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Relevant to	MPS, Service Improvement Board
Creating branch	Strategy and Improvement Department, Resources Directorate
Author	Alan Hughes and Tanya Panchal
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Metropolitan Police Service: Annual Assurance Statement

(position as at April 2009 including improvement plans for the financial year 2009/10)



**METROPOLITAN
POLICE**

Working together for a safer London

1. Responsibilities for Corporate Governance

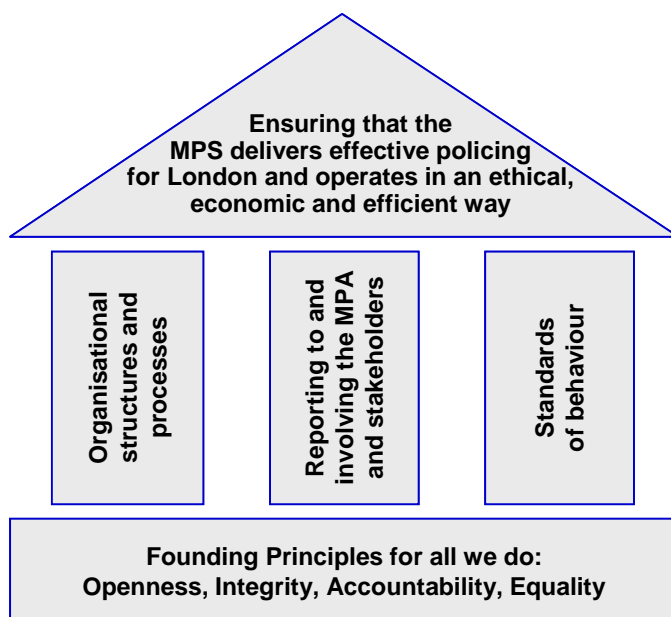
The Commissioner is responsible for the direction and control of the Metropolitan Police Service (MPS). The Commissioner will have responsibility where the Metropolitan Police Authority (MPA) delegates its functions in respect of securing an efficient and effective police force.

In this regard the Commissioner is responsible for ensuring MPS business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Commissioner is also responsible for putting in place proper arrangements for the governance of the MPS and facilitating the exercise of its role, which includes ensuring that internal controls and arrangements for the management of risk are in place.

2. Governance of the MPS - the Corporate Governance Framework

The Corporate Governance Framework comprises the systems and processes, and culture and values through which the MPS manages its activities to achieve its objectives.



MPS Mission and agreed outcomes

- Taking informed and transparent decisions
- Being accountable
- Demonstrating values and good governance through high standards
- Achieving common purpose with clearly defined roles and functions

MPS Values – how we achieve our outcomes

The MPS has adopted the following temple model of corporate governance:

- Pillar one includes the structures and processes that enable delivery of our objectives.
- Pillar two is to ensure that the MPS works with the key stakeholders, fundamental to the delivery of quality policing.
- Pillar three helps the MPS demonstrate how the work is carried out ethically and in a way that meets the legal requirements placed on us.

Within these pillars there are 12 areas of governance that are seen as being key to the MPS's overall corporate governance framework:

Organisational structures and processes

- Using agreed decision-making structures for establishing priorities and considering strategic issues facing the MPS.
- Monitoring performance against operational, financial and other strategic plans are considered and key issues identified and addressed.
- Mitigating key risks using the agreed MPS risk management strategy.
- Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks.
- Identifying the development needs of officers and staff in relation to their roles, supported by appropriate training and linked to the priorities of the MPS.
- Incorporating good governance arrangements in respect of partnerships and other group working.

Reporting to and involving the MPA and stakeholders

- Setting the objectives and targets that support the policing priorities outlined in the Policing London Business Plan including reporting to the MPA.
- Receiving and investigating complaints from the public and providing reports to Management Board and the MPA.
- Establishing clear channels of communication with all sections of the community and other stakeholders on priorities and plans.

Standards of behaviour

- Developing, communicating and embedding codes of conduct and defining the standards of behaviour for officers and staff.

Each of these areas of governance have internal controls to ensure that they are working effectively. Appendix 1 shows the internal controls in place for the period April 2008 to March 2009.

3. Review of Effectiveness

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of the governance and their internal controls. The review of effectiveness is informed by the work of the Director of Resources and managers within the MPS who have the responsibility for the development and maintenance of the governance environment. In addition, comments made by the external auditors and other review agencies and inspectorates, and the work of the MPA Director of Internal Audit, have informed this review.

The MPS Service Improvement Board (SIB), chaired by the Director of Resources, is responsible for ensuring the MPS has a corporate governance framework that reflects the principles of openness, integrity, accountability and equality, and supports the delivery of quality policing for London.

Reports are submitted to the quarterly MPA Corporate Governance Committee on audit, governance, risk management and health and safety matters – all these areas being standing agenda items. Also quarterly progress reports are submitted to the MPS Performance Board on agreed audit and inspection programmes and to the MPS Management Board on Health and Safety and corporate governance issues when appropriate.

The work programme outlined in last year's Annual Assurance Statement continues with quarterly monitoring of progress and reporting/escalation to MPA Corporate Governance Committee as appropriate.

