

Annual Governance Report

Metropolitan Police Authority

Audit 2008/09

September 2009

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
 - any third party.
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2008/09 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2008/09.

A draft of the report will be discussed and agreed with the MPA Acting Treasurer and MPS Director of Resources on 2 September 2009 and has been updated since as issues have been resolved.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements;
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Authority before I issue my opinion and conclusion (Appendix 4); and
- agree your response to the proposed action plan (Appendix 6).

Yours faithfully

L.J. Kidner
District Auditor
September 2009

Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

Financial Statements	Results
Unqualified audit opinion	Yes*
Financial statements free from error	Yes
Adequate internal control environment	Yes
Use of resources	Results
Arrangements to secure value for money	Yes

*Pending resolution of matter discussed below (see paragraph 4)

Audit opinion

- 1 I propose to give an unqualified opinion on the Authority's 2008/09 accounts, subject to satisfactory completion of outstanding audit work and resolution of the matter referred to in paragraph 5 below.

Financial statements

- 2 The Authority submitted its accounts to audit by the deadline of 30 June 2009. Working papers provided to support the accounts have been of a good quality and Finance staff have worked with the audit team to ensure the prompt resolution of audit queries.
- 3 Fixed asset working papers were provided to audit in late July 2009 to allow Finance staff time to update the accounts with the results of the 31 March 2009 revaluation exercise. This exercise was carried out to determine the impact of property market fluctuations on the value of the Authority's fixed assets and the later submission of working papers for audit was agreed with us in advance. This has however resulted in audit testing being carried out at a later stage than would normally be the case, as a result of which, audit testing of fixed assets has not yet been completed.

Key messages

- 4 The following other areas of audit testing were ongoing at the date of this report:
 - debtors and deferred government grants;
 - housing allowances;
 - overtime;
 - income and expenditure; and
 - pension fund and FRS 17 disclosure.
- 5 I have been advised that discussions are taking place with CLG regarding the correct treatment of pensions costs in respect of officers in the new (2006) police pension scheme. This matter affects all police authority accounts and I understand further accounting guidance is awaited from central government. I have yet to assess the materiality of this matter in respect of the MPA/S, however, should the matter prove material I am advised to delay giving my opinion until the advice is received and any consequent adjustment performed by officers.
- 6 I plan to complete all outstanding testing before the opinion deadline of 30 September 2009. Should further matters arise in concluding the outstanding work that need to be reported, I will raise them with the MPA Acting Treasurer, MPS Executive Director of Resources and the Chair of the Corporate Governance Committee, or as directed by the Authority.

Use of resources

- 7 My work on the 2008/09 use of resources assessment is substantially complete and national quality assurance of proposed scores is currently in progress. In the course of my use of resources work I have identified no issues requiring me to qualify the value for money conclusion. The findings from my 2008/09 use of resources assessment, including use of resources scores, will be summarised in the annual audit letter.

Audit Fees

- 8 In my original audit plan, the fee for the opinion audit was based on my best estimate at the time and agreed at £361,000 as part of a total audit and inspection fee of £510,000. I have contained the audit fee for the opinion within the total you have already agreed and therefore do not propose to increase the 2008/09 audit fee.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

9 I ask the Corporate Governance Committee to:

- consider the matters raised in the report before approving the financial statements;
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Authority before I issue my opinion and conclusion (Appendix 4);
- take note of the value for money conclusion (Appendix 5); and
- agree your response to the proposed action plan (Appendix 6).

Financial statements

The Authority's financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. As Authority Members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

10 Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Amendments to the financial statements

11 A number of amendments have been made to the financial statements arising from findings from the audit or further work undertaken by MPS accountants. None of these amendments are material to the financial statements, but I am required to report those that are 'non-trivial' to members. Non-trivial amendments involve:

- adjustments to fixed asset balances; and
- finance lease disclosures.

12 There are no unadjusted errors to report. Appendix 2 contains a schedule of the amendments made, with more details set out in the following paragraphs.

Adjustments to fixed asset balances

13 The Authority has notified me of one amendment it plans to make to the accounts, totalling £10.3 million, in respect of fixed asset impairments which it identified as a result of further work undertaken on fixed asset balances following submission of the draft accounts to audit. This amendment is shown at Appendix 2. Finance staff are also working to quantify the impact of other amendments made to capital reserves made after the submission of the draft accounts to audit.

