

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 at 31/03/03
1. Secure an effective internal control framework	a) Approve high level financial regulations	Completed	Treasurer	<ul style="list-style-type: none"> Financial regulations etc originally approved June 2000 Revision to financial regulations approved by MPA 27/06/02 A joint MPA/MPS working group is reviewing contract regulations and the scheme of delegations. A report proposing revisions is planned for June 2003. A new procurement related equalities and diversity statement and an environmental statement are also being prepared. <p>Action completed</p>
	b) Review/update detailed financial instructions	31/03/02	DoR	<ul style="list-style-type: none"> Financial instructions compiled and issued (report to FPBV Committee 29/05/02) Scheme of devolved financial management agreed. <p>Action completed</p>
	c) Communicate control requirements	2002/03	DoR	<ul style="list-style-type: none"> Content of financial instructions publicised through Finance and Resource Managers conferences and notices Scheme of devolved financial management published on the intranet

				<ul style="list-style-type: none"> • Internal audit advice notes published on the intranet • Financial awareness training (see 3d below) emphasises need for compliance with control requirements • Compliance review and advice form part of the function of the Business Support Division of MPS Finance Department. Programme of visits set in business plan.
	d) Secure management processes to assure compliance	2002/03	DoR	<ul style="list-style-type: none"> • Business accountants support management on control compliance
	e) Strengthen the finance function	Commenced	DoR	<ul style="list-style-type: none"> • Appointments made to complete the permanent establishment of the Finance Dept senior management team • 46 CCAB-qualified accountants (22 as at April 2001) and 9 AAT-qualified accounting technicians now working in Finance. 14 staff training for CCAB qualification. • Currently 10 vacancies not covered by agency staff remaining from Finance Dept establishment of 203 staff. <p>Action completed</p>
	f) Secure independence of internal audit	Completed	Treasurer	<ul style="list-style-type: none"> • Internal audit report directly to the Treasurer with independent access to members via the Audit Panel <p>Action completed</p>

	g) Improve achievement of internal audit programme (90% completion)	2003/04	Treasurer/ Director of Internal Audit	<ul style="list-style-type: none"> • 2002/03 programme: <ul style="list-style-type: none"> - 75% of systems audit programme completed to reporting stage - 19% work in progress - 6% postponed • Target of 90% set for 2003/04 – current recruitment campaign should address staff shortages that have affected achievement of the programme in 2002/03
	h) Secure implementation of internal audit recommendations (all high priority within six months)	2002/03	DoR	<ul style="list-style-type: none"> • Commissioner given his support to implementation of internal audit recommendations in correspondence with Chair of the Audit Panel • Increased engagement of Director of Internal Audit with MPS senior management • Audit Panel calling for explanations from MPS management where recommendations not implemented • 69% of high risk recommendations are currently being implemented within the target timescale
	i) Provide member focus through the Audit Panel	Completed	Treasurer	<ul style="list-style-type: none"> • Audit Panel established from the outset <p>Action completed</p>
	j) Develop the Authority's anti-fraud and corruption policy	2002/03	Treasurer	<ul style="list-style-type: none"> • Anti-fraud and corruption strategy approved by the Audit Panel and formally adopted by the Authority 30/01/03 <p>Action completed</p>

2. Produce soundly based budgets	a) Develop rolling medium term financial forecasts linked to policing priorities	2002/03	Treasurer/ DoR	<ul style="list-style-type: none"> • MPS 2003/04 budget scrutiny reflected policing priorities • There is ongoing liaison within MPS between Finance and Corporate Planning. Finance representative included on Corporate Planning Group • Wider scope of data collection for MTFP update • Internal scrutiny processes in place at middle and senior management levels within MPS • Data collection and scrutiny includes consideration against policing plan and corporate plan • Business accountants involved in validation and update for 2003/04 budget process • Joint approach to production of annual policing plan and budget book to ensure no overlap or omission • Step Change programme development integrated with next update of MTFP. Finance representation on the project
	b) Base budgets on detailed review of current provision and future requirements	2002/03	Treasurer/ DoR	<ul style="list-style-type: none"> • 2001/02 outturn review fed into budget planning for 2003/04. Same process will apply with 2002/03 outturn and 2004/05 budget • MTFP provides framework for identifying future pressures • Step Change project represents a specific review of future requirements. Early output will feed into Mayor's budget guidance. • Actuarial review of future police pension costs will inform budget and MTFP preparation

