

**INTERNAL AUDIT SYSTEMS AND FOLLOW UP REVIEWS
FINAL REPORTS ISSUED APRIL –SEPTEMBER 2009**

SYSTEMS AUDITS

Maintenance of Payroll Data

Draft Report issued November 2008

Final Report issued June 2009

Summary of Key Findings

Our overall opinion was that although a control framework was in place to meet the system objectives, a number of controls were not being consistently applied. We identified a number of areas where the controls in place could be improved.

Revised pay policies and the Employee Payroll Handbook had not been approved by management and circulated to all appropriate staff. There was a need to improve controls to ensure that Logica (the payroll provider) is complying with an up to date copy of the METSEC Code (the MPS security policy manual).

Adequate controls are in place to ensure Logica complies with agreed service levels and has appropriate disaster recovery arrangements. The provision and use of management information is also effective.

Areas for improvement included: the system of timely authorisation and input of payroll data, controls ensuring the accuracy and reconciliation of data, the process allowing access to the system (including checks to ensure staff hold adequate security clearance), and ensuring Logica are in full compliance with the security requirements of the contract.

Analysis of Recommendations

Management accepted all 15 recommendations, 13 of which have now been implemented.

15 Medium Risk (15 accepted, 13 implemented)

Preparation Approval and Monitoring of the Capital Budget

Draft Report issued December 2008

Final Report issued July 2009

Summary of Key Findings

Our overall opinion is that the control framework for capital budgeting is not fully effective.

A capital strategy, approved by the MPA Finance Committee, is in place for

the preparation and approval of the capital programme. However, an implementation plan to support the capital strategy has not been drawn up and the strategy has not yet been reviewed. Adequate procedures have also not been documented to support key aspects of the capital strategy.

The capital programme is properly approved within the MPS and by the MPA. The funding streams are being managed to ensure that the capital programme can be met from the approved budget. However, the controls in place to monitor capital budgets are not fully effective as forecasting arrangements continue to be developed. In the last two years, processes have been developed and improved to forecast the capital spend to prevent underspends or slippages. Robust monitoring systems need to be put in place to identify and report the status of each project, and to highlight potential trends and any significant variances.

Processes are in place to collate capital spending information at business support levels for inclusion in the corporate monitoring of the capital budget. Budget reports are based on actual spend and forecast but these do not present a complete picture for capital budget monitoring purposes. A budget monitoring report is presented to the MPA Finance Committee on a monthly basis with brief commentaries. However, the reports do not present a cumulative position of each project and the MPA may not, therefore, be aware of any potential issues that may affect the delivery of the approved projects and programme.

Analysis of Recommendations

Management accepted 28 of the 29 recommendations made.

29 Medium Risk (28 accepted)

Corporate Data Warehouse Project

Draft Report issued April 2009

Final Report issued July 2009

Summary of Key Findings

Our overall opinion is that the control framework for the Integrated Information Platform Corporate Data Warehouse Project is effective and controls are generally operating effectively, although some controls could be improved.

The governance structure, roles and responsibilities are clearly defined. Effective controls are in place to prevent unauthorised access and monitor access and usage of the system.

Effective arrangements are also in place for the review of financial and performance management information, to report risks to ensure the system remains effective and to ensure the project is on schedule for delivery within budget. Although funding for 2009/10 has not been secured and there is a risk, therefore, that the system may not be delivered to meet organisational

needs. Adequate procedures are also in place to ensure the integrity of transferred records.

Business continuity arrangements are in place but need to be documented and tested to ensure they are effective and also identify key risks to operational services in the event of an IT Disaster.

Some improvement is required in the area of contract performance to ensure the cost of hiring consultants is economic and effective. Although there is segregation of duties over procurement of goods and services, the controls are not always operating effectively.

Analysis of Recommendations

Management accepted 5 of the 6 recommendations made, 2 of which have been implemented including the one categorised as high risk.

- 1 High Risk (1 accepted and implemented)
- 2 Medium Risk (2 accepted, 1 implemented)
- 3 Low Risk (2 accepted)

Hounslow BOCU

Draft Report issued April 2009

Final Report issued August 2009

Summary of Key Findings

Our overall opinion is that a number of controls in the BOCU for key business and financial systems are not operating effectively.

Hounslow BOCU has an inconsistent approach to the use of local and corporate documented guidelines and procedures.

Segregation of duty within the BOCU systems is not operating effectively. This is particularly evident within budgetary control, partnership, local accounts and purchasing systems, the maintenance of inventories, and verification of expenditure. Risks in this area are compounded by the lack of authorised signatory lists. Reconciliation and supervisory procedures on the Borough also need to be improved.

In general, there is adequate control over the physical security of cash and crime property, but the systems for ensuring that cash reaches the property safe and is disposed of appropriately are in need of review.

Adequate records are maintained to support local bank accounts, purchases and expense claims but source crime property records and the management of the inventory need to be improved.

Analysis of Recommendations

Management accepted all the 21 recommendations made, 4 of which have

been implemented since our report was issued.

