

## **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 (asj). 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 (Finance)

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>Accountability</b>	<b>Milestones</b>	<b>Target dates</b>
1. Corporate governance	Disseminate and enforce internal financial control requirements throughout the organisation and check that they are understood and enforced.	Lead: DoF/DBS/DES Liaison: IA	<p>Visit templates being used by Business Accountants 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>March 2005</p> <p>December 2004</p> <p>April 2005</p>

	<p>Develop and deliver means of providing appropriate financial training conveniently for operational management.</p>	<p>Lead: DoF/DBD/DES</p>	<p>FRM Project to produce training programme for FRM staff</p> <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>March 05</p> <p>Ongoing courses</p> <p>March 2006</p> <p>March 2006</p> <p>September 2005</p>
	<p>Develop and implement processes to enable management to provide assurance of compliance with control requirements, including budget management.</p>	<p>Lead: DoF/DBS / 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>Ongoing</p> <p>Ongoing</p>

			Monitor outputs from audit reports to measure improvements / new issues emerging	Ongoing
	Put in place proactive measures to monitor and secure full implementation of agreed internal audit recommendations	Lead: 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.	November 04  April 2005 onwards
	Develop proposals for the integration of financial management within the MPS's performance management arrangements.	Lead: DoF/DSF Liaison: DHR	Financial management to be linked to MPS performance management within performance reviews.	2005/06 Year
	Secure the production of final accounts in accordance with changing statutory deadlines.	Lead: DoF/DSF Liaison: T	Draft accounts approved by MPA Corporate Governance Committee	End July 2005 and end June annually thereafter
	Support the implementation of risk management processes throughout the organisation.	Lead: T/HRM Liaison: DSD	Established governance arrangements, MPA and MPS	In place

			Support for agreed risk management programme  Statement of internal control and risk management in 2004/2005 accounts	Ongoing  June 2005
2. Organisational change	Further develop local financial support, through business accountants, FRMs, etc, that will enhance the delivery of local financial accountability	Lead: 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
	Review the provision of appropriate financial support to major organisational change.	Lead: DoF / DSF	Redirection review phase 2	April 2005 onwards
	Further develop support for and understanding of Partnerships and the financial implications there of.	Lead: DoF / DBS	Partnership database established. Partnerships team in finance recruited.	March 2005
	Participate in the evaluation of the initial Step Change implementation	Lead: DoF/DSF	Initial implementation reviewed	Summer 2004

	and provide financial support to the development and implementation of further phases of the programme.		Phase 2 re-costed and submitted as part of GLA Budget Submission  Financial support provided to Step Change Team.	Early Nov 2004  Ongoing
3. Financial information	Develop and implement measures to improve the quality and reliability of expenditure and income forecasting.	Lead: 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.	September 2004  September 2004  November 2004 and ongoing
	Further develop MetFIN following recent upgrades and installation of Business Warehouse functionality.	Lead: DoF/DBD	Phased enhancements of MetFIN e.g. improved accounts payable and receivable modules.	December 2004 Onwards
	Develop interfaces from stand-alone systems into MetFIN/Business Warehouse to improve reporting	Lead: DoF/DBD	Import CARM data into Business Warehouse to provide overtime data and information	December 2004

	<p>Ensure that financial information improvements are derived from new HR and duties management systems</p>	<p>Lead: DoF/DBD</p>	<p>Finance representation on MetHR and MetTIME 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>	<p>Monthly and Ongoing</p> <p>Attend and be involved in SOR workshops.</p> <p>Phase III to commence April 2005. End date to be defined.</p> <p>By April 2006. Phased deliverables yet to be defined.</p>
	<p>Implement activity based costing and secure optimum utilisation of the resulting financial management information.</p>	<p>Lead: DoF/DBD/DSF Liaison: DSD</p>	<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>November 2005</p> <p>Summer 2004 and annually there after.</p>



			Activity/task analysis of ABC requirements included in MetTIME SOR; 'costing' engine to be defined.	By April 2006
			Provide interim solution to give visibility of analysis and costing data.	December 2004
4. Resource Management	Develop further integration of financial and business planning	Lead: DoF/DSF Liaison: DSD	New MPS Planning Board established	June 2004
			Business Planning guidance revised to include financial planning.	April 2005
			Further develop costing mechanisms to enable costing of objectives	April 2006
	Support the extension and effective delivery of devolved management	Lead: DoF/DBD Liaison: DSD	Further devolution of budgets to OCUs	April 2005
			Reinforce accountability of budget holders by review of devolved budget spend.	April 2006

