

audit 2000/2001

Review of the MPS Consultancy Group Metropolitan Police Authority

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ACTION PLAN**DISTRICT AUDIT**

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| Reference: | 6.Internal Consultancy – FINAL |
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| Date: | March 2002 |

Introduction

The MPA/MPS spends a significant amount each year on external management consultancy, and £2m on its own internal consultancy service. These costs are in addition to the expenditure on internal audit and inspection services and best value review teams.

While small in the context of the total annual expenditure of the organisation, these sums are still considerable. In ensuring it achieves value for money in the use of its resources, the MPA will need to demonstrate that it has effective arrangements in place for accessing and managing this funding.

Objectives

The objective of our review was to enable the MPA/MPS to consider the appropriateness of current usage of its resources for internal review, focusing at this stage specifically on the work of the MPS internal consultancy, the Consultancy Group ('the Group'). Our work involved review of:

- the effectiveness of procedures for commissioning internal review assignments
- the effectiveness of arrangements for managing and monitoring projects, from concept to implementation
- how successful the organisation has been in implementing outcomes.

We have separately reviewed and reported on internal audit and best value as part of this year's audit.

Audit approach

Our work involved:

- collection of information on current and completed projects
- collection of information on the procedures for commissioning and monitoring projects
- interviews with staff involved in selecting, managing and undertaking internal projects
- review of a selection of completed projects.

Main conclusions

Our overall conclusion is that the Group is well run. However, the strategic role of the Group is not clear. A decision needs to be made by the AC (Policy Review and Standards) about whether the Group's role is to be corporate i.e. addressing the development needs of the organisation, or to remain as a consultancy group.

If the Group is to remain as a consultancy, the commissioning route needs to be refocused to ensure clarity and independence in the use of the Group's resources. Whichever solution is arrived at, greater attention should be paid to monitoring the outcomes and the impact of the Group's work. We recognise that there are plans to reconfigure the Group, and hope this review will support that process.

The strategic role of the Group

While it is the current aim of the Group to support corporate priorities in undertaking its work, the resulting workplans do not yet have a clear focus. To ensure the Group's resources are used most effectively, a clearer strategic direction is needed for the group. Senior managers in the MPS need to clarify what role the Group will take in supporting the organisation in relation to the other internal review agencies that exist (Best Value, Internal Audit, Internal Inspectorate).

If its role is to be an agent for addressing some of the development needs of the MPS (financial management, mainstreaming best value, managing resources effectively), the Group needs to take a more proactive, risk based approach to identifying and addressing issues within the Service (with its partners – e.g. internal audit, and stakeholders). If, on the other hand, it is to remain to be a consultancy in the commercial sense, there needs to be a strengthening of the commissioning role of the business groups.

Key recommendation

- R6 Clarify the role of the Consultancy Group within continuous improvement environment and in relation to other review arms of Policy Review and Standards.

Commissioning projects

There is currently no corporate framework for commissioning either internal or external management consultants. Within current practice, the procedures in place are understood and enforced, but there is too much reliance by the commissioners of projects on the Group to scope, define and cost projects. A code of practice for commissioning internal and external projects should be established based around the good practice identified in Appendix 2 of in this report. Commissioners of internal consultants should be identifying the scope of the review, justifying the need for the review and anticipating outcomes.

Key recommendations

- R1 Establish a code of practice for commissioning internal and external management consultants. This should include:
- Identification of need
 - Preparation of the project brief
 - Monitoring of progress
 - Record keeping
 - Reviewing performance
 - Implementation.

- R2 Formalise and publicise the process for commissioning the Consultancy Group.

Delivering projects

The Group has procedure and project manuals in place, and these are used consistently. Monitoring systems are in place for individual projects, and for ensuring clients are kept informed of progress. All project work is quality assured within the group.

The Group has developed an internal policing and performance plan, which includes targets for delivery and performance indicators to monitor progress. The targets the Group has set itself are process and input driven, and do not relate to the impact of the work of the group.

Key recommendation

- R8 Deliver performance indicators aimed at rigorous monitoring of the delivery and impact of the Group's workload.

Implementation

The Group measures client satisfaction with projects, and this is reported to be high. There are no mechanisms in place to ensure that any project recommendations (where they are made) are implemented, and reports seen as part of this audit did not include action plans. This needs to be considered as part of the review of the role of the Group. If one of its objectives is to improve business processes in the MPS, then ensuring recommendations are implemented is crucial to achieving this objective. Additionally, in an environment of high staff turnover in the organisation as a whole, an independent mechanism is needed to ensure the implementation of recommendations provides some continuity.

