

## **ANNEX 1**

### **REPORT ON INTERNAL AUDIT ACTIVITIES 2000/2001**

#### **REPORTING FRAMEWORK**

Audit reports are issued to management at various stages of the audit these are summarised as follows:

**Draft issued for Discussion** - at the end of our fieldwork we issue a draft report to management for discussion. We then hold a meeting to clarify any points that are raised before issuing the formal draft.

**Formal Draft Report** - once the report has been discussed with the auditee the formal draft is issued together with a request for a formal response within three weeks.

**Final Report** - when a response is received from the auditee it is incorporated in the report and the final report is issued.

Each audit also has a summary of the main findings and an analysis of the recommendations made. Recommendations are classified as '**high**', '**medium**' or '**low**' risk. Any high risk recommendations rejected by line management are raised with the policy board member responsible and if necessary the Audit Panel.

#### **SYSTEMS AUDITS**

##### **FINAL REPORTS**

###### **Ethics and Accountability**

Draft Report issued June 1999  
Final Report issued August 2000

###### **Summary of Findings**

The review found many examples of good practice and new initiatives however, the framework of control needs strengthening. Currently there is no specific strategy to guide the MPS's overall approach to the issue of ethics and associated accountability. Work on various aspects of ethical behaviour and accountability is being done in different parts of the Service leading to the lack of a corporate approach. The monitoring and review processes need to be developed to enable the service to evaluate the policies being introduced.

## Analysis of Recommendations

Management accepted all 10 of the recommendations made:

3 High Risk

4 Medium Risk

3 Low Risk

## Senior Line Management Comment

*Response requested from AC Ghaffur but as yet not received.*

## Write –Offs, Losses and Special Payments

Draft Report issued April 2000

Final Report issued August 2000

## Summary of Findings

Overall control is generally adequate in this area. We identified some minor weaknesses in the systems for dealing with write-offs, losses and special payments. These relate to the procedures for identification and prevention of recurrence of a loss.

## Analysis of Recommendations

Management accepted 5 of the 8 recommendations made:

7 Medium Risk           (5 accepted)

1 Low Risk               (1 not accepted)

## Senior Line Management Comment - (Keith Luck, Director of Resources)

Management have accepted the thrust of recommendations made by internal audit with 5 of 8 recommendations having been accepted. The 3 recommendations not accepted relate to working practices which are already considered to be sufficient for accurate and efficient operation of the procedures covered by the audit review.

## Police and Civil Staff Support Outside the UK

Draft Report issued April 2000

Final Report issued August 2000

## **Summary of Findings**

Controls in place for evaluating and approving police and civil staff support to forces and organisations outside the UK and for recovering all monies due to the MPS are not effective. In particular, inadequate controls are in place to ensure that the MPS recovers all the income that is due for services that are provided. There are discrepancies between the information held by the Personnel and Finance Directorates and as a result we estimate that £460,000 of income has not been reclaimed. In addition, the criteria for evaluating and approving requests for support are unclear and there are no laid down guidelines for agreeing and authorising terms and conditions of support arranged locally.

## **Analysis of Recommendations**

Management accepted 33 of the 35 recommendations made:

11 High Risk           (11 accepted )  
24 Medium Risk       (22 accepted)

## **Senior Line Management Comment**

*Response requested from DAC Clarke but as yet not received.*

Business Continuity and Recovery Procedures

Draft Report Issued February 2000

Final Report issued August 2000

## **Summary of Findings**

There is a lack of assurance that the MPS possesses adequate arrangements for business continuity and disaster recovery for all critical processes and functions. There was a well-structured and controlled approach to preparing the MPS business processes for potential disruption during the Millennium celebrations, especially with respect to Command & Control and the 999 Call Centre functions. However there is no MPS-wide recovery strategy in place to address the needs of the organisation as a whole. Several major MPS applications do not currently have formal recovery plans. A number of key operational processes which are classified as being either "Essential" or "High Priority" have dependencies on computer systems which are not protected by viable Business Continuity or Disaster Recovery plans.

Outsourcing technology service provision to a number of external suppliers has led to responsibility for contingency arrangements resting with third parties but there is uncertainty about the role and responsibilities the suppliers of outsourced services are expected to fulfil.

