



**Annual Report of the Audit Committee of  
An Garda Síochána  
for the year ended 31<sup>st</sup> December 2014**

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**For the year ended 31 December 2014**

*(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 31<sup>st</sup> May 2014.

The following were members of the Audit Committee in 2014:

Mr. Michael Howard (Chair)

Mr. James Collins

Mr. Cyril Dunne, Chief Administrative Officer

Mr. Pat Fitzpatrick

Mr. Cyril Sullivan

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

The Committee would like to thank both Garda John Griffin, who acted as Secretary to the Committee until his promotion and Garda Geraldine Greene, who replaced him in the course of 2014.

Short biographies of the current members may be accessed at [www.garda.ie](http://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](http://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 18<sup>th</sup> June, 22<sup>nd</sup> July, 29<sup>th</sup> October and 2<sup>nd</sup> December during 2014 with all members in attendance on each occasion. All the meetings were held at Garda Headquarters, Phoenix Park Dublin. The Committee met with the Garda Commissioner at the meeting held on 2<sup>nd</sup> December. The Committee did not have an opportunity to meet with the Comptroller and Auditor General's Office during the year but plans to do so during 2015.

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**

The Garda Commissioner is the Accounting Officer for the Garda Vote.

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. The Committee noted in particular the number of issues that need to be addressed in the area of property and evidence management. 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 in March 2015.

## **Risk Assessment**

In developing the Audit Plan for 2014, the Garda Internal Audit Section (GIAS) undertook a risk assessment of 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

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 four 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

These key risk areas informed the internal Audit Plan for 2014 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.

The Risk Management Team presented to the Audit Committee the outcomes of work done in this area and their plans for enhancing the risk management framework within An Garda Síochána at the meeting held on 29<sup>th</sup> October 2014.

#### **Value Added from the Internal Audit Process in 2014**

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 its recommendations were by and large implemented in 2014 thereby contributing to a reduction in risk and an improvement in controls. The GIAS carried out follow-up audits during 2014 to check the status of the recommendations with the following results:

1. There were 21 (of a total of 46) outstanding 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 2014. 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 whereby a

Working Group on Property Management was established during 2014 under the Chairmanship of an Assistant Commissioner with the Head of Internal Audit among the membership. The Working Group identified that there were two critical actions needed to successfully address this issue, namely:

- a. The provision of adequate storage facilities in line with the Property and Evidence Management System (PEMS) Policy, and
- b. The integration of PEMS records within the PULSE System.

Given the current public funding environment, it will take time to completely resolve these issues. Therefore the Committee believes that there is a requirement to devise and implement a more immediate programme of mitigation that can be implemented quickly and within the resource envelope that is currently available. For the longer term, GIAS recommends that the Property and Evidence Management System (PEMS) PEMS Stores either at Divisional or Regional level consistent with the availability of resources. Recommendations have also been made in regard to the accurate recording of items taken into possession of An Garda Síochána on PULSE and in property books. Further recommendations have been made in relation to the lodgement of cash to bank accounts and the forfeiture of property to the State or the return of items to their owners/finders of the property as provided in law. These recommendations will be kept under review at further audits.

2. During 2014, GIAS in partnership with Garda Professional Standards Unit (GPSU) developed a recommended policy for local management inspections and reviews. In July 2014, this policy was formally adopted through the issue of a new HQ Directive (59/14). This Directive includes templates for assisting local managers to carry out self-inspections of 19 administrative and operational processes that are usually examined by GPSU and 15 control processes that are audited by GIAS. A comprehensive training programme was conducted during October and November 2014 across the country to help local managers with their inspections. The initial returns for quarter three and quarter four, 2014 are being evaluated by GIAS and GPSU. This new policy will facilitate a strengthening of local management oversight of areas under their control including property and evidence held at District and Divisional level (as well as the recording of such items in property books and on PULSE).

3. While much work has been done by An Garda Siochana's finance directorate to enhance compliance with public procurement requirements so as to enhance transparency, improved oversight and accountability and greater efficiency, GIAS found outstanding issues in regard to procurement in four Divisions. However, the Committee is satisfied that sufficient progress is being made and that the overall position continues to improve.
4. In the course of Divisional Audits and Review Audits in 2014 some improvements in regard to warrant tracking, execution and administration were evident. However, at the request of the Warrants Working Group, GIAS conducted an audit of An Garda Siochana's own national self-assessment of warrants that had been conducted by local management in September 2013. The Committee noted that the results of the GIAS audit differed from the results of the self-assessment. The audit work undertaken in 2014 suggested that issues remain to be resolved in relation to warrant tracking, administration and execution in three Divisions. The work to date has not yet resolved all the issues.
5. From the audit work completed during 2014, 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.
6. The control of vehicle costs including fuel and maintenance costs is improving. In addition the critical issue of availability of vehicles was greatly improved with the procurement and deployment of 300 new vehicles in 2014.
7. It was also noted that based on audit recommendations there was enhanced control and management of overtime costs and travel and subsistence expenses and allowances including improved compliance with the Working Time Directive.
- 8 Assurance was provided in regard to the controls in place in regard to the system for making payment which were found to be of a high standard.
9. 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.

