

## 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.

### KEY TO ACCOUNTABILITIES (as used in following table)

T MPA Treasurer

IA MPA Internal Audit

DoF Director of Finance Services

DBD 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

<b>Key Objectives</b>	<b>Actions</b>	<b>Lead</b>	<b>Milestones</b>	<b>Target Dates</b>	<b>Update</b>
1. Corporate governance	Disseminate and enforce internal financial control requirements throughout the organisation and check that they are understood and enforced.	DoF/DBS /DES Liaison:IA	<p>Visit templates being used by Business Accountant on formal visits to OCUs/units Internal Audit checks</p> <p>Establishment of Quality Review and support team in Exchequer Services to identify performance gaps and put in place appropriate report back by situations.</p> <p>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.</p>	<p>Mar 05</p> <p>Dec 04</p> <p>Apr 05</p>	<p>Completed. Templates used during visits and sent to Director of Business Support.</p> <p>Completed. Visits commenced. Number of performance gaps being addressed and examples of good practice identified.</p> <p>Completed. Overtime Manual published and widely publicised.</p>
	Develop and Deliver means of providing appropriate financial training conveniently for operational management.	DoF/DBD /DES	FRM project to produce training programme for FRM staff.	Mar 05	<p>The Review of Financial Management carried out in May 2006 will impact on the numbers of staff, roles and skills required to deliver the local F&amp;R function, in particular splitting the finance and resource roles and grouping of staff. Recommendations are to be produced following the Resource Management Review currently underway.</p> <p>CIPFA Advanced diploma no longer available but individual applications for full CIPFA, CIMA, ACCA and AAT are being supported.</p>

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			<p>Financial Awareness Training (FAT) to continue.</p> <p>Broaden FAT to cover specific finance issues and facilitate local training delivery.</p> <p>Financial Awareness Training to be incorporated as part of the promotion process for officers.</p> <p>Financial Regulations to be reviewed.</p>	<p>Ongoing courses</p> <p>March 2006</p> <p>Mar 06</p> <p>Sept 05</p>	<p>Business Support Accountants continue to support and deliver the Financial Awareness Training courses.</p> <p>Completed. FAT courses broadened to include internal audit and partnership issues. Local training carried out to cover specific finance issues as necessary.</p> <p>Discussions have been held with HR to incorporate Financial management Training into some of the opportunities offered by the Leadership Academy.. Briefing on financial issues issued to all sergeants.</p> <p>Following on from an all day review session with the MPA Deputy Treasurer in December 2005, it was agreed that a revised draft of the financial regulations would be circulated to Finance Services for their consultation. A review of Contract Regulations has also now been undertaken and because of the complementary nature of both sets of regulations it is intended to report both to the Full Authority for consideration and approval.</p>
	Develop and implement	DoF/DBS /DES	Validate outputs from check templates and put action plans in	Ongoing	Completed. Business Support validate outputs from check templates and provide

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	processes to enable management to provide assurance of compliance with control requirements, including budget management.	Liaison: IA	place to deal with areas of concern.  Monitor action against plans.  Monitor outputs from audit reports to measure improvements/new issues emerging	Ongoing  Ongoing	quarterly performance reports to management.  Completed. Quarterly performance reports show action against plans.  Completed. The appropriate area is notified of Audit report findings as well as the reports being held centrally.
	Put in place proactive measures to monitor and secure full implementation of agreed internal audit recommendations.	DoF/DBD Liaison: IA	Finance Business Development team to oversee all audit reports and implementation of recommendations.  Identify any trends/cross cutting issues emerging from reports, and put in place improvements to deal.	Nov 04  Apr 05 onwards	Completed. Databases have been collated showing the recommendations of all Internal Audit reports received within Finance Services. Databases are updated on a monthly basis and emailed out quarterly for updates.  Completed. Improvements incorporated into Finance Services Business Plan.
	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	This issue is being progressed by HR.
	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 & annually	Completed. Accounts for 2005-06 were approved by the MPA on 29 June.