## **Analysis of Recommendations**

Management accepted all 5 recommendations made, implementation is in progress:

3 High Risk  
2 Medium Risk

**Senior Line Management Comment** (*Commander P Hagon, Director of Quality Performance & Review*).

Some of the more critical MPS processes are backed up by satisfactory business continuity and disaster recovery arrangements (e.g. 999 call handling) but it is accepted that we need to develop a new business continuity strategy and work is in hand accordingly.

Implementation of the recommendations has been integrated into the MPS Business Continuity Initiative which is under way and will report to the METSEC Programme Board.

## **Security of Computer Operating Systems**

Draft Report issued March 2000  
Final Report issued August 2000

## **Summary of Findings**

There are established adequate systems for securing and controlling operating systems. Operating systems are for the most part organised and managed in accordance with an overall framework of documented procedures and controls. However, there are significant weaknesses, both across the board and specific to each system. Effective monitoring of systems activity and accesses, use of audit trails, security of back-up and recovery procedures and business continuity planning are required to ensure security of key MPS systems.

## **Analysis of Recommendations**

Management accepted all 18 recommendations made:

10 High Risk	(9 fully implemented, 1 in part)
7 Medium Risk	(6 implemented, 1 superseded)
1 Low Risk	(implemented)

## **Senior Line Management Comment** (Ailsa Beaton, Director of Information)

DoI and PRS are working jointly on the Infrastructure Security Project which addresses many of the issues raised by the Internal Audit report, including those at policy level and those for which resolution can be achieved pragmatically.

The upgrade to the infrastructure includes a number of initiatives that will significantly reduce the risk. These initiatives include upgrades to operating systems for the servers used by the MPS and the consolidation of servers into enterprise-class server farms or data centres. There is also a consolidation plan within these initiatives to reduce the number of servers, both in terms of diversity and quantity. Additionally, as we are taking application services from all our contractors, they will be required to have Listex status at their data centres and higher levels of clearances for their staff working on such systems. The introduction of more stringent security and access control will also reduce the opportunities for people to hack into operating systems.

*The Audit and Benefits Realisation Group chaired by the Director of Information at which internal audit is represented is monitoring progress towards implementation of all agreed recommendations.*

## **IT Security, Access and Usage**

**Draft Report issued April 2000**

**Final Report issued August 2000**

### **Summary of Findings**

Management are in the process of establishing effective systems for the purposes of controlling access to, and usage of, MPS IT applications and are currently considering the service-wide implications of the commitment to comply with the ACPO Information Systems Community Security Policy. However, there are weaknesses that may be common to many existing MPS systems and must be addressed to improve MPS systems security. MPS must ensure that security policies and procedures are consistently followed at user/OCU levels, prescribed Security Operating Procedures (SOPs) are in place and applied consistently, passwords are properly used and controlled, audit trails exist and are monitored and that any security incidents or exceptions are properly reported and followed up.

There is a need to measure the impact of recent developments, such as the outsourcing of IT services, the move towards borough-based policing and the introduction of the Protective Marking System. This process will ensure that there is appropriate risk assessment, management and mitigation in place. MPS is considering the introduction of an information strategy to facilitate the achievement of security objectives.

## **Analysis of Recommendations**

Management accepted all 13 recommendations made:

6 High Risk	(4 implemented, 2 in progress)
7 Medium Risk	(6 implemented, 1 in progress)

### **Senior Line Management Comment** (Ailsa Beaton, Director of Information)

As with operating systems, DoI are working closely with PRS to define the levels of security required at the infrastructure level as part of the Infrastructure Security Project. We are working towards compliance with the ACPO policy, although much needs to be done to get to that level. We have piloted the use of public key infrastructure (PKI) within the Informants Management System and it is our intention to roll this out across the whole of the MPS. This is being done in line with the introduction of SmartCards (through Sigma). Regarding remote access, we are investigating the provision of a secure laptop for corporate use that will provide extra protection as necessary and appropriate. The secure external gateway is being upgraded to provide further protection in respect of access to our systems by partner agencies.

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### Security and Controls over Voice & Radio Communications

Draft Report issued June 2000  
Final Report issued August 2000

## **Summary of Findings**

Overall, we found the control processes supporting Radio and Voice communications to be adequate. However, there are a number of key management processes that are not formally documented and are not subject to a satisfactory level of control. We are also concerned that there should be significant improvements in the effectiveness of security monitoring to ensure that weaknesses and possible breaches of security are identified quickly.

