

**DRAFT MPA Internal Audit - Annual Report 2005/6****CONTENTS**

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## Introduction

1. This Annual Report gives my opinion as Director of Internal Audit for the Metropolitan Police Authority (MPA) on the adequacy and effectiveness of internal control within the Metropolitan Police Service (MPS) and the MPA. It also summarises the activities of Internal Audit for the period from April 2005 to March 2006.
2. It is the duty of the Director of Internal Audit to give an opinion, at least annually, on the adequacy and effectiveness of internal control (including financial controls). This is based on the adequacy of control noted from a selection of risk-based systems audits carried out during the year and other advice work on control systems. The results of our investigation inquiries and the work of internal review and investigative agencies within the MPS also inform my opinion.
3. At the request of the MPS I have this year expanded the scoring system for adequacy of internal control, normally restricted to systems audit reports, to include all relevant reported work, including completed investigations, Audit Commission reports and internal MPS studies. Where Internal Audit has provided self-contained significant pieces of advice to the MPS these have also been scored for the first time. The scoring system and the weightings used for it has been agreed with the MPS.
4. My opinion on the adequacy and effectiveness of internal control in the MPS is used to inform and should be read alongside the wider Statement of Internal Control incorporated into the Authority's Statement of Accounts for 2005/6.

## Background

5. Following the last two successful years when we met our targets, ***we fell short of achieving 90% completion of planned systems audit work for***

**the year by 5%** (i.e. audit fieldwork completed and a draft or final report issued).

6. The Forensic Audit Branch is the investigative arm of Internal Audit. The Forensic Audit Branch has continued to have a valuable impact on the MPS. One investigation, conducted jointly with the MPS Directorate of Resources resulted in ongoing savings of approximately £2 million per annum and has led to major changes in procedures in the area of concern.
7. The time taken by my auditors to produce draft reports after completion of fieldwork averaged seven weeks (target three weeks). Although this is disappointing, the time taken by the Metropolitan Police Service to respond to formal draft internal audit reports continues to be a cause of more concern. In general, it took twenty-one weeks (target three weeks) for the MPS to respond formally to reports issued in 2005/6, a worsening situation from the previous financial year. On average, my staff then took four weeks (target one week) to produce the final agreed report. My Deputy Director and I are closely examining the reasons behind these delays and are taking urgent steps to correct problems and improve performance within Internal Audit.
8. Staff numbers employed in Internal Audit remained stable throughout the year, with 37 staff in post at the beginning of the year and 36 staff in post at the end.

#### **Assurance on Internal Control**

9. For those systems reviewed by Internal Audit in 2005/6, the average assurance score was 3.3. (3.4 in 2004/5) on a scale of 1 to 5 (where a score of 2 reflects a system with adequate controls and 3 to 5 reflects increasing degrees of the need to improve). ***Although follow-up audits did show a clear improvement from the assurance scores at the time of the original audits, with an average score of 2.5 (2.6 in 2004/5), the last two years do not reflect the steady improvement of earlier years.***

10. In scoring the results of investigations for the first time, I have only taken into account those investigations where the underlying system has had a significant impact on internal control within the MPS. **Seven such investigations meet this criterion in 2005/6, with an average score at the time of the investigation of 4.6. The average score at the year-end on these systems was 3.1, a significant improvement in internal control although still short of the desired adequacy.** There have been 15 areas of business, where we have offered significant audit advice. For by far the majority of these areas the average score is two, an adequate score. However, the MetDuties/MetTime and the MetaFor projects both scored 5 and Crime Property scored 4, giving an overall average on new and developing systems advised by Internal Audit of 2.7, while high-risk projects scored an average of 3.0 and medium-risk projects scored an average of 2.4. Aside from specific exceptions set out above, **results for the fifteen significant new and developing systems advised by Internal Audit during the year are generally encouraging.**
11. I have also taken into account the work of the internal Inspectorate and HMIC, although many of their reports only have a marginal bearing on significant internal control issues. The most significant piece of work is the HMIC baseline review, which in my opinion equates to an assurance score of 3. Health and Safety risk management reviews score an average of 3.5 for five reviews. The work of the Information Assurance Unit in DoI has also informed the opinion.
12. **In my opinion, taking into account all available evidence, the adequacy and effectiveness of internal control in the Metropolitan Police Service falls short of an acceptable standard.** On the basis of all work reviewed by Internal Audit the average score for the position at the year-end is 2.9. **Taking into account the weighted scores for all other work reviewed during the year the average assurance score at the year end is 3.0, a full point below the target score of 2.0 or better.** While there has been some improvement over the standard of internal

control that I reported in 2004/5, there have been significant areas where control has either not improved or has worsened. This is perhaps not that surprising when one considers the number of organisational changes affecting the MPS during the course of the last year.

13. There are positive signs of the control framework strengthening in some areas of Metropolitan Police Service business. A number of major outsourcing projects have been adequately and effectively controlled and there is a structured and organised risk management process. Follow up audits found much improved internal control procedures in most areas, and some significant first time high-risk audits found adequate internal controls in place. The MPS has a largely adequate Risk Management framework and is making efforts to improve its effectiveness. This area will be the subject of a detailed Internal Audit review in 2006/7.
14. However, weak areas of the internal control framework included: the link between police operations and budgets, particularly in more sensitive specialist areas; delegated authorities; compliance with laws and regulations around procurement (other than the major outsourcing projects); and, systems for controlling officers' overtime and expenses. It has been of a particular concern to me this year to find that there are some significant procurements made by the MPS where there has been a failure to follow best practice and Police Authority regulations appear to have been ignored or circumvented.

### **Equality and Diversity**

15. We have contributed to the MPA's objectives in this area both by the way we recruit, manage and train our staff and by the processes put in place to ensure that our staff behave appropriately in our dealings with the MPS.
16. Internal Audit continues to reflect the diverse community that it serves through employing staff from a wide variety of cultural backgrounds and

experience.

## **Summary of Key Internal Audit Achievements during the Year**

### Preventative Advice

17. We have continued to provide training and advice on internal control to middle management with both police officers and police staff. We attend the Directorate of Information's Audit and Benefits Realisation sub group and we have recommended their best practice approach to other parts of the MPS.

### Systems Audits

(Details of all audits completed in 2005/6 are at Annex A)

18. Among other programmed work we carried out major reviews of the controls in high-risk systems for dealing with:

Police Officers and Police Staff Pensions,  
Police Operational Training,  
Management Training and Development and,  
a servicewide priority - Operation Sapphire.

### Borough Operational Command Unit Assistance

19. We planned an increased coverage of B/OCUs in 2005/6. Of the 14 planned reviews 12 had been completed to draft report stage by the end of the year. We formally completed significant audits of the main financial, computer and business systems in the Professional Standards Operational Command Unit and Barnet BOCU. We also completed follow-up reviews of our earlier audits of Brent and Havering BOCUs.

### Control Advice for Developing Systems

20. We have provided ongoing advice to the Outsource Contracts Steering Group, chaired by the Director of Resources. This has led directly to Internal Audit being asked to conduct additional reviews of the adequacy of the Transport and Facilities Management outsourcing processes.
21. We have been actively involved in the progress of the MetTime project and duties management. As a result of concerns raised by Internal Audit the MPS is now closely examining the future of this project and a significant contract has been terminated.
22. Other systems where we provide expert advice include:  
IT security policy, procurement and contract regulations, upgrades to the financial system, MetaFor and financial systems dealing with covert transactions.

### Investigations

(A summary of the year's investigations can be found at Annex B)

23. Investigations have been necessary where either Internal Audit has found evidence of a potential fraud or abuse by police staff or contractors that has required immediate investigation, or a discovered fraud has thrown up question marks about the system and employees/contractors.
24. Fifty-six investigations were conducted during the year (56 in 2004/5). During the course of our investigations, recoveries totalling £353,000 were made (£556,000 in 2004/5). Losses of £690,000 were stemmed (£961,000 in 2004/5) and savings made amounting to £1,359,000 (£172,000 in 2004/5). These results continue to compare very favourably with the cost of providing an investigative service in Internal Audit (£597,000 for 2005/6). For the last four years accumulated recoveries total £1,036,000, losses stemmed £4,709,000 and savings made £7,488,000.
25. A significant part of the year has been spent in dealing with procurement

related investigations, particularly in the Property Services Department where with the assistance of senior management we were able to remove two contractors, who between them had been paid over £1 million for largely unnecessary unbudgeted and self generated work. Further significant procurement investigations have taken place in the Directorate of Information, two of which are still ongoing.

26. Civil recovery cases were successfully concluded against two further linguists. Following our investigation into a series of crime property thefts at Stoke Newington, controls have been improved to a satisfactory level.
27. Although we had the same number of right line calls as the previous year, no investigations were generated as a result of these calls. We did, however, receive allegations via an anonymous e-mail that have led to a major investigation.
28. Work continued to bring to a conclusion cases resulting from the mandatory 2004 National Fraud Initiative data matching exercise. Much of this work involved producing evidence to local authorities about the financial position of police staff who had illegally claimed housing benefit.
29. Our support to the Directorate of Professional Standards and others has continued for those cases where the forensic or analytical skills of internal audit forensic staff can be of assistance.