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	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	Completed.  Ongoing attendance at MPA/MPS Corporate Governance Committee. Quarterly update reports on risk management are submitted to the MPA Corporate Governance Committee.  Completed. Statement of internal control and risk management included in 2004/05 and 2005/06 annual accounts. The Authority approved the 2005/06 accounts on 29 June.
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	Completed. The Business Support Business Plan was agreed in July 2005 and updates are provided on a monthly basis.  Completed. FRM structures, career paths, recruitment and training were considered as part of the Financial Management Review.
	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. Named accountants have been identified for all Business Groups eg team now supporting Central Services and Strategic Intelligence Command. Financial support being provided to the

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					Met Modernisation Programme.
	Further develop support for & understanding of Partnerships & financial implications	DoF/DBS	Partnership database established. Partnerships team in finance recruited.	Mar 05	Completed. Partnership team in place. Database established. Partnership Guidelines updated and published.
	Participate in evaluation of initial Step Change implementation & provide financial support to development & implementation of further phases of the programme.	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	Completed.  Completed.  Completed. Finance Services has continued to provide financial support to the Safer Neighbourhood rollout.
3. Financial Information	Develop and implement measures to improve the quality and reliability of expenditure and income forecasting.	DoF/DBS/DBD	Introduce internal monthly review meeting. Finance to review and challenge forecasts.  Establish quarterly monitoring programme between DoF and Business Groups.  Develop further training on forecasting to ensure better/more accurate data is provided.	Sep 04  Sep 05  Nov 04 and ongoing	Completed. Review carried out of the current forecasting process and improvements implemented.  Completed. Regular meetings now being held.  Forecasting training is being provided on a regular basis, including use of Business Warehouse/Strategic Enterprise Management.
	Further develop MetFIN following	DoF/DBD	Phased enhancements of MetFIN e.g. improved accounts payable and	Dec 04 onwards	Completed. There has been continued migration of vendors onto EBP. An

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	recent upgrades and installation of Business Warehouse functionality.		receivable modules.		electronically based accounts payable system has been introduced for major vendors, leading to more efficient processing.
	Develop interfaces from stand-alone systems into MetFIN/Business Warehouse to improve reporting.	DoF/DBD	Import CARM data into Business Warehouse to provide overtime data and information.	Dec 04	Completed. CARM overtime data is now available in Business Warehouse. Further development work to enhance the information available is ongoing.
	Ensure that financial information improvements are derived from new HR and duties management systems	DoF/DBD	<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>Completed. Finance represented on MetHR and MetTIME projects.</p> <p>MetHR system rollout is still ongoing.</p> <p>MetTime has now gone back to market so final functional requirements for the system interface still have to be scoped.</p>
	Implement activity based costing and secure optimum utilisation of the resulting financial management information.	DoF/DBD /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)</p>	<p>Nov 2005.</p> <p>Aug 05</p>	<p>Completed. Review of processes used in 2003/04 completed. Revised staffing arrangements and IT Software in place. ABC Lead Accountant started Feb 2005.</p> <p>Completed. 2004/05 Activity Analysis returns and costing data submitted to</p>

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			<p>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 visibility of analysis and costing data.</p>	<p>Apr 06</p> <p>Dec 04</p>	<p>Home Office August 2005. 2005/06 return submitted by due date.</p> <p>Completed. A cost benefit analysis of automatic loads of MetFIN data into the B Plan software was undertaken and was deemed not to be feasible.</p> <p>Complete. 2004/05 costing reports to be distributed to Boroughs October 2005. 2005/06 costing reports to be distributed in October 2006.</p> <p>Performance packs to meet customer needs will be distributed in October 2006.</p> <p>The ABC customer awareness programme has started and will be ongoing.</p>
4. Resource Management	Develop further integration of financial and business planning.	DoF/DSF Liaison: DSD	<p>New MPA Planning Board established.</p> <p>Business Planning guidance revised to include financial planning.</p>	<p>June 04</p> <p>April 05</p>	<p>Completed. Planning Board established and met monthly during 2004/05. Strategic Planning staff in DCC &amp; Financial planning staff worked closely together in preparation of the corporate strategy and the budget for 2006/07. Further enhancements developed and in place for the 2007/08 budget process linking business plans and budget proposals more closely.</p> <p>Completed. Review of business/financial planning processes completed in April</p>