## **Analysis of Recommendations**

Management accepted all 23 recommendations made:

6 High Risk	(2 implemented)
16 Medium Risk	(8 implemented)
1 Low Risk	(implemented)

### **Senior Line Management Comment** (Ailsa Beaton, Director of Information)

Ericsson now have detailed asset lists of the core network, together with high level block diagrams. Further work on full configuration management is now underway. Change management is within the contract and service information is provided on a monthly basis. The current call logging contract will be terminated in June 2001, Ericsson will take over the service, a security audit has not been carried out. Security is covered within the outsource contract, an MPS security audit of the Ericsson contract will be planned for late 2001 as part of the new infrastructure security project. Security processes are also covered within the outsource contract, MPS security branch have been offered the opportunity to audit the contractors security measures;

The Dol now have a key individual with responsibility for technology equipment rooms. Access control issues are still under discussion. The Dol have agreed with the telephony outsourcer that no network level changes will take place without prior consent of the Dol programme team. After nearly 24 months of operation the Dol are satisfied that the supplied network performance figures are accurate, Service reports are to a good standard. Monthly service meetings are held. Ongoing work on business rules, the new Service Delivery Group Structure and the work of the Business Development Office, has made some improvements to the way customers get service through the telephony outsourcer.

Some aspects of the recommendations on outsourcing and partnership initiative processes are more relevant to the IT contracts. Issues of interdependencies between the outsourcing agreements have been improved by the formation of the Service Delivery Group. Work on liaison with the Property Services Division is ongoing;

The client unit have arranged for procedures to be put in place by September 2001 to enable cost centre charging for telephony services. An audit of Ericsson procedures will take place in July 2001, by Dol Quality Branch.

*The Audit and Benefits Realisation Group chaired by the Director of Information at which internal audit is represented is monitoring progress towards implementation of all agreed recommendations.*

### **External & Internal Data Communications**

Draft Report issued March 2000

Final Report issued September 2000

Overall, we found the security and control processes supporting Internal and External communications to be weak. There is a lack of definitive knowledge of the infrastructure and weaknesses in management of change and configuration management processes. There is a high risk that security incidents in the MPS networks will not be detected and there are insufficient preventative measures in place.

### **Analysis of Recommendations**

Management accepted all 12 recommendations made:

9 High Risk           (8 implemented)  
3 Medium Risk       (implemented)

### **Senior Line Management Comment** - (Ailsa Beaton, Director of Information)

We accepted that many of the security and control processes around the network were out of date and very much in line with the internal management ethos of the time. The increased use and dependence on the network for both internal systems and external information exchanges with partner agencies has raised the need for much more robust control. The infrastructure upgrade programme is concentrating on consolidating the currently separate data networks into one pervasive network for the MPS. Within this upgrade there will be a new and strictly controlled ability to address workstations and to connect new devices to the network. Additionally, new systems management tools will allow active monitoring and will aid higher quality of corrective action. DoI and PRS2 are working on the policy around the use of audit logs and change management.

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### **CRIS**

Draft Report issued August 2000  
Final Report issued September 2000

### **Summary of Findings**

The current CRIS system meets the business needs of the MPS for recording all crimes notified to the MPS. However the technology used to deliver the CRIS computer system is obsolete and the planned 'refresh system' represents a high-risk strategy as it is based on a new and emerging technology and constrained by a timetable of less than two years. With regard to the existing system the principal concerns noted in the audit report are weaknesses in system and data security.



## **Analysis of Recommendations**

Management accepted all 16 recommendations made:

8 High Risk               (6 implemented, 2 in progress)  
8 Medium Risk           (7 implemented, 1 in progress)

### Senior Line Management Comment (Ailsa Beaton, Director of Information)

An independent review of the CRIS R10 project had been commissioned from Sema4 by Dave Fueggle, DoI Project Manager. The report was received at the beginning of May and presented to the R10 Project Board on 5/5/01. The project board accepted the findings in the consultant's report and the issues raised are currently being addressed.

*The Audit and Benefits Realisation Group chaired by the Director of Information at which internal audit is represented is monitoring progress towards implementation of all agreed recommendations.*

## **Audit of IS Strategy**

Draft Report issued April 2000

Final Report issued December 2000

## **Summary of Findings**

The processes for formulating the MPS IS strategy and for ensuring that the IS Strategy reflects MPS corporate objectives and priorities require improvement. There are also no formal procedures to measure and monitor progress or to report to top management on delivery of the IS strategy. All the recommendations have been accepted by management and either have been, or are in the process of being implemented. The appointment of the Director of Information and the setting up of the Information Programme Board to co-ordinate implementation of the strategic approach are indicative of progress being made.