	c) Meet GLA requirements for budget preparation	Ongoing	Treasurer	<ul style="list-style-type: none"> • The draft budget for 2003/04 was submitted in conformity with the Mayor's objectives and guidance • Regular liaison maintained with GLA officers to ensure budget format and content complies with requirements • All timetable deadlines for 2003/04 met • Budget Timetable for 2004/05 currently being compiled to ensure meet GLA and MPA requirements
	d) Reinforce budget ownership through the budget process	2002/03	DoR	<ul style="list-style-type: none"> • Named accountable officers for all budgets • Scheme of financial management sets out budget responsibilities and accountabilities • All MPS SMTs receive standard information on 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 and constraints of funding • MTFP process will provide outline planning totals to business groups to encourage local budgets to address spending pressures, savings targets and income generation
	e) Constrain budget to available funding	Ongoing	Treasurer/ DoR	<ul style="list-style-type: none"> • MPS SMT advised throughout 2003/04 budget process of emerging pressures and funding gaps, and advised on corrective action to secure a balanced, realistic and achievable budget

				<ul style="list-style-type: none"> • Final budget review by MPA (December 2002) focussed on balancing final submission following grant settlement • Review of pressures and agreement of virements prior to the commencement of the 2003/04 budget year
3. Ensure sound management of approved budgets	a) Establish a clear budgetary control framework	2002/03	Treasurer/ DoR	<ul style="list-style-type: none"> • FPBV Committee approved the budgetary control framework in February 2002 • Scheme of Devolved Financial Management also includes framework for budget management • Generic forecasting instruction issued to enable consistency across the MPS • Ongoing support from Finance Dept strengthening the operation of the framework throughout the MPS
	b) Ensure reliable forecasts of outturn (no unpredicted over/underspending)	2002/03	DoR	<ul style="list-style-type: none"> • Business accountants quality check unit level forecasts prior to further logic checks by Corporate Finance • Forecasting cycle improved to allow enhanced quality control checks • Forecasting experience in 2002/03 will be reviewed and specific areas identified for improvement
	c) Develop devolved budget management	2002/04		See 4 below
	d) Provide training in financial awareness	Commenced Ongoing	DoR	<ul style="list-style-type: none"> • Financial Awareness Training has to date been delivered to around 2,000 senior managers and

	to managers			<p>key staff, including 100 Finance & Resource Managers and 100 Finance clerks.</p> <ul style="list-style-type: none"> • In 2002, the half- day course specifically designed for senior managers has been attended by 1,000 delegates. 2 further courses to be held in May 2003 for senior managers. • A further 56 courses are scheduled to take place in 2003, mainly for Inspectors (around 1,400). The programme for training Sergeants (around 4,700) will commence late in 2003 and be completed by March 2005.
4. Develop and enhance devolved financial management	a) Establish supporting and controlling framework	31/03/02	DAC(SP)	<ul style="list-style-type: none"> • Scheme of Devolved Financial Management completed and published on the intranet • Finance working with Devolution Team to set up further devolved budgets and support pathfinders • Finance manual in the process of being created for local staff • Significant improvements achieved with the payroll variances process and more robust procedures rolled out in April 2003
	b) Implement and learn from pathfinder devolved boroughs	2002/03	DAC(SP)	<ul style="list-style-type: none"> • First pathfinder boroughs implemented from September 2002 • Initial evaluation reported in December 2002 • In-depth evaluation to report May-June 2003 • The experience of the original pathfinders is underpinning the processes and business rules for the newly devolved budgets from April 2003
	c) Roll out devolved	2003/04	DAC(SP)	<ul style="list-style-type: none"> • Eight more pathfinder sites identified for devolved

