

Metropolitan Police Service: Annual Assurance Statement

(position as at April 2011 including improvement plans for the financial year 2011/12)



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POLICE**

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1. Summary

The 2010/11 MPS Annual Assurance Statement sets out the MPS scope of responsibilities for corporate governance and details the corporate governance framework in place to ensure that openness, integrity, accountability and equality continue to underpin everything we do to enable the delivery of ethical, economical and efficient policing for London. This statement goes on to summarise the key controls in place to support effective governance across the MPS and also addresses areas where significant improvement activity is underway or planned for the financial year 2011/12.

2. Scope of responsibilities for corporate governance

The Commissioner is responsible for the direction and control of the Metropolitan Police Service (MPS). The Commissioner also has responsibility in areas where the Metropolitan Police Authority (MPA) has delegated 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, properly accounted for and used economically, efficiently and effectively.

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

3. The Purpose of the Governance Framework

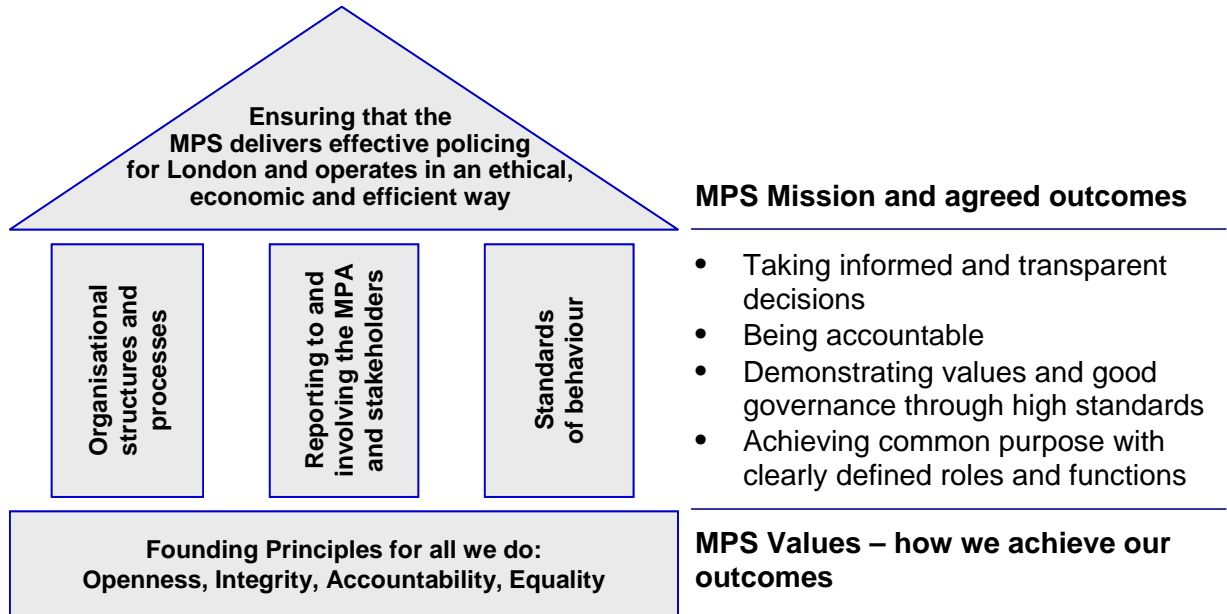
The Corporate Governance Framework comprises the systems and processes, culture and values through which the MPS manages its activities to achieve its objectives. It enables the Commissioner to monitor the achievement of MPS objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework has been in place at the MPS for the year ended 2010/11 and to the date of approval of the annual report and statement of accounts.

4. The Governance Framework

The MPS has adopted the temple model of corporate governance set out below:



- Pillar one includes the structures and processes that enable delivery of MPS objectives.
- Pillar two is to ensure that the MPS works with the MPA and 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 specific areas of governance which are key to the MPS's overall corporate governance framework:

Pillar One: Organisational structures and processes	
1	Decision making structures for establishing priorities and considering strategic issues facing the MPS.
2	The monitoring processes by which performance against operational, financial and other strategic plans are considered and key issues identified and tasked.
3	The risk management process by which the MPS identifies and seeks to mitigate key risks.
4	Reviewing and updating standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.

