

Financial Management Strategic Programme

Vision

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

Key objectives	Actions	Deadlines	Accountability	Progress as at 30/09/02
1. Secure an effective internal control framework	a) Approve high level financial regulations	Completed	Treasurer	Achieved. Revision to regulations approved by MPA 27/06/02
	b) Review/update detailed financial instructions	31/03/02	DoR	Achieved. Financial Instructions compiled and issued (report to FPBV 29/05/02)
	c) Communicate control requirements	2002/03	DoR	* Financial Instructions completed and issued report to FPBV (29/05/02) * Publicised the nature and existence of the financial instructions through Finance Resource Manager conferences and notices * Financial Awareness Training of FRM/deputies & Senior Managers emphasizes the existence of & compliance with control requirements. * Compliance review & advice form part of the function of Business Support Division.
	d) Secure management processes to assure compliance	2002/03	DoR	* Financial Instructions agreed and published on MPS intranet * Scheme of Devolved Financial Management close to

				agreement.
	e) Strengthen the finance function	Commenced	DoR	<ul style="list-style-type: none"> * Significant increase in the number of qualified accountants. As at April 2001, Finance Services had 22 accountants. As at September 2002, 40 accountants in post. * Business support now 67% populated, increasing the availability of financial advice to managers. * Next phase of recruitment commenced
	f) Secure independence of internal audit	Completed	Treasurer	Achieved. Internal Audit now report directly to Treasurer, with independent access to members through the Audit Panel.
	g) Improve achievement of internal audit programme (90% completion)	2003/04	Treasurer/Director of Internal Audit	Recruitment of additional resources underway.
	h) Secure implementation of internal audit recommendations (all high priority within six months)	2002/03	DoR	<ul style="list-style-type: none"> * Chair of the Audit Panel has corresponded directly with the Commissioner to stress the importance of this * Finance Services have implemented all high priority recommendations. * Specific post in Finance Services responsible for progress chasing of recommendations and creation of database of recommendations.
	i) Provide member focus through the Audit Panel	Completed	Treasurer	Achieved.

	j) Develop the Authority's anti-fraud and corruption policy	2002/03	Treasurer	Policy summary agreed by Audit Panel 20/06/02. Final document to be approved by Audit Panel in December 2002.
2. Produce soundly based budgets	a) Develop rolling medium term financial forecasts linked to policing priorities	2002/03	Treasurer/ DoR	MPS budget scrutiny has reflected policing priorities. There is ongoing liaison within MPS between Finance and Corporate Planning. Linkages have been identified in the planning programme. * Scope of MTFP data collection wider for summer 2002 MTFP update * Internal scrutiny processes in place at middle and senior management levels within MPS * Data collection and scrutiny inclusive of consideration against the Policing Plan & developing Corporate Plan * Continued validation & update as part of the 2003/04 budget process utilizing the business accountants as part of the process.
	b) Base budgets on detailed review of current provision and future requirements	2002/03	Treasurer/ DoR	Outturn review feeds into budget planning. Medium term financial projections seek to identify future requirements. * Budget process 2003/04 includes outturn review from 2001/02 * Development links between Policing priorities and budget allocation is at an early stage.
	c) Meet GLA requirements for budget preparation	Ongoing	Treasurer	* The draft budget is set to conform to the Mayor's

				<p>objectives and guidance.</p> <ul style="list-style-type: none"> * Regular liaison is maintained with GLA officers to ensure that budget format and content complies with GLA requirements.
	d) Reinforce budget ownership through the budget process	2002/03	DoR	<ul style="list-style-type: none"> * All budgets have a named officer accountable for them * Scheme of Financial Management articulates responsibilities & accountabilities of those involved in Financial Management. * Carry forward of under/over spends between years provides incentives/deterrents * All MPS SMT's (Business Group & unit level) receive standard information on the financial performance as incorporated into the overall forecast. * Involvement of Business accountants throughout the budget setting process helps ensure unit heads are aware of parameters & constraints of funding.
	e) Constrain budget to available funding	Ongoing	Treasurer/ DoR	<p>Focus of current budget preparation is to close the 'funding gap'.</p>
3. Ensure sound management of approved budgets	a) Establish a clear budgetary control framework	2002/03	Treasurer/ DoR	<p>FPBV Committee approved the budgetary control framework in February 2002.</p> <ul style="list-style-type: none"> * Scheme of Financial Management sets out overall framework for budget