Finance lease disclosures

14 The Authority discloses the value of three fixed assets acquired under finance leases at Note 6 to the accounts: Charing Cross Police Station, the Chalk Farm Estate and the community centre at Loughborough Junction. The Authority has a further 81 finance lease agreements, for which assets and liabilities are included in the Balance Sheet, but which are excluded from Note 6.

- 15** In order that the accounts present a complete picture of the Authority’s finance lease arrangements I recommend that all assets and liabilities under finance leases be disclosed in the notes to the accounts. Finance staff are currently working to quantify the total value of assets and liabilities that should be disclosed.

Recommendations

- R1** Disclose the assets and liabilities associated with all finance leases in the notes to the accounts.

Material weaknesses in internal control

- 16** I have not identified any weaknesses in the design or operation of an internal control that might result in a material error in your financial statements. I gained assurance over controls in the Authority’s key financial systems through my own testing and re-performance of Internal Audit’s work. This has enabled me to reduce the amount of audit testing I performed on the financial statements themselves.
- 17** Whilst this is positive, securing improvements in the internal control environment should remain a high priority for the Authority. The Director of Internal Audit reported that the effectiveness of the internal control environment fell below an acceptable standard in 2008/09. I have identified the following internal control issues which, whilst not material to the financial statements, require specific management attention to ensure improvements are made.

Contract extensions or ‘roll-overs’

- 18** Contract extensions or ‘roll-overs’ have not been well managed by the MPA in recent years, an issue exemplified by heavy use of the MPA’s urgency procedures, adverse comment by internal audit and adverse press coverage.
- 19** I understand the MPA/S are taking steps to secure improvements in this area, including increased oversight of contract extensions by the MPA and routine testing by Internal Audit. Securing improvements in basic compliance is of high importance if the MPA/S is to demonstrate its contracting arrangements achieve good value for money.

Recommendation

- R2** Ensure appropriate arrangements are in place to improve compliance with basic procurement controls, in particular in respect of contract extensions or roll-overs.

Letter of representation

- 20** Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 4 contains the draft letter of representation I seek to obtain from you.

Key areas of judgement and audit risk

21 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit and reported these to the Corporate Governance Committee in June 2009 as part of my supplementary audit plan for 2008/09. My findings are set out in Table 1.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
<p>New Scotland Yard</p> <p>During 2008/09 the Authority purchased New Scotland Yard, a key asset which the Authority previously occupied through an operating lease arrangement. As a result, there may be complex transitional arrangements or contractual clauses that impact on the accounting entries for this acquisition.</p>	<p>I have reviewed the Authority's accounting entries for the acquisition of New Scotland Yard and have gained sufficient assurance that it has been presented fairly in the accounts.</p>
<p>Icelandic bank investments</p> <p>The Authority has investments totalling £30million in Landsbanki Bank. CIPFA has prescribed specific accounting requirements for these investments in LAAP Bulletins 78 and 79.</p> <p>The Authority's draft accounts show an impairment of £6.7 million in respect of the £30 million deposits made with Landsbanki.</p>	<p>I am satisfied the Authority accounted for its Landsbanki investments in accordance with the extant CIPFA guidance available at the date the draft accounts were approved. In July 2009 the Local Government Association wrote to authorities advising them it was likely that deposits made with Landsbanki were now expected to be recovered at a rate of around 83% as opposed to 95% previously set out in CIPFA's Local Authority Accounting Practice (LAAP) Bulletin 82.</p> <p>The MPA expects further guidance to be issued by CIPFA in light of this development. When guidance becomes available I will work with the Authority to agree any further amendments required to the financial statements.</p>
<p>New Authority members</p> <p>The appointment of new Authority members and a new MPA Chair in 2008 has implications for the maintenance of records for related party declarations, particularly in relation to outgoing</p>	<p>The Authority obtained signed declarations of interest from all outgoing members who left part-way through the year.</p> <p>I reviewed the completeness of the related party disclosure and supporting audit trail</p>

Issue or risk	Finding
members who left part-way through the financial year.	and did not identify any omissions in the accounts.
<p>Revaluation Reserve</p> <p>Last year the Authority established a Revaluation Reserve in accordance with SORP 2007. Detailed accounting records are required to demonstrate that impairment losses and asset disposals are correctly accounted for this year.</p>	<p>Audit testing of fixed assets revaluations and impairments is ongoing at the date of this report, as set out in paragraph 2 above.</p>

Accounting practice and financial reporting

22 I consider the qualitative aspects of your financial reporting and have the following matters to bring to your attention.