5	Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
6	Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks.
7	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.
8	Incorporating good governance arrangements in respect of partnerships and other group working.
Pillar Two: Reporting to and involving the MPA and stakeholders	
9	Processes for setting the objectives and targets that support the policing priorities outlined in the Policing London Business Plan, including reporting to the MPA.
10	Processes for receiving and investigating complaints from the public and providing reports to Management Board and the MPA.
11	Establishing clear channels of communication with all sections of the community and other stakeholders on priorities and plans.
Pillar Three: Standards of behaviour	
12	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** summarises the internal controls in place for the period April 2010 to March 2011.

5. Review of effectiveness of MPS corporate governance

The Commissioner has responsibility for conducting an annual review of the effectiveness of MPS governance and internal controls. This review is informed by the work of the Director of Resources and managers within the MPS, who have responsibility for the development and maintenance of the governance environment.

The MPS Governance Board, chaired by the Deputy Commissioner, 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. Additionally, the MPS Performance Board and Governance Board receive regular reports on the implementation of recommendations made by External Auditors (e.g. HMIC and Audit Commission) and MPA Internal Audit.

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 and a summary of these controls are detailed in **Appendix 1**.

The MPS risk management strategy highlights governance arrangements between the MPS and MPA. Governance Board, which has cross business group representation, oversees risk management throughout the MPS.

An improved set of organisational Corporate Health Indicators (CHI), which cover four essential areas of health (leadership; skills and capabilities; systems, structure and processes; and values and standards of behaviour) have been developed and are integrated within the MPS Corporate Governance model. These indicators sit alongside police performance indicators and financial monitoring information to give a rounded picture of the management and operation of the MPS. To reflect all elements of the governance framework a set of 75 indicators are monitored and reported by exception to Performance Board along with 13 critical indicators which are reported in full on a quarterly basis.

Processes, such as discharging high risk audit recommendations flowing from MPA Directorate of Audit, Risk and Assurance (DARA) 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.

6. Addressing significant corporate governance issues

The following areas of governance are currently being addressed and will continue to be improved over the next 12 months:

- The dissolution of the MPA and the introduction of the Mayor's Office for Policing and Crime (MOPC) may impact on various areas including the setting of policing priorities, performance, reporting regimes, responsibilities, accountabilities, budget ownership, asset management and resources. A memorandum of understanding is being developed to minimise the impact of the transition and put into place appropriate steps to ensure effective governance mechanisms remain.

- Work continues to embed risk management throughout the MPS by increasing risk management maturity across all business groups through the use of improvement plans.
- The Developing Resource Management 2 (DRM2) programme involves major initiatives designed to improve management information and reporting within SAP Financials.
- Review of the Financial Regulatory Framework to improve accessibility and consistency.
- Development of an overall strategy for financial management training for implementation in 2011/12.
- Further work continues to embed the MPS partnerships strategy by enhancing the partnership management process and co-ordination of partnership working.
- Development of a new procurement strategy beyond 2012.
- Creation of the MPS Leadership Pathway, which will support current and aspiring MPS leaders.
- Work is being done to define standards for leadership ranks/band, for which appropriate development interventions will be created.
- Introduction of a new streamlined Personal Development Review process for all staff in order to complement the introduction of the new Met Performance Framework.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. 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 key areas of the MPS's overall governance framework are as follows:

Pillar One: Organisational structures and processes

1. Decision making structures for establishing priorities and considering strategic issues facing the MPS.

The corporate values, corporate decision making model (Management, Governance and Performance Boards), the Corporate Strategic Assessment (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 along with a weekly Coordinating Communications meeting to ensure key messages are coordinated. MPA oversight and scrutiny is achieved through Committee reporting structures and regular liaison, meetings and updates.

2. The monitoring processes by which performance against operational, financial and other strategic plans are considered and key issues identified and tasked.

Performance Board monitors key performance areas across the MPS with regular reporting to and liaison with the MPA Strategic and Operational Policing Committee. The Strategic Crime and Incident Recording Group drive improvements through a crime and incident data quality improvement programme. The MPS is represented at the ACPO Performance Management Business Area, Police Performance Steering Group and attend the London Assembly Budget Review Sub-Committee.

3. The risk management process by which the MPS identifies and seeks to mitigate key risks.

There is a joint MPS and MPA risk management strategy, MPS corporate risk register, MPS risk management policy and an MPS risk maturity model in place. Risk management maturity assessments are carried out annually at a business group level which support business groups in increasing risk management maturity through an agreed improvement plan and inform the corporate risk management action plan. Whilst the maturity of risk management varies significantly between Business Groups 2010/11 targets for risk maturity are being met.