## **Analysis of Recommendations**

Management accepted all 13 recommendations made :

11 High Risk               ) all incorporated into the MPS IS 2K Strategy and either  
1 Medium Risk           ) implemented or in progress  
1 Low Risk                )

### Senior Line Management Comment (Ailsa Beaton, Director of Information)

The recommendations of this audit report formed a vital part of the background documentation prior to the initiation of the IS2K Project and the selection of a strategic partner to help develop the new Information Strategy for the MPS. Andersen Consulting were chosen to help develop the new Information Strategy (IS) and Internal Audit was frequently consulted both before, during and after the

delivery of the IS. The essence of the new IS process was consultation with a broad cross section of the MPS business and the public. The final IS Report was delivered according to plan and within budget on 23 December 2000. Additional work to incorporate Finance and HR was initiated in January 2001 and completed in March 2001. All recommendations made by Internal Audit have been incorporated into the IS. This strategy has been accepted by the MPS Management Board and the MPA. The IS2K is also being used as the baseline for a new national UK policing Information Strategy.

Plans to migrate from the MPS's current context to the vision articulated in IS2K are well in hand. This is not a trivial task. Migration will require a major and sustained input from the business and top level support from MPS senior management and the MPA.

Proposals are being prepared to establish the appropriate programme management and governance regime under which the implementation of the strategy can proceed.

### **Building Security**

Draft Report issued August 2000  
Final Report issued November 2000

#### Summary of Findings

The control framework in place for building security is not fully effective. Considerable effort has been put into documenting security procedures but as yet key building security inspections are not taking place. We found a number of lapses in security during our review. Risk assessments also need to be carried out more effectively and the role of security officers clearly defined and assigned.

### **Analysis of Recommendations**

Management accepted 40 of the 42 recommendations made:

10 High Risk	(10 accepted, 1 implemented)
32 Medium Risk	(30 accepted, 10 implemented or in progress)

### **Senior Line Management Comment** (*Commander P Hagon, Director of Quality Performance & Review*)

As the audit report acknowledges, considerable effort has been put into security policy and procedures. This has now been backed up by a major effort to ensure that responsibilities for physical security are assigned at each building in the estate. All buildings now have a Senior Designated Officer (SDO) and a Building Security Officer (BSO). BSOs have been provided with a Physical Security Standard to help them maintain appropriate levels of security at their site.

Security awareness among our staff is a major issue. We use the MPS Intranet to give ready access to our policies and procedures to as many people as possible. We have developed a publication covering all the basic security advice that our staff need.

We have conducted an audit of CCTV systems used to protect the MPS estate and are now considering how to resources a programme of work to make improvements.

A package is being developed to enable all units to carry out **Level One Management Checks** on building security within the Performance Management Framework.

### **Civil Staff Allowances and Expenses**

Draft Report issued September 2000

Final Report Issued December 2000

### **Summary of Findings**

The control framework over civil staff allowances and expenses is not adequate. Checks on counter-signatories are not carried out, evidence to support claims is generally not being held and ineffective controls are operating for the monitoring and reconciliation of expenditure.

### **Analysis of Recommendations**

Management accepted 18 of the 21 recommendations made:

16 Medium Risk	(15 accepted)
5 Low Risk	( 3 accepted)

### **Senior Line Management Comment** *(DAC Clarke, Acting Director of Personnel)*

Delays in the introduction of the new Cyborg system for the civil staff payroll (it went live in March 2001) have dictated the rate of progress. This includes the publication of a notice by P6. Progress to implement the recommendations will be made now that the new system is live.

The audit has been very helpful in that it has identified areas of risk and recommended additional controls to improve data flows and processes.

### **Imprest Account Control**

**Draft Report issued July 2000**

**Final Report issued December 2000**

## Summary of Findings

Our overall opinion is that the control framework in place for the administration and management of permanent imprest accounts is not fully effective. Effective controls are not in place for the approval, allocation and reconciliation of funds and the returns for reimbursement are not always properly completed.

## Analysis of Recommendations

Management accepted 14 of the 17 recommendations made:

17 Medium Risk

### Senior Line Management Comment (Keith Luck, Director of Resources)

The overwhelming majority of the recommendations have been fully implemented. Amendment of the Guide to Finance Clerks has been delayed due to its review in entirety.

