

## Financial Management Strategic Improvement Programme 2004/08

### Vision

To secure and sustain effective well-controlled financial management facilitating and enhancing service delivery in pursuance of the policing priorities of the Police Authority, the Commissioner and the Mayor.

### Key Objectives

1. To support the implementation and maintenance of sound corporate governance arrangements to secure effective business controls and management of risk.
2. To support the successful implementation of agreed organisational change including the establishment of appropriate sustaining finance capability.
3. To secure improvements in the quality and utilisation of financial management information to all levels of management.
4. To secure sound processes for effective resource management.
5. To ensure that the Authority and Service respond effectively to wider developments in public finance.

### Overall performance indicators

There are two independent measures of financial management performance.

1. Auditor scored judgements (as). These have been established as part of the initial performance assessment (IPA) of the MPA by the Audit Commission. Scores from 1-4 are determined across a range of financial processes. Current scores average 3 (adequate). Target is 4 (more than adequate).

2. The Director of Internal Audit's overall opinion on the adequacy of internal control. His opinion is rated from 1-5. Current rating is 2.9. Target is 2 (adequate).

KEY TO ACCOUNTABILITIES (as used in following table)

T MPA Treasurer  
 IA MPA Internal Audit

DoF Director of Finance Services  
 DBS Director of Business Development  
 DES Director of Exchequer Services  
 DBS Director of Business Support (Finance)  
 DSF Director of Strategic Finance

DFD Director of Strategic Development  
 HRM Head of Risk Management  
 DHR Director of Human Resources

Key Objectives	Actions	Lead	Milestones	Target Dates	Update
1. Corporate governance	Disseminate and enforce internal financial control requirements throughout the organisation and check that they are understood and enforced.	DoF/DB S/DES Liaison: IA	Visit templates being used by Business Accountant on formal visits to OCUs/units Internal Audit checks	Mar 05	Complete. Templates used during visits and sent to Director of Business Support.
			Establishment of Quality Review and support team in Exchequer Services to identify performance gaps and put in place appropriate report back by situations.	Dec 04	Team established. Visits underway.

			Overtime guidance to be rewritten and circulated taking into account outputs from member and officer steering groups. To incorporate guidance and 'best practice' rules to encourage/ensure effective management controls.	Apr 05	Formal Draft of Police Overtime Manual completed and circulated widely for comments. Corporate Policy consultation in progress. Expect publication in Autumn 2005.
	Develop and Deliver means of providing appropriate financial training conveniently for operational management.	DoF/DB D/DES	FRM project to produce training programme for FRM staff.	Mar 05	Service Review may impact on the numbers of staff, roles and skills required to deliver the local F&R function. Consultation papers on Management Training and Facilities Management Training have been circulated – proposals now being developed. Renewal of CIPFA Diploma contract on hold pending clarity on Service Review but individual applications for the Advanced Diploma will be supported.
			Financial Awareness Training (FAT) to continue.	Ongoing courses	Business Support Accountants continue to support and deliver the Financial Awareness Training courses.
			Broaden FAT to cover specific finance issues and facilitate local training delivery.	March 2006	Complete. FAT courses broadened to include internal audit and partnership issues. Local training carried out to cover specific finance issues as necessary.  HR has indicated that there is insufficient time available on the current promotion

