



AN TÚDARÁS PÓILÍNEACHTA  
POLICING AUTHORITY

## **Audit and Risk Committee**

### **Annual Report 2021**

**March 2022**

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## Statement from the Chair of the Audit and Risk Committee

I am pleased to present the annual report of the Audit and Risk Committee (ARC) of the Policing Authority ('the Authority') for 2020. The ARC was established by the Authority in June 2016 to provide independent and objective advice on the adequacy of the systems of governance, internal control and risk management in the Authority, including through oversight of the work of the internal audit function. This is the fifth annual report of the ARC and covers its fifth full year of operation<sup>1</sup>.

Our role is advisory rather than supervisory. We provide an independent view of the financial reporting process, internal control and risk management systems, governance and audit functions of the Authority and provide assurance on the adequacy of and compliance with these systems to the Authority and the Accounting Officer.

The Authority, in its sixth year of operation, continued to execute, and refine where necessary, its oversight functions in a highly complex and fast changing operating environment – particularly in the context of the continuing COVID-19 pandemic and its effects on both the Garda Síochána and the Authority.

In this vein a key focus of the ARC in 2021 was monitoring and reviewing the impact of COVID-19 on the organisation, both in terms of the health and safety of staff and Members and in relation to the control environment. Through ongoing monitoring, engagement with senior management, and through the provision of an audit on the impact of COVID-19 on Business Operations, the ARC satisfied itself that the organisation was responding in an appropriate and agile fashion to the challenges and risks arising and was operating efficiently and effectively in spite of the challenges posed.

This aligned with ongoing, regular engagement with our outsourced internal audit provider and with the C&AG as well as overseeing and advising revision of the Authority's Risk Register.

On the basis of its considerations during the past year, the ARC is satisfied that the controls in place address the range of financial, operational, reputational, and strategic risks facing the Authority and that these controls are operating satisfactorily.

Crowleys DFK continued to provide internal audit services by auditing the activities of the Authority and have undertaken four audits in 2021 in addition to a follow up review of the status of previous audit recommendations and the completion of an external evaluation of board effectiveness. They have reported that all recommendations arising from their review of internal controls have been ranked as "Low" or "Medium" with no "High" rated findings that may result in a material financial loss or operational disruption to the Authority.

Their audit conclusion that a proper and functional system of internal controls have been adopted by the Policing Authority is welcomed by the ARC.

Apart from the generally minor recommendations noted in their reports, Crowleys DFK found that the controls tested operated effectively during 2021 and were satisfied that significant assurance could be placed on the sufficiency and operation of internal controls to mitigate and/or manage key risks.

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<sup>1</sup> The first annual report of the ARC covered its initial 18 months of operation (June 2016 - December 2017).

The ARC is satisfied that the internal audit service provided is making a valuable contribution to the overall control environment; that the Accounting Officer and the Authority can rely on the independent assurance that they provide; and that its recommendations are appropriately addressed by management.

The external auditor provided a similar level of assurance from their audit of the 2020 Appropriation Account for the Authority's Vote, with a clear audit certificate issued.

The ARC is satisfied with:

- the assurance provided by internal and external audit;
- the Committee's own work in the oversight and review of financial, control, risk and governance matters;
- engagement with management during 2021; and
- the assurance provided in relation to the internal control systems in place in other organisations which provide financial, payroll, HR and ICT services on behalf of the Authority, including where available, independent internal audit reports.

Accordingly, the ARC is assured that there were adequate risk management and internal control systems in place in the Authority for 2021 which can be relied on to give assurance to the Authority and the Accounting Officer.

The Committee recognises and extends its thanks for the extensive and high-quality support provided by the Executive during the year.

**Dr Moling Ryan**

**Audit and Risk Committee Chair**

**31 March 2022**

## 1. Introduction

The Audit and Risk Committee (ARC) Annual Report 2021 is prepared in accordance with the Audit and Risk Committee Charter and the requirements of the Code of Practice for the Governance of State Bodies (the Code).

## 2. Membership, Meetings and Support

The ARC held five meetings in 2021, on the following dates:

- 23 February 2021
- 24 April 2021
- 15 June 2021
- 21 September 2021
- 07 December 2021

The members of the ARC and their attendance at meetings in 2020 are shown in Table 1.

Table 1: Membership of Audit and Risk Committee 2021		
Member	Position	Meetings attended in 2021
Dr Moling Ryan	Chair	5
Ms Melanie Pine	External Member	5
Mr Ronan Nolan	External Member	5

The Committee was supported by the Executive throughout the year. Mark Nother assumed the role of Secretary to the Committee from Clare Kelly in April 2021.