The VAT guide is in the process of being introduced together with new procedures to better account for the VAT on all expenses processed through Imprest Section.

Some progress has been made for the development of management information but further work is required in this area.

## Premises Licensing

Draft Report issued October 2000

Final Report issued December 2000

## Summary of Findings

The control framework for the receipting, processing, and recording of application for premises licensing and for communicating the decisions made, is not fully effective. We cannot give an assurance that all applications for premises licenses received are processed promptly, accurately and securely. A significant amount of applications are not being recorded. At a number of BOCUs visited, fees received in relation to Special Order of Exemptions did not always go directly to the Finance Unit and Special Order of Exemption certificates are not treated as controlled stationery.

## Analysis of Recommendations

Management accepted all 27 recommendations made:

3 High Risk	( 3 accepted, 3 implemented)
19 Medium Risk	(19 accepted, 19 implemented)
5 Low Risk	( 5 accepted, 5 implemented)

**Senior Line Management Comment** (Clubs and Vice formerly CO14).  
I found the work to be both thorough and very useful (CS Martin Jauch).

The review made practical recommendations, which will make the work of the MPS more efficient, accountable and stronger. All the recommendations have been implemented including the introduction of a new controlled form (CS Simon Humphries).

### **Police Payroll - Allowances and Expenses**

Draft Report issued July 2000  
Final report issued January 2001

#### **Summary of Findings**

The control framework in place for the authorisation and payment of police allowances and expenses is not fully effective. There are inadequate controls over the authorisation and legitimacy of claims, and over the accuracy of payments made. There is also a lack of supporting documentation to substantiate claims.

#### **Analysis of Recommendations**

Management accepted 19 of our 21 recommendations made:

3 High Risk	(3 accepted)
10 Medium Risk	(9 accepted)
8 Low Risk	(7 accepted)

#### **Senior Line Management Comment** (DAC Clarke, Acting Director of Personnel)

The P6 contract management team is liaising with Finance Directorate in respect of those recommendations that require amendments or additional to the Budgets Manual. This should cover the majority but we are also liaising with Capita and looking at whether some could also be covered in the pay procedures manual that is being prepared by Capita; although that document is primarily focused on internal Capita procedures. When the work on the manuals is complete we will be publishing a Notice (and / or a memo to Personnel Units) to highlight the requirements and reminding everyone involved in the processes of the correct actions required for claims procedures.

### **Resourcing and Management of Specials**

Draft Report issued October 2000  
Final Report issued January 2001

## Summary Of Findings

There is a control weakness around the use of resources as operational requirements of the Special Constabulary are not properly evaluated or integrated into the MPS operational policing planning process. There are also issues around setting objectives, planning and monitoring performance of Specials. There is therefore a lack of a co-ordinated approach and maximum use is not being made of the resources available.

### **Analysis of Recommendations**

Management accepted 25 of the 26 recommendations made:

22 Medium risk	(21 accepted)
4 Low risk	( 4 accepted)

### **Senior Line Management Comment**

*Response requested from AC Todd but as yet not received.*

### **Police Overtime System**

Draft Report issued September 2000

Final Report issued February 2001

### **Summary of Findings**

There are a number of weaknesses in the system to authorise and pay overtime to police officers. In particular, there are inadequate and ineffective standards and supervision of duty and overtime documentation. CARM data standards are not always being followed and data is not subject to adequate conformity and integrity checks. There are also inadequate controls over the processing of overtime. A separate audit report on police overtime at Barnet OCU was issued earlier in which senior line management accepted all 33 of our recommendations. A detailed "Audit Advice Note" was issued in August 2000 which set out the controls necessary for effective local management of the system for authorising and paying police overtime.

### **Analysis of Recommendations**

30 recommendations made:

13 High Risk	(13 accepted)
13 Medium Risk	(12 accepted)
4 Low Risk	( 4 accepted)

**Senior Line Management Comment - (Commander Duncan Croll)**

May I first thank you for the enormous amount work and co-operation that your auditors have completed in undertaking this not inconsiderable task. The report into overtime, is in the main, accurate and does identify that Duties Office staff are under some considerable strain in coping with the vagaries of the CARM application. I consider the report to be well constructed and a valuable addition to the debate. Addressing the consequences will be an interesting challenge.