Misclassification of grant income

- 23** ‘Other Grants’ of £1,661million on the I&E Account (page 25) include sums totalling £608million which our testing indicates are specific to particular service areas (for example Neighbourhood Policing). The SORP recommends that a distinction be drawn between general and service-specific grants, with the latter better classified as ‘Policing Services - Income’ and included in Net Operating Expenditure.
- 24** This is essentially a presentational issue and has no impact on the MPA’s overall surplus or deficit for the year, however we recommend that the MPA/S reviews the presentation of grant income for 2009/10 and classifies service-specific grants as Policing Services – Income.

Long-term debtors

- 25** Last year I reported to you that long-term debtor balances of £10.5 million in respect of the Inner London Probation Service (ILPS) and the Greater London Magistrates Court (GLMCA) had not been collected since 2000 (ILPS) and 2006 (GLMCA) respectively. The Authority had not made a provision for these amounts at 31 March 2008.
- 26** The MPA/S has made good progress in resolving this issue since last year. A sum of £3.5million was received from the Ministry of Justice (MoJ) in July 2009, and evidence provided to audit indicates that a further £4.8million is due to be received. The Authority remains of the view that the outstanding balance of £2.2 million is collectable but have not presented evidence to confirm this. Given the elapsed time since this debt was raised it would be prudent to consider the need for a bad debt provision in this respect.

Financial statements

Recommendation

- R3** Review the treatment of grants in 2009/10 to comply with the SORP, particularly in respect of service-specific grants.
- R4** Review the adequacy of the bad debt provision with reference to the collectability of the ILPS and GLMCA overdue debtor balances.

Use of resources

I am required to conclude whether the Authority put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Value for money conclusion

- 27** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. In 2008/09 eight KLOE were specified. In order to achieve an unqualified value for money conclusion it is necessary to demonstrate that the MPA/S meets the minimum standards for each KLoE.
- 28** I am pleased to report that I intend to issue an unqualified conclusion stating that the Authority maintained adequate arrangements to secure economy, efficiency and effectiveness in its use of resources in 2008/09. Appendix 1 contains the proposed wording of my value for money conclusion and Appendix 5 sets out the KLOE on which the conclusion is based.
-

Use of resources

- 29** Our work on use of resources is nearing completion. Once our quality and moderation processes have been concluded I will report to the MPA/S on the final Use of Resources assessments against each KLoE with a commentary on the main findings and areas to address. These matters will be reported in the Annual Audit Letter, to be discussed with officers and members in October and November.

Appendix 1 – Independent auditor’s report to Members of the Metropolitan Police Authority

Opinion on the financial statements

I have audited the accounting statements, the police pension fund accounting statements and related notes of the Metropolitan Police Authority for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement, and the related notes. The police pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial statements and police pension fund accounting statements have been prepared under the accounting policies set out within them.

This report is made solely to the members of the Metropolitan Police Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Acting Treasurer and auditor

The Acting Treasurer’s responsibilities for preparing the financial statements, including the police pension fund accounting statements, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, are set out in the Statement of Responsibilities.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements, the police pension fund accounting statements and related notes present fairly, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial transactions of its police pension fund during the year and the amount and disposition of the fund’s assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, the police pension fund accounting statements and related notes and consider whether it is consistent with the audited accounting statements, the police pension fund accounting statements and related notes. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements, the police pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements, the police pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements, the police pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements, the police pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements, the police pension fund accounting statements and related notes.

Appendix 1 – Independent auditor’s report to Members of the Metropolitan Police Authority

Opinion

In my opinion:

- the accounting statements and related notes present fairly, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended; and
- the police pension fund accounting statements present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial transactions of the police pension fund during the year ended 31 March 2009 and the amount and disposition of the fund’s assets and liabilities as at 31 March 2009, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for police authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for police authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, the Metropolitan Police Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

L.J. Kidner
District Auditor
Audit Commission
1st Floor, Millbank Tower
Millbank
London SW1P 4HQ
September 2009

Appendix 2 – Adjusted amendments to the accounts

The following misstatements were identified during the course of my audit and the financial statements have been adjusted by management. I bring them to your attention to assist you in fulfilling your governance responsibilities.