## 3. Role and Functions of the Audit and Risk Committee

The ARC is part of the Policing Authority’s (the Authority) control environment, tasked with providing independent advice to the Accounting Officer and the Authority and supporting them in their responsibilities for matters of internal control, risk and governance. In so doing the ARC reviews the comprehensiveness, reliability and integrity of assurances to the Authority and the Accounting Officer, including the suitability and robustness of the organisation’s internal control, internal audit, risk management and governance systems and procedures. The ARC may make any recommendations to the Authority and the Accounting Officer it deems appropriate on any area within its remit where action or improvement is needed.

The main functions of the ARC are set out in the *Audit and Risk Committee Charter* and cover the following areas:

- Internal control and risk management systems;
- Financial reporting;
- Compliance with laws, regulations and codes;
- Internal audit;
- External audit;
- Protected disclosures; and
- Governance.

## 4. Audit and Risk Committee Charter

The *Audit and Risk Committee Charter* was reviewed by the Committee during 2021 and a number of minor changes were considered necessary for recommendation to the Authority. In accordance with the Charter, the Committee confirms that the following have been carried out:

- the functions outlined in the Charter; and
- a review of the Committee's performance.

## 5. Work of the Committee in 2021

The following matters were considered by the ARC as part of its work plan in 2021 under the general headings of governance, audit, and risk:

### Governance

- The Authority's progress against the Corporate Priorities was monitored through quarterly updates as provided to the Authority and through regular consideration of the risk register;
- The Authority's internal audit provider was engaged, as an external independent organisation, to undertake the external assessment of the Authority's performance. The assessment took place between Q4 2020 and Q2 2021;
- The Audit and Risk Committee Charter, in addition to the Committee's membership, performance and annual report were reviewed. A number of minor amendments to the Audit and Risk Committee Charter were proposed for recommendation to the Authority; and,
- The Chairperson's Statement of Internal Controls for inclusion in the Authority's Annual Report to the Minister for Justice, was reviewed in compliance with the Code.

### Audit

- The adequacy of the Authority's annual financial provision and monthly financial reports;
- The three year approach to audit, the audit universe, and the internal audit work plans for 2021 and 2022 were reviewed and updated to reflect an appropriate audit coverage in light of areas of highest risk;
- Consideration of reports provided by the internal audit provider (see Section 7 below) and quarterly meetings to discuss same;
- Consideration of the outcome of the audit and the Management letter from the Comptroller and Auditor General (C&AG) in relation to the external audit of the Authority's Appropriation Account 2020 (See Section 8 below) and meeting with the C&AG Senior Auditor to discuss matters arising from the audit;
- Internal Audit Annual Report for 2020 to the Audit and Risk Committee and evaluation of the effectiveness of the internal auditor provider;
- Review of the status of implementation of audit recommendations.

### Risk

- Risk management reports;
- Complete review of the risks and mitigations in the Authority's Risk Register; and
- Advice on the evolving Risk Register as a living document.

Matters discussed by the ARC in relation to all items under its remit are communicated by the Committee Chair to the Authority in an update at monthly Authority meetings. Approved minutes of ARC meetings are made available to the Authority and published on the Authority's website as a matter of normal practice. Final audit reports are also provided to the Authority. In addition, the ARC retains a log of actions arising from its meetings and progressed by the Executive. The status of these actions is updated on an ongoing basis and monitored.

A key focus for the ARC in 2021 was the organisational response to the risks and challenges that arose as a result of the ongoing COVID-19 pandemic. As in 2020, all of the Authority's business, including that of the ARC, was conducted remotely. Particular care and attention was given to the potential for COVID-19 to present risks for the organisation in terms of the health and safety of staff and Members as well as the control environment. These risks were identified at an early juncture and managed throughout the year, a view affirmed through the assurances provided by the internal audit provider in their audit report on the impact of COVID-19 on business operations. Continued adherence to guidance emanating from central government was maintained.

## 6. Senior Management Updates

The Chief Executive updated the ARC at each of its meetings in relation to the Authority's main activities, risks and the Authority's environment. The ARC had reference to the monthly Chief Executive's report to the Authority; the periodic reports sent to the Minister for Justice on policing performance by the Garda Síochána during the COVID-19 Health Crisis; and, the Authority's oversight of policing performance generally. The Finance Officer briefed the ARC in relation to the financial position of the Authority and other relevant matters.

