



**Annual Report of the Audit Committee of
An Garda Síochána for the year ended
31 December 2015**

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For the year ended 31 December 2015

(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 current Committee was appointed by the Minister for Justice and Equality on 31st May 2014.

The following were members of the Audit Committee in 2015:

Mr. Michael Howard (Chair)

Mr. James Collins

Mr. Cyril Dunne, Chief Administrative Officer

Mr. Pat Fitzpatrick

Dr. Cyril Sullivan

In addition Assistant Commissioner Kieran Kenny was invited to attend all meetings.

The Committee would like to thank Mr. Cyril Dunne who left An Garda Síochána at the end of 2015 for his work on the Committee. We would also like to thank Assistant Commissioner Kieran Kenny who was acting in the role of Deputy Commissioner Strategy and Change Management until the appointment on of Deputy Commissioner Dónall Ó Cualáin in November 2015.

The Committee would like to thank Garda Geraldine Greene who acted as Secretary to the Committee until her move to other duties and Garda Claire Haugh who replaced her in the course of 2015.

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

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 www.garda.ie 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 her 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 25th February, 3th June, 15th July, 30th September and 9th December during 2015 with all members in attendance on each occasion. All the meetings were held at Garda Headquarters, Phoenix Park Dublin. The Committee met with Mr. Gerard Enright of the Office of the Comptroller and Auditor General at the meeting on 9th December.

The Committee commences all meetings with a private session of at least thirty minutes at which only committee members attend. Following this session the Committee meetings are normally attended by the Executive Director of Finance and Services and the Head of Internal Audit and other officers are invited to attend from time to time, 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 her 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; the contents and recommendations of a review of internal controls by the Garda Internal Audit Section; and a report by the Executive Director of Finance.

The Committee noted in particular the number of issues that need 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 with a two step approach. The first step, called PEMS 1, is focused on immediate remedial action. It is currently being deployed and involves all PEMS (Property and Evidence Management System) Records being held on networked computers in District HQ's using the current policy document.

The second step envisages a fuller, long term solution and involves updating the policy, providing PEMS storage facilities, bar-coding all items and providing an upgrade to PULSE in order to link all property items held to a PULSE incident. This issue was discussed and given priority as part of the Strategic Transformation Agenda at a meeting of Senior Management at which the Chair of the Audit Committee attended in December 2015. On the basis of its examination of these two reports, together with further enquiries and a 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 2014 Appropriation Accounts. The Committee communicated that opinion, in writing, to the Commissioner on 24th March 2015.

Risk Assessment

At its meeting on 15th July 2015, the Committee received a comprehensive briefing from the Strategic Transformation Unit on a new, comprehensive system for managing risk in the Garda Organisation. In developing the Audit Plan for 2015, the Garda Internal Audit Section (GIAS) undertook a comprehensive risk assessment of the control systems in place in the organisation. This risk assessment was based on:

1. The Corporate Risk Register;
2. Interviews with Senior Management (Assistant Commissioner and above) and with the Risk Management Team; and
3. The findings of previous audits and other relevant reports including reports from external oversight bodies including the Garda Síochána Inspectorate and the Comptroller and Auditor General.

From this risk assessment, five overarching risk areas were identified that could potentially have an impact on financial, operational, reputational and strategic risks and management controls in An Garda Síochána. These risk categories are as follows;

- Risk of Fraud, Irregularity or Error
- Data Asset Risks
- Property Management Risk
- Service Delivery Risk
- Human Resource Risks

These key risk areas informed the internal audit plan for 2015 and were examined in each Divisional/District and Business Unit of An Garda Síochána with mitigation strategies to

offset the potential adverse affects of such risks being recommended to management where appropriate. The audit recommendations have contributed to a reduction in the control risk in An Garda Síochána.

At the Audit Committee Meeting on 3rd June 2015, Superintendent Eilish Devine (Garda Professional Standards Unit) and Inspector Tim Burke (GIAS) gave a presentation regarding the new policy requiring local management inspections to be undertaken at District, Divisional and Regional level, based on a risk assessment of the issues facing each area. These reports are forwarded to GIAS/GPSU which provides an on-going update of the risk environment across An Garda Síochána. The Committee will continue to review the implementation of this important new initiative and recommends that management continues to support its full implementation throughout all levels of the Garda Organisation.

Value Added from the Internal Audit Process in 2015

The audit process provides assurance in relation to the adequacy of the financial and management controls in place within An Garda Síochána. The Audit Committee advises the Garda Commissioner in her role as Accounting Officer. The Audit Committee is pleased to record that with the exception of the property management issues which will take some time to achieve its recommendations were by and large implemented in 2015 thereby contributing to a reduction in risk and an improvement in controls.

