Charge Penalty system, neither the Internal Audit Section nor the Audit Committee were aware that management had discovered these problems in 2016. In addition, it was announced that a very large number of inaccurate or falsified Mandatory Intoxicant Tests were inputted to PULSE. These issues were the subject of two reports during 2017, one conducted by Assistant Commissioner O Sullivan and one by a firm of management consultants, Crowe Horwath. The issue will continue to be reviewed by the Committee.

Anti-Fraud Policy

During 2017, sixteen cases of suspected fraud were reported to the Head of Internal Audit. These cases were investigated by appointed investigating officers in line with the policy. Garda Internal Audit has noted these cases and will test for similar incidences in future audit assignments. In addition, one report in relation to EU Funded Training Programmes/Projects has been referred for further investigation to GSOC and OLAF in light of suspicions of fraudulent activity having taken place.

Public Procurement

The Audit Committee continued to review procurement policies, processes and practices in the Garda Síochána, and to advise the Commissioner as required under Section 45 (2)(c)(i) of the Garda Síochána Act, 2005. Department of Finance circular 40/02ⁱ requires that all incidence of non-compliance with procurement procedures be reported in an appendix to the Appropriation Account. The Committee discussed the 40/02 return made with the Appropriation Account 2016.

During 2017, the Committee expressed concerns at the length of time taken to put in place procurement contracts that are in compliance with the relevant legislation. It is disappointing that the Medical Services contract and contracts for Towing and Storage of vehicles seized by An Garda Síochána still remain non-compliant, despite assurance provided to the Committee over several years that this would be resolved.

In 2017, audits found outstanding issues with regard to procurement in six Garda Divisions/ Business Units. In particular, issues in relation to the procurement of large scale ICT Projects were evident in the ICT Directorate and the Strategic Transformation Office. These issues resulted in the disqualification of approximately €1.5m from the claim for assistance in relation to the International Security Fund co-financed by the EU Commission, Director General for Home Affairs and Security.

Improvements in compliance with the procurement rules were evident over the course of the year in the Garda College Templemore. Progress in this area will continue to be monitored.

Other matters discussed by the Audit Committee

The Committee approved the Audit Plan for 2017 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. The amendments to the plan recommended by the Head of Internal Audit were accepted by the Committee.

In total the Committee considered and approved 16 Audit Reports:

Divisional/Specialist Unit Audits	2
Review Audits	7
Thematic/Crosscutting Audits	6

At each meeting, The Committee reviewed, the Management Accounts and budgetary position. The Committee discussed the shortfall in the Payroll (A1) budget of approximately €44 million that required a supplementary budget at the end of 2017. The Committee is of the view that such structural deficits in the annual budgetary process are not a result of any deficiency in forecasting by Garda Management and arises at a later stage in the estimates process.

The Committee was given presentations on the following topics:

- Risk Management
- The Property and Evidence Management System
- Audit of EU Funded International Security Fund (ISF)
- Modernisation and Renewal Programme
- External Review of Garda Internal Audit Service

Garda Internal Audit Service (GIAS)

Compliance with Professional Standards

In November 2012, the Department of Public Expenditure and Reform in conjunction with the Heads of Internal Audit Forum (comprising of the Heads of Internal Audit from Central Government Departments and Offices) launched new Professional Standards for the conduct of Internal Audit in organisations with Voted expenditure. It is the policy of the GIAS to fully comply with these Professional Standards. In order to maintain compliance, GIAS was externally evaluated against these standards by the KOSI Corporation, a firm of Management Consultants and Accountants. The KOSI report confirmed that GIAS is compliant with the Professional Standards. The report also makes recommendations for improvement. On foot of these recommendations a “Modernization and Renewal Plan” for GIAS was drawn up and implemented in 2017. This plan included the following improvements:

1. The staff number in GIAS has increased from 8 to 12 and sanction has been received to further increase staff levels to 16.
2. A new Charter has been signed with the Garda Commissioner.

3. The Head of Internal Audit now reports directly to the Garda Commissioner/Accounting Officer rather than to the Deputy Commissioner Governance and Strategy.
4. The Head of Internal Audit briefs the Garda Executive quarterly.
5. The work of internal audit has been redirected to focus more on strategic risks rather than to focus on the audit of geographic Garda Divisions/ Business units.

The Committee noted that the Head of Internal Audit has yet to be established in the grade of Principal Office, as set out in this plan and as recommended by the Garda Executive, the Policing Authority and by this Committee. The continued delay is a matter of considerable frustration to the Committee and to the Head of Internal Audit.

These changes also reflect the recommendations of the PAC Report (July 2017) in relation to GIAS. The Committee welcomes the enhanced status and additional resources provided to GIAS and will monitor in 2018, whether additional resources are required in order to provide the required assurance to the Garda Commissioner and Senior Management.

Training & People Development

During 2017, seven new staff were provided to GIAS and three experienced staff left on promotion or transfer. Of these seven staff, only one had extensive audit experience within the public sector. As a result of the high staff turnover over the last year the requirement for training and development is high. The Committee notes that Internal Audit is a specialist professional discipline requiring on-going training and professional development. The Committee will monitor the training programme for staff development during 2018 to ensure that adequate resources are provided to upskill new staff and maintain professional development for more experienced staff members.