### **Collaboration with Garda Professional Standards Unit**

It is recognised that there is an overlap of responsibilities and roles between the 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 2014 two joint audits were undertaken between GPSU and GIAS with comprehensive reports prepared.

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 2015.

### **Fixed Charge Penalty Processing**

In January 2014, GIAS completed an audit of the procedures and controls governing the non-discretionary cancellations in the Fixed Charge Processing Office (FCPO). The Committee noted that GIAS provided a 'reasonable assurance' (which is the highest level of assurance that Internal Audit provides) as to the adequacy of the controls in place in the FCPO regarding the administration of non-discretionary cancellation procedures for fixed charge notices (FCN). In June 2014 with the coming into effect of HQ Directive 48/14 GIAS were given responsibility for the audit of the FCPS.

In September 2014 a further audit of the Fixed Charge Penalty System was completed, which examined the new controls in place since 16<sup>th</sup> June 2014. GIAS were satisfied that the centralisation of administration and decision making in the Fixed Charge Penalty Office (situated in Thurles) has considerably enhanced the controls over the FCPS cancellation system. GIAS was satisfied that the FCPO is well managed and operating effectively. GIAS concluded that the new procedures should provide confidence in cancellation management of

fixed charge penalty notices in the FCPO. For both Penalty Point and non-Penalty Point FCN cancellations, GIAS was satisfied that there were sufficient supporting records on file and that the decisions made were both objective and defensible.

### **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 2014, twenty-six cases of suspected fraud were reported to the Head of Internal Audit, compared with thirteen cases reported during 2013. 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 (C&AG) with all significant audit findings communicated to the C&AG.

The Committee discussed the letter from the Office of the Comptroller and Auditor General detailing the findings from their external audits conducted by that Office. The Committee did not have an opportunity to meet with the Comptroller and Auditor General's Office during the year but plans to do so during 2015.

### **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. The Committee was informed by the Executive Director of Finance during 2014 that the contract



for the procurement of motor vehicles being placed by the Office of Government Procurement would exceed the €5million threshold.

## **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 40/02<sup>1</sup> 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 2013.

## **Other matters discussed by the Audit Committee**

The Committee approved the Audit Plan 2014 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 19 Audit Reports;

Divisional/Specialist Unit Audits	6
Review Audits	4
Joint Audits with GPSU	4
Thematic/Crosscutting Audits	3
Fixed Charge Penalty System Audits	2

The committee reviewed the Procurement Developments Audit Report and 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.

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<sup>1</sup> Department of Finance Circular 40/02 requires that in exceptional cases where procurement procedures are not fully complied with that this expenditure is detailed in an annual return forwarded with the Annual Appropriation Account forwarded to the Office of the Comptroller and Auditor General.

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 briefly the reports published during 2014 by the Garda Síochána Inspectorate on the Fixed Charge Penalty System and Crime Investigation.

## **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 recently 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.

### **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 Certificate in Audit Practice with the Institute Public Administration (IPA) in 2014; another member is engaged on the Diploma in Legal Studies with the Law Society of Ireland. The Head of Internal Audit was admitted to membership of the Chartered Institute of Internal Auditors (CIIA) in 2014, through the Chartered by Experience Programme. Other staff attended short courses and seminars organised by the IPA and the CIIA. Two staff members attended the Annual Conference of the Chartered Institute of Internal Auditors.

### **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

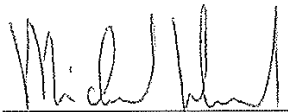
of Internal Audit in organisations with Voted expenditure. It is the policy of Garda Internal Audit Section to be fully compliant with these Professional Standards. The Standards are available at [www.govacc.per.gov.ie](http://www.govacc.per.gov.ie). In order to maintain compliance Internal Audit Units 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 again in 2015. The Committee recommends that this external evaluation be conducted in 2015.

## **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. Garda Internal Audit Section could provide only limited assurance in this regard and the Committee recommends that practical solutions to address this issue be implemented as a matter of urgency. The Committee recommends that a programme of mitigating measures that can be implemented within existing resources should be put in place immediately.

Other issues that continued to be progressed and will be reviewed further in 2015, 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: 26 March 2015***