			<p>Financial Awareness Training to be incorporated as part of the promotion process for officers.</p> <p>Financial Regulations to be reviewed.</p>	<p>Mar 06</p> <p>Sept 05</p>	<p>process to incorporate Financial Awareness Training. Consideration to be given to issuing notes on main finance criteria. Briefing on financial issues issued to all sergeants.</p> <p>Review of financial authority levels in progress but light touch review will be undertaken before year-end.</p>
	<p>Develop and implement processes to enable management to provide assurance of compliance with control requirements, including budget management.</p>	<p>DoF/DB S/DES Liaison: IA</p>	<p>Validate outputs from check templates and put action plans in place to deal with areas of concern.</p> <p>Monitor action against plans.</p> <p>Monitor outputs from audit reports to measure improvements/new issues emerging.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Number of checks carried out e.g. budgets loaded on time and to correct control total.</p> <p>To be progressed. All audit report recommendations now held and monitored from a single database although provision of audit cores from IA would assist us in focussing managers' attention.</p>
	<p>Put in place proactive measures to monitor and secure full implementation of agreed internal audit</p>	<p>DoF/DB D Liaison: IA</p>	<p>Finance Business Development team to oversee all audit reports and implementation of recommendations.</p>	<p>Nov 04</p>	<p>Databases have been collated showing the recommendations of all Internal Audit reports received within Finance Services. Databases to be updated on a monthly basis to ensure that recommendations are progressed on schedule – Will be a regular item in Finance Performance Framework</p>

	recommendations.		Identify any trends/cross cutting issues emerging from reports, and put in place improvements to deal.	Apr 05 onwards	w/e from Sep 05. To be progressed.
	Develop proposals for integration of financial management with MPS's performance arrangements.	DoF/ DSF Liaison: DHR	Financial management to be linked to MPS performance management within performance reviews.	2005/6 year	Service Review outputs on performance to be considered once known.
	Secure production of final accounts in accordance with changing statutory deadlines.	DoF/ DSF Liaison: T	Draft accounts approved by MPA Corporate Governance Committee.	End July 2005 & annual	Production and publication of 2004-05 final accounts on schedule. Draft accounts approved by MPA Full Authority on 28 July.
	Support the implementation of risk management processes throughout the organisation.	T/HRM Liaison: DSD	Established governance arrangements, MPA and MPS Support for agreed risk management programme.  Statement of internal control and risk management in 2004/5 accounts.	In place  Ongoing  Jun 05	No input  Ongoing attendance at MPA/MPS Corporate Governance Committee. Quarterly update reports on risk management are submitted to the MPA Corporate Governance Committee.  Complete. Statement of internal control and risk management included in 2004/05 annual accounts. The Authority approved the accounts (subject to audit) on 28 July.

2. Organisation change	Further develop local financial support, through business accountants, FRMs, etc, to enhance delivery of local financial accountability.	DoF/ DBS/ DBD	Business Accountant teams to be focused via the Business Support Plan.  FRM project to progress work on structures, career paths, recruitment and training.	In place  Ongoing	The Business Support Business Plan was agreed in July 2005 with updates to be provided on a monthly basis.  F&R career pathway now established on Met Pathways. Format and content will continue to develop and evolve subject to Service Review recommendations.
	Review the provision of appropriate financial support to major organisational change.	DoF/ DSF	Redirection review Phase 2 (Now superseded by Service Review)	Apr 05 onwards	Ongoing. Provision of appropriate financial support kept under constant review e.g Business Accountant team now supporting Central Operations. Financial support to Service Review in place.
	Further develop support for and understanding of Partnerships and financial implications.	DoF/ DBS	Partnership database established. Partnerships team in finance recruited.	Mar 05	Complete. Partnership team in place. Database established. Partnership Guidelines updated and published.
	Participate in evaluation of initial Step Change implementation and provide financial support to development and	DoF/ DSF	Initial implementation reviewed.  Phase 2 re-costed and submitted as part of the GLA Budget Submission.  Financial support provided to Step Change Team.	Spring 04 Nov 04  Ongoing	Complete.  Complete.  Finance Services has continued to provide support to Step Change team