	Support the development of structured processes for resource allocation between and within MPS business groups	Lead: DoF/DSF	Review of budgets between business groups commissioned.  Contribute to police officer deployment plan and review of resource allocation formulas	2005 / 2006 Budget  Ongoing
	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  Lobbying for 2006/ 2007 settlement	October 2004  April 2005  October 2005
	Establish processes to achieve cost recovery in accordance with MPA policy and to facilitate income generation	Lead: DoF/DBS	Action plan to deliver recommendations of charging review	September 2005
	Ensure that financial provisions and reserves are adequate to support future resource requirements.	Lead: T/DoF/DSF	Formal review of reserves and provisions as part of: a) Annual GLA Budget Submission. b) Closure of Annual Accounts.	October 2004 May 2005 and annually thereafter.
	Secure the integration of revenue and capital budget planning and management	Lead: DoF/DSF	Monitoring reports to review revenue and capital budgets together.	September 2004

			<p>Business Groups to develop revenue and capital budget proposal together.</p> <p>Develop Business Warehouse/ Strategic Enterprise Management capital planning system in line with existing revenue functionality.</p>	<p>September 2004 initially but further developments for 2006/07 Budget process</p> <p>2006 / 2007 Budget process</p>
	<p>Develop and manage a process for continued systematic identification and delivery of efficiency savings</p>	<p>Lead: DoF/DSF Liaison: DSD</p>	<p>Savings list produced within Budget Submission</p> <p>Efficiency Plan for 2005 / 2006 submitted to Finance Committee. Development of 3yr efficiency plan to meet revised Home Office requirements.</p> <p>Further develop monitoring system to 'capture' non-cashable items in year.</p>	<p>October 2004</p> <p>February 2005</p> <p>February 2005</p> <p>April 2005 onwards</p>

	Support the retendering of outsourced service contracts to secure best value for money	Lead: DoF/DBS	Dedicated Business Accountant support provided throughout retendering process	Ongoing
	Development to Budgeting process to incorporate potential move to 2-3 year budget framework	Lead: DoF / T / DSF	<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 RAC / Management Board and MPA</p> <p>Develop Budget process in line with 3-year timescale as per spending review.</p>	<p>March 2005</p> <p>2005 / 2006 Year</p> <p>2005 / 2006 Year</p> <p>April 2005 onwards</p>
	Improvements to financial reports available to both officers and members.	Lead; DoF / DBS / DBD	Review budget monitoring reports to enable easier identification of income/expenditure on "trading Activities"	December 2004 onwards

			<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>April 2005 Onwards</p> <p>April 2005 onwards</p> <p>April 2005 Onwards</p> <p>April 2005 Onwards</p>
5. Wider developments	Develop the Authority's accounts in line with emerging requirements in relation to Whole of Government Accounts	Lead: T/DoF/DSF	<p>Member of ODPM/Treasury WGA project group</p> <p>Review content/ format of MPA accounts</p>	<p>Ongoing</p> <p>November 2004 and annually thereafter.</p>

	Secure capital strategy (including funding strategy) and asset management planning processes to provide a framework for prudential borrowing decisions	Lead: DoF/DSF Liaison: T	Capital Strategy approved by MPA Finance Committee  Draft Asset Management Plans to be in place  Funding Strategy reviewed	October 2004  April 2005  Summer 2005 and annually thereafter.
	Participate in the development of, and implement new financing arrangements for police pensions and support the introduction of an agreed new pension scheme	Lead: T	Input to report of Home Office working group on financing  Assess implications for MPA budgets and reserves  Implement revised financing arrangements Monitor proposals for new pension scheme	October 2004  December 2004  March 2006  Ongoing

	<p>Strive for continuous improvement to facilitate best uses of resources across the organisation.</p>	<p>Lead: DoF / DBD / DBS Liaison: T</p>	<p>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.</p> <p>Test ourselves against CIPFA financial management models and action plan improvements.</p>	<p>April 2005 Ongoing</p> <p>April 2005 Onwards</p> <p>September 2005</p>
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