Key recommendation

- R9 Develop a mechanism (where appropriate) for ensuring projects carried out by the group are implemented. This should include:
- ensuring reports have agreed action plans, which involve identifying lead officers and outlining timescales
 - using the debriefing process to identify why recommendations are or are not being implemented
 - agreeing a proportion of the agreed budget for the work will be used to follow-up the recommendations after an agreed timescale (it may be appropriate to agree that the Inspectorate will follow-up recommendations).

The way forward

The findings of this review have been discussed and agreed with DAC Howse (Policy, Review and Standards). An action plan is attached at Appendix 3. This sets out our recommendations, which have been agreed as part of this process. We recognise that the appropriateness of the recommendations will depend in part on the outcomes of any decisions made about the Group's future role

APPENDIX 1

DETAILED REPORT GRID

| Issue | |
|--------------------------------------|---|
| <p>Context of the service</p> | <p>The internal Consultancy Group (the Group) provides a consultancy service to the rest of the Metropolitan Police Service. It employs 35 consultants, with backgrounds in management and operational research, business analysis or occupational psychology.</p> <p>The service has direct costs of £1.4 million, but works to a budget of 2.1 million (to assume overheads, buildings etc).</p> <p>It provides a varied service which includes conducting consultancy projects for clients within the service, facilitating events on behalf of officers and supporting promotion boards and recruitment. Many of the pieces of work undertaken by the Group are for less than 5 days.</p> <p>The Group spends 60% of available time on client work, with a further 5% on internal improvement and 5% on training and development.</p> |

A Project initiation

| Issue | Findings | Conclusions | Recommendations | |
|-------|--|---|--|--|
| A1 | <p>Is there an MPS policy on commissioning internal reviews?</p> | <p>There is no written policy on commissioning internal reviews. We know from other work that has been undertaken by DA that there is generally no corporate control over the use of management consultants. The DAC with responsibility in this area recognises the need to demonstrate corporate governance.</p> <p>When a piece of work is commissioned from the Group, the reasons for the work being done must be established and work must clearly contribute to MPS priorities. There is no requirement to justify why consultants are being used.</p> | <p>There is no MPS framework for commissioning internal (or external) consultancy work, and while there is some adherence to good practice (such as showing a contribution to MPS priorities), this is not formalised. Good practice suggests that a policy should include the following:</p> <ul style="list-style-type: none"> • identification of need • preparation of the project brief • monitoring of progress • record keeping • reviewing performance • implementation. <p>This is detailed more fully at Appendix 2.</p> | <p>R1 Establish a code of practice for commissioning internal and external management consultants. This should include:</p> <ul style="list-style-type: none"> • identification of need • preparation of the project brief • monitoring of progress • record keeping • reviewing performance • implementation. |
| A2 | <p>Does this policy apply only to reviews undertaken by the Group, or to all reviews undertaken internally in the MPS?</p> | <p>Only to internal reviews. See above</p> | <p>See above</p> | <p>See above</p> |

| Issue | Findings | Conclusions | Recommendations | |
|-------|--|--|---|---|
| A3 | Are there clear procedures for commissioning reviews from the Group? | <p>There are 6 business groups, and 3 client group managers to link with them. Potential clients approach these client managers with a piece of work. These should be agreed by the SMT for that business group. Client managers will ensure that the client has budget available for the work and complete a "yellow" for the work. All "yellows" are discussed at a weekly management meeting within the Group where it will be accepted and allocated. It is at this point that work may be rejected, though a further scoping exercise may be required. One piece of work we looked at as part of this audit suggested the Group used 5-10 days to scope an 18 day piece of work.</p> <p>If individual consultants are contacted by potential clients they will refer them to the client managers.</p> | <p>The process is clearly understood, but would benefit from being formalised and published on the intranet. Evidence suggests that a considerable amount of time is spend scoping reviews. Emphasis should be placed on encouraging commissioners to clarify the scope of the review, as a mechanism for justifying the need for the review, identifying objectives and anticipating outcomes.</p> | R2 Formalise and publicise the process for commissioning the Group. |
| A4 | Are the procedures applied and enforced? | Evidence from the three groups of interviewees suggests it is followed. | Procedures, such as they are, are enforced. | No recommendation. |