4. Reviewing and updating standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.

Financial instructions are reviewed and updated regularly to ensure they remain fit for purpose. Procedure notes and manuals are in place for all key systems and are also reviewed regularly. The Scheme of Delegation sets out financial

authorisation levels designated to police officers and staff throughout the organisation.

5. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

All reports to Management Board, Performance Board and Governance Board together with all reports presented to the MPA Committees must consider legal implications. The Director of Legal Services attends Management Board as an adviser, and a representative from Department of Legal Services (DLS) also attends Performance and Governance Board. The MetLaw reception desk monitors requests for legal advice and the scheme of delegation requires consideration to be given to taking legal advice from DLS the before entering into commitments.

The Policy Management policy is reviewed and amended every three years with monitoring reports published annually. Policy status is reported to Performance Board through Corporate Health Indicators, with additional detail provided for policies of 'major concern'. Collectively Management Board members own and are accountable for all corporate policies. 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.

A procurement strategy is in place with regular procurement reporting to Governance Board and the MPA. The MPA Resources and Productivity Subcommittee provide oversight of requests for contract action and updates on the control of single tender actions. Purchasing processes are regularly reviewed to ensure compliance with policies and procedures. The Supplier and Tenderers Risk Assessment Group (STRAG) is also in place to review financial, legal and reputational issues involving MPS key suppliers.

The MPS Business Card policies and procedures are kept under constant review to ensure relevance and applicability, as well as to incorporate ongoing lessons learned. Compliance is reviewed through a monthly co-ordination meeting of Business Group representatives and a DARA representative. The MPS also ensures cardholders and limits are regularly reviewed and maintain comprehensive and accurate records.

Working jointly with DARA, an Anti-Fraud Strategy has been published and a MPA/MPS Fraud Forum is now in place. Anti-Fraud Awareness workshops have also been delivered to officers and staff.

6. Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks.

Regular modernisation of police staff pay reports go to Management Board scoping police staff terms and conditions and reporting on financials, risks and progress. An annual report is provided to the MPA on objectives and progress. Other controls include maintenance of market competitive pay and benefits and regular equal pay reviews. 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.

7. 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. Induction, training and skills programmes are in place to support this development. There are also structured induction/probation programmes and mandatory training for new supervisors and line managers and leadership development programmes and interventions for team leaders and Management Board members. The HR scorecard reports are discussed at the monthly Performance Board.

8. Incorporating good governance arrangements in respect of partnerships and other group working.

The MPS Partnerships strategy is supported by a web-enabled partnerships toolkit, which provides guidance for all partnership working, MPS finance regulations and specific guidance for EU funding bids. As well as a partnerships best practice network, a partnership central steering group is in place that has representation from across the MPS and MPA. A partnerships central database is in place which is updated quarterly and links in with the Medium Term Financial Plan (MTFP) and monthly revenue forecast. This database is also used to assess and manage risks. The financial and operational performance of partnerships are regularly reviewed.

Pillar Two: Reporting to and involving the MPA and stakeholders

9. Process for setting the 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.

10. Process for receiving and investigating complaints from the public and providing reports to Management Board and the MPA.

The Customer Service Team, within The Directorate of Professional Standards (DPS), provides a central point for the receipt of complaints and quality assure the MPS Tribune complaints database. Complaints are investigated, monitored and, where applicable, critical cases are escalated. The DPS have set up a risk register to monitor and review high risk cases and ensure investigations are effective. MPA dipsamples are also completed by DPS with findings discussed at the MPA Professional Standards Cases Sub-committee. A process is in place for receiving, monitoring and resolving quality of service complaints, which is managed by the Confidence Satisfaction & Standards Unit (CSSU) in Territorial Policing (TP).

11. 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 website, e-mails sent to key stakeholder groups, and through public surveys. In relation to the community aspect, Safer Neighbourhoods (SN) has SN Panels in place with associated guidance and communication strategies. Dedicated internet SN web sites, on-line and front counter surveys and newsletters are established channels of communication.

Pillar Three: Standards of behaviour

12. 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. An additional control is the strategic intelligence assessment, which assesses risks relating to corruption and wrongdoing of MPS staff.