The Comptroller and Auditor General

In January 2017, the Committee met with Mr. Gerard Enright (Senior Auditor) and Ms. Mary Henry, Director of Audit at the Office of Comptroller and Auditor General, to review their Annual Report in relation to expenditure in 2015 and audit issues that arose in 2016. Possible future risks and audit strategy in 2017 were also discussed.

The Office of the Comptroller and Auditor General and GIAS worked more closely in 2017, meeting quarterly to determine audit priorities and share findings. This collaboration was very evident in bringing to light and dealing with the issues highlighted in the Garda College.

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 entered into, above the specified monetary amount. The Committee has set a €5 million threshold and has requested that it be informed of contracts which fall under this threshold but which may be particularly sensitive to upward change or are unusual in nature. 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 (OGP). The Audit Committee was informed about contracts that are being managed for An Garda Síochána by the OGP.

Value Added from Audit Process

The recommendations from audits over several years have contributed to bringing to fruition two important initiatives in 2017. Firstly, in April 2017 a new framework for risk assessment and management was implemented. Secondly, in September 2017 the new PEMS2 patch was added to PULSE to allow the matching of all property items to PULSE incidences and to provide barcoding and other controls for managing property items held. The Committee welcomes these initiatives but cannot, at this early stage, say how effective their deployment has been in addressing the control failures they have been designed to address or whether the control environment has improved as a result.

The issues highlighted in relation to resource allocation are being addressed through the development of the Roster Management and Deployment Project as part of the Modernisation and Renewal Programme and through the Civilianisation Programme. These initiatives will take a further eighteen months to two years to develop and implement.

It is also apparent from the audits of Garda Divisions that the issues identified in 2014 in relation to cancellation of Fixed Charged Notices and the control and follow-up on non-delivery of such notices have largely been resolved. However, in 2017 other issue relating to roads policing became known to the Committee as set out above (page 6 paragraph 3).

Cultural Change within An Garda Síochána

The Institute of Internal Auditors in its policy document (June 2014)³ on auditing cultural issues, places responsibility on Internal Audit Units to consider “*whether organisations have a strong commitment to good conduct and that it is actually being translated into everyday behaviour*”.

It is the experience of the Committee that a culture of conformity, unity and loyalty is strong in An Garda Síochána and it will take some time and effort before those with divergent or critical views are fully accepted in some parts of the organisation, as being constructive and loyal members of the An Garda Síochána.

Paragraph 37 of the PAC Report (July 2017) considers “*professional tensions*” between senior managers. It is the view of the Committee that these tensions arise from differences relating to the need to have full transparency and accountability at all levels within An Garda Síochána. It is evident that pockets of resistance to the reform agenda and the need for full transparency exist from within parts of An Garda Síochána. It will take some time for the new culture to be fully engrained in all parts of An Garda Síochána. The scope for divergence from the new culture of accountability and transparency is narrowing however, due to the support of the Garda Commissioner, the Office of the Chief Administrative Officer and the Human Resources and People Development Executive.

The appointment of a Principal Officer with responsibility for Administration of the Garda College with equal status to the Chief Superintendent Director of Training, together with the appointment of suitably trained staff, has changed the perception and culture in relation to financial management in the Garda College. The training provided by the Institute of Public Administration in relation to Public Financial Procedures and Governance has also contributed to this cultural change.

³ Culture and the role of Internal Audit – Looking below the surface – Chartered Institute of Internal Audit; June 2014.

Indeed, the reforms in the College could be seen as a microcosm of the reforms that are necessary within all sections of the organisation and the process required to affect the reform.

Conclusion

The members of the Committee would like to acknowledge the co-operation and assistance that they have received during the year from staff of An Garda Síochána, up to and including the former and Acting Commissioner and also the assistance of the Department of Justice and Equality.

Improvements in the financial control environment were made in relation to recording of property items on PULSE (PEMS1), in providing a uniform Property and Exhibit Management System (PEMS2) and in the control and management of Fixed Charge Notice Cancellations. Significant improvement in the control environment in the Garda College has also occurred. The experience of reform within the Garda College has also contributed towards changing the culture in relation to financial controls across the whole organisation.

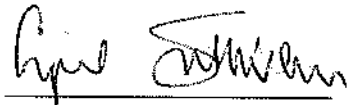
In 2017, the status of GIAS within An Garda Síochána has been improved. Additional staff have been approved. A new Internal Audit Charter has been signed with the Commissioner. GIAS now report directly to the Garda Commissioner.

The Committee welcomes the new PEMS2 systems and the new Risk Management Framework, both introduced during 2017. GIAS will audit the effectiveness of these initiatives in 2018.

The Committee recommends that the situation concerning the Head of Internal Audit's grading be resolved immediately, through Garda Management engagement with the Policing Authority and the Department of Public Expenditure and Reform. It is unacceptable that this issue has continued unresolved for so long.

Ultimately, the degree to which internal audit can contribute to the success of the organisation can turn on the level of support received from senior management. This is explicitly recognised in the manual of Public Financial Procedures which rightly emphasises the importance of management's full and unqualified support for internal audit.

At present, An Garda Síochána is going through a process of significant change and reform. The Audit Committee wishes to continue to support An Garda Síochána 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 Committee of An Garda Síochána

Date: 30th March 2018

ⁱ Department of Finance Circular 40/02 requires that in exceptional cases where procurement procedures are not fully complied with that this expenditure is detailed on an annual return forwarded with the Annual Appropriation Account forwarded to the Office of the Comptroller and Auditor General.