#### Lessons Learned from Investigations

30. During the course of each investigation we have continually kept the senior line management concerned informed of our emerging findings, particularly where they have indicated management failures or poor controls or practices. Where appropriate, I have issued reports to senior management in confidence, which have made recommendations for actions to improve the controls to prevent or minimise the risk of further problems arising in these areas. We have also given specific advice to



individual line managers who have sought our help to improve their controls where frauds or irregularities have occurred. We have specifically highlighted concerns about the way in which procurement regulations were being circumvented.

### Follow-up Work

31. During the year, we issued fifteen drafts and eighteen final reports, sixteen more audits are work in progress and nineteen postponed due to the knock-on effect of late completion of systems audits, as noted earlier in this report. Generally, completed follow-up reviews showed significant improvement in internal control in the areas reviewed. These included: VAT accounting, police recruitment, claims against the Commissioner, energy policy and procedures, statutory pay and corporate strategy and planning.
32. Areas where further improvements are still required include: environmental policy and procedures, data protection control and enforcement, police staff overtime payments and procurement and support of uniform services.

## Internal Audit Planning

33. The planned and actual splits of time this and last year were:

Internal Audit Planning				2004/5
Audit Activity	Planned Days	% of Total	Actual Days	% of Total
Systems Audits	2,010	43%	2,092	46%
Investigations	1,470	31%	1,424	31%
System Advice	620	13%	486	11%
BOCUs	593	13%	572	12%
<b>Total</b>	<b>4,693</b>	<b>100%</b>	<b>4,574</b>	<b>100%</b>

Internal Audit Planning				2005/6
Audit Activity	Planned Days	% of Total	Actual Days	% of Total
Systems Audits	1,940	40%	1,860	40%
Investigations	1,707	35%	1,494	33%
System Advice	602	12%	510	11%
BOCUs	620	13%	755	16%
<b>Total</b>	<b>4,869</b>	<b>100%</b>	<b>4,619</b>	<b>100%</b>

## Internal Audit Performance

34. Our planned use of time has closely accorded with our actual use of time for the last two years, showing that where work has been substituted or postponed we have ensured that we have carried out equivalent work to that identified by our risk analysis for the year.

## Customer Satisfaction

35. At the end of each systems audit I send out a customer satisfaction questionnaire to the senior line management of the area recently audited. I test senior and local management reaction to work carried out under our

pre-planned systems audit programme. Five key areas of audit work are tested: consultation with the auditee, conduct of the audit, the audit report, the value of recommendations we have made and, an overall assessment of the value of the audit.

**36. *This year the overall results indicate a 73% customer satisfaction rate with the performance of Internal Audit. This is slightly down on the previous year. In most instances we met or exceeded the 80% satisfaction target, but a few customers, although generally scoring higher on the individual boxes scored lower on the overall rating of the audit.***

37. In line with the MPA commitment to promoting equality and diversity, last year I introduced a new question testing whether there was a perception of any discrimination in the conduct of the audit. I am pleased to report that against a target of 80%, we achieved a 97% customer satisfaction rate, with only one customer giving us less than 100%.

38. In the other areas tested our highest satisfaction scores have been achieved in the way the audit was conducted (88% satisfaction) and the fact that undue disturbance was avoided (85% satisfaction). The lowest satisfaction scores have been on the level of consultation at the conclusion of the review (77%) and the extent to which the report reflected the views of the customer (73%).

#### Use of Internal Audit Resources

39. Staff resources were used in proportion to the intended plan. The long-term maternity leave of a senior member of staff for most of the financial year, with subsequent temporary promotions and a vacancy at auditor level meant that we were hard pressed to stay within our financial budget and also achieve the programme. In the end we had a slight financial overspend which was more than offset by windfall recoveries of income.

## Output Measurement

(see tables below)

## Recommendations Made and Accepted

40. We were able to continue the trend of recent years in generally reducing the number of recommendations made. In particular, we only made 28 recommendations deemed as high-risk in 2005/6. I am pleased to report that management accepted all of our high-risk recommendations and 94% of our medium-risk recommendations (376 out of 401).

## Recommendations implemented

41. One of the key measures of Internal Audit success is our ability to have recommendations successfully implemented by the MPS. This is of particular importance where high-risk recommendations are concerned. In order to allow sufficient time for management to implement accepted recommendations we always measure on the calendar, rather than the financial year. During the period January to December 2005 we made 65 high-risk recommendations. At the time of writing this report 35 of these recommendations had been successfully implemented (54%). During the same period, we made 603 medium-risk recommendations, of which 310 have been successfully implemented.

42. Following concerns raised by members in previous years, the MPS agreed that the Risk Manager and the ILAU would monitor, in particular, outstanding high-risk audit recommendations reported from previous years to ensure that they were implemented successfully. The information shown in table below is this year's position, to the best of our knowledge of the time of writing this report.

Recommendations – Made, Accepted and Implemented

**Year on Year Comparison**

**Table 1**

Recommendations	<b>2003/4</b>	<b>2004/5</b>	<b>2005/6</b>
Made	505	779	462
Accepted	483	753	435
<b>Percentage Accepted</b>	<b>96</b>	<b>97</b>	<b>94</b>

**2005/6 By Significance of Recommendations**

**Table 2**

Recommendations	<b>High</b>	<b>Medium</b>	<b>Low</b>
Made	29	401	32
Accepted	29	376	30
<b>Percentage Accepted</b>	<b>100</b>	<b>94</b>	<b>94</b>

**Source – Final Reports issued 2005/6**

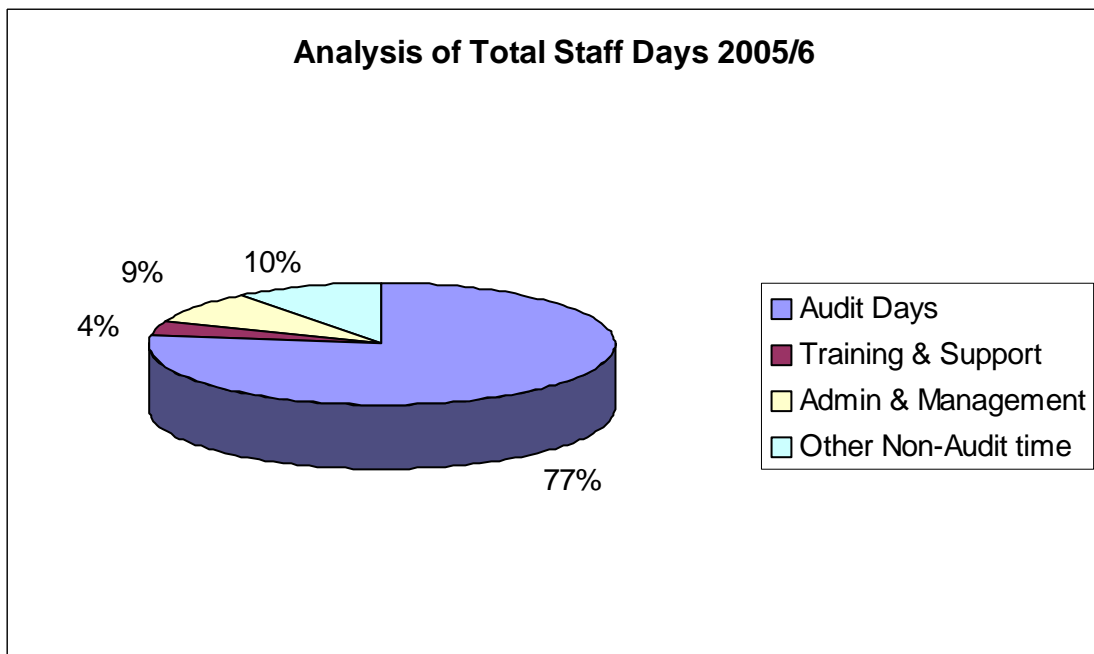
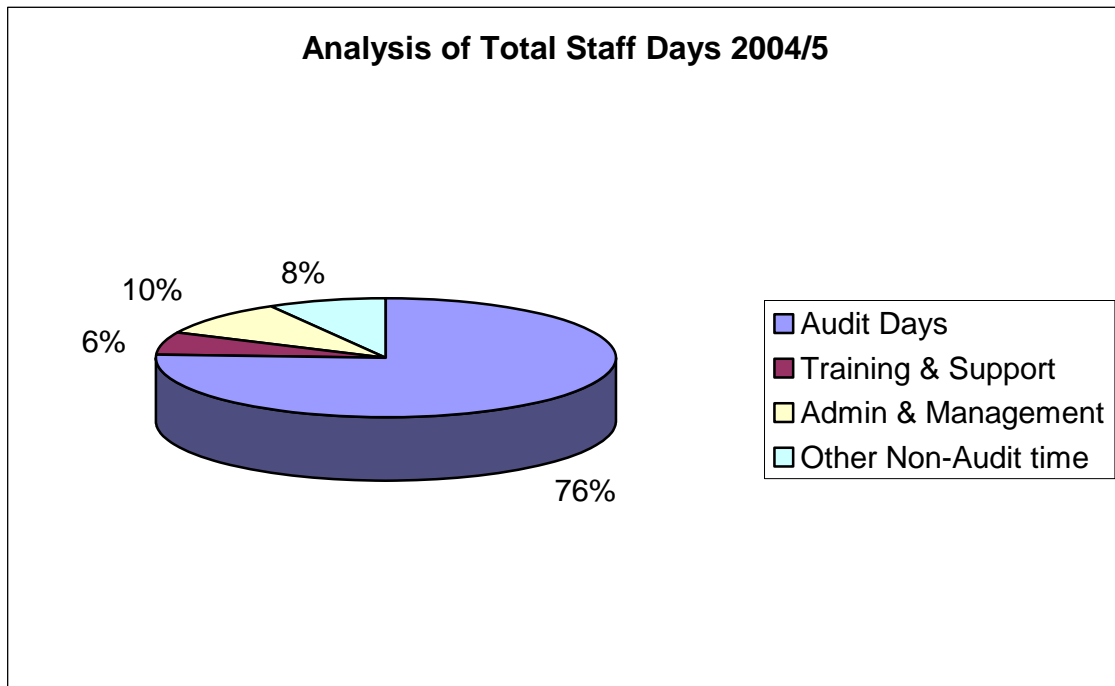
**Recommendations Implemented – Last two years**

