



**Annual Report of the Audit Committee of
An Garda Síochána
for the year ended 31 December 2008**

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(Prepared in compliance with Section 45 (1) (b) of the Garda Síochána Act 2005)

Constitution

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 Committee throughout 2008:

Robert Woods, Chairman
Peter O'Grady Walshe and
Paul Turpin

Deputy Commissioner Peter Fitzgerald retired from the Committee on 21 April 2008 and was replaced by Deputy Commissioner Nacie Rice on 31 October 2008.

Aileen Pierce resigned from the Committee on 9 September 2008 and was replaced by Eoin O'Shea on 31 October 2008.

The members of the Audit Committee would like to place on record their thanks to both Deputy Commissioner Fitzgerald and Dr. Pierce for their significant contributions and commitment to the success of the Audit Committee since its formation in 2006.

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 five occasions during 2008:

1. 18 January

2. 12 March
3. 26 June
4. 12 August and
5. 20 November

All the meetings were held at Garda Headquarters with the exception of the meeting of 12 August 2008 which was held at the Financial Shared Services Centre in Killarney. The Committee met with the Commissioner on 12 March 2008 and the Chairman met with Commissioner on 9 October 2008.

At its meetings, the Committee received presentations from, *inter alia*, Deputy Commissioner Peter Fitzgerald; the Chief Administrative Officer, John Leamy; the Director Finance, Michael Culhane; the Head of the Garda Internal Audit Section ('GIAS'), Niall Kelly; Director of the Financial Shared Service Centre, Killarney, Ken Bruton; Assistant Commissioner Michael McCarthy and Chief Superintendent David Sheahan.

Garda Internal Audit Section

The Garda Internal Audit Section was led by Niall Kelly, a qualified accountant, throughout 2008.

At the beginning of 2008 GIAS comprised of two civilians and three sworn officers. During 2008 additional staff were recruited and at the end of 2008, GIAS comprised of five civilians and four sworn officers. One additional civilian, a Grade 1 accountant, is expected to accept an offer to join GIAS in early 2009. The Committee is of the view that a unit comprising, as it does, of both sworn officers and civilian staff is required for the effective operation of the Section.

Given the changes in leadership, size and composition, the Audit Committee considered that a review of GIAS is timely to determine what other changes, if any, are necessary to ensure that the section is fully 'fit for purpose'. The Audit Committee is pleased to note that the Commissioner has accepted its advice to arrange for such an assessment of GIAS to be performed.

During the year, GIAS carried out a number of audits in accordance with its Plan. On 14 April 2008, GIAS was relocated from Garda Headquarters to new offices at 89/94 Capel Street, Dublin 1.

The current GIAS Plan runs to 31 December 2009. In the absence of a Risk Register, the Plan is currently targeted towards perceived areas of risk rather than on the basis of a formal risk assessment and control evaluation. The initial Plan assumes the availability of the current cohort of five civilians and four sworn officers. This Plan will be revisited by GIAS and resubmitted to the Committee for its consideration following the recruitment and the review referred to above. The Committee notes the difficulties associated with the recruitment process for suitably qualified civilian staff. While carried out in accordance with Public Sector procedures it has taken an inordinate time, leaving GIAS below its planned complement during the year and at 31 December 2008.

In order to benefit from the experience of London's Metropolitan Police Authority ('MPA'), the Chairman of the Committee met in London on 25 January 2008 with the MPA Director of Audit and the Chairman of the MPA Governance Committee. On 12 March, the Chairman presented a comprehensive report to the Committee on this meeting.

The Garda Síochána Inspectorate

The Chairman of the Committee met with the Chief Inspector of the Garda Síochána Inspectorate, on 2 September 2008.

The Chief Inspector and the Chairman 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 will continue to communicate and to meet, from time to time, as appropriate.

Comptroller and Auditor General

The Committee, at its request, met with a representative of the Comptroller and Auditor General on 26 June 2008. There is no legislative provision for any formal basis of interaction by the Committee with the Comptroller and Auditor General or the co-ordination of the roles of internal audit and external audit. Accordingly, any interaction by the Committee with the Comptroller and Auditor General takes place on an informal basis.

No correspondence was sent by the Comptroller and Auditor General to the Commissioner during 2008.

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 that it should also 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 notes that the National digital radio system is outside the scope of the normal Garda Síochána procurement processes and is instead being coordinated through the Department of Finance.

Statement of Internal Financial Controls

The responsibility of the Secretary General, as accounting officer, transferred to the Commissioner on 14 July 2006.

The Committee reviewed the Report of the Head of GIAS on the Statement of Internal Financial Controls and a Report by the 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 2007 Appropriation Accounts.

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The Committee communicated that opinion, in writing, to the Commissioner on 12 March 2008.