				<p>management.</p> <ul style="list-style-type: none"> * Generic forecasting instruction issued to enable consistency across the MPS * Increased internal feedback on financial performance * Review of budgetary control part of business accountant role
	b) Ensure reliable forecasts of outturn (no unpredicted over/underspending)	2002/03	DoR	<ul style="list-style-type: none"> * Final outturn 2001/02 in line with preceding forecasts * Business accountants quality check unit level forecasts prior to further logic checks by Corporate Finance.
	c) Develop devolved budget management	2002/04		Scheme of Devolved Financial Management now agreed.
	d) Provide training in financial awareness to managers	Commenced Ongoing	DoR	<ul style="list-style-type: none"> * Financial Awareness Training made available to FRMs & deputies (full day) and to all senior managers (half day) across the organisation (Ch.Insp & Band C level civil staff & above) staff * To date over 1,000 have attended the full day & over 700 the half day * Next step is a series of courses in the Autumn to capture the remaining 1000 senior managers & introduce a full day course for Finance clerks * Resources Directorate is sponsoring 16 SRM/FRMs to undertake the CIPFA Advanced Diploma in Business & Financial Mngt (starting in September 2002)

4. Develop and enhance devolved financial management	a) Establish supporting and controlling framework	31/03/02		Scheme of devolved budget management agreed for implementation from 1 September 2002. * Financial Instructions completed & approved by Management Board, & adopted by MPA Finance Committee May 2002 * Scheme of Financial Management sets out overall framework for budget management.
	b) Implement and learn from pathfinder devolved boroughs	2002/03		* Pathfinder boroughs implemented from September 2002 * Evaluation exercise commenced for decision on a wider roll-out in December/January
	c) Roll out devolved management through the whole service	2003/04		Subject to evaluation as above.
5. Increase the general awareness of the financial dimension of service management	a) Implement activity based costing	Commence by 31/03/02	AC (PRS) (DoR)	* Pilot ABC projects undertaken in Special Ops * National Police Training Costing completed using ABC methodology * ABC project led by DAC House determining policies & processes, together with promoting wider ABC pilots * CARM being developed to capture activity data
	b) Provide training in financial awareness	Commenced Ongoing	DoR	See above at 3d
	c) Ensure financial implications considered in all business decisions		DoR	* Business case guidance issued * Finance department now

				<p>required to input into Financial Implications of Committee reports (Financial Instructions requirement)</p> <ul style="list-style-type: none"> * Greater availability of Financial Support & Advice from business support * This issue reinforced as part of the Financial Awareness Training
	d) Ensure that managers have access to financial advice		DoR	<ul style="list-style-type: none"> * Every unit within the MPS has dedicated, qualified Business Accountant assigned to them.
6. Provide timely, accurate and relevant financial information to all levels of management	a) Adherence to robust monthly reporting timetable.	Ongoing from 2002/03	HoF	<ul style="list-style-type: none"> * Generic forecast guidance issued * Revised challenging forecast timetable issued & being complied with. * Budget Group receiving monthly financial forecasts at its programmed meetings. * Business accounts part of the 'chasing' function of central Finance to ensure forecasts are submitted on time.
	b) Focus local F&R responsibilities on finance.	Ongoing from 2002/03	HoF	<ul style="list-style-type: none"> * Challenging forecasting timetable demands finance takes priority at specified times (endorsed at Management Board level) * Head of Profession role for FRMs majoring on the financial training needs (e.g. CIPFA Advanced Diploma, Financial Awareness Training)
	c) Focus Business Accountants on management information and	Ongoing from	HoF	<ul style="list-style-type: none"> * Business accountants quality check unit level forecasts prior