**Table 3**

Recommendations	<b>Jan – Dec 2004</b>			<b>Jan – Dec 2005</b>		
	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Accepted	53	485	31	65	601	18
Implemented	35	344	29	35	310	13
<b>Percentage Implemented</b>	<b>66</b>	<b>71</b>	<b>94</b>	<b>54</b>	<b>51</b>	<b>72</b>

## Use of Internal Audit Staff Time

43. Our use of staff time has remained consistent year on year, although there has been a slight fall in training days in the current year.



## **Relations with other Review Agencies and Auditors**

### Internal MPS Review Bodies

44. We have continued to provide regular input to the Inspection and Audit Liaison Unit to enhance coordination with internal Inspectorate activity and to help with the progression of accepted audit recommendations. Following the appointment of a new Chief Superintendent to run the Inspectorate we have also sent senior representatives to meetings that he has organised to co-ordinate between internal and external review bodies.

### Corporate Governance and Risk Management

45. Internal audit has a vital role in reviewing corporate governance and risk management within the MPS to inform the work of the corporate governance committee and the statement on internal control. On a day-to-day basis, we exchange information and advice with the Director of Risk Management, the Director of Modernisation Strategy and Performance and the management board member responsible for corporate governance inside the MPS. We also ensure that they are kept informed about key issues of concern to internal audit and our plans for future work around aspects of corporate governance.

### Audit Commission

46. We have continued our necessarily close working relationship with the Audit Commission. Both internal and external audit now have a permanent presence at Empress State Building within the same, shared work area.

### Other External Review Agencies

47. We have maintained an ongoing working relationship with Her Majesty's Inspectorate of Constabulary, both from liaison with their financial

advisers and joint meetings with the Audit Commission and others.

### External Relations

48. During the course of the year, my staff and I gave a number of presentations about the work of MPA Internal Audit. In particular, I was invited to speak both at the annual conference of the European Institute of Internal Auditors and a pan-London public sector anti-fraud conference about our role in preventing and investigating fraud.

49. As well as liaison and discussion with, in particular, colleagues at Transport for London we have maintained contact with the London Audit Group and both CIPFA and HM Treasury audit advisers. As the current chair of the Police Audit Group, I have maintained a dialogue with other police internal auditors in England and Wales.

### **Conclusions**

#### The Performance of Internal Audit

50. In truth, the performance of MPA Internal Audit in 2005/6 has been a bit of a curate's egg. On the positive side, we achieved a balanced audit programme, spending our time where we had planned to spend it and achieving good results in delivering on investigations, losses stemmed and savings made, audit advice and the extended review of command units. Less positively, we did not meet our targets on turnaround of audit work and nor were we able to improve poor MPS response times identified in the previous financial year.

51. We made a positive contribution both to the MPA and the MPS, helping to save money, improve significant controls and add value to developing systems.



## Opinion on Control in the MPS

**52. *In my opinion, taking into account all available evidence, the adequacy and effectiveness of internal control in the Metropolitan Police Service falls short of an acceptable standard.***

53. While I acknowledge that in significant high-risk areas internal control has generally been adequate, there have also been problems that have led to my conclusion that control falls short of an adequate standard. This has been an issue with adequacy of controls in procurement, apart from major outsourcing, across many areas of MPS business. Reviews of Borough Command Units and local controls over overtime and allowances paid have also highlighted control weaknesses across the organisation.

## Looking Forward

54. The 2006/7 financial year will be a challenging time for Internal Audit. Changes to the accounts and audit regulations from the first of April 2006 and changes to the standards adopted by the external auditors, coupled with the Audit Commission linking with HMIC over the baseline assessment and use of resources will create additional pressures on limited Internal Audit resources. In addition, a major NFI exercise late in 2006 is likely to put considerable pressure on Internal Audit investigative and analytical resources in the early part of 2007.

55. We are already seeing signs of pressures created by the changes in the way the Audit Commission is reviewing Internal Audit work. These changes will make it far harder for the Audit Commission to be able to rely as heavily on Internal Audit meeting the required standards and performing its work professionally. Our work is planned on a risk-based cycle over a rolling five-year period whereas the Audit Commission is looking for detailed Internal Audit work on key financial systems in every financial year. Such an approach is not possible without either a significant increase in Internal Audit staff and resources or the reduction

of the Internal Audit programme and the removal of many risk priorities in order to accommodate this basic low-level audit work.

56. It is important to bear in mind that Internal Audit operates within and meets the agreed code of practice for internal audit in local government. As a result, there is a greater coverage from both internal and external audit work than would be the case were Internal Audit to devote a significant proportion of the programme in carrying out work that would otherwise be done by the external auditor.

57. Changes to the way the MPS is structured, workforce modernisation, the changing and developing corporate governance framework, both in the MPS and the MPA, all present new challenges to keep Internal Audit on its toes in 2006/7 and beyond.

**PETER TICKNER**

Director of Internal Audit

REPORT ON INTERNAL AUDIT ACTIVITIES APRIL 2005 TO MARCH 2006

**REPORTING FRAMEWORK**

Audit reports are issued to management at various stages of the audit these are summarised as follows:

**Draft issued for discussion** - at the end of our fieldwork we issue a draft report to management for discussion. We then hold a meeting to clarify any points that are raised before issuing the formal draft.

**Formal Draft Report** - once the report has been discussed with the auditee the formal draft is issued together with a request for a formal response within three weeks.

**Final Report** - when a response is received from the auditee it is incorporated in the report and the final report is issued.

Each audit also has a summary of the main findings and an analysis of the recommendations made. Recommendations are classified as '**high**', '**medium**' or '**low**' risk. Any high risk recommendations rejected by line management are raised with the Management Board member responsible and if necessary the Corporate Governance Committee.

Systems Audits

Final Reports

**Sponsorship and Income Generation – Monitoring and Control**

***Draft Report issued April 2005***

***Final Report issued June 2005***

Summary of Key Findings

Significant improvement is needed before business objectives for sponsorship and income generation can be met.

Policies and procedures are under development. Forecast income streams have not materialised as expected and the roles and responsibilities of individuals involved in sponsorship and income generation across the MPS are not clearly defined. There is no system in place to verify income received. There is also a lack of clarity where operational receipts, partnership and sponsorship monies overlap leading to confusion and mispostings of income and expenditure. Reliance is placed on local information other than that recorded on the corporate accounting system and the data between the two

systems varies.

#### Analysis of Recommendations

Management accepted all 29 recommendations made:

29 Medium Risk (6 implemented)

#### Senior Line Management Comment – Director of Logistical Services

Considerable progress has been made since the Audit report was published in June 2005. Policies and supporting Standard Operating Procedures covering both incoming and outgoing sponsorship have been published. The policies cover in detail the roles and responsibilities of individuals in sponsorship and income generation. This has greatly enhanced corporate recording and eradicated duplication of effort.

#### **Police Staff – Induction of New Recruits**

***Draft Report issued May 2004***

***Final Report June 2005***

#### Summary of Key Findings

Ownership of police staff induction within the MPS has not been agreed and there is no strategy for police staff induction in the MPA or the MPS. There are no agreed definitions, objectives or performance indicators and there is no formal review of the effectiveness of induction. The MPS corporate induction day for new starters, introduced in May 2003, has been well received. However, the inaccurate figures for new starters and limited projections of recruitment figures means that it is difficult to ensure that there are sufficient courses for all new staff. There have also been difficulties in arranging for staff to be released to attend.