	implementation of further phases of the programme.				throughout 04/05 & 05/06.
3. Financial Information	Develop and implement measures to improve the quality and reliability of expenditure and income forecasting.	DoF/DB S/DBD	<p>Introduce internal monthly review meeting. Finance to review and challenge forecasts.</p> <p>Establish quarterly monitoring programme between DoF and Business Groups.</p> <p>Develop further training on forecasting to ensure better/more accurate data is provided.</p>	<p>Sep 04</p> <p>Sep 05</p> <p>Nov 04 and ongoing</p>	<p>Greater quality control around forecasting introduced but further improvements required.</p> <p>In progress, first meetings being arranged.</p> <p>Forecasting training provided on a regular basis, including use of Business Warehouse/Strategic Enterprise Management.</p>
	Further develop MetFIN following recent upgrades and installation of Business Warehouse functionality.	DoF/DB D	Phased enhancements of MetFIN e.g. improved accounts payable and receivable modules.	Dec 04 onwards	Ongoing. Electronic processing of journals from originator, through to workflow approval within MetFIN introduced Jan 2005. Central receipting introduced in July 2005 for major suppliers to enable more efficient invoice processing. Continual migration of vendor catalogues onto Enterprise Buyer Professional including Damovo, ATOS. Use of Business Warehouse for management information reports.
	Develop interfaces from stand-alone systems into MetFIN/Business	DoF/DB D	Import CARM data into Business Warehouse to provide overtime data and information.	Dec 04	Complete. CARM overtime data is now available in Business Warehouse. Further development work to enhance the information available is ongoing.

	Warehouse to improve reporting.				
	Ensure that financial information improvements are derived from new HR and duties management systems.	DoF/DB D	<p>Finance representation of MetHR and Met TIME Project Boards.</p> <p>Interface requirements included in Statement of Requirement for:</p> <ul style="list-style-type: none"> <li>• MetHR Phase III, payroll and all Resources Systems.</li> <li>• MetTIME – Payroll, MetFIN and Business Warehouse (specifically daily overtime visibility).</li> </ul>	Monthly and Ongoing	<p>Ongoing. Finance represented on MetHR and MetTIME projects.</p> <p>Requirements and benefits being identified.</p>
	Implement activity based costing and secure optimum utilisation of the resulting financial management information.	DoF/DB D/DSF Liaison: DSD	<p>Review the processes used in production of the 2003/2004 activity analysis and costing analysis.</p> <p>Liaise with Home Office and DCC on plans for 2004/05 (and future years) data collection and analysis.</p> <p>Activity/task analysis of ABC requirements included in MetTIME SOR; 'costing' engine to be defined.</p> <p>Provide interim solution to give</p>	<p>Nov 2005.</p> <p>Aug 05</p> <p>Apr 06</p> <p>Dec 04</p>	<p>Review of processes used in 2003/04 completed. Revised staffing arrangements and IT Software substantially in place. New ABC Lead Accountant started Feb 2005.</p> <p>2004/05 Activity Analysis returns and costing data submitted to Home Office August 2005.</p> <p>In progress</p>



			visibility of analysis and costing data.		2004/05 costing reports to be distributed to Boroughs October 2005.
4. Resource Management	Develop further integration of financial and business planning.	DoF/DS F Liaison: DSD	New MPA Planning Board established.  Business Planning guidance revised to include financial planning.  Further develop costing mechanisms to enable costing of objectives.	June 04  April 05  Apr 06	Planning Board established and met monthly during 2004/05. Strategic Planning staff in DCC and Financial planning staff are now working closely together in preparation of the corporate strategy and the budget for 2006/07.  DCC and finance staff jointly developed guidance and timetable for integration of corporate/business and financial planning.  To be progressed.
	Support the extension and effective delivery of devolved management.	DoF/DB D Liaison: DSD	Further devolution of budgets to OCUs.  Reinforce accountability of budget holders by review of devolved budget spend.	Apr 05  Apr 06	Police Pay budget fully devolved from April 2005.  Financial management information provided to SMTs has been greatly enhanced and continues to be developed.
	Support the development of structured processes for resource allocation between and within	DoF/DS F	Review of budgets between business groups commissioned.  Contribute to police officer deployment plan and review of resource allocation	05/06 Budget  Ongoing	Costing strand of Service Review examining budget variances between business groups.  Major contribution to deployment plan in February 2005. Contributed to revised