21 Medium Risk (21 accepted, 4 implemented)

SCD Business Support

Draft Report issued May 2009

Final Report issued August 2009

Summary of Key Findings

Our overall opinion is that although there are effective controls in some areas, adequate controls are not in place to meet all the business and financial objectives of the OCU.

SCD Business Support has sufficient guidance for the majority of systems. Separation of duties is operating effectively for the majority of systems reviewed, but could be improved within the budgetary control and inventory systems.

Levels of authorisation of payments in respect of local accounts, the purchasing system Enterprise Buyer Professional (EBP) and the Government Procurement Card are adequate. Authorisation levels including threshold limits for purchases have also been established and approved by the SCD Director of Business Support. There is a need to improve the authorisation of police overtime, and no reconciliation of expenditure to main budget heads and individual lines of expenditure.

There is insufficient evidence to confirm that the level of supervision and review within most of the business and financial processes is adequate, particularly within the local accounts system. Supervisory processes for police overtime and budgetary control are also not clear or evidenced. The security of records is adequate but the security of assets held needs to be improved.

Analysis of Recommendations

Management accepted all the 20 recommendations made, 16 of which have been implemented since our report was issued.

20 Medium Risk (20 accepted, 16 implemented)

Environmental Policy, Strategy and Procedures

Draft Report issued April 2009

Final Report issued August 2009

Summary of Key Findings

Our overall opinion is that the framework of control is adequate and controls are generally operating effectively. An approved MPA Environmental Policy is

in place, the governance and planning arrangements are working effectively and the Environmental Strategy and objectives for 2008/2009 have been reviewed and approved by the Environmental Strategy Steering Group.

An effective Environmental Management System is in place within the MPS, based on continual improvement and sustainable strategic environmental objectives that are planned, implemented, monitored and actioned. The environmental reporting arrangements are also operating effectively.

Analysis of Recommendations

Management accepted all the 3 recommendations made, one of which applies to the MPA.

3 Medium Risk

Messenger and Mail Services

Draft Report issued April 2009

Final Report issued August 2009

Summary of Key Findings

Our overall opinion is that although there are effective controls in some areas, adequate controls are not in place to meet all of the system objectives for messenger and mail services.

There are adequate controls in place to ensure payments are made in accordance with contract terms and conditions and properly authorised. Adequate controls are also in place to monitor performance of the messenger and mail contract, although information provided by the contractor on the mail service delivery is limited and does need to be independently verified.

There are adequate controls for the screening of external mail from Royal Mail, and for its prompt collection and delivery. However, access to mailrooms is not always restricted and hand/courier deliveries are not scanned.

Analysis of Recommendations

Management accepted 11 of the 12 recommendations made, 9 of which have been implemented since our review.

12 Medium Risk (11 accepted, 9 implemented)

Territorial Support Group OCU

Draft Report issued June 2009

Final Report issued August 2009

Summary of Key Findings

Our overall opinion is that the framework of control is adequate but a number of controls are not operating effectively to meet all the business and financial objectives of the OCU.

Segregation of duties across key systems including local accounts and purchasing is adequate, the systems for EPB and Government Procurement Card orders are well controlled, and the security of records across most systems, including procurement and police overtime, is adequate.

There are no local guidelines in respect of local purchases, or police staff overtime/expenses. Improvements are also required for authorising overtime, reconciliation and review of local accounts, and within the assets and inventories system.

Analysis of Recommendations

Management accepted all of the recommendations made, 6 have been implemented since our review.

26 Medium Risk (26 accepted, 4 implemented)

5 Low Risk (5 accepted 2, implemented)

Enterprise Content Management

Draft Report issued March 2009

Final Report issued August 2009

Summary of Key Findings

Our overall opinion is that adequate controls are either not in place or not being consistently applied.

There are effective controls in place to ensure information and access is provided in a safe and secure environment, meeting the required standards. Logical access controls are in place and the management of the extranet is adequate. There are effective arrangements supporting resilience and maintaining a robust intranet system.

There is no intranet strategy to support the objectives and priorities of the MPS although this is an objective for 2009. A governance, risk and control structure has been established but the members of the group do not meet regularly. Although funding has been agreed to maintain the current intranet system, there are no available funds to upgrade the system to provide for any increase in demand, a more efficient intranet service or to sustain long-term objectives.

User access rights and account privileges are not being regularly reviewed. Controls in place to ensure that web sites are efficient with valid and current content also need to be improved.

Analysis of Recommendations

Management accepted all the 12 recommendations made, 5 of which have been implemented since our review.

12 Medium Risk (12 accepted, 5 implemented)

FOLLOW UP AUDITS

PCSO Recruitment

Draft Report issued June 2009

Final Report issued June 2009

Summary of Findings

Our opinion is that the overall control framework for the recruitment of PCSOs is adequate. All the eight agreed recommendations, including one categorised as high-risk, have been fully implemented.

The Deployment Plan and the marketing and advertising campaigns have now been approved. Documented procedures have been introduced for the movement of personal files, quality assurance checks and confirmation of candidate identity. Reconciliation is also now performed on a regular basis.