#### Analysis of Recommendations

Management accepted all the 24 recommendations made:

2 High Risk (2 implemented)

22 Medium Risk (7 implemented)

#### Senior Line Management Comment – Director of Human Resources

The Career Management Unit, part of the People Development Directorate, has overall responsibility for the Police Staff Induction strategy. This is a comprehensive process, which covers both corporate and local induction processes including:

- Corporate Induction Day and pack

- Multi Media Induction which can be carried out in the candidate's own time
- Local Induction checklist

In addition, performance targets for induction have been incorporated into the HR Business Plan 2006/7 with a nominated senior management lead. This plan will be reviewed on a regular basis and will include performance update reports to the MPA. The MPS deployment plan in conjunction with regular succession planning information ensures that the demand for courses is continually monitored.

## **Outsourcing Programme Control Framework**

***Draft Report issued June 2004***

***Final Report issued June 2005***

### **Summary of Key Findings**

The outsourcing programme management framework is generally sound although the role of the Steering Group, Resource Allocation Committee and Management Board needs further clarification. The Outsourcing Strategy contains relevant and valid points that demonstrate a commitment to learn from the previous outsourcing exercise. However, the alignment to MPA/MPS strategic objectives for the medium to long term needs to be clearer.

### **Analysis of Recommendations**

Management accepted 14 of the 15 recommendations made:

- 1 High Risk (1 accepted and implemented)
- 14 Medium Risk (13 accepted, 4 implemented)

### **Senior Line Management Comment – Director of Resources**

The relationship between the MPS governance committees has now been clarified through completion of the Pay and Pensions procurement and contract award, which has been used as a pilot. All papers go via the Outsourced Contracts Steering Group (OCSG) to the Investment Board before being presented to MPA. The Management Board is also copied papers to note. The Management Board Change Control Committee also monitors the Outsourced Services Programme (OSP). The OSP is now project 10 on the list of key MPS projects and so provides a monthly update as part of the Management Board Change Co-ordination Committee. These clarified relationships have been reflected in the new version of the Programme Management Plan presented to OCSG on 31 May 05. This formal structure is supplemented by continuous stakeholder communications and informal information briefings. The membership of each Action Group has been reviewed and each now includes members from other relevant MPS Departments. The role of Professional Support Groups (PSG) has been

clarified with each workstream and a key part of the programme office effort goes in ensuring that PSGs engage with, and workstreams seek guidance from. PSGs at all stages of the procurement process. Workstreams are responsible for ensuring that they draw appropriate guidance from affected users in the design and implementation of new service strategies. The Programme Management Plan has been amended to reflect the importance of this.

## **Registration of Overseas Visitors and Immigration Checks**

***Draft Report issued November 2004***

***Final Report issued June 2005***

### **Summary of Key Findings**

Some improvement is required over the registration of overseas visitors and immigration checks before business objectives can be met.

Controls in place for the registration of overseas visitors are adequate. The controls in place over the receipt, recording and banking of income are adequate but reconciliation of income received does not take place. There is also a lack of documented procedures to support training and the performance of day to day tasks.

### **Analysis of Recommendations**

Management accepted all 19 recommendations made:

17 Medium Risk (14 implemented)

2 Low Risk (2 implemented)

### **Senior Line Management Comment – Commander Strategic Development**

The summary reflects the position at the time of the Audit and all recommendations were accepted. Sixteen of the recommendations have been implemented to date and an action plan exists for the remaining recommendations. Internal Audit re-visited OVRO two weeks ago and the unit awaits the findings from that visit before updating the action plan.

## **Transport Outsourcing Evaluation Process**

***Draft Report issued June 2005***

***Final Report issued July 2005***

### **Summary of Key Findings**

Our overall opinion is that the framework of control for the evaluation of tenders is adequate and controls are generally operating effectively. Some

minor procedural control weaknesses exist but, in our opinion, these do not affect the overall framework of control.

#### Analysis of Recommendations

No recommendations were made.

#### Senior Line Management Comment – Director Transport Services

This process is now complete and the transfers to the new outsourced contracts were completed at the end of April 2006.

### **Forensic Medical Examiners - Recruitment and Training**

***Draft Report issued June 2005***

***Final Report issued August 2005***

#### Summary of Key Findings

In our opinion significant improvement is needed before business objectives for the recruitment and training of forensic medical examiners can be met.

There is no planning strategy to determine medium to long-term demand for the Service. There is also a delay in issuing Assistant Forensic Medical Examiner's (AFME) and locum's contracts. A number of AFMEs have not attended the induction course and evidence of continuing training is not sought and received in each case.

#### Analysis of Recommendations

Management accepted 16 of the 18 recommendations made:

14 Medium Risk (12 accepted, 8 implemented)

4 Low Risk (4 accepted, 1 implemented)

#### Senior Line Management Comment – Director of Logistical Services

Resources Directorate is working closely with Territorial Policing to transfer responsibility for the management of Forensic Medical Examiners to the Custody Directorate. A review of service provision which considers both Forensic Medical Examiner and Custody Nurse provision will be undertaken given the forthcoming introduction of custody clusters.

There is no longer a delay in issuing contracts and all prospective Assistant Forensic Medical Examiners attend the formal introductory course, run by Centrex, before commencing practical training (which is assessed by a Principal Forensic Medical Examiner).

## **Complaints, Monitoring, Statistics and Records**

***Draft Report issued July 2005***

***Final Report issued September 2005***

### **Summary of Key Findings**

Some improvement is required before business objectives for complaints, monitoring, statistics and records can be met.

The MPS Professional Standards Policy and Strategy for dealing with complaints has been developed, properly approved and issued within the MPS. However, there is a lack of publicity to make the public aware that they can complain should they feel that they are unfairly treated.

An adequate monitoring framework is in place, however, it requires rigorous application to improve the turnaround time for dealing with complaints. The controls in place to ensure speedy referral and resolution of complaints are ineffective and the completeness and accuracy of complaint records are inadequate. The system of control to ensure that performance meets the management expectations also needs to be improved.

### **Analysis of Recommendations**

Management accepted 19 of the 23 recommendations made:

- 2 High Risk (2 accepted, 2 implemented)
- 20 Medium Risk (16 accepted, 11 implemented)
- 1 Low Risk (1 accepted)

### **Senior Line Management Comment**

(Awaiting response at time of submitting Draft Report)

## **Systems Supporting Service-Wide Priorities – Sapphire Project**

***Draft Report issued July 2005***

***Final Report issued October 2005***

### **Summary of Key Findings**

In our opinion significant improvement is needed before business objectives for the Sapphire Project can be met. Areas that need to be improved include budgetary control, contractual arrangements, provision and use of management information and the training process.

### **Analysis of Recommendations**

Management accepted all the 23 recommendations made:



2 High Risk  
21 Medium Risk (4 implemented)

Senior Line Management Comment – Business Development Director  
Territorial Policing

Implementation of recommendations is either completed or well underway, specifically those around training, and financial management. However, the recommendations need to fit with NHS accounting arrangements and management arrangements required to maintain an effective relationship between the MPS and NHS, and the seeming lack of fit may be due to the auditors not being able to meet with the SE Strategic Health Authority during the audit.

**Police Officer and Police Staff Pensions**

***Draft Report issued July 2005***  
***Final Report issued October 2005***

Summary of Key Findings

The system in place is adequate to achieve police officer and police Staff pensions business objectives.

Controls over compliance with current legislation and good practice and processing of pension contributions and AVC payments is adequate. The validity of pensioners is confirmed. Information on key performance indicators (KPIs) is produced on a monthly basis to assist the monitoring of the performance. However, complaints are not always recorded upon the KPI data and controls over the notification of staff due to retire require improvement.

Analysis of Recommendations

Management accepted 3 of the 4 recommendations made:

4 Medium Risk (3 accepted)

Senior Line Management Comment – Director of Finance Services

The recommendations about the cost of early retirement and complaints have been implemented. The recommendation to establish a strategy was deferred until the new service provider was in place and will be developed in line with the new contractual governance provisions. The 4th recommendation was not accepted at the time, because of forthcoming Age Discrimination legislation, but we are now assisting HR to formulate policy in respect of this legislation.

## **Amendments to Pay Standing Data**

***Draft Report issued September 2005***

***Final Report issued November 2005***

### **Summary of Key Findings**

Some improvement is required before the system objectives for the amendments to pay standing data can be met. Controls for authorising changes to standing data master files need to be improved and controls over confirming the accuracy of changes made need to be strengthened.

### **Analysis of Recommendations**

Management accepted all the 10 recommendations (including 2 in principle):

1 High Risk (accepted in principle and implemented)

9 Medium Risk (1 accepted in principle and 9 implemented)

### **Senior Line Management Comment – Director of Finance Services**

All recommendations have been implemented. A follow up audit is planned to take place in November 2006.