## **Pay and Negotiations**

Draft Report issued January 2001

Final Report issued March 2001

### **Summary of Findings**

The control framework in place is adequate. However, controls in place are not always adhered to, resulting in some failures to meet system objectives. We cannot give assurances that best practice is being achieved in relation to pre-negotiation research and negotiations as staff have not received appropriate training. The current system for negotiations in respect of Police pay and conditions, in particular, needs to be improved.

### **Analysis of Recommendations**

23 recommendations were made and all accepted by management:

11 High Risk

12 Medium Risk

### **Senior Line Management Comment** *(DAC Clarke, Acting Director of Personnel)*

This audit was the subject of a number of discussions between the auditors and P5 management. It appeared that the auditors' main concerns covered the absence of formal, laid down processes for recording the preliminary and concluding activities in respect of civil staff pay negotiations; there was no evidence that the necessary action was not in fact undertaken. In addition, there appeared to be a misunderstanding about the impact which the MPS could have on national pay and conditions bargaining for police officers.

## **Police and Civil Staff Pensions**

*Draft Report issued December 2000*

*Final Report issued March 2001*

### **Summary of Findings**

Our overall opinion is that an adequate control framework is in place for the calculation of pension payments. However, we have raised issues around the training and competency of staff and the lack of documentation that is held on occasion to support transactions that take place.

## **Analysis of Recommendations**

43 recommendations made of which 39 were accepted.

38 Medium Risk (3 not accepted)  
5 Low Risk (1 not accepted)

**Senior Line Management Comment** - *(DAC Clarke, Acting Director of Personnel)*

The Police and Civil Staff Pensions audit was only formally published recently. We will be working with Capita to introduce the recommendations as agreed in the list as soon as possible.

The audit has been very helpful in that it has identified areas of risk and recommended additional controls to improve data flows and processes.

## **Treasury Management**

Draft Report issued January 2001  
Final Report Issued April 2001

## **Summary of Findings**

Our overall opinion is that controls in place over the Treasury Management process are operating effectively. The concern raised is that MPS is not receiving value for money on the current level of outstanding borrowings. Steps need to be taken to review the loan portfolio in order to establish whether there is scope to reduce the level of interest paid on loans.

## **Analysis of Recommendations**

11 recommendations made which were all accepted by management:

1 High Risk (Implemented)  
6 Medium Risk (4 implemented)  
4 Low Risk (3 implemented)

**Senior Line Management Comment** (Keith Luck, Director of Resources)

No benefit would be obtained from early redemption of debt. As a premium would be payable that would negate any benefit from the current lower rates. Nevertheless, borrowing should only be undertaken if needed to support expenditure. The Treasury Management Strategy approved for 2001/2002 recognises this and no further borrowing is proposed for the year.



Action has been taken to implement 8 recommendations. Plans are well advanced to implement the remaining 3.

### **Purchasing of IT Equipment and Software**

Draft Report issued December 2000  
Final Report issued April 2001

#### **Summary of Findings**

Although contracts are established to meet identified needs we are unable to give assurance that all contracts are negotiated to ensure that value for money is achieved. We are also unable to give assurance that all contracts are let in line with MPS guidelines and legislation. Evidence of commercial and technical evaluations is not always retained and the members of the evaluation panels are not always recorded. Adequate controls are also not in place to ensure that payments are made for goods that have been properly ordered and received.

#### **Analysis of Recommendations**

50 recommendations made:

49 Medium Risk      (42 accepted, 7 not accepted)  
1 Low Risk            (accepted)

#### **Senior Line Management Comment - (Keith Luck , Director of Resources)**

Where accepted appropriate measures have been taken to implement all the recommendations.

The Purchasing Policies and EC Directives Manual is being re-written and will be issued when the MPA confirm the delegated Financial and Commercial Authorities.

### **Transport Warehousing, Stores and Stock Control**

Draft Report issued March 2001  
Final Report issued April 2001

#### **Summary of Findings**

Inadequate controls are in place, particularly with regard to TRANMAN, the stock recording system. Segregation of duties is compromised as staff are able to order, receive and issue stock. Local management are not performing checks between actual and budgeted expenditure and periodic stock checks are not performed.

## **Analysis of Recommendations**

Management accepted all 29 recommendations made:

2 High Risk  
26 Medium Risk  
1 Low Risk

### **Senior Line Management Comment** (Keith Luck, Director of Resources)

A working group of Transport Stores managers and Workshop managers has been set up to address all the recommendations in this report. The first meeting was held at the beginning of May and the next is scheduled for the first week of June.