Public Procurement

During the meeting with the Chief Inspector of the Garda Síochána Inspectorate and previously referred to in this report, the Chairman ascertained that the Garda Inspectorate has 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 Garda Síochána Act 2005. In the circumstance, the Audit Committee is pleased to note that the Commissioner has requested GIAS to carry out an Internal Audit Review of this area in 2009.

Financial Administration of the Garda Vote

Section 45(2)(c)(ii) of the Act requires the Audit Committee to advise the Commissioner on seeking sanction for expenditure and complying with that sanction. The Committee recognises that the nature of Garda work and the requirement that Garda authorities respond at short notice to crisis situations means that overtime expenditure is unavoidable for the purposes of effective policing. However, it was evident to the Committee for many months during 2008 that unless the strong actions and the additional control measures being undertaken by management to ensure that effective control of Overtime and of Travel and Subsistence expenditure were successful, substantial savings would have to be made elsewhere to ensure that An Garda Síochána did not exceed its vote. The Committee was assured by the Director of Finance that there are appropriate procedures and mechanisms in place to control both Overtime and Travel and Subsistence, and that the focus of management was to implement these controls and to clearly communicate the need to implement them to all in An Garda Síochána.

The Committee notes that the actions undertaken by management to ensure that effective control of Overtime and of Travel and Subsistence expenditure were sufficiently successful that together with some savings and cutbacks made elsewhere, An Garda Síochána did not exceed its vote for 2008.

Other important matters considered by the Audit Committee

In addition to matters raised in Internal Audit Reports, the Committee has considered and advised the Commissioner, directly and indirectly on a variety of matters (some of which are work in progress). These include:

- **Risk Register** - While An Garda Síochána appears to the Committee to be extremely aware of the need for constant attention to risk management, the preparation of a risk management framework in accordance with the Department of Finance Guidelines of March 2004 has not yet been completed. The Committee notes that a project board chaired by Assistant Commissioner Michael McCarthy is working on the creation of a risk management framework and expects to have a completed first edition available by the end of the second quarter of 2009. The Assistant

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Commissioner made a presentation to the Audit Committee on 20 November 2008 and has agreed to meet again with the Audit Committee at a suitable point during mid 2009.

- **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.
- **Custody of financial evidence** - The Committee recognises that there are a number of issues including accommodation, systems, centralisation etc which are under review to ensure that all relevant evidence in the possession of An Garda Síochána is held safely and securely (with a demonstrable chain of custody). The Committee believes that some of the resources of An Garda Síochána that are currently necessarily devoted to retention of evidence could, with appropriate legislative changes, be usefully redeployed. Accordingly, the Committee sought advice on what might be done to assist An Garda Síochána on the retention of evidence and have passed the advice received from the Attorney General’s Office to the Commissioner. The Commissioner has advised the Committee that he has raised this matter with the Department of Justice, Equality and Law Reform.
- **Accommodation issues** – The Committee is concerned at the financial and logistical implications for An Garda Síochána of the manifest need to immediately upgrade, expand, relocate or rebuild a substantial number of the 700+ stations. This has been largely brought about by the recent rapid expansion of the numbers of staff in the organisation. The Committee notes that since the foundation of the State these stations have been owned by the Office of Public Works (“OPW”) rather than by An Garda Síochána. Additionally it notes that all repair, refurbishment and upgrade work must be channelled through one supplier, the OPW. The Committee notes that no formal agreement exists governing the relationship between that supplier and An Garda Síochána. The Committee also notes that due to the deterioration in the public finances the substantial investment required in the Garda estate will not be possible in the short to medium term.

The Committee understands that work is progressing on the completion of a long term accommodation strategy which is now expected to be available in draft form in early 2009.

- **Review of Depreciation Policy** - In accordance with Government accounting rules, An Garda Síochána accounts principally on a cash basis

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rather than on an accruals basis, thus recognizing liabilities as they are paid rather than when they are incurred. However, some limited asset and liability information is included in the Appropriation Accounts.

The Department of Finance Circular 1/96 "Appropriation Accounts Requirements for 1995 and related issues" which deals with the depreciation policy states that the general policy is to calculate depreciation on all capital assets in existence at year end.

At the request of the Committee, the Director of Finance carried out a detailed examination of the application of specific depreciation policies to the capital assets of An Garda Síochána. The Director of Finance has subsequently sought and received approval from the Department of Finance to increase the depreciation rate for motor vehicles from 20% to 25% per annum with effect from 1 January 2009.

Conclusion

The members of the Committee would like to acknowledge the assistance that they have received during the year ended 31 December 2008 from within An Garda Síochána and the Department of Justice, Equality and Law Reform.

The Committee is concerned that the prescribed process of recruitment of suitably qualified additional civilian staff to GIAS takes so long and that the GIAS team was not at the planned level during the year and at the year end.

While the Committee is pleased to report significant progress during 2008, a number of important issues remain to be progressed in 2009 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.

Robert T. R. Woods
Chairman of the Audit Committee of An Garda Síochána
30 January 2009