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			Further develop costing mechanisms to enable costing of objectives.	Apr 06	2006. Joint guidance and timetable issued to Business Groups in June 2006.  A review is underway of current costing guidelines and methodologies with a view to producing and publishing an MPS costing policy and costing tools.
	Support the extension and effective delivery of devolved management.	DoF/DBD Liaison: DSD	Further devolution of budgets to OCU's.  Reinforce accountability of budget holders by review of devolved budget spend.	Apr 05  Apr 06	Police Pay budget fully devolved from April 2005. The issue of devolution is being looked at within the framework of the Met Modernisation Programme.  Financial management information provided to SMTs has been greatly enhanced and continues to be developed. Quarterly review process in place and working effectively
	Support the development of structured processes for resource allocation between and within MPS business groups.	DoF/DSF	Review of budgets between business groups commissioned.  Contribute to police officer deployment plan and review of resource allocation formulas.	05/06 Budget  Ongoing	Completed. Costing strand of Service Review examined budget variances between business groups.  Completed. Major contribution to deployment plan in February 2005. Contributed to revised RAF allocation formula and funding options in March 2005
	Ensure that all opportunities are exploited to make the case for	Lead: T/DoF/D SF	Short term lobbying for 2005/2006 settlement.  Input to formula review	Oct 04  Apr 05	Completed. Commissioner/Treasurer/Chair MPA/GLA/Mayor led on lobbying.

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	increased funding.		<p>Respond to Home Office consultation on review of national funding formula</p> <p>Respond to Home Office Lobbying for 2006/2007 settlement</p>	<p>Oct 05</p> <p>Oct 05</p>	<p>Completed. Completion of ACPO expenditure survey in May 2005. Director of Finance Services &amp; Treasurer were represented on formula review working group.</p> <p>Completed. Joint MPS/MPA response was submitted by Oct 05. Treasurer and DoF members of HO Working Party undertook review and influenced consultation proposals.</p> <p>Completed. 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.</p>
	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	<p>Completed. Current charging methodologies for cost recovery are being reviewed.</p> <p>Services and events for which potential charges could be made have been identified and a policy statement has been completed and is awaiting sign off by members.</p>
	Ensure financial provisions & reserves are adequate to support future resource	T/DoF/D SF	<p>Formal review of reserves and provisions as part of:</p> <p>a) Annual GLA Budget Submission.</p> <p>b) Closure of Annual Accounts.</p>	<p>Oct 04</p> <p>May 05</p>	<p>Completed. Reserves and provisions reviewed</p> <p>a) In Oct 2004 as part of budget submission</p> <p>b) In May 2005 in closing 2004/05</p>

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	requirements.				accounts  Similar reviews now being completed annually.
	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	Completed. Budget monitoring reports to Investment Board and MPA now include both revenue and capital budgets, actuals and forecasts.  Completed. Revised financial planning guidance for 2006/07 (and 2007/08) integrates both revenue and capital bids. Lead accountants review robustness, completeness and interdependency of capital and revenue programmes.  End to end capital planning requirements are being scoped with implementation planned for later in the year.
	Develop and manage a process for continued systematic identification and delivery of efficiency savings.	DoF/ DSF Liaison: DSD	Savings list produced in Budget Submission.  Efficiency Plan for 05/06 submitted to Finance Committee.  Development of 3-year efficiency plan to meet revised Home Office requirements.	Oct 04  Feb 05  Feb 05	Completed. Achieved per timetable.  Completed. Achieved per timetable.  Completed. Efficiency Plan submitted to Home Office early March 2005.