Both high risks were addressed when the draft report was issued. A large percentage of the medium risks have been addressed and it is predicted that all actions will be completed by the end of June.

A number of actions will be eliminated with the change from the Tranman computer system to Metfin but there is a delay due to the roll out programme and training time scales. Procedures and disciplines have been implemented as temporary solutions until Metfin is fully functional.

### **Locally Developed Systems**

Draft Report issued August 2000  
Final Report issued April 2001

### **Summary of Findings**

We found evidence of duplication of effort and consequent waste of resource where management across the MPS have used devolved budgets to commission similar local systems. Generally developments took place without feasibility studies, business analyses, cost/benefit analyses or documentation and arrangements had not been made for maintenance or support. In many instances MPS Special Notices mandating procedures and standards and MPS security policies have not been followed by developers.

### Analysis of Recommendations

Management accepted all 30 Recommendations made:

4 High Risk  
13 Medium Risk  
13 Low Risk

**Senior Line Management Comment** (Ailsa Beaton, Director of Information)

The implementation of the new corporate desktop and evaluation of systems to meet the information management strategy function will remove the need for many locally developed systems. However, in the interim the plan will be to consolidate the various local systems where possible into corporate ones that can be used across the whole of OTIS. There will be some departmental systems that will be retained, e.g. within PSD. We will again seek to bring these on to the corporate network, however, so that control of operation and development is within policy guidelines.

**Communications - Technical support (C)**

Draft Report issued January 2001

Final Report issued May 2001

**Analysis of Recommendations**

Management accepted all 17 Recommendations made:

5 High Risk

11 Medium Risk

1 Low Risk

**Attendance Management**

*Draft Report issued August 2000*

*Final Report issued June 2001*

**Summary of Findings**

The controls in place for attendance management are not operating effectively. Line managers are not always following the attendance management policy and procedures. Inadequate records are being maintained to confirm that return to work interviews take place and controls put in place for the management of long term and frequent sickness are not always being followed. The monitoring of levels of sickness is also not fully effective.

**Analysis of Recommendations**

46 of the 47 recommendations made have been accepted:

44 Medium Risk (44 accepted)

3 Low Risk (2 accepted)

Senior Line Management Comment (DAC Clarke, Acting Director of Personnel)

39 recommendations will be covered in the revised Attendance Management Programme and the Project to design forms. All other recommendations, except the one that had been rejected, have been referred elsewhere.

## **FOLLOW UP AUDITS**

### **Control of Debtors Follow-up**

Draft Report Issued October 2000  
Final Report issued December 2000

### **Analysis of Recommendations**

26 were accepted in the original report issued in July 1999.

5 High Risk (1 implemented, 2 partly implemented, 1 not implemented and  
1 no longer applicable.)

21 Medium Risk (7 implemented, 2 partly implemented, 12 not implemented)

### **I.D. Suites Follow-up**

Draft Report issued October 2000  
Final Report issued January 2001

### **Analysis of Recommendations**

49 recommendations were accepted in the original report issued in June 1999

36 High Risk (9 implemented, 9 partly implemented, 18 not implemented)  
13 Medium Risk (3 implemented, 10 not implemented)

The new management of this function is now making an impact in implementing our recommendations.

### **Uniform Services Follow-up**

*Draft Report issued September 2000*  
*Final Report issued January 2001*

### **Analysis of Recommendations**

28 recommendations were accepted in the original report issued in January 1999.

21 High Risk (6 implemented, 2 partly implemented, 2 no longer applicable, 11 not implemented)

5 Medium Risk (3 implemented, 1 partly implemented, 1 not implemented)

2 Low Risk (2 implemented)

## **Sponsorship Follow Up**

Draft Report Issued January 2001

Final Report issued January 2001

### **Analysis of Recommendations**

32 recommendations were accepted in the original report issued in November 1999.

3 High Risk	(1 implemented, 1 partly implemented, 1 not implemented)
25 Medium Risk	(2 implemented, 10 partly implemented, 13 not implemented)
4 Low Risk	(1 implemented, 3 not implemented)

### **CHAPS Follow Up**

Draft Report Issued January 2001

Final Report issued April 2001

### **Analysis of Recommendations**

23 recommendations were accepted in the original report issued in November 1999.