	management through the whole service			<p>budgets in 2003/04</p> <ul style="list-style-type: none"> • More budget lines also being devolved to all OCU's in 2003/04
5. Increase the general awareness of the financial dimension of service management	a) Implement activity based costing	Commence by 31/03/02	DAC(SP)/(DoR)	<ul style="list-style-type: none"> • Pilot ABC projects undertaken in SO • CARM being developed to capture activity data • Agreement with Home Office to a programme of activity sampling that will use 8 representative boroughs during 2003/04 for extrapolation across the MPS • Finance Dept currently addressing compliance of MetFIN with ACPO ABC model and issues around costing software. • MPA Treasurer (as APA rep) and MPS representative on Home Office ABC Project Board
	b) Provide training in financial awareness	Commenced Ongoing	DoR	See 3d above
	c) Ensure financial implications considered in all business decisions		DoR	<ul style="list-style-type: none"> • Business case guidance issued • Finance Department input to financial implications of all committee reports • Support from business accountants • All policy leads have named accountants assisting them • All service improvement views (formerly Best Value) have named accountants assigned to them • Business Support business plan includes specific provision for proactive marketing of services to encourage management to involve finance staff further

	d) Ensure that managers have access to financial advice		DoR	<ul style="list-style-type: none"> • Every unit within the MPS has a dedicated qualified business accountant assigned to them • Corporate finance staff outposted to Budget Change Team, Step Change Project, ABC project & TOCU
6. Provide timely, accurate and relevant financial information to all levels of management	a) Adherence to robust monthly reporting timetable.	Ongoing from 2002/03	DoF	<ul style="list-style-type: none"> • Generic forecast guidance issued • Monthly forecasting timetable operated and reported to MPA Finance Committee (and Budget Group) throughout 2003/04
	b) Focus local F&R responsibilities on finance.	Ongoing from 2002/03	DoF	<ul style="list-style-type: none"> • Challenging forecasting timetable demands finance takes priority at specified times • Business support assists, guides and challenges forecasting by local units • Head of profession role for FRMs addressing financial training needs, developing appropriate courses and conferences, and setting up a mentoring scheme to help develop individuals and share good practice
	c) Focus Business Accountants on management information and analysis.	Ongoing from 2002/03	DoF	<ul style="list-style-type: none"> • Business accountants quality check unit level forecasts • Business accountants liaising with customers on the information requirements for business group SMTs
	d) Improve data quality of feeder systems.	Ongoing from 2002/03	DoF	<ul style="list-style-type: none"> • Dedicated support team set up to ensure the quality of data feeding into MetFIN (particularly payroll)

				<ul style="list-style-type: none"> • Improved liaison with Capita and the payroll client group • Processes put in place to manage the creation/deletion of GL codes, cost centres and location codes • Revised process to vet validity of codes input to payroll being implemented (June 03)
	e) Develop training for advanced FMI reporting from corporate finance system.	Ongoing from 2002/03	DoF	<ul style="list-style-type: none"> • Modules on MetFIN reports included as part of the full day financial awareness courses • Workshops held as part of the communication on the variety of reports held on MetFIN and available to managers • 21 courses with 108 attendees held for advanced reporting in 2002/03. A further 570 staff have been provided with training in other MetFIN modules during the same period
7. Secure appropriate funding	a) Develop and present arguments for increased formula funding	Commenced Ongoing	Treasurer	<ul style="list-style-type: none"> • 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. • Grant settlement for 2003/04 relatively very favourable for MPA
	b) Assess the validity of funding for national/international functions and rationale for the	Commenced	Treasurer/ DoR	<ul style="list-style-type: none"> • Relevant costs identified in published accounts. This will be further refined for 2002/03.

	special payment			
	c) Pursue specific cases for additional government funding	Ongoing	Treasurer/ DoR	<ul style="list-style-type: none"> • Cases made in relation to Golden Jubilee, training, pay lead. • Support for cases for C3i. Counter-terrorism and PCSOs • Revised case being formed for Criminal Justice in light of changing strategy for co-location of CJ units with CPS lawyers
	d) Present effective case to Mayor and/or Assembly for precept funding	Ongoing	Treasurer/ DoR	<ul style="list-style-type: none"> • Secured increase in Mayor's precept envelope for 2002/03 • 2003/04 budget submission accepted by the Mayor and approved without change • Work underway to provide input to inform the development of the Mayor's budget guidance for 2004/05
	e) Ensure appropriate opportunities for income generation are exploited	2002/03	DoR	<ul style="list-style-type: none"> • Unit in Procurement Services being recruited to focus on sponsorship and income generation as agreed by Finance Committee in October 2002 • Efficiency and Effectiveness review of income generation • MPS review of income following 2001/02 outturn • Review of Fees and Charges complete and published. Will be reviewed as part of budget process for 2004/05 • Special Service rates updated and published • Dedicated post in Finance Dept leading on partnerships • Support for BOCUs to access new grant funding