## **Secure Intelligence Systems (SO13) (C)**

***Draft Report issued August 2005***

***Final Report issued November 2005***

### **Analysis of Recommendations**

Management accepted all the 15 recommendations:

2 High Risk

13 Medium Risk (1 implemented)

### **Senior Line Management Comment – OCU Commander**

A major part of work currently being undertaken is a comprehensive review of all our current IT systems, this will include our IT links to partner agencies.

This is expected to result in the rationalisation and standardisation of the current IT systems examined within the audit. To assist in managing the project we have employed an IT consultant. It is envisaged that the results will see far fewer individual systems, thus answering the problem of duplication, but incorporating System Operating Procedures throughout. The new systems will necessarily oblige the new command to fully comply with current IT policies and requirements.

## **Verification of SO12 Accounts (C)**

***Draft Report issued July 2005***

***Final Report issued November 2005***

### **Analysis of Recommendations**

Management accepted all the 7 recommendations made:

2 High Risk (1 implemented)

5 Medium Risk (4 implemented)

### **Senior Line Management Comment – Assistant Commissioner Specialist Operations**

The outstanding recommendations are being taken forward by the relevant Managers.

No further comments made.

## **Management Training and Development**

***Draft Report issued June 2005***

***Final Report issued November 2005***

### **Summary of Key Findings**

In our opinion significant improvement is needed before business objectives for management training and development within the MPS can be met.

A systematic structure to manage and deliver management training and development effectively is not in place. The control framework to ensure the adequacy and effectiveness of management information is evolving and needs improvement before it can provide accurate corporate information and assurance to senior management.

### **Analysis of Recommendations**

Management accepted all the 19 recommendations made:

9 High Risk (3 implemented)

10 Medium Risk (2 implemented)

### **Senior Line Management Comment – Director of Human Resources**

Following agreement at Investment Board in March 2006, the MPS has committed £2.25 million growth for the creation of the Leadership Academy in 2006/2007, which will provide a platform on which to integrate corporate values into MPS management process including recruitment, selection,

promotion and postings. In addition there will be clear Leadership Pathways identified for all supervisory staff including individual bespoke courses for different roles, critical incident training and a coaching element. The development of the Academy will bring about a more cohesive and systematic approach to the provision of management development and leadership training.

Management information is routinely prepared for Training Management Board and discussed as a standing item on the agenda, which ensures regular scrutiny at a senior level.

## **Forensic Medical Examiners – Payments**

***Draft Report issued April 2005***

***Final Report issued December 2005***

### **Summary of Key Findings**

Adequate controls are not in place to meet the system objectives and controls are not being applied consistently.

Controls to ensure that payments made to the Forensic Medical Examiners (FMEs) are accurate, timely, correctly authorised and made for bona fide examinations are inadequate. Payments are recorded accurately, but accountability for the service and the expenditure is ill-defined and not properly understood at an operational level. Delivery of the FME service is also not adequately monitored.

### **Analysis of Recommendations**

Management accepted 27 of the 29 recommendations made:

26 Medium Risk (24 accepted, 8 implemented)

3 Low Risk (3 accepted)

### **Senior Line Management Comment – Director of Logistical Services**

Significant work has taken place since the Audit report was published in December 2005. The Claim Form used by Forensic Medical Examiners has been revised and is to be introduced in June. Forensic Medical Examiners have been issued with detailed instructions for the completion of the revised form. However, it remains the case that control and intervention on expenditure can only be successfully achieved at a local level. The Linguistic and Forensic Medical Service (LFMS) reconciles accounts on a monthly basis and this information is uploaded to MetFIN in order that it is available to local Finance and Resource Managers. In addition, LFMS responds to requests for detailed management information. Opportunities to incorporate the current payment process within the corporate MetFIN system are being explored. The transfer of responsibility for the management of Forensic Medical

Examiners to the Custody Directorate will provide added impetus.

### **Informants Management System (C)**

***Draft Report issued May 2005***

***Final Report issued December 2005***

#### **Analysis of Recommendations**

Management accepted all the 8 recommendations made:

4 High Risk (4 implemented)

4 Medium Risk (all implemented)

#### **Senior Line Management Comment – Director of Information**

With the exception of the updated Service Level Agreement (SLA), all recommendations have been implemented. The SLA is presently under review, and a revised, updated version will be published once that review is complete.

### **Systems Supporting Visual Identification**

***Draft Report issued September 2005***

***Final Report issued January 2006***

#### **Summary of Key Findings**

In our opinion some improvement is needed before business objectives for the systems supporting visual identification can be met. Controls over the provision and delivery of services are adequate. However, there is a need to publish a revised ID Suites Policy and to improve the volunteer payment system and some aspects of communication.

#### **Analysis of Recommendations**

Management accepted all the 25 recommendations made:

22 Medium Risk (17 implemented)

3 Low Risk (3 implemented)

#### **Senior Line Management Comment – Business Development Director Territorial Policing**

All of the recommendations were accepted and are being implemented.

The ID suites policy has been developed but not yet formally approved. The system for making payments to volunteers has been centralised and there is

more rigorous financial management as a consequence. These two specific responses, plus improvements made to communication, contribute much towards the overall improvements required.

## **Benevolent, Relief and Welfare Funds**

***Draft Report issued November 2005***

***Final Report issued January 2006***

### **Summary of Key Findings**

In our opinion some improvement is needed before business objectives for the benevolent, relief and welfare funds can be met.

Controls in place over the collection and banking of contributions are adequate but there is a need to strengthen accounting and reconciliation. Controls to ensure that all registered charities and trusts within the MPS are identified and set up in accordance with legislation are inadequate and control over the payment of grants and loans also needs to be improved. Adequate management information is provided but management review and action taken needs to be properly evidenced.

### **Analysis of Recommendations**

Management accepted 17 of the 19 recommendations made:

19 Medium Risk (17 accepted, 17 implemented)

### **Senior Line Management Comment – Deputy Director of HR**

Of the 19 recommendations the audit made, 9 recommendations required an HR response, the others falling in the Finance domain. All 9 of the HR actions have been accepted and acted upon. It is noteworthy that for the recommendation relating to the use of competitive tender action for audits of the Sports Club funds the matter is in abeyance pending considerations on the future of the clubs and their constitution. The position regarding the Police Staff Welfare Fund has yet to be considered at a future meeting.

### **Senior Line Management Comment – Director of Finance Services**

Eight of the recommendations from this audit are the responsibility of Finance Services. All 8 recommendations were accepted and have now been implemented.

## **Police Staff Recruitment**

***Draft Report issued May 2005***

***Final Report issued February 2006***

### **Summary of Key Findings**

The control framework is adequate but a number of controls are not operating effectively, particularly over the control of costs and measurement of effectiveness of recruitment campaigns. Recruitment guidelines are out of date and do not reflect changes in policies and practices.

Controls over the management of recruiting Police Staff and to ensure that each stage of the recruitment process is handled in a timely manner are adequate. However, there are significant delays in the recruitment process regarding security clearance. Relevant data is recorded and reported to ensure that a post recruitment review is adequately carried out to assess the effectiveness and efficiency of the process and inform future recruitment campaigns.

### **Analysis of Recommendations**

Management accepted 11 of the 12 recommendations made:

3 High Risk (3 accepted)

9 Medium Risk (8 accepted, 1 implemented)

### **Senior Line Management Comment – Director of Human Resources**

A joint evaluation process between the Marketing and Advertising and Police Staff Recruitment ensures that all recruitment campaigns are measured for their effectiveness and the subsequent learning built into future processes. In addition, the MPS has a comprehensive Exit Strategy, and monitors attrition rates for police recruits within the HR Scorecard, which is scrutinised on a monthly basis at HR board.

All policies relating to Recruitment are reviewed for accuracy and relevancy annually. Where minor changes have occurred, these are incorporated into the policy, and published throughout the year. Recruitment also takes a proactive approach to imminent changes and has recently published guidance notes on the forthcoming Age Discrimination legislation.

Whilst there has been some delay in processing candidates through the vetting process, a considerable amount of work has been done between HR and DPS to speed up this process. Actions to date include prioritising key operational roles and the provision of a scheme whereby PCSOs receive a provisional status until fully vetted. In addition to this HR and DPS will share resources to meet the demand.

## **Major Works**

***Draft Report issued August 2005***

***Final Report issued March 2006***

### **Summary of Key Findings**

In our opinion significant improvement is needed before business objectives for major works can be met.

There are no formal procedures in place to demonstrate how capital projects are being allocated and managed within the Construction Division. Single Tender Action Reports are compiled but these have not been reported in a timely manner to the MPA. A 'Code of Practice', in accordance with the MPA Contract Regulations, to ensure efficient management of construction projects is not in place. Major works procurement is also not included in the Corporate Procurement Policy and the related Standard Operating Procedures.