	MPS business groups.		formulas.		RAF allocation formula and funding options in March 2005.
	Ensure that all opportunities are exploited to make the case for increased funding.	Lead: T/DoF/DSF	Short term lobbying for 2005/2006 settlement.  Input to formula review.  Respond to Home Office consultation on review of national funding formula  Respond to Home Office Lobbying for 2006/2007 settlement	Oct 04  Apr 05  Oct 05  Oct 05	Commissioner/Treasurer/Chair MPA/GLA/Mayor led on lobbying.  Completion of ACPO expenditure survey in May 2005. Director of Finance Services and Treasurer represented on formula review working group.  Joint MPS/MPA response to be made by Oct 05. Treasurer and DoF members of HO Working Party undertaking review and influenced consultation proposals.  Ongoing. Recent focus was on funding for Operations Theseus and Bracknell plus ongoing lobbying for increased support for CT and other issues following 7/7 and 21/7.
	Establish processes to achieve cost recovery in accordance with MPA policy and to facilitate income generation.	DoF/DBS	Action plan to deliver recommendations of charging review.	Sept 05	'Guidance for Charging for Policing Services' currently being developed to provide clarity around potential for cost recovery. Report to be presented to MPA in October to provide update on progress on charging for policing of events.

	Ensure financial provisions and reserves are adequate to support future resource requirements.	T/DoF/DSF	Formal review of reserves and provisions as part of: a) Annual GLA Budget Submission. b) Closure of Annual Accounts.	Oct 04 May 05	Reserves and provisions reviewed  a) Oct 04 as part of budget submission. b) May 05 in closing 2004/05 accounts.
	Secure the integration of revenue and capital budget planning and management.	DoF/DSF	Monitoring reports to review revenue and capital budgets together.  Business Groups to develop revenue and capital budget proposals together.  Develop Business Warehouse/Strategic Enterprise Management capital planning system in line with existing revenue functionality.	Sep 04  Sep 04 plus further developments for 06/07 Budget  06/07 Budget Process	Complete. Budget monitoring reports to Investment Board and MPA now include both revenue and capital budgets, actuals and forecasts.  Revised financial planning guidance for 2006/07 integrates both revenue and capital bids. Lead accountants review robustness, completeness and interdependency of capital and revenue programmes.  To be progressed.
	Develop and manage a process for continued	DoF/DSF Liaison:	Savings list produced in Budget Submission.	Oct 04	Completed. Achieved per timetable.

	systematic identification and delivery of efficiency savings.	DSD	<p>Efficiency Plan for 05/06 submitted to Finance Committee.</p> <p>Development of 3-year efficiency plan to meet revised Home Office requirements.</p> <p>Further develop monitoring system to 'capture' non-cashable items in year.</p>	<p>Feb 05</p> <p>Feb 05</p> <p>Apr 05 onwards</p>	<p>Completed. Achieved per timetable.</p> <p>Completed. Efficiency Plan submitted to Home Office early March 2005.</p> <p>Further work to link into Service Review capture of efficiency gains in Autumn 05.</p>
	Support re-tendering of outsourced service contracts to secure best value.	DoF/DB S	Dedicated Business Accountant support provided throughout re-tendering process.	Ongoing	A number of Business Accountants are continuing to work and support the re-tendering processes
	Development to Budgeting process to incorporate potential move to 2-3 year budget framework.	DoF/T/DFS	<p>Review output of expenditure. Report and explore change in process.</p> <p>Develop MTFP process to provide more focus to years 2 and 3.</p> <p>Provide regular quarterly or half-yearly updates of MTFP to Investment Board/Management Board and MPA.</p> <p>Develop Budget process in line with 3-year timescale as per spending review.</p>	<p>Mar 05</p> <p>05/6 year</p> <p>05/06 year.</p> <p>Apr 05 onwards</p>	<p>Complete. Response to ODPM consultation submitted March 2005.</p> <p>Changes to MTFP process under discussion with DCC/Change Programmes.</p> <p>To be progressed.</p> <p>Mayor's guidance for 2006/07 requires budget submission to reflect 3-year projections for both funding and expenditure. Budget planning instruction 1 issued in July 2005. Budget workshops</p>