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			Further develop monitoring system to 'capture' non-cashable items in year.	Apr 05 onwards	Completed. The Efficiency Plan, identifying cashable and non-cashable savings, was submitted to the Home Office for 2006/07 and the coming years.
	Support re-tendering of outsourced service contracts to secure best value.	DoF/DBS	Dedicated Business Accountant support provided throughout re-tendering process.	Ongoing	Completed. A number of Business Accountants supported 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>Completed. Response to ODPM consultation submitted March 2005</p> <p>Completed. Business/financial planning guidance for 2007/08 incorporates the 3 year planning cycle.</p> <p>Completed. Quarterly reports are provided to Investment Board and MPA Finance Committee covering the MTFP and the Efficiency Plan.</p> <p>Completed. Following the review of the business/financial planning process in April 2006, a 3 year financial planning timetable has been introduced.</p>
	Improvements to financial reports available to both officers and	DoF/DBS /DBD	Review budget monitoring reports to enable easier identification of income/expenditure on "trading Activities".	Dec 04 onwards	Completed. Finance Services introduced new format of report for Management Accounts. New format, which provides greater clarity and transparency, was

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	members.		<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>Apr 05 onwards</p> <p>Apr 05 onwards</p> <p>Apr 05 onwards</p> <p>Apr 05 onwards</p>	<p>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. The costs of major operations (eg Overt, Theseus) are now reported separately to provide members with a clearer picture.</p> <p>Completed. Performance aspects now included in monitoring reports.</p> <p>Completed. Monthly forecasting timetable reduced. Continued efforts will be made to attempt to reduce the overall timescale for corporate reporting.</p> <p>Business Support SMT review each business group's financial performance on a monthly basis and have included an objective within the 2006/07 Business Plan entitled 'sharing best practice'. This includes the sharing of best practice with regards to forecast reviews. This issue is also being looked at under the Financial Management Review.</p> <p>FRM/HRM support workshops held in May 2005. HR representative attends Finance Process Improvement Group in respect of</p>

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					workforce planning issues. For 2006/07, Local Strength Information is now made available to FRM's by HRM's on the first working day of the month. This allows FRM's the maximum amount of time to prepare the financial forecasts for employee costs.
5. Wider developments	Develop the Authority's accounts in line with emerging requirements of Whole of Government Accounts.	T/DoF/D SF	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  Completed. Content and format reviewed in Nov 04. First return to Treasury submitted in Oct 05, and full WGA accounts submitted for 2005/06 following audit.
	Secure capital strategy (including funding strategy) & 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	Completed. Capital Strategy approved by MPA Finance Committee in July 2004.  Completed. Asset Management Plans included within Capital Budget Submission to Mayor in Oct 04.  Completed. Funding Strategy reviewed as part of the 2006/07 capital programme budget submission.
	Participate in development of, and implement new financing arrangements for	T	Input to report of Home Office working group on financing.	Oct 04	Completed. Treasurer on the working group. Response to HO consultation paper submitted on schedule in June 05. Home Office response to consultation received.

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	police pensions and support the introduction of an agreed new pension scheme.		<p>Assess implications for MPA budgets and reserves.</p> <p>Implement revised financing arrangements.</p> <p>Monitor proposals for new scheme.</p>	<p>Dec 04</p> <p>Mar 06</p> <p>Ongoing</p>	<p>Completed. Initial assessment completed Dec 04 and further reviewed in Autumn 2005.</p> <p>Completed. Revised budget and accounting arrangements now in place.</p> <p>Completed. Revised scheme now in operation.</p>
	Strive for continuous improvement to facilitate best uses of resources across the organisation.	DoF/DBD /DBS Liaison: T	<p>Support new sources of external funding i.e. borrowings and EU Funding opportunities.</p> <p>Improve our benchmarking capability and act on results to ensure we compare accurately and with the best.</p> <p>Test ourselves against CIPFA Financial Management Models and action plan improvements.</p>	<p>April 2005 ongoing</p> <p>April 2005 onward.</p> <p>Sept 2005.</p>	<p>Completed. New member of Partnerships team in place to seek EU funding opportunities.</p> <p>Completed. We are continuing to benchmark our investment operations against other local and police authorities. Benchmarking carried out against CIPFA Police Financial Services 2005/06 benchmarks as part of Financial management Review.</p> <p>Pilot of the CIPFA model completed.</p>