Project management and contract monitoring is undertaken by appointed consultants but no formal arrangements are in place to review the management of contracts on a systematic basis. Payment controls are adequate but evidence of supervisory checks needs to be put into place. Budgetary control requires strengthening. Limited project performance monitoring framework takes place and the level of management information produced is inadequate.

### **Analysis of Recommendations**

26 recommendations made:

26 Medium Risk (24 agreed in full and 15 implemented)

### **Senior Line Management Comment – Director of Property Services**

The report was issued on the 13th March 2006 with target completion dates of 31st March 2006. This is considered to be an inadequate period within which to implement all the recommendations. 15 recommendations have been completed.

Work is ongoing to complete the rest but has been hampered by staff illness. A permanent member of staff has been appointed, in May 2006, as Construction Director (a role previously covered by an interim manager) and he will be taking the recommendations forward, together with the Head of Procurement for Property Services and the Head of Procurement Services. The Construction Director is also revisiting the assignment of responsibility for completing the various recommendations together with the associated target dates and will issue a revised schedule by 31st May 2006.



## **Systems Supporting Cash Seizures**

***Draft Report issued June 2005***

***Final Report issued March 2006***

### **Summary of Key Findings**

In our opinion significant improvement is needed to achieve the business objectives of the systems supporting cash seizures.

The processing and banking of cash is inadequate. In the absence of counting and securely bagging cash at the time of it being seized there is a risk of misappropriation or allegation of corruption. Arrangements for the disposal of cash at the end of a case also need to be improved.

### **Analysis of Recommendations**

Management accepted 8 of the 14 recommendations made:

- 1 High Risk (1 accepted)
- 11 Medium Risk (5 accepted 2 implemented)
- 2 Low Risk (2 accepted 1 implemented)

### **Senior Line Management Comment - Director of Finance Services**

#### 1 High Risk Recommendation

To implement the high risk recommendation training and engaging additional staff in the process required the redeployment of some resource on the Income Section, Exchequer Services, consequently a lead time of 2 months was required to implement this recommendation. The staff concerned have been moved from Imprest Section to Banking Section where an additional member of staff is in the process of being recruited and trained to provide the opportunity for further segregation of duties in relation to the opening and closing of POCA accounts.

#### 5 Medium Risk Recommendations

Only 4 of the remaining 5 accepted recommendations refer to Exchequer Services of which 2 have been implemented and SCD6 and Finance are developing a way forward regarding the cash processing process for the remaining 2. The access to JARD (the cash seizure database) for Exchequer Services and SCD supervision of returns of sums to suspects need to be resumed.

The two low risk recommendations do not refer to Exchequer Services

### **Senior Line Management Comment - Commander Strategic Development**

There were eight agreed recommendations, of which two were low risk, five

medium risk and one high risk. Of these recommendations three, including the high risk one, rest with Exchequer Services. The remainder have not yet reached their target date for implementation or have no target date set. Most of the issues involve ongoing discussions between SCD6 and Exchequer Services.

One recommendation has been implemented, this was for SCD6 to consider the feasibility of co-ordinating visits by different units to Mass Spec (in Bristol). The target date for this was March 2006. We do co-ordinate such visits where practicable.

The most difficult recommendation involves setting up a new cash counting facility. This has been passed to the new POCA Implementation Team to take forward as there is a cost implication to this recommendation.

## **Traffic Fines**

***Draft Report issued February 2006***

***Final Report issued April 2006***

### **Summary of Key Findings**

The control framework over the processing of traffic fines is adequate but a number of controls are not operating effectively.

Clearly defined policies and procedures are in place. An adequate control framework for processing of notices is also in place but needs to be applied consistently.

Reliable and comprehensive information is produced and disseminated to senior management. However, controls over the security and continuity of processing traffic fines needs to be improved.

### **Analysis of Recommendations**

Management accepted all the 14 recommendations made:

10 Medium Risk (2 implemented)

4 Low Risk (1 implemented)

### **Senior Line Management Comment – Commander Traffic and Transport**

The audit summary is a fair and accurate representation of the situation at the time of the review. Local managers and staff were keen to assist in the audit process and were happy to agree the recommendations and are committed to taking the matters forward.

The management response in the action plan sets reasonable timescales for the completion of each recommendation. In the seven weeks since the action

plan was developed, some progress has been made. In particular, the work to identify specialist 'operations' courts is proceeding well and new working practices are being piloted to build towards the target of 100% prosecution of unsubstantiated FPN(E)s.

## **Police Operational Training**

***Draft Report issued July 2005***

***Final Report issued April 2006***

### **Summary of Key Findings**

In our opinion some improvement is needed before business objectives for police operational training can be met.

Controls in place for the appointment of training staff are operating effectively and trainers are appropriately qualified. The strategy for police operational training is clearly documented, monitored and reviewed but it needs to be approved by the MPA.

Controls in place for targeting training are not operating effectively. The Performance Development Reviews process does not lead to the creation of a training and development plan for officers. There are no performance indicators in place and performance is not reported to the MPA. The budgetary control process is not always operating effectively as the Training and Development manager is not always responsible for monitoring all aspects of the external training budget.

### **Analysis of Recommendations**

Management accepted 17 of the 19 recommendations made:

19 Medium Risk (17 accepted, 1 implemented)

### **Senior Line Management Comment – Director Human Resources**

All members of staff receive an annual PDR; an integral part of which are work/personal objectives for the coming year, including requests for courses. These are reviewed on a 6 monthly basis and form the basis of development plans for officers and staff.

Performance targets and indicators for completion of PDRs are measured in the monthly HR Scorecard, which is scrutinised by HR Board, and made available to the MPA.

The recommendation concerning the budgetary control process was rejected by the MPS as the external training budget is not ring-fenced and can be used for other activity (non-training) at OCU discretion. The report commented that the final strategy had not yet been approved by the MPA. It was, however,

presented to the MPA in March 2005 and again as a summary report to the HRC in October 2005.

### Senior Line Management Comment – Business Development Director Territorial Policing

Most of the recommendations were accepted and are being implemented. Much of the training being delivered is either corporate mandatory or mandatory for the role and therefore budgeting of training is managed on that targeting basis. Capacity for other training is very limited, however, boroughs have been asked to identify training needs raised within the PDR process. Plans for training are in line with the Performance Review System for Learning and Development introduced in the Police Service in November 2005.

The recommendation that training and development managers have budgetary control of the external training budget was not accepted as this does not fit within the structure for the financial management in the MPS.

### **Despatch and Distribution Services**

***Draft Report issued March 2006***

***Final Report issued April 2006***

#### Summary of Key Findings

Significant improvement is required to ensure that the business objectives of the Despatch and Distribution Service can be met.

The driver and officers do not always sign for documentation relating to the collection of mail and forensic exhibits, etc. No discharge procedures are in place to record the passing of DNA samples collected by the Service onto the DNA Service at Mandela Way and the passing of DNA samples back to the Despatch Service once they have been processed. There are no procedural guidelines on the service and a customer satisfaction survey has not been undertaken for some time.

#### Analysis of Recommendations

Management accepted 10 of the 12 recommendations made:

5 Medium Risk (5 accepted)

7 Low Risk (5 accepted)

### **Senior Line Management Comment – Director Transport Services**

The key weakness identified by this audit; the inadequate tracking and associated documentation for critical and sensitive items transported by the Despatch Service, is acknowledged. Revised procedural guidelines have

been introduced and much improvement has already taken place. In practice, however, the process of 'signing for' these items is hampered by the unavailability and unwillingness of staff at the various serviced sites to undertake this responsibility and should not be taken as a criticism of the Dispatch Service staff who have been forced to take a pragmatic approach to ensure that items are moved promptly. A formal customer satisfaction survey has not been recently undertaken because it had been adjudged that previous correspondent fatigue with such a mechanism would make it pointless, and a regular service level sampling process has been undertaken instead. In light of the recommendation, however, an attempt will be made once again to undertake a formal satisfaction survey.

## **DCC8 Directorate of Professional Standards**

***Draft Report issued September 2005***

***Final Report issued April 2006***

### **Summary of Key Findings**

In our opinion some improvement is needed before the objectives of the business and finance systems supporting the Directorate of Professional Standards can be met.

Controls over budgets, reconciliation of expenditure, local accounts and local recruitment are adequate. However, there is a need for improving controls over police overtime and crime property.

### **Analysis of Recommendations**

57 recommendations made:

51 Medium Risk (48 accepted, 1 part accepted, 44 implemented)

6 Low Risk (5 accepted)

### **Senior Line Management Comment – Deputy Director of Professional Standards**

Having reviewed the summary I submit the following. Police Overtime concerns were addressed at the time and systems were put in place to rectify any issues identified. Overall the report praised the work of the CARMS team. The two main areas of weakness within the DPS audit were crime property and assets and inventories. We felt the assets and inventories section had been marked unfairly when the draft report was issued and appealed the mark achieved by supplying further evidence that was not viewed at the time. The audit was incredibly helpful and on the whole showed DPS is a good light, as stated on numerous occasions by the auditor, due to the systems we had in place. However, I do not feel this has been truly reflected in the annual summation and in a new era of audits enhancing performance I feel it would be appropriate to see positive feedback highlighted

as well as negative.