The Committee notes that the internal audit reports reflect an improving situation in relation to the management of warrants, reflecting the priority that has been given to this area by Garda management. The Committee welcomes this improvement and recommends that this area should remain a priority until outstanding issues are resolved (while accepting that resolution of some of the outstanding issues may require the support of actors outside the Garda Organisation.)

The GIAS carried out follow-up audits during 2015 to check the status of the recommendations with the following results:

1. There were 23 (of a total of 44) outstanding high priority audit recommendations relating to the control, management and recording of drugs exhibits, property and evidence (including cash held at Garda Stations) at the end of 2015. This was the

highest single category of unresolved audit recommendations at year-end. While this remains a concern for the Committee, it is noted that An Garda Síochána are addressing this matter as a priority under the Strategic Transformation Agenda (TRUST) and a phased approach to rectifying the control weaknesses has commenced as set out above (see pages 3 and 4 above)

2. At each of its meetings, the Committee receives a comprehensive update on the work being done by An Garda Síochána's Finance Directorate to enhance compliance with public procurement requirements so as to enhance transparency, improved oversight and accountability and greater efficiency. Overall, the Committee is satisfied with the progress being made. GIAS found that in four Divisions outstanding issues in regard to procurement are still to be addressed. However these areas are being addressed and the overall position continues to improve.
3. In the course of Divisional Audits and Review Audits in 2015 a continuous improvement in regard to warrant tracking, execution and administration was evident. However this issue should continue to be reviewed in collaboration with other stakeholders in the Justice Sector.
4. From the audit work completed during 2015, the Committee is pleased to note that there is improved control being observed in relation to recording and management of sickness and other staff absences. During 2015 issues relating to long-term absences and the links between the Occupational Health Service, Garda Human Resources and People Development Directorate and Local Management were audited and recommendations made in regard to corporate strategies in support of Garda Members/Staff and Local Management at Divisional and District level.
5. The new controls over Fixed Charge Penalty System (FCPS) as set out in HQ Directive 48/14 were audited and were found to be effective.
6. During 2015 two Expenditure Review/ Quality Assurance Audits were concluded per Department of Public Expenditure Circular 13/13 in relation to expenditure programmes on;
 - i. The GoSafe Speed Camera Contract

ii. The Vehicle Maintenance Contract with Ford Ireland

Both these contract were found to be achieving their objectives and were considered good value for money.

Collaboration with Garda Professional Standards Unit

The Committee recognises that there is an overlap of responsibilities and roles between Garda Internal Audit Section and the Garda Professional Standards Unit. Both units are involved in audit and examination of the systems and processes in An Garda Síochána with GIAS providing an objective assurance and consulting service designed to add value and improve the organisation's operations. GIAS, as a function within the overall governance and control environment of An Garda Síochána, provides reasonable assurance that significant risks are identified, managed and controlled effectively throughout the organisation. GPSU, on the other hand, examines and reviews operational, administrative and management performance. It is the function of both GIAS and GPSU to make recommendations and to propose measures to enhance controls and improve performance. Both units have developed competencies in their respective areas of audit and examination. There are regular occasions and particularly in more complex audits, when both units collaborate on audit work. During 2015 the co-operation between GIAS and GPSU continued with a joint audit on-going in relation to the National Support Services. The Committee welcomes this collaboration and notes that it has worked well with joint teams working together under the direction of Chief Superintendent GPSU and the Head of Internal Audit. This collaboration will continue in 2016.

Fixed Charge Penalty Processing

During 2015, the GIAS conducted periodic audits of the Fixed Charge Penalty Processing system. These audits found a high standard of compliance with legislation and procedures. A number of suggestions for improvements have been made to management.

Anti-Fraud Policy

The Anti-Fraud policy was reviewed in 2013 and an updated Anti-Fraud policy published in January 2014 (HQ Directive 2/14). This policy is designed to provide information and guidance to all staff in relation to the risk of fraud within the organisation. It encourages ethical work practices and creates awareness of the risk of fraud. The policy is in line with recommended practice throughout the Public Service and the requirement to report

annually to the Comptroller and Auditor General all cases of suspected fraudulent activity. The Anti-Fraud policy requires that all cases of suspected fraud are reported to the Head of GIAS. During 2015, twenty five cases of suspected fraud were reported to the Head of Internal Audit, compared with twenty-six cases reported during 2014. These cases were investigated by appointed investigating officers in line with the policy. GIAS has noted these cases and will test for similar incidences in future audit assignments. The cases are reviewed with Internal Affairs Section and the HRM Directorate to determine the outcome of the investigations in each case.