					held early in July with Business Managers, Lead Business Accountants and Change Programme Leaders.
	Improvements to financial reports available to both officers and members.	DoF/DB S/DBD	<p>Review budget monitoring reports to enable easier identification of income/expenditure on “trading Activities”.</p> <p>Linkages to performance to be expanded in reports.</p> <p>Reduce time delay in reporting timetable to enable quicker access to information.</p> <p>Further develop the ‘Quality Review’ systems through ‘peer’ type systems and more cross business group learning.</p> <p>Better linkages between HR and Financial Information to enable better/more accurate forecasting.</p>	<p>Dec 04 onwards</p> <p>Apr 05 onwards</p> <p>Apr 05 onwards</p> <p>Apr 05 onwards</p> <p>Apr 05 onwards</p>	<p>Finance Services introduced new format of report for Management Accounts. New format, which provides greater clarity and transparency, was presented to the MPA Finance Committee in July 05 and received favourable response from members. Further developments will be explored over coming months aimed at improving the quality of reporting</p> <p>Performance aspects now included in monitoring reports but further improvements to be made.</p> <p>Complete. Monthly forecasting timetable reduced.</p> <p>Being progressed through Finance Process Improvement Group and other fora. Business Support SMT review each business group’s financial performance on a monthly basis.</p> <p>FRM/HRM support workshops held in May 2005. HR representative to attend Finance Process Improvement Group in respect of</p>

					workforce planning issues.
5. Wider developments	Develop the Authority's accounts in line with emerging requirements of Whole of Government Accounts.	T/DoF/DSF	Member of ODPM/Treasury WGA project group.  Review content/format of MPA accounts.	Ongoing  Nov 04 and annually	Strategic Finance were represented on WGA project group  Content and format reviewed in Nov 04. First return to Treasury due in Oct 05 – 2004-05 is the first 'dry run' for full WGA.
	Secure capital strategy (including funding strategy) and asset management planning processes to provide framework for prudential borrowing decisions.	DoF/DSF Liaison: T	Capital Strategy approved by MPA Finance Committee.  Draft Asset Management Plans to be in place.  Funding Strategy reviewed.	Oct 04  April 2005  Summer 2005 and annually	Complete. Capital Strategy approved by MPA Finance Committee in July 2004.  Complete. Asset Management Plans included within Capital Budget Submission to Mayor in Oct 04.  Funding Strategy to be reviewed after finalisation of 2004/05 Accounts.
	Participate in development of, and implement new financing arrangements for police pensions and support the introduction of an agreed new	T	Input to report of Home Office working group on financing.  Assess implications for MPA budgets and reserves.	Oct 04  Dec 04	Treasurer on the working group. Response to HO consultation paper submitted on schedule in June 05. (Report to Finance Committee 23 June 05 refers). Home Office response to consultation still awaited (as at Aug 05).  Initial assessment completed Dec 04. To be further reviewed in Oct 05 (subject to

	pension scheme.		Implement revised financing arrangements. Monitor proposals for new scheme.	Mar 06 Ongoing	HO response.)
	Strive for continuous improvement to facilitate best uses of resources across the organisation.	DoF/DB D/DBS Liaison: T	Support new sources of external funding i.e. borrowings and EU Funding opportunities. Improve our benchmarking capability and act on results to ensure we compare accurately and with the best. Test ourselves against CIPFA Financial Management Models and action plan improvements.	April 2005 ongoing April 2005 onward. Sept 2005.	In progress. New member of Partnerships team in place to seek EU funding opportunities. Continuing to benchmark our investment operations against other local and police authorities. Use of CIPFA model piloted in-house. To be taken forward during 2006/07.