	analysis.	2002/03		to further logic checks by Corporate Finance.
	d) Improve data quality of feeder systems.	Ongoing from 2002/03	HoF	<ul style="list-style-type: none"> * Dedicated Support Team set up to ensure the quality of data feeding into MetFIN (particularly payroll) is accurate. * Improved liaison with Capita & the payroll client unit * Processes put in place to manage the creation/deletion of GL codes, costs centres & location codes
	e) Develop training for advanced FMI reporting from corporate finance system.	Ongoing from 2002/03	HoF	<ul style="list-style-type: none"> * Modules on MetFIN reports included as part of the full day Financial Awareness courses. * Additionally workshops held as part of the communication on the variety of reports held & available to managers on MetFIN
7. Secure appropriate funding	a) Develop and present arguments for increased formula funding	Commenced Ongoing	Treasurer	MPA case presented through Home Office Allocation Formula Working Group. Options put forward from KPMG work. Further exploration of density issues supported. Specific cost approach to ACA resisted. Response agreed to consultation.
	b) Assess the validity of funding for national/international functions and rationale for the special payment	Commenced	Treasurer/ DoR	Relevant costs identified in 2001/02 accounts.
	c) Pursue specific cases for additional government funding	Ongoing	Treasurer/ DoR	Cases made in relation to Golden Jubilee, training, pay lead. Support for cases for C3i, counter-terrorism, Glidewell.
	d) Present effective case to Mayor and/or Assembly for precept funding	Ongoing	Treasurer/ DoR	Secured increase in Mayor's precept envelope for 2002/03.

	and/or Assembly for precept funding			PM to consider
	e) Ensure appropriate opportunities for income generation are exploited	2002/03	DoR	<ul style="list-style-type: none"> * Report on sponsorship to October 2002 meeting of Finance Committee. * Efficiency and Effectiveness review of income generation. * MPS review of income following 2001/02 outturn. * Review of Fees and Charges complete and published. * Special Service Rates updated and published. * Dedicated post in Finance Services leading on partnerships. Main functions of post to consolidate partnership database, update partnership guidelines and identify various funding streams.
8. Secure an unqualified opinion on the Authority's accounts	a) Maintain high professional accounting standards	Ongoing	Treasurer/ DoR	Increasing the professional depth of the Finance Department. Professional oversight from MPA finance unit.
	b) Ensure compliance with accounting policies	Ongoing	Treasurer/ DoR	As above
	c) Take appropriate steps to address accounts qualifications	Commence by 31/03/02	Treasurer	Substantial increases in the provisions for third party liabilities and pensions reflected in 2001/02 accounts.
	d) Work closely with the external auditor towards adoption of managed audit	Ongoing 2004/05	Treasurer/ DoR	External audit place reliance on the work of internal audit.
9. Develop a strong balance sheet for the Authority	a) Create the opening balance sheet	Completed	Treasurer	No further action required.

	b) Agree policies on reserves and provisions	Commenced	Treasurer	Report to FPBV Committee in February 2002.
	c) Agree and implement a strategy for creation/enhancement of reserves	31/03/02	Treasurer	As above. Developed in practice as part of 2001/02 accounts closedown.
10. Support the maintenance and improvement of the Authority's assets	a) Establish an effective 5 year capital programme	31/03/2	Treasurer/DoR	Approved by FPBV Committee in April 2002.
	b) Support effective capital programme and project control	2002/03	DoR	<ul style="list-style-type: none"> * Strengthened capital planning team in Finance Department * Improved regular monitoring by RAC & Finance Committee * Specific links between Corporate Finance & Business Support accountants with particular interest in capital (PSD, DoI)
	c) Maximise capital funding resources	Ongoing	Treasurer/DoR	Up to £140 million funding secured for C3i. Treasurer overseeing CIPFA's development of prudential code.
	d) Ensure appropriate use of new initiatives for securing the benefits of capital assets	Ongoing	Treasurer/DoR	PFI Review reported to FPBV Committee in May 2002 establishes a framework for PFI, PPP, etc consideration.
11. Develop a good quality professional finance function	a) Recruit additional accountants in Finance Department restructuring	31/03/02	HoF	Finance Department now has 40 qualified accountants, & increase of 18 from April 2001 <ul style="list-style-type: none"> * Next phase of recruitment commenced * Internal training being strengthen by more resources
	b) Maintain a professional training and development programme	Ongoing	Treasurer/ DoR	<ul style="list-style-type: none"> * Internal professional training plan & mentoring scheme