Comptroller and Auditor General

GIAS maintains a professional working relationship with the Office of the Comptroller and Auditor General with all significant audit findings communicated to the C&AG.

The Committee met with Mr. Gerard Enright (Senior Audit) at the Office of Comptroller and Auditor General in December 2015 and discussed the letter from the Office of the Comptroller and Auditor General detailing the findings from their external audit conducted by the Office. Possible future risks to the Garda Vote were also discussed.

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 a specified monetary amount. The Committee has set a € million threshold and has requested that it be informed of contracts which fall under this threshold 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. The Audit Committee was informed about which centrally placed contracts An Garda Síochána availed of..

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. The Committee acknowledges the significant progress

made during 2014. Department of Finance circular 40/02¹ 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 2014.

Other matters discussed by the Audit Committee

The Committee approved the Audit Plan 2015 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 13 Audit Reports;

Divisional/Specialist Unit Audits	7
Review Audits	4
Thematic/Crosscutting Audits	1
Report to the Garda Commissioner	1

The committee was informed at each meeting by the Executive Director of Finance and Services of new developments, tender competitions and contracts placed. This included an update on the tender process for medical services.

The Audit Committee reviewed, at each meeting, the Management Accounts and budgetary position and was satisfied that good controls were in place. The Committee discussed the shortfall in the Payroll (A1) budget of approximately €10 million that required a supplementary budget at the end of the year. 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 seem to arise at a later stage in the estimates process.

¹ 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.

The Committee briefly discussed legacy issues within the Garda College regarding the management, control and governance of companies providing services to students.

The Committee discussed the governance and audit requirements of the Internal Security Fund an EU funded programme.

The Committee was given a presentation of the Strategic Transformational Programme.

Garda Internal Audit

Staffing of Internal Audit

Garda Internal Audit is led by a qualified accountant who is also a member of the Chartered Institute of Internal Auditors.

The Committee reviewed the staffing levels and competencies within Garda Internal Audit. Four vacancies out of a staffing complement of ten still exist at the level of Professional Accountant Grade (1) and Garda Sergeant/ Executive Officer (3). The vacant positions have not been filled due to restrictions in staff numbers within An Garda Síochána. Sanction has been given for the filling of the Professional Accountant position from the Department of Public Expenditure and Reform. This position was advertised by the Public Appointments Service. It is noted that the Section can no longer staff two audit teams as was the practice in previous years, thus limiting the capacity to audit across the Garda organisation within a reasonable timeframe.

While it must be accepted that constraints continue to apply, the Committee will keep this matter under review with Garda Management to ensure that the Internal Audit Section continues to be resourced appropriately.

Training & People Development

The Committee notes that Internal Audit is a specialist professional discipline requiring ongoing training and professional development. One member of staff completed the Introduction to Internal Audit Course with the Institute of Public Administration and two members of staff are engaged on a Senior Auditors training programme with the Chartered

Institute of Internal Auditors in 2015. . All staff attended the Chartered Institute of Internal Auditors Annual Conference and the Heads of Internal Audit Conference in 2015.

Compliance with Professional Standards

In November 2012, the Department of Public Expenditure and Reform in conjunction with the Heads of Internal Audit Forum (made up 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 Garda Internal Audit Section to be fully compliant with these Professional Standards. The Standards are available at www.govacc.per.gov.ie. In order to maintain compliance Internal Audit Units must be externally evaluated against these standards by a competent external body at least every five years. This evaluation was last conducted in 2009 and therefore an external evaluation should be conducted early in 2016. The Committee recommends that this external evaluation be conducted as a priority.

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 Commissioner and also the assistance of the Department of Justice and Equality.

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, in general, there are adequate systems of control across the Organisation. However, close attention is needed in the area of the management of property and evidence in the possession of An Garda Síochána. The Committee commends the recent proposals to address this issue, with a phased plan under the TRUST process for transformational change and the identification by the Commissioner of this issue as a priority. The committee also commends the efforts in relation to the management of warrants/summons and recommends that this area should continue to receive priority attention until fully resolved.

Other issues that continued to be progressed and will be reviewed further in 2016, include compliance with procurement procedures, the recoupment of overpayments of salary and pensions, and the tracking and execution of Court Warrants.

Michael Howard

Chairman of the Audit Committee of An Garda Síochána

Date: