

	Internal Control Issue 2006/07	Agreed Action	Progress to date	Deadline
1.	The Audit Commissions' interim audit has identified a number of weaknesses within the Authority's key material systems. The main weaknesses identified included:			
1.1	Insufficient evidence of appropriate controls in respect of accounting for fixed assets	Reconciliations between asset inventories and the fixed asset register to be performed on a quarterly basis	Due to the number of crucial deadlines falling at period three, it was agreed by SF that the first reconciliation would be carried out at period 6. Both the Plant and Property inventories have been reconciled and this reconciliation will continue throughout the year.	Achieved
		Arrangements to be put in place to provide appropriate evidence of the system and controls in place for capital accounting.	The requirements for controls over capital accounting were improved during 2006/07 and have been fully in place for 2007/08	Achieved

1.2	A lack of evidence in the operation of key controls in pensions and payroll monitoring	Payroll control accounts to be performed on a monthly basis and evidenced as reviewed	The reconciliations have been in operation from March 2007 and are monitored as to the timescale of delivery and standard of reconciliation. There are currently a few minor quality issues that are being followed up	Achieved
		The MetHR and MetFIN payroll contractor records check to be evidenced and reviewed and action taken to address discrepancies evidenced.	MetHR will be implemented from 2007/08 monitoring. MetFIN as a result of changeover of contractor to HM Paymaster pension data was not controlled effectively for a short period of time. Revised controls have been in place since October.	Achieved
		Bank reconciliations to be performed and reviewed on a timely basis for payroll and pensions bank accounts.		
		Checks of contractor payroll and pension outputs to be evidenced as reviewed by a manager senior to the preparer.	These reviews are on-going and are performed regularly	Achieved

1.3	Weaknesses in the preparation, timeliness and evidencing of bank reconciliations performed	Monthly main bank reconciliations to be performed and reviewed on a timely basis.	Due to a technical failure in the BACS/SAP interface reconciliations were not completed to the required standard, although an analysis was completed on a daily basis to identify and resolve anomalies. The interface issue has now been resolved and reconciliations are up to date and completed to the required standard.	Achieved
		Daily and monthly drawing account reconciliations to be both prepared and reviewed on a timely basis.	The daily and monthly drawing accounts are up to date and are being performed and reviewed on a timely basis.	Achieved
1.4	Control account reconciliations not being performed and reviewed on a timely basis.	In addition to recommendations above - Suspense accounts are to be reviewed on a timely basis.	All suspense accounts are reconciled monthly, and Strategic Finance monitor to ensure this is being adhered to	Achieved
2	Contract regulations need to be followed at all times to ensure value for money is achieved when awarding contracts.	Implement revised contract regulations	Revised Contract Regulations implemented October 1 st 2007	Achieved
		Increase awareness of contract regulations	Memo informing staff and officers of revised regulations sent out by Director of Strategic Finance. Revised regulations are available on both the MPS intranet and MPA internet	Achieved

		Ensure that necessary controls are in place to enable compliance	<p>The high level MPS Scheme of Delegation was approved and published in October 2007. Work is currently being undertaken to ensure that a comprehensive Scheme of Delegation is in place at a local business unit level.</p> <p>Process for agreeing single tender actions in place</p>	Achieved
3	<p>Whilst Internal Audit had generally found adequate and effective operating procedures within the MPS, key controls had either not been applied, applied inappropriately or not applied in time to provide an effective control environment. The main areas of concern are:</p>			
3.1	<p>The annual assurance score on internal control did not change during 2006/07 and remained at 2.9.</p>	<p>MPS senior management will take steps to improve the internal control framework and as a consequence the assurance score for the MPS during 2007/08.</p>	<p>The Director of Strategic Finance is taking the lead on behalf on Management Board in addressing this issue. Steps taken to date include:</p> <p>Drawing up a Corporate Governance</p>	<p>March 2008</p>

			<p>Framework</p> <p>Reviewing arrangements for responding to audit recommendations</p> <p>Greater liaison with the Director of Internal Audit to ensure that significant internal control issues that arise during the year are dealt with promptly and appropriately.</p>	
3.2	The MPS did not have proper arrangements in place for delegated authorities	MPS senior management will draw up a MPS Scheme of Delegated Authorities.	<p>The high level MPS Scheme of Delegation was approved and published in October 2007.</p> <p>Work is currently being undertaken to ensure that a comprehensive Scheme of Delegation is in place at a local business unit level.</p>	March 2008
3.3	Procurement of services – there continues to be concerns around contracts being tendered in accordance with Public Contract regulations and MPA regulations	MPS senior management will ensure that adequate systems are put in place to ensure compliance with the appropriate regulations in relation to procurement and contracts.	<p>A joint Finance/Procurement purchase-to-pay project has commenced, which will improve compliance to central contracts in a devolved spend environment and enable the MPS to specify routes to purchase.</p> <p>On Property expenditure, a recommendation has been approved by the MPA to transfer procurement responsibility to</p>	Ongoing

			Procurement Services.	
3.4	A number of areas of control weaknesses need to be addressed at a corporate and local level within the BOCU Financial Control framework	ACTP and the Director of Finance will take the lead on addressing the BOCU internal control issues with TPHQ and Finance Services to support BOCUs in addressing audit recommendations made in BOCU reports issued in 2006/07 that will be followed up in 2007/08.	Business Support and Finance Services have carried out a series of reviews at BOCUs prior to the audit follow ups. Although some improvement has been made in some areas further improvement is needed. Internal Audit is working with TP and Finance Services to agree additional steps that can be taken to ensure that an improved position is achieved.	March 2008
3.5	Whilst there had been significant improvements in information and data quality, reviews had identified major data quality shortcomings in some key MPS systems.	Establish work programme to improve front-end validation on operational systems providing a) monthly metrics on data quality to Borough SMTs and b) daily exception reports to operational staff identifying data quality errors and warnings	The main focus of activities at the moment is CRIS, although work is also planned for Stops and NSPSI Custody. The intention is to scale the programme to other systems and develop this into a business as usual quality checking system for the whole of the MPS.	December 2008
		Establish a business change programme which will identify and promulgate good practice	The best practice project is due to start in April 2008, the timing is to allow the data quality metrics system to settle in. The data quality metrics system will make it easier for the team to identify best practice.	April 2012