## 7. Internal Audit

The internal audit providers carried out a number of audits and reviews during 2021, based on the multi-annual Internal Audit Plan, which was adjusted with ARC approval, to take account of the changing environment and risk since the plan was developed:

- Impact of COVID-19 on Business Operations
- Review of ICT Controls
- Review of Procurement and Value for Money
- Audit of Internal Controls for 2021

In addition, internal audit finalised an external evaluation of board effectiveness in line with the Code of Practice for the Governance of State Bodies and a follow-up review of the status of previous audit recommendations.

Of the four audits carried out during 2021, the completion of the *Review of Procurement and Value for Money* and the *Audit of Internal Controls for 2021* were carried over to Q1 2022.

In their year-end report to the Committee for 2020 which was presented in February 2021, the internal audit provider confirmed that they were satisfied that overall the Authority had established reasonable systems and controls for the management and mitigation of key risks and that these systems and controls operated effectively during 2020.

The Committee has assessed the performance of internal audit during 2021. In the main, the Committee was satisfied with the quality of the work. The ongoing impact of COVID-19 and the requirement to work remotely has nevertheless impacted on timelines of audits and will be reflected in the audit planning for 2022. This has been communicated to the internal audit provider by the ARC.

## **8. Audit of the 2020 Appropriation Account by the External Auditor**

The C&AG is the Authority's external auditor and carried out their audit of the 2020 Appropriation Account for the Authority's Vote in 2021. The Authority's 2020 Appropriation Account was published by the C&AG in September 2021.

The C&AG found no matters for attention and issued a clear audit certificate. The Senior Auditor with responsibility for the audit presented his report to the Committee in September 2021 and confirmed satisfaction with the financial controls in place and the books of accounts maintained. The internal audit provider was also in attendance at the meeting for the C&AG report.

## **9. Implementation of Audit Recommendations**

The Executive maintains a register of audit recommendations from all internal and external audits and the status of the implementation of these recommendations is regularly updated and routinely reviewed by the ARC. The implementation status of recommendations is also subject to annual review by the internal audit provider who undertook such an exercise in Q1 2021 and is scheduled to undertake same in Q1 2022, which will include the status of recommendations arising from the aforementioned audits undertaken throughout 2021.

## **10. Risk Management**

The Authority has a risk management system in place including a comprehensive Risk Management Policy, a Risk Appetite Statement, and a Risk Register. This system, which includes regular ongoing identification, assessment, mitigation and management of risk by the Authority is monitored regularly by the ARC as a standing agenda item.

The ARC reviews the Risk Register and Risk Management Report at each meeting and advises in relation to the identification, ranking, and mitigation of risks in addition to the operation of the risk management system.

The Risk Register is regularly updated to reflect observations by the Authority, Committees, the Senior Management Team and staff, including where appropriate to add new risks, remove or modify risks, to consider the ranking and mitigation of risks and to escalate particular risks in light of changing circumstances.



## **11. Assessment of Audit and Risk Committee Effectiveness**

In compliance with the requirements of the Code of Practice for the Governance of State Bodies, the Authority's internal audit provider was engaged, as an external independent organisation, to undertake the external assessment of the Authority's performance in 2020. The assessment took place between Q4 2020 and Q2 2021. An internal review of effectiveness was undertaken between Q4 2021 and Q1 2022 and provided to the ARC and to the Authority in February 2022.

## **12. Priorities for 2022**

During 2022 the ARC will continue with the range of activities undertaken in 2021 to provide oversight of the governance, financial, audit, and risk management arrangements in place in the Authority with a view to providing assurance to the Authority and the Accounting Officer with regard to the adequacy of and compliance with the system of internal controls.

Particular attention will be given to the following areas of work as the Authority develops its staffing complement, operations, activities, and systems:

- Overseeing the work of internal and external audit in accordance with a risk based plan to give assurance regarding the adequacy and effectiveness of the internal control system;
- Examining new areas of expenditure, with particular regard to the processes and controls relating to procurement and risk;
- Continued focus on risk management policy and procedures and on-going detailed review of the risk register;
- A continued focus on the response to the impact of COVID-19 on the business operations of the Authority, including the transition to hybrid working; and
- Monitoring key risks for the Authority and the internal control systems to mitigate against them including, but not limited to, staff turnover and resulting loss of corporate knowledge and matters related to the Government Programme for Policing Reform.