				<ul style="list-style-type: none"> * Training for F&R managers & SRMs organized through the industrial society using the CIPFA Diploma * Continued Professional Development actively supported.
	c) Develop and implement a competency framework for finance and resource managers	2002/03	DoR	<ul style="list-style-type: none"> * This work to be progressed as part of the civil staff competency framework development in conjunction with the Head of Profession role.
	d) Implement the Finance Department restructuring to balance corporate requirements with business support	31/03/02	HoF	<ul style="list-style-type: none"> * Structure reflecting balance agreed & funded * Focus on key roles in populating the structure * Main area of growth business support, to enable access to professional advice & support at local level
	e) Provide effective financial support to a devolved organisation	Ongoing	HoF	<ul style="list-style-type: none"> * Creation of Business support provides dedicated, qualified support to each unit in the MPS
	f) Take a leading role in national finance issues	Ongoing	Treasurer/ DoR	<p>Treasurer's national involvement includes:</p> <p>Vice president Police Authority Treasurers Society; Police Expenditure Forecasting Group; APA adviser; CIPFA Council member; Chair of CIPFA Treasury Management Panel; HO Allocation Formula Working Group</p>
12. Maintain efficient core finance processes and procedures	a) Implement robust monthly activity timetable.	Ongoing	HoF	<ul style="list-style-type: none"> * More challenging monthly timetable implemented for 2002/03 & is being complied with * Formal feedback processes

				included in the monthly activities * Increased focus on monthly reconciliation of suspense accounts & similar
	b) Produce clear desktop guidance for all processes.	Ongoing from 2002/03	HoF	* Scheme of Financial Management being finalized * Other linked desktop manuals underway (e.g. Partnership & Finance clerks' manuals being updated in Autumn 2002)
	c) Respond positively to audit recommendations.	Ongoing from 2002/03	HoF	All audit reports & recommendations through one central point in Finance Department to highlight recommendations with a financial interest
	d) Implement activity management system in Finance function.	Ongoing from 2002/03	HoF	* Financial Business plan to support the resources performance plan in development * Key transaction KPIs & performance statistics in place
	e) Benchmark key transaction processes.	Ongoing from 2002/03	HoF	* Benchmarking of Treasury Management functions carried out. Detailed records maintained of trends of performance re Creditor Payments and Debt Recovery.
	f) Maintain effective treasury management complying with standards/regulation	Ongoing	Treasurer	Revised CIPFA Code of Practice on Treasury Management adopted by the Authority in March 2002. Participation in treasury management benchmarking club.
13. Provide effective advice to the	a) Provide effective financial support to decision making.	Ongoing	DoR	* Creation of business support dedicated, qualified support to

management of MPS business				each unit in the MPS
	b) Develop investment appraisal		HoF	* Guidance on preparing Business Cases in place * Part of Business accountant advice & costing role
	c) Ensure access to financial advice at all levels of management		HoF	* Advice & support more widely available at all levels due to more robust finance Department Structure. * Greater number of finance staff enable participation in a wider range of internal decision making forums * Business support strengthened to provide business group & local advice & support. * Corporate finance strengthened to give strategic advice & support
14. Support provision of an efficient and effective police service	a) Oversee the completion of, and implementation of the recommendations from, the efficiency and effectiveness review programme	Ongoing to 2003/04	Treasurer	Treasurer chairs Efficiency and Effectiveness Project Board. Tranche 1 reviews completed, implementation being monitored. Tranche 2 underway
	b) Support Best Value review programme	Ongoing	Treasurer	* Business support provide named accountant support (& deputies) to each best value review
15. Secure protection against future risks and costs	a) Implement catastrophe insurance arrangements	Completed	Treasurer	Insurance arrangements implemented from October 2000 (property), August 2001 (liabilities). Subsequent renewals effected.
	b) Support the development of systematic risk management	Commenced	Treasurer	Strategic review of risk management initiated by FPBV

	systematic risk management			Committee. Report recommendations being implemented by MPS commencing with appointment of risk manager. Treasurer fully involved.
	c) Oversee implementation of civil staff pensions transfer	Commenced	Treasurer	Transfer successfully achieved from 1 September 2002
	d) Pursue means of limiting/controlling future budget impact of police pensions	Ongoing	Treasurer/ DoR	Treasurer supported Treasury/Home Office proposals of new accounting arrangements for police pensions. Commissioned actuaries to review future police pension liabilities.
16. Provide effective support to the MPA and MPA Treasurer	a) Produce good quality financial reports and financial input to reports to the Authority	Ongoing	Treasurer/ DoR	Treasurer/DoR exercise quality control particularly over reports produced for Finance Committee. Review financial implications of all reports.
	b) Support the Treasurer's statutory responsibilities in relation to legality, financial integrity and standards	Ongoing	DoR	Efforts made to ensure that all financial implications identified in Committee reports are signed off by Finance Services. Increase in capacity of finance function has facilitated better support of Project Boards, etc.