

## Appendix 2

### MPA Action plan response to the Audit Commission's 2005 Annual Audit Letter

It should be noted that individual action plans should have been agreed in respect of most of the pieces of work identified in the annual audit letter. The key role of the MPA will be to ensure sufficient scrutiny to reassure ourselves that appropriate action is being taken.

Recommendations	MPA Action	MPS Action	Timescales
Members should continue to prioritise improvement action in response to the IPA (p7)	Senior MPA officers have been working with the Improvement and Development Agency to develop a programme of improvement for the organisation. The resulting programme has been discussed with Members at the awayday and formal governance structures have been established to ensure momentum is maintained.	N/A	August 2006 (implementation ongoing)
The MPS need to address issues in relation to SPI 11a – The amount of police officer time available for frontline policing (p12)	MPA will monitor progress of activity based costing and activity analysis data collection via the Finance Committee	SPI11a uses activity analysis data. A reservation on this SPI was given because the Audit Commission had made recommendations regarding quality checking of activity analysis data during their activity based costing audit for 2003-04. Unfortunately those recommendations were produced too late to be acted on for the activity analysis data collection for 2004-05. However, those recommendations have been acted on for the 2005-06 activity analysis data collection. We will ensure that sufficient quality checks for activity analysis data remain in place in subsequent years.	Ongoing

Recommendations	MPA Action	MPS Action	Timescales
<p>The accounting arrangements for fixed assets and capital financing remain in need of improvement (p13)</p>	<p>The Deputy Treasurer will closely monitor progress to ensure all timescales are met and accounts are closed within the statutory deadline via the joint MPA/MPS year end accounts working group</p>	<p>A fixed asset project has been established to identify how fixed asset accounting arrangements can be improved. In addition bi monthly meetings are now held with all business groups to ensure that their fixed asset records are kept up to date.</p> <p>The new Capital Accountant within MPS Finance is due to start mid February and will be tasked with identifying how current capital financing arrangements can be improved</p>	<p>July 2006</p> <p>On-going</p> <p>May 2006</p>
<p>Deadlines for completion of the accounts are again to be advanced next year and will require early planning and thoughtful scheduling of key meetings (p13)</p>	<p>The Deputy Treasurer will closely monitor progress to ensure all timescales are met and accounts are closed within the statutory deadline via the joint MPA/MPS year end accounts working group</p>	<p>Following consultation with key personnel, detailed timetables have now been produced that include dates of all key meetings. The timetable will be closely monitored by the joint MPA/MPS year end accounts working group</p>	<p>July 2006</p>

Recommendations	MPA Action	MPS Action	Timescales
Members should consider further action to improve control over setting and monitoring volatile budgets (p14)	The Finance Committee receive regular detailed budget monitoring reports. The separate member led Budget and Overtime Group considers in detail budget monitoring reports and has actively considered volatile budgets. This issue will continue to be on the active agenda of the Group.	Further updates and improvements are to be made to the Scheme of Devolved Financial Management to improve the overall robustness of the budgetary control process existing within the MPS. Also, additional emphasis will be placed on the monitoring and control of volatile budgets such as Police Officer Overtime. This will occur through developments and improvements in the reporting of overtime information to key members of staff, eg MPS Management Board	On-going
Controls over the recording of IT assets continue to require improvement (p15)	The Treasurer will closely monitor progress.	A fixed asset project has been established and is looking into ways of providing a corporate fixed asset (physical) register that will include IT equipment.	July 2006
Members should monitor the success of action taken to re-establish the ongoing improvement in internal financial control achieved in previous years (p16)	The Director of Internal Audit has widened his assurance scoring from planned audit reviews of systems to include issues highlighted from investigations and other review and scrutiny activity in the MPS. This will be reported quarterly to the Corporate Governance Committee. In addition Members monitor progress against the Financial Management Strategic Improvement Programme through annual reports to Finance Committee.	The MPS is carrying out regular reviews of progress with high-risk audit recommendations and will also be reporting progress quarterly to the Corporate Governance Committee. In addition Continued implementation of the Financial Management Strategic Improvement Programme will ensure ongoing improvement in internal financial control	On-going

Recommendations	MPA Action	MPS Action	Timescales
The initial risk assessment of the 2004 National fraud Initiatives data matches is nearing completion and investigations of the few high risk matches identified should now be prioritised (p19)	Internal Audit has prioritised all high risk matches from the 2004 NFI and action has been taken to follow them up.	N/A	Completed