Follow Up Audits

Final Reports

### **VAT Accounting**

***Draft report issued June 2005***

***Final Report issued June 2005***

Summary of Findings

There has been significant improvement in the controls over VAT Accounting and Control. Management have fully implemented all the fourteen recommendations including the one that was not previously accepted. The control framework is now therefore adequate.

### **Environmental Policy and Procedures**

***Draft Report issued September 2004***

***Final Report issued July 2005***

Summary of Findings

The control framework has improved but further progress needs to be made before business objectives can be met.

Eight of the sixteen agreed recommendations, including one in the high-risk category, have been fully implemented. The remaining eight recommendations, including three high-risk, have been partially implemented.

### **Data Protection - Control & Enforcement**

***Draft Report issued March 2005***

***Final Report issued July 2005***

Summary of Findings

The control framework has improved but further progress needs to be made before business objectives can be met.

Nine of the twenty agreed recommendations, including five in the high-risk category, have been fully implemented. Nine recommendations, including three high-risk, have been partially implemented. two remain outstanding.

## **Financial Arrangements and Control Over Semi-Official Clubs**

***Draft Report issued November 2004***

***Final Report issued August 2005***

### **Summary of Findings**

There has been significant improvement in the controls over Financial Arrangements and Control Over Semi-Official Clubs since the original review was carried out in September 2002. Thirteen of the fifteen recommendations have been implemented in full and the remaining two partially.

## **Police Recruitment**

***Draft Report issued July 2005***

***Final Report issued August 2005***

### **Summary of Findings**

The control framework over Police Recruitment is now adequate to achieve the business objectives following the implementation of all the fifteen recommendations in our original audit report issued in April 2004.

## **Claims Against the Commissioner**

***Draft Report issued June 2005***

***Final Report issued August 2005***

### **Summary of Findings**

The control framework over Claims Against the Commissioner is now adequate to achieve the business objectives following the implementation of all the four recommendations in our original audit report.

## **Energy Policy and Procedures**

***Draft Report issued May 2005***

***Final Report issued September 2005***

### **Summary of Findings**

There has been significant improvement in controls since the original report was issued. Thirteen of the fourteen agreed recommendations have been implemented in full. Successful implementation of the remaining recommendation on energy management structure throughout the MPS will be adequate to meet business objectives.



## **Statutory Pay and Net Pay Reconciliation**

*Draft Report issued February 2005*  
*Final Report issued September 2005*

### **Summary of Findings**

There has been significant improvement in controls since the original report was issued. Eight of the ten agreed recommendations, including the one in the high-risk category, have been implemented in full. One has been partially implemented and one remains outstanding. The control framework is now adequate to meet business objectives.

## **Management of Outsourced Services - Payroll**

*Draft Report issued August 2005*  
*Final Report issued September 2005*

### **Summary of Findings**

There has been significant improvement in controls since the original report was issued in January 2004. Of the sixteen agreed recommendations, thirteen have been implemented in full and the remaining three superseded. The system is now therefore adequate to meet business objectives.

## **Police Staff Overtime Payments**

*Draft Report issued July 2005*  
*Final Report issued October 2005*

### **Summary of Findings**

Adequate controls are not in place and further progress needs to be made before business objectives can be met.

Fifteen of the twenty-five agreed recommendations have been implemented and ten remain outstanding.

## **Corporate Strategy and Planning**

*Draft Report issued October 2005*  
*Final Report issued November 2005*

### **Summary of Findings**

The control framework over Corporate Strategy and Planning is now adequate to achieve the business objectives. All the twelve agreed recommendations

have been implemented.

### **Induction and Assessment of Police Recruits**

***Draft Report issued October 2005***

***Final Report issued November 2005***

#### **Summary of Findings**

At the time of our fieldwork nine of the eighteen agreed recommendations had been implemented in full, three partially, three remained outstanding and the remaining three were no longer applicable.

Management have since advised that all the recommendations, including the twelve further recommendations we made during the follow up review, have been implemented in full.

### **Uniform Services – Procurement and Support**

***Draft Report issued August 2005***

***Final Report issued December 2005***

#### **Summary of Findings**

Our overall opinion is that the control framework over Uniform Services – Procurement and Support has improved since the last review in 2003. There are, however, a number of areas where improvement is still required.

Eight of the thirteen recommendations have been implemented, improving control over contract documentation and introducing new systems for the monitoring of contractors. However, there is still a need to carry out pre and post contract reviews and ensure that contract end dates are monitored more effectively so that the contract term does not overrun before a new contract is awarded, or an existing one extended.

### **Brent BOCU**

***Draft Report issued April 2005***

***Final Report issued January 2006***

#### **Summary of Findings**

Our opinion is that although the overall control framework has improved adequate controls are still not in place to meet all the system objectives and some controls are not being consistently applied. Twenty-two recommendations have been implemented in full, sixteen partially and four remain outstanding.

## **Creation, Storage, Security and Disposal of Electronic Documents**

*Draft Report issued August 2005*

*Final Report issued January 2006*

### **Summary of Findings**

One of the two agreed recommendations has been overtaken by legislation and one is being taken forward as part of systems under development.

## **Major Enquiry Systems – HOLMES**

*Draft Report issued April 2005*

*Final Report issued January 2006*

### **Summary of Findings**

All the nine recommendations have been fully implemented and the system of control for HOLMES is now adequate.

## **Havering BOCU**

*Draft Report issued January 2006*

*Final Report issued February 2006*

### **Summary of Findings**

The control framework has improved but further progress needs to be made before business objectives can be met.

Thirty-seven of the fifty-one agreed recommendations, including the one in the high-risk category, have been implemented in full, seven partially. Six recommendations remain outstanding and one is no longer applicable.

## **Investment, Borrowing and Cash Management**

*Draft Report issued January 2006*

*Final Report issued February 2006*

### **Summary of Findings**

In our opinion there has been significant improvement in the level of control over the Investment, Borrowing and Cash Management. Five of the eight agreed recommendations have been implemented in full and one partially and two remain outstanding.

## **Police Officer and Police Staff Support Outside the UK**

*Draft Report issued December 2005*

*Final Report issued February 2006*

### **Summary of Findings**

Nine of the thirteen agreed recommendations have been implemented and two remain outstanding. However two previously agreed recommendations, relating to carrying out independent periodic reviews before a secondment is extended and evidencing of these reviews, which were previously accepted have now been rejected.

## **Claims, Debtor and Debtor Control**

*Draft Report issued August 2005*

*Final Report issued February 2006*

### **Summary of Findings**

Twenty-six of the twenty-nine agreed recommendations, including the three in the high-risk category, have been implemented and three remain outstanding.

## **Accident and Riot Claims Payments**

*Draft Report issued January 2006*

*Final Report issued February 2006*

### **Summary of Findings**

There has been significant progress in control over the processing of Accident and Riot Claims. Eight of the eleven agreed recommendations have been implemented in full and three, including one in the high-risk category, remain outstanding.

## **Forced Entry Claims**

*Draft Report issued January 2006*

*Final Report issued February 2006*

### **Summary of Findings**

Further improvement is required before objectives of the Forced Entry Claims can be achieved. Of the nine agreed recommendations, two have been implemented fully, two partially and five remain outstanding.

## **Occupational Health and Psychology Services**

***Draft Report issued February 2006***

***Final Report issued March 2006***

### **Summary of Findings**

All the eight agreed recommendations have been implemented in full. The control framework is now adequate to meet system objectives.

## **Provision of Legal Advice**

***Draft Report issued March 2006***

***Final Report issued April 2006***

### **Summary of Findings**

Further improvement is required before the objectives of the Provision of Legal Advice can be achieved. Of the nine agreed recommendations, one is no longer applicable; five remain outstanding and only three have been partially implemented.

## **Cash Security and Disbursement**

***Draft Report issued March 2006***

***Final Report issued April 2006***

### **Summary of Findings**

There has been significant progress in control over Cash Security and Disbursement. Sixteen of the eighteen agreed recommendations have been implemented and two remain outstanding.

## **Payroll Starters and Leavers**

***Draft Report issued March 2006***

***Final Report issued May 2006***

### **Summary of Findings**

There has been significant improvement in the control framework. Ten of the eleven agreed recommendations, including the three in the high risk category, have been implemented fully and one partially.

## Systems Development and Control Advice

### **Outsourcing Action Groups**

We attend the Action Groups that have been set up by the Director of Resources and the Director of Information to oversee the next stage of outsourcing. We attended the Action Groups for Payroll Services and Transport up to implementation of the new services and continue to attend the Action Groups for IS/IT Services and Property Services ensuring that key lessons learnt from previous outsourcing and our audits in this area are being addressed.