12 High Risk	(11 implemented, 1 partly implemented)
9 Medium Risk	(5 implemented, 4 not implemented)
2 Low Risk	(2 implemented)

Since the completion of the original audit the MPS have switched to the National Westminster Bank and controls have been put in place to address the five outstanding recommendations.

## **SYSTEMS DEVELOPMENT & CONTROL ADVICE**

### **Best Value**

We attended the Best Value Programming Board for the earlier part of the year. Following a restructure of the approach to managing Best Value in the MPA and MPS we are now a member of the Best Value Co-ordination Group, set up to support the Best Value reviews. This year to date we have reviewed the Project Initiation Documents for the Crime and Consultation Best Value reviews and have contributed to the risk register drawn up for the Best Value process. We have also advised the Best Value Core Team and Project Teams on audit trails.

## **Combating Bureaucracy**

We have been providing on-going support to the Combating Bureaucracy Team which has been set up by the Commissioner. The Team are looking for ways to streamline processes and increase efficiency. We aim to ensure that the control framework is not compromised when changes to systems are made. Our work has been much appreciated in this area by members of the MPS Management Board.

## **National Fraud Initiative**

We have the MPS lead for participation in this nation-wide fraud prevention and detection strategy and are the liaison point between MPS colleagues, the Audit Commission and other participants. MPS payroll and pensions data was provided to the NFI for the first time in October for data matching. We received reports of matched data in January and an update report in March 2001 which have been analysed and prioritised. We have provided two progress reports to the Audit Commission and are continuing to investigate further cases.

## **Incidental Expenses Working Group**

We attend the working group which is chaired by Commander Perry SO6. The group was set up to discuss the recommendations made by Internal Audit and to decide the way forward. The terms of reference for the group are to devise a transparent, adequately controlled, corporate system that meets both organisational and individual needs.

## **Covert Accounts Working Group**

This group is chaired by Commander Perry SO6 and has been set up to progress the implementation of the recommendations made as a result of our review of Covert Accounts. The work of this group is near completion. A new Covert Finance Unit has been established to improve the financial systems that are now in place.

## **Crime Related Property**

A working group has been set up to progress the implementation of recommendations made in our final report issued in March 1999. Another working group has now been set up to discuss proposals for a new crime property computer system. We attend both groups and provide advice on the control issues that arise.

## **MPS IT Security Policy**

We provide advice and support to PRS2(2) on security issues particularly in relation to information systems. We comment on drafts of METSEC policies and proposed METSEC Standards at the request of PRS2(2) and attend the Infrastructure Security Project Steering Group meetings chaired by Commander Hogan.

## **MPS Corporate Personnel System – the PRISM (formerly HRIS) project**

We are attending the PRISM Project Board as designated advisors. We have provided a team of experts to comment on control aspects of PRISM modules for the Personnel core product, Duties Management, Overtime, PRISM to Payroll interface. We have also been consulted on the project management system and process and system testing. There is a significant commitment by internal audit to this project.

## **MPS Disposal of Assets Project**

We attend the Project Board and advised the project team on the procedures for disposal of assets and on security of information. We are also advising the IS Client on controls in the permanent arrangements for disposal.

## **Recruitment Vetting and Selection Sub Group**

We attended this sub group, which was part of the Corruption and Dishonesty Prevention Strategy, and provided advice on control issues. The sub group has now completed its work.

## **MPS Banking Project Team**

We attended the project team meetings and provided control advice for the implementation of the new banking contract.

## **MPS Scientific Support Strategy Implementation Project**

The planned systems audit of Identification and Scenes of Crime Support has now been transferred to a systems development audit as a major project is being carried out in this area. It has been agreed with the Acting Director of Identification that we will now provide control advice during the course of the project.

## **Language Services Contracts Project Board**

Following the issue of our audit report on Interpreters and Translators Services in August 1999, Linguistic Services have launched a project to examine the payment structure. We have attended project team meetings and provided control advice when required. It is anticipated that significant savings will be made as a result of this review.

## **IMSG Audit and Benefits Realisation sub-group.**

We attend and advise this group which is chaired by the Director of Information and which meets monthly to report to the Information Management Steering Group. The group tracks progress of audits and monitors the implementation of internal audit recommendations pertinent to the Department of Information.

## **HQ OTIS Implementation Project Group.**

This group is overseeing the introduction of successive upgrades to the MPS corporate Intranet. We attend this group as users and also advise on controls.