Each year, the internal controls are reviewed with templates issued to each area owner for updating; these controls are in Appendix 1.

The MPS has developed a risk management strategy, which highlights governance arrangements between the MPS and MPA. The SIB, which has cross business group representation, has taken over the responsibilities of the Corporate Risk Review Group and oversees risk management throughout the MPS.

Organisational corporate health indicators have been adopted to provide the Management Board with a tool to improve its ability to manage effectively and to provide accountability to the MPA and stakeholders. The agreed indicators support the MPS 'temple' model of corporate governance under the three pillars. To reflect all the different elements of the Governance Framework the full set of 60 indicators are monitored. A headline set of 15 indicators are reported to Performance Board quarterly with an additional four being reported annually. These indicators sit alongside police performance indicators and financial monitoring information to give a more rounded picture of the management and operation of the MPS.

Internal Audit is an MPA function. Processes such as discharging high risk audit recommendations flowing from Internal Audit and HMIC/Audit Commission recommendations, are monitored by the MPS Finance Services within the Resources Directorate. The MPS has adopted an audit and inspection strategy with the aim of positively engaging with audits and inspections to enable the organisation to learn and improve.

4. Addressing significant corporate governance issues

As a result of our review of internal controls, we are addressing the significant issues as follows:

- The Management Board operating framework (Management Board, Investment Board and Performance Board) is being developed to ensure transparency and accountability in corporate decision making, the optimum use of Management Board time and the incorporation of the Commissioner's five priority strands - presence, performance, productivity, professionalism and pride.
- We will be introducing new processes and procedures to monitor our performance against promises made in the 2009-12 Business Group

Business Plans following the creation of the S&I Department in the Resources Directorate.

- A review of organisational learning is being carried out as part of the developing performance management framework.
- An engagement, training and quality assurance programme is being developed at corporate, business group and OCU levels to support the embedding of risk management and internal control across the organisation.
- A framework is being developed for dealing with non-compliance in respect of the management of MPS resources.
- A review of progress against the MPS Environment Strategy is being undertaken, which will assist in the development of a new Corporate Social Responsibility / Sustainable Development Strategy for 2010-13 to ensure compliance with environmental policy and legislation.
- The MPS will introduce the Equality Standard for the Police Service, which is presently being tested in 11 forces, including the MPS.
- Further work to improve detailed information on emerging market hotspots, especially around specialisms and specialist professionals, is being progressed to maintain market competitiveness around pay and benefit packages.
- Safer Neighbourhoods is the key driver to delivering local policing and as part of this programme, SN panel training and business / youth engagement will be undertaken and reviewed over the next 12 months.
- The Developing Resource Management programme is continuing to integrate new governance arrangements:
 - The corporate scheme of delegation is now being put onto MPS systems in a consistent way following its implementation in 2008.
 - The purchase to pay initiative continues to develop to ensure the MPS spends money in a compliant way.
 - The development of a corporate contracts database for the Service has provided visibility of Service contracts and a means for establishing compliance on a rolling programme basis as contracts come up for renewal.
 - A comprehensive partnership governance framework is being developed in recognition of the increasing number, size, complexity and importance of MPS partnership arrangements.
 - The restructuring of devolved Finance and Resources functions will be completed in 2009/10 with the objective of professionalising these functions and improving internal control across the Service.
- The Service Improvement Plan is being further developed to help focus MPS resources on Service priorities and delivering a budget and business plan within the limits agreed by the Mayor and the MPA.

5. Conclusion

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Sir Paul Stephenson
Commissioner of Police of the Metropolis

Appendix 1 – Internal Controls

The internal controls for the 12 areas of governance that are key to the MPS's overall governance framework are as follows:

Organisational structures and processes

- **Using agreed decision-making structures for establishing priorities and considering strategic issues facing the MPS** – The corporate values, Management Board operating framework structure (Management, Investment and Performance Boards), the CSA and Budget and Business Planning processes are controls in place for this area. An annual service conference is held to consider strategic issues facing the MPS and Policy Positions and the Corporate Narrative Meeting consider changes in the external environment. MPA oversight and scrutiny is achieved through Committee reporting structures and regular liaison, meetings and updates.
- **Monitoring performance against operational, financial and other strategic plans are considered and key issues identified and addressed** – Performance Board monitors key performance areas across the MPS with regular reporting to and liaison with the MPA Strategic and Operational Committee. The Strategic Crime and Incident Recording Group drive improvements through delivery of crime and incident data quality improvement programme. The MPS is represented at the ACPO Performance Management Business Area, Police Performance Steering Group, APACS Steering Group and attend the London Assembly Budget Review Sub-Committee.
- **Mitigating key risks using the agreed MPS risk management strategy** – There is a joint MPS and MPA risk management statement, a MPS risk management strategy and a MPS risk management policy in place. Other controls in place include the establishment of the Service Improvement Board, Business Group Risk Co-ordinators forum, corporate risk register, quarterly corporate risk reports to Management Board and MPA Corporate Governance Committee, and the production and management of business group and OCU risk registers.
- **Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals** – Standing orders and financial instructions are reviewed annually to ensure they are fit for purpose and continue to be developed as part of the corporate governance framework. A major review and subsequent updating of the scheme of delegation has taken place with an interim scheme now implemented. Procedure notes and manuals are in place for all key systems, these are regularly reviewed to ensure they are fit for purpose and will be developed as appropriate.
- **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful** – All reports to Management Board and Investment Board must consider legal