				<p>from Home Office in 2003/04 being provided through lead TP accountant</p> <ul style="list-style-type: none"> • Income budgets devolved to encourage further effort • Additional income raised through negotiations with Immigration Service, Palace of Westminster and BAA
8. Secure an unqualified opinion on the Authority's accounts	a) Maintain high professional accounting standards	Ongoing	Treasurer/ DoR	<ul style="list-style-type: none"> • Increasing the professional depth of the Finance Department. Professional oversight from MPA finance unit • Finance commended by external audit on quality of work for 2001/02 closedown • Further progress made in improving regular reconciliation of balance sheet accounts • Close down programme for 2002/03 drawn up to meet required timescales and standards
	b) Ensure compliance with accounting policies	Ongoing	Treasurer/ DoR	<ul style="list-style-type: none"> • See 8a above and 8c below • Review of draft final accounts by MPA finance unit
	c) Take appropriate steps to address accounts qualifications	Commence by 31/03/02	Treasurer	<ul style="list-style-type: none"> • Substantial increases in provisions for third party and pension liabilities reflected in 2001/02 accounts • Use of underspendings in 2002/03 agreed by the Authority, and supported by the Mayor, to enhance provisions • Agreed programme of land and buildings valuations in place to address qualification re valuation • Work undertaken to establish effective process for

				assessing 3 rd party liabilities
	d) Work closely with the external auditor towards adoption of managed audit	Ongoing 2004/05	Treasurer/ DoR	<ul style="list-style-type: none"> External audit have assessed the quality of Internal Audit work as enabling them to place reliance on it
9. Develop a strong balance sheet for the Authority	a) Create the opening balance sheet	Completed	Treasurer	<ul style="list-style-type: none"> Balance sheet produced as at 3 July 2000 <p><i>Action completed</i></p>
	b) Agree policies on reserves and provisions	Commenced	Treasurer	<ul style="list-style-type: none"> Report to FPBV Committee in February 2002 Policy on reserves or provisions to be reviewed following actuarial report on pensions.
	c) Agree and implement a strategy for creation/ enhancement of reserves	31/03/02	Treasurer	<ul style="list-style-type: none"> Report to FPBV Committee in February 2002 Developed in practice as part of 2001/02 accounts closedown Consider application of underspendings in 2002/03
10. Support the maintenance and improvement of the Authority's assets	a) Establish an effective 5 year capital programme	31/03/02	Treasurer/DoR	<ul style="list-style-type: none"> Initial 5 year programme approved by FPBV Committee in April 2002 2003/04-2007/08 capital programme approved by Finance Committee in April 2003 Strategic review of estate requirements commenced recognising extent of backlog renewal outstanding and need rising from planned officer growth <p>Action completed</p>

	b) Support effective capital programme and project control	2002/03	DoR	<ul style="list-style-type: none"> Strengthened capital planning team in Finance Dept Improved regular monitoring by RAC and Finance Committee Specific links between corporate finance and business support accountants with particular interest in capital (PSD, DoI)
	c) Maximise capital funding resources	Ongoing	Treasurer/DoR	<ul style="list-style-type: none"> Up to £140 million funding secured for C3i Greater flexibility anticipated under new Prudential Code
	d) Ensure appropriate use of new initiatives for securing the benefits of capital assets	Ongoing	Treasurer/DoR	<ul style="list-style-type: none"> PFI review reported to FPBV Committee in May 2002 establishes a framework for future PFI/PPP consideration
11. Develop a good quality professional finance function	a) Recruit additional accountants in Finance Department restructuring	31/03/02	DoF	See 1e above
	b) Maintain a professional training and development programme	Ongoing	Treasurer/ DoR	<ul style="list-style-type: none"> Internal professional training plan and mentoring scheme 14 Finance staff training for CCAB qualifications and 5 staff for AAT qualification 18 FRM/SRMs and 4 Finance staff sponsored for CIPFA Advanced Diploma Continuing Professional Development (CPD) actively supported