Use and Deployment of Volunteers

Draft Report issued April 2009

Final Report issued June 2009

Summary of Findings

In our opinion there has been a significant improvement in the control framework since the original audit was carried out and the final report issued in October 2007. Of the seventeen agreed recommendations made thirteen have been fully implemented, three partly and one is no longer applicable.

Improvements have been made in the recruitment processes, funding arrangements, monitoring of petty cash and expenses, reviews of effectiveness and the use of the volunteers database. We have made three additional recommendations in the areas of recording of exit interviews, monitoring of the volunteer database and data verification.

Creditor Payment System

Draft Report issued March 2009

Final Report issued June 2009

Summary of Findings

In our opinion there has been significant improvement in the control

framework over the creditor payment since the original audit was carried out and the final report issued in November 2008.

Of the nine agreed recommendations made seven have been fully implemented, one partly implemented and one is no longer applicable.

Croydon BOCU

Draft Report issued March 2009

Final Report issued June 2009

Summary of Findings

Our opinion is that although the overall control framework has improved, further improvement is needed before system objectives can be achieved. Eleven recommendations were implemented fully although one has since lapsed, fifteen have been partly implemented and four remain outstanding.

The budgetary control system has been reviewed and enhanced. Authorisation and reconciliation processes, management review and the monitoring of expenditure have also improved. There is scope for further improvement in the corporate control framework governing these systems. Risk management processes have improved and now address key business support systems.

The systems for processing local accounts and police staff overtime payments have also improved through the introduction of local instructions, but this can be improved further by the use of authorising officers' signatory lists. Police staff expenses and overtime payments are now checked although the process needs to be properly evidenced. Control over the authorisation and processing of police overtime has improved through the introduction of a new Standard Operating Procedure and a proposal for a local electronic recording system for The corporate system for police overtime needs to be improved to ensure local systems are fully integrated, efficient and effective.

The crime property system has improved through the introduction of documented procedures, and responsibilities have been clearly defined.

Use and Control of Covert Resources in DPS (C)

Draft Report issued February 2009

Final Report issued June 2009

Summary of Findings

Twelve of the 17 recommendations have been implemented and 5 partially. Those that have been partially implemented are awaiting corporate guidance. None are in the high risk category.

Management and Deployment of Police Dogs

Draft Report issued April 2009

Final Report issued August 2009

Summary of Findings

Improvement has been made in the control framework since the original audit was completed by the establishment of policy and procedures, improved planning, and checking of allowances. Out of fifteen recommendations, ten have been fully implemented, four partly and one remains outstanding. There remains a need for independent management oversight of expenditure and for those checks that are carried out to be evidenced.

Management and Deployment of Police Horses

Draft Report issued April 2009

Final Report issued August 2009

Summary of Findings

In our opinion improvement has been made in the control framework since the original audit was completed by the establishment of policy and procedures, improved procurement processes, planning, and the monitoring of horses from training to deployment. Independent management oversight over expenditure and endorsing checks that are carried out need to improve. Out of twenty-two recommendations, eighteen have been fully implemented, one partly and three remain outstanding.

Crime Reporting Information System (CRIS)

Draft Report issued February 2009

Final Report issued August 2009

Summary of Findings

There has been inadequate progress on the implementation of recommendations and the control framework needs further improvement. Five medium risk recommendations have been fully implemented, four have not been implemented including two categorised as high risk. The high-risk recommendation for management to formulate, develop and establish an IS/IT strategy for CRIS has not been implemented. The second high-risk recommendation suggested that the CRIS management team consider the feasibility of electronic transfer of crime records to other police forces. Although consideration was given to this recommendation, an appropriate system has not been implemented due to the costs involved. The risks associated with the manual transfer of data continue to exist.

A further recommendation has been made to ensure that there is a rigorous management oversight of the existing non-electronic transfer of crime records

to other police forces.

Management of Private Finance Initiatives

Draft Report issued February 2009

Final Report issued August 2009

Summary of Findings

There has been some improvement in control with the development and issue of written guidance, more effective arrangements for dealing with cover for contractor supplied posts, and establishing a designated performance monitoring PFI team within Property Services. Property Services are working with user business areas to maximise PFI site usage and reduce avoidable costs. However, since our original review the monitoring of service delivery, including adequately dealing with lapses in contractor performance, has not been consistent. There is also a need for senior management oversight of the payment process to ensure that contractor invoices are accurate and service credits are obtained. Out of twenty recommendations, thirteen have been fully implemented and seven partly implemented.

Major Enquiry Systems – HOLMES

Draft Report issued June 2009

Final Report issued August 2009

Summary of Findings

Improvement has been made since the original audit was completed. All three recommendations have been fully implemented and provided that those controls we originally evaluated as adequate continue to operate effectively, the framework of control is now adequate. Security over access to the site at Hendon has been improved, a risk assessment for the security of data has been conducted and an updated business continuity plan produced.

Systems Supporting Financial Reporting

Draft Report issued June 2009

Final Report issued August 2009

Summary of Findings

Significant improvement has been made since the original audit was completed. Fourteen of the fifteen recommendations have been fully implemented, including all five high risk recommendations, and one partly implemented. Provided that those controls we originally evaluated as adequate continue to operate effectively, the framework of control is now adequate.