### **National Fraud Initiative**

We have the MPA/MPS lead for participation in this nation-wide fraud prevention and detection strategy. We are the liaison point between MPS colleagues, the Audit Commission and other public sector participants. MPS payroll and pensions data was provided to the NFI in October 2004 for data matching with that of other local authorities. We received back in January 2005 the matched data and this has resulted in a small number of pensions overpayments being detected and recovered and a number of police staff and pensioners facing action by local authorities for benefit fraud.

### **Crime Related Property**

We have provided advice and assistance to the Crime Property Processes Review Project Board. This board, with Internal Audit input, has initiated a lot of work which is now in progress to improve recording, handling and accounting for crime property and we continue to advise on key issues.

### **MPS IT Security Policy and the METSEC Project Board**

We attend the quarterly METSEC Project Board meetings to advise and participate in discussions on matters of physical security (personal, asset and building security) and also logical controls for information systems. We comment on drafts of METSEC policies and proposed METSEC Standards at the request of Service Security Branch. We share the results of investigations and audits and also provide advice and support to Service Security Branch on security issues. This is a permanent committee.

### **MPS Corporate Personnel System – the MetHR project**

The MetHR project is intended to provide a single corporate personnel system to replace a number of MPS legacy and local systems. We attend the MetHR Project Board as designated advisors to the project focussing on control aspects of software modules under development, in particular controls over the core database product and the MetHR to Payroll interface. We attend the Senior User Assurance Group as advisors and have been consulted on project management, logical and physical security and process and system testing. There continues to be a significant commitment by internal audit to

this and associated projects. A working party is being set up to progress the Payroll interface at which Internal Audit will be represented.

### **IMSG Audit and Benefits Realisation sub-group.**

We attend and advise this group which is chaired by the Director of Information and reports to the Information Management Steering Group. The group meets quarterly to track the progress of audits and monitor the implementation of internal audit recommendations pertinent to the Department of Information and Service Security Branch. This is a permanent committee.

### **AWARE Senior User Assurance Group**

The MPS continues to upgrade and standardise its corporate IT system. This group represents users of the MPS corporate Intranet and we attend regular meetings as users and also to advise on controls. As part of a small working group we have agreed with Directorate of Professional Standards a common requirement to facilitate forensic investigations of the Aware platform and systems hosted on Aware. This requirement is now in the course of implementation.

### **Duty Management and Overtime Records Project (MetDuties and MetTime)**

We have been actively involved in reviewing issues that have come to light regarding the progress of the MetTime project. Serious concerns over the procurement process and the failure by the contractor to meet the contracted level of performance is the subject of an on-going investigation.

### **Contract Regulations and Procurement**

We attend the group that has been set up to review the Authority's Contract Regulations. The revised Contract Regulations were published in June 2003. As part of this work, we will also be advising on the procurement processes that are being developed by the Director of Procurement and the Director of Property Services to support the Contract Regulations.

### **The Suppliers and Tenderers Risk Assessment Group (STRAG)**

STRAG was established to monitor on behalf of the Director of Resources the risk of failure of major contracts, particularly outsourced service contracts. The group has sorted the contracts and contractors into risk groups and monitors those assessed as high risk. The group has recently refocused its effort. The conclusions of the group are circulated to MPS Directors.

### **MetFIN Upgrade**

Advice has been given on the introduction of new processes (both IT and non-IT). This has included the Accounts Payable Express Project (APEX), methods used to order goods and services, introduction of central receipting

of goods and setting up the Treasury Management system. Further audit involvement is planned in the evolving stages of the project.

### **Covert Control Environment**

An operational covert strategy is under development and the financial strategy will follow. Progress has been slower than anticipated due to the reorganisation within the covert policing environment.

### **Risk and Control Awareness Training**

We have continued to provide presentations on risk and control to police staff and police officers via the Financial Awareness Training courses. We have also delivered presentations to Borough Business Managers following requests from TPHQ and Finance Services.

### **Airwave and C3i**

We provided assistance as required during the procurement process on the new ICCS for the Airwave project. We have monitored the ongoing implementation of C3i and this will be extended through a forthcoming review of Command and Control Management.

### **Vehicle Recovery and Examination Service**

Progress is limited. The IT solution is still not adequate and cannot produce reliable management information, the second Pound has yet to open, contracts with garages are not in place and the confusion around the use of statutory removal powers remains. This impacts upon the adequacy of financial procedures in place, particularly those for receiving and recovering income and processing payment invoices.

### **Air Support Unit Project**

We were invited onto the Helicopter Replacement Project Board set up to oversee the procurement issues and our advice and assistance work is ongoing.

### **METAFOR**

This project has been placed in "Special Measures". There are serious concerns regarding slippage and unacceptable costs that threaten the realisation of business benefits. We are monitoring the situation closely.

### **NSPIS**

The system is being piloted at Newham BOCU. Our work to date has focused upon the crime property aspects of the system. The system does not sufficiently cater for the movement of property beyond the custody suite and as a result local records do not accurately reflect the status of property.



Internal Audit Investigations 2005/6**1. Split of Investigations by MPS Business Area**

<u>Business Area</u>	<u>Number of Cases</u>			
	<b>2005/6</b>		<b>(2004/5)</b>	
	<i>Internal</i>	<i>External</i>	<i>Internal</i>	<i>External</i>
Human Resources	1	0	(2)	(0)
Directorate of Information	3	3	(6)	(0)
Property Services Directorate	1	2	(2)	(1)
Directorate of Transport	1	1	(3)	(0)
Directorate of Procurement	1	0	(0)	(0)
Directorate of Commercial Services	1	0	(5)	(1)
Directorate of Finance	1	0	(2)	(0)
Specialist Operations/Crime	1	0	(7)	(0)
Territorial Policing	26	1	(16)	(0)
Deputy Commissioner's Command	0	0	(1)	(0)
Others	2	11	(7)	(3)
<b>Total</b>	<b>38</b>	<b>18</b>	<b>(51)</b>	<b>(5)</b>

**2. Split by Type of Allegation**

	<b>2005/6</b>	<b>(2004/5)</b>
False claim for fees, expenses or overtime	7	(6)
Theft of cash	12	(15)
Missing Assets/Waste	6	(9)
Corruption or misconduct in public office	3	(2)
Forgery of documents	2	(2)
Theft of property	1	(0)
Computer misuse	2	(3)
Failure to notify death of pensioner	1	(0)
Failure to notify secondary employment	0	(2)
NFI – Benefit investigations	19	(8)
Other	3	(9)
<b>Total</b>	<b>56</b>	<b>(56)</b>

	<u>Number of Cases</u>	
	2005/6	(2004/5)
<b>3. Outcome of cases</b>		
Staff Suspended	2	(3)
Staff arrested	2	(3)
Others arrested	1	(3)
Staff charged	2	(2)
Others charged	1	(2)
Staff resigned/dismissed	4	(15)
Staff cleared by investigation	1	(12)
Cases still under investigation	24	(22)
<b>4. Recovery of funds</b>	<b>£353,00</b>	<b>(£556.203)</b>
<b>Losses stemmed/prevented</b>	<b>£690,173</b>	<b>(£960,784)</b>
<b>Savings</b>	<b>£1,359,349</b>	<b>(£172,229)</b>
<b>Total</b>	<b>£2,402,522</b>	<b>(£1,689,216)</b>
<b>5. Current Live Cases</b>		
From 2000/2001	1 <sup>1</sup>	(1)
From 2001/2002	0	(1)
From 2002/2003	3 <sup>2</sup>	(5)
From 2003/2004	0	(22)
From 2004/2005	7	(22)
From 2005/2006	24	
<b>Total</b>	<b>35</b>	<b>(51)</b>
<b>6. Total number of cases</b>		
<b>Financial Year 2005/6</b>	<b>56</b>	
<b>1997 to 31.3.2006</b>	<b>612</b>	

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<sup>1</sup> A long-standing dispute with a company liquidator still awaits resolution.

<sup>2</sup> Includes two Interpreters. One case has been settled since the close of the financial year and the result will be reported in the 2006/7 figures.

Internal Audit Assurance Criteria

SCORE*	ASSURANCE RATING	ASSURANCE CRITERIA
1	The system is performing particularly well to achieve business objectives.	There is a sound framework of control operating effectively to achieve business objectives.
2	The system is adequate to achieve business objectives.	The framework of control is adequate and controls are generally operating effectively.
3	Some improvement is required to ensure that business objectives are met.	The control framework is adequate but a number of controls are not operating effectively.
4	Significant improvement is needed before business objectives can be met.	Adequate controls are not in place to meet all the system objectives and controls are not being consistently applied.
5	Unacceptable level of control.	The control framework is inadequate and controls in place are not operating effectively. The system is open to abuse, significant error or loss and/or misappropriation.

\* The score is used for internal purposes only (i.e. to feed into the ANA and help form the DIA's overall opinion on control in the MPS). The score column is not published to auditees.