	c) Develop and implement a competency framework for finance and resource managers	2002/03	DoR	<ul style="list-style-type: none"> To be progressed as part of the civil staff competency framework development in conjunction with the Head of Profession role Job description of FRMs being reviewed
	d) Implement the Finance Department restructuring to balance corporate requirements with business support	31/03/02	DoF	<ul style="list-style-type: none"> Basic structure established with substantial progress in filling posts Main area of growth business support, to facilitate access to professional advice and support at local level <p>Action completed</p>
	e) Provide effective financial support to a devolved organisation	Ongoing	DoF	<ul style="list-style-type: none"> Business support provides dedicated qualified support to each unit in the MPS Bid for further two posts has been agreed for 2003/04 to assist with the growing demands of counter terrorism, specialist crime and partnerships
	f) Take a leading role in national finance issues	Ongoing	Treasurer/ DoR	<ul style="list-style-type: none"> Treasurer's national involvement includes: Vice president Police Authority Treasurers Society; Police Expenditure Forecasting Group; HO Allocation Formula Working Group; Home Office ABC Project Board; APA adviser; CIPFA Council member; Chair of CIPFA Treasury Management Panel
12. Maintain efficient core	a) Implement robust monthly	Ongoing	DoF	<ul style="list-style-type: none"> Revised Revenue Budget forecasting and monitoring and cycle now established. Monthly

finance processes and procedures	activity timetable.			timetable for monthly close down and reconciliation of financial ledgers and accounts in place.
	b) Produce clear desktop guidance for all processes.	Ongoing from 2002/03	DoF	<ul style="list-style-type: none"> Scheme of Financial Management finalised. Finance Manual project underway to produce a single source of procedures and guidance. Manual will be launched in Autumn 2003 and will incorporate intranet and electronic links.
	c) Respond positively to audit recommendations	Ongoing from 2002/03	DoF	<ul style="list-style-type: none"> All Audit Reports are monitored through central point in Finance Services to ensure recommendations are highlighted and actioned, - implications for FRMs tested through Head of profession.
	d) Implement activity management system in Finance function.	Ongoing from 2002/03	DoF	<ul style="list-style-type: none"> Business Plans currently being finalised for all sections of Finance Services and future planning and monitoring cycle for business planning being developed
	e) Benchmark key transaction processes.	Ongoing from 2002/03	DoF	<ul style="list-style-type: none"> Participation in CIPFA Benchmarking Club for all Finance Services. Initial comparative report being analysed for further action.
	f) Maintain effective treasury management complying with standards/ regulation	Ongoing	Treasurer	<ul style="list-style-type: none"> 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 management of MPS business	a) Provide effective financial support to decision making.	Ongoing	DoR	See 5c and d above
	b) Develop investment appraisal		DoF	See 5c above
	c) Ensure access to financial advice at all levels of management		DoF	See 5d above
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	<ul style="list-style-type: none"> • Treasurer chairs Efficiency and Effectiveness Project Board • Tranche 1 reviews completed, implementation being monitored • Tranche 2 reviews approaching completion. Implementation to be monitored • Decisions taken on use of Tranche 3 funding • Revised arrangements for Project board agreed
	b) Support Best Value review programme	Ongoing	Treasurer	See 5c above
15. Secure protection against future risks and costs	a) Implement catastrophe insurance arrangements	Completed	Treasurer	<ul style="list-style-type: none"> • Insurance arrangements implemented from October 2000 (property) and August 2001 (liabilities). Subsequent renewals effected • Willis appointed as insurance and risk advisers • Latest renewals exercise seeking more favourable

				terms
	b) Support the development of systematic risk management	Commenced	Treasurer	<ul style="list-style-type: none"> • Strategic review of risk management carried out by Willis • Director of Risk Management appointed
	c) Oversee implementation of civil staff pensions transfer	Commenced	Treasurer	<ul style="list-style-type: none"> • Transfer successfully achieved from September 2002 <p>Action completed</p>
	d) Pursue means of limiting/ controlling future budget impact of police pensions	Ongoing	Treasurer/ DoR	<ul style="list-style-type: none"> • Treasurer supported Treasury/Home Office proposals for new accounting arrangements for police pensions • Actuaries report on future police pension liabilities awaited
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	<ul style="list-style-type: none"> • Treasurer/DoR exercise quality control over reports produced for Finance Committee • Finance review financial implications of all reports
	b) Support the Treasurer's statutory responsibilities in relation to legality, financial integrity and standards	Ongoing	DoR	<ul style="list-style-type: none"> • Seeking to involve Finance staff in developments across the MPS. This will improve with increased capacity of Finance Dept. • Finance have questioned legality of expenditure in specific instances