implications. The Director of Legal Services attends Management Board as an adviser. The MetLaw reception desk monitors requests for legal advice and the Scheme of Delegation requires consideration to be given to taking legal advice from the Department of Legal Services (DLS) before entering into commitments. The Policy Management policy is reviewed and amended every three years with monitoring reports published annually. Updates on policies of 'some concern' and 'major concern' are reported to the MPS Equality Scheme Programme Board (ESPB) and corporate health indicators on status of monitoring and review. A procurement strategy is in place with regular procurement reporting to Management Board and the MPA and the Resources Sub-committee is a meeting held between Procurement Services, MPA officers and MPA members. An additional control here is contract regulation compliance. The purchase to pay work stream has reviewed and rationalised purchasing processes, developing systems to ensure compliance with policies and procedures. The business charge card process is monitored through a monthly meeting with business group representatives' review of performance indicators concerning outstanding returns, spend profiles, and process and policy developments. The work streams that form the corporate governance framework will also ensure compliance and governance. A corporate inspection and review capability within Finance Services ensures compliance with internal policies and procedures by carrying out strategic inspections. Recommendations from all inspection activity are actioned in accordance with the Audit and Inspection Protocol. Work has been undertaken in conjunction with Her Majesty's Revenue & Customs (HMRC) to provide clarification on the employment status of some individual services undertaking work within the MPS. For example, Forensic Medical Examiners (FMEs) have now been determined as self-employed by HMRC.

- **Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks** – Controls here include annual negotiations with trade unions regarding police staff pay, maintenance of market competitive pay and benefits and regular equal pay reviews support Human Resources (HR) Using People Effectively and Employer of Choice initiatives. The MPS and MPA are represented at the quarterly Police Negotiation Board and the National Policing Board, which enable our influence on the national framework in determining police officer pay, terms and conditions.
- **Identifying the development needs of officers and staff in relation to their roles, supported by appropriate training and linked to the priorities of the MPS** – The Personal Development Review (PDR) process identifies, manages and monitors the work-related and personal development objectives for all staff. The induction, training and skills programme supports this development. The Leadership Academy trains and develops all newly promoted managers and offers opportunities to existing managers via open programmes and interventions. There are also structured induction/probation programmes and mandatory training for new supervisors and line managers. The HR scorecard reports are

discussed at monthly HR Board.

- **Incorporating good governance arrangements in respect of partnerships and other group working** – The MPS has accounting arrangements in place for partnerships and these are specified in the finance manual. Budgets and fixed expenditure are separately accounted for in the finance system and monthly reviews and a year-end review of financial and operational performance of partnerships are carried out by Finance Services. Further, there are specific grant terms and conditions that have to be complied with and guidance for EU partnerships. The Service has agreed a Partnerships Strategy and work on developing a partnership toolkit to assist Business Groups is nearly complete, with a launch scheduled for May 2009.

Reporting to and involving the MPA and stakeholders

- **Setting objectives and targets that support the policing priorities outlined in the Policing London Business Plan including reporting to the MPA** – Controls in place include the corporate strategic assessment (CSA), existing corporate strategies and corporate and territorial policing target setting processes. These are monitored and approved by strategic leads, Management Board and the MPA as required. External stakeholder requirements are also considered through consultation carried out as part of this process.
- **Processes for receiving and investigating complaints from the public and providing reports to Management Board and the MPA** – The Customer Service Team, within DPS, provides a central point for the receipt of complaints and regularly monitor quality and timeliness indicators. Complaints are investigated, monitored and where applicable, critical cases are escalated. The MPA have access to the MPS Tribune complaints database and regular reports are provided to the MPA Professional Standards and Complaints Committee. A process is also in place for receiving, monitoring and resolving quality of service complaints, which is managed by the Citizen Focus Policing Programme.
- **Establishing clear channels of communication with all sections of the community and other stakeholders on priorities and plans** – The MPS works in partnership with the MPA to discharge its statutorily required public consultation to feed into the MPA/MPS corporate priorities via the MPA internet, e-mails sent to key stakeholder groups, and through public surveys. In relation to the community aspect Safer Neighbourhoods (SN) have SN Panels in place with associated guidance and communication strategy overseen by the SN Programme board. Dedicated internet SN web sites, on-line and front counter surveys, and newsletters are established channels of communication.

Standards of behaviour

- **Developing, communicating and embedding codes of conduct and**

defining the standards of behaviour for officers and staff – The Directorate of Professional Standards (DPS) leads this area with a Professional Standards Strategic Committee to drive strategy, policy and manage risk and the Professional Standards Support Programme to reduce specific risks identified at OCU level. Additional controls are the strategic intelligence assessment, which assesses risks relating to corruption and wrongdoing of MPS staff, and the Taylor Reforms for policing misconduct procedures, which became effective in December 2009.