Table 2

		Income and Expenditure Account		Balance Sheet		Notes
Adjusted misstatements	Nature of Adjustment	Dr £000s	Cr £000s	Cr £000s	Dr £000s	£000s
Impairment of Tangible Fixed Assets due to consumption of economic benefit (fall in market prices)	After submitting the draft accounts, the Authority carried out further work on each of the properties within Tangible Fixed Assets and found that impairments were understated by £10,278k in the draft accounts. Dr I&E Account - impairments Cr Fixed Assets	10,277		10,277		

Appendix 2 – Adjusted amendments to the accounts

		Income and Expenditure Account		Balance Sheet		Notes
Adjusted misstatements	Nature of Adjustment	Dr £000s	Cr £000s	Cr £000s	Dr £000s	£000s
	<p>Dr Capital Adjustments Account</p> <p>Cr Statement of movement on General Fund balance</p> <p>This represents an additional charge to the I&E Account but has no effect on the Authority's General Fund balance.</p>		10,277		10,277	
Finance leases	Enhancement of leases disclosure to include all assets and liabilities under finance leases. Finance staff are currently working to quantify the total value of assets and liabilities that should be disclosed.	N/A	N/A	N/A	N/A	To be confirmed

Appendix 3 – Unadjusted misstatements in the accounts

No misstatements were identified during the course of my audit for which adjustments have not been made.

Appendix 4 – Draft letter of representation

To:

Mr L.J. Kidner

District Auditor

Audit Commission

1st Floor, Millbank Tower

Millbank

London SW1P 4HQ

Metropolitan Police Authority - Audit for the year ended 31 March 2009

WE confirm to the best of our knowledge and belief, having made appropriate enquiries of other officers of the Metropolitan Police Authority and the Metropolitan Police Service, the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2009. All representations cover the Authority's accounts and the Police Officer Pension Fund accounts included within the financial statements.

Compliance with the statutory authorities

We acknowledge our responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which presents fairly the financial position and financial performance of the Authority and for making accurate representations to you.

The Authority has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Authority and Committee meetings, have been made available to you.

Appendix 4 – Draft letter of representation

Irregularities

We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees which could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

We also confirm that we have disclosed:

- our knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- our knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Authority.

The Authority has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale and purchase commitments;
- agreements and options to buy back assets previously sold; and
- assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of my cash and investment accounts. Except as disclosed in the Note to the financial statements we have no other lines of credit arrangements.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

We confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

Post balance sheet events

Since the date of approval of the financial statements by the Authority, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

The Authority has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Specific representations:

Covert accounts

We confirm that the financial transactions maintained for police covert activity are materially accurate.

Bank accounts

We are not aware of any bank accounts held by the Authority that have not been disclosed in the financial statements.

PFI

Further to the accounting views received from KPMG in 2005 at the inception of the PFI agreements below, and on which the present disclosures are based, there have been no significant changes to the risks associated with the schemes or the operation of the schemes which would change the accounting treatment as contained in Note 13 of the Statement of Accounts:.

- Contract 1 – provision of four police stations
- Contract 2 – provision of a public order and firearms training centre.

I confirm that the this letter has been discussed and agreed by the Authority on xx September 2009

Appendix 4 – Draft letter of representation

Signed on behalf of the Metropolitan Police Authority

Name

Position: Acting Treasurer

Date

Signed

Name

Position: Chief Executive

Date

Signed

Name

Position: Chair of the Corporate Governance Committee

Date

Signed

Appendix 5 – VFM Conclusion criteria

KLOE	Met
Managing Finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
Managing resources	
Natural resources	N/A
Strategic asset management	N/A
Workforce	Yes

Natural resources and strategic asset management KLOEs will be assessed at police authorities in 2009/10 and 2010/11 respectively.

Appendix 6 – Action Plan

Page no.	Recommendation	Priority Low Medium High	Responsibility	Agreed	Comments	Date
Annual Governance Report 2008/09 - Recommendations						
	R1 - Disclose the assets and liabilities associated with all finance leases in the notes to the accounts	Medium				
	R2 - Ensure appropriate arrangements are in place to improve compliance with basic procurement controls, in particular in respect of contract extensions or roll-overs.	High				
	R3 - Review the treatment of grants in 2009/10 to comply with the SORP, particularly in respect of service-specific grants.	Low				
	R4 - Review the adequacy of the bad debt provision with reference to the collectability of the ILPS and GLMCA overdue debtor balances.	Medium				

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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