| Issue | Findings | Conclusions | Recommendations |
|-------|---|--|--|
| A5 | Is guidance on the procedures provided to project sponsors, particularly on when/how to commission a project? | The procedure such as it is, is outlined on the intranet. | See R1/R2 |
| A6 | What authorisation and budget approval is required (client and the Groups's perspectives)? | <p>The Group has worked out how many days it can provide to clients based on an assessment of the cost of providing the service (including overheads) and the number of consultant days available. The Group is 60% chargeable, i.e. 60% of time available is spent with clients, and this allows for management overheads etc. It equates to about 4000 days. (N.B. this is low when compared to private sector consultants and to DA). The days are then shared out between the 6 business groups. There are no <i>clear</i> criteria for sharing out the allocation, but factors include:</p> <ul style="list-style-type: none"> • the allocation the previous year • any work being carried over from the previous year • knowledge of issues facing business group e.g. best value, re-organisation, new responsibilities. | <p>R3 Reconfigure the budget development process, so that budgets are agreed within business groups and the Group has fee income targets to meet.</p> <p>R4 Review the use of staff resources to ensure most efficient use is being made of the resources available.</p> |
| | | <p>The budget approval process is inappropriate. As indicated above, the role of the commissioner (i.e. the client) needs to be enhanced, and linked into this should be increased purchaser control over budgets. Budgets should be arrived at on the basis of need and not on the notion of having a right to a certain number of days. The Group should have a responsibility to promote this financial awareness and control. It is clear that the Group currently crosses the boundary between purchaser and provider in relation to financing the work it carries out. Additionally, our knowledge of the MPS indicates that budget control and authorisation capacity need to be strengthened and this has been reinforced by the recent HMIC inspection of the MPS.</p> <p>We accept that introducing such a system, given the financial systems and capacity within the organisation would be difficult. However, the Group should be taking a lead in supporting the development of understanding and capacity in this area. This is particularly important, in the context of the move to increased delegation.</p> | |

| Issue | Findings | Conclusions | Recommendations | |
|-------|----------|---|--|--|
| | | <p>The Group try not to decrease the amount available to the group, but are not always able to increase the allocation, as they do not have an increased staff allocation at the beginning of each year. A contingency is kept back each year, for emergency work (e.g. at the moment it may be something to do with terrorism). It is rare that work is turned away because there is insufficient budget (it may be delayed, or prioritised against current work).</p> <p>As noted above, the client should have agreed the project at the relevant SMT. Budgets are nominal. Managers will ensure that when work is accepted, budget is still available. Client Managers will discuss requests for work with Business Managers in the business group, to ensure they have authorisation that their "budget" can be used for each project.</p> <p>There have been attempts in the past to devolve budgets to business groups. However, these were undermined by the weaknesses of the financial systems in place within the MPS.</p> | <p>The authorisation system for projects appears adequate, but is undermined by the budget allocation system. Approval ought to be on basis of demonstrated objectives and clear analysis of anticipated outcomes and not based on the notion of available budget.</p> <p>Additionally, our knowledge of the service indicates that budget control and authorisation capacity are weak.</p> <p>When compared to private sector consultancy firms, chargability targets are low (KMPG 75%, Anderson Consulting 70%, DA 85%). This suggest staff time is not being used as efficiently as it could be.</p> | |

| Issue | Findings | Conclusions | Recommendations |
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| A7 Is there a project register, and who has access to the information? | The Group has an internal register of all work it has undertaken. This is available within the group to all consultants but not externally. | <p>The use of project registers is good practice, and it is positive that the Group has a register in place. It is undermined however by not being available to officers/managers in the rest of the service. Ensuring availability to a wider audience would avoid:</p> <ul style="list-style-type: none"> • duplication at division level and the waste of resources implicit in this • year on year repeat projects. <p>We recognise that the development of the corporate project office will go some way to addressing this gap. However, it is important that an objective of this office is to avoid duplication (either across BCUs or year on year).</p> | R5 Improve the availability of the project register. |
| A7 How are the objectives of a project defined, agreed and communicated (to the Group, the client, other relevant departments) across the MPS)? | <p>Consultants and clients will scope the project and through this process articulate the objectives.</p> <p>Larger projects have a project initiation document which is agreed between the client and the Group. This outlines the objectives of the project. This will be outlined in a memo for small projects.</p> | As identified above, there is no code of practice governing this area. We have already recommended that the commissioning department should be articulating the objectives of any review. The use of PIDs (and memorandums for smaller projects) is a satisfactory mechanism for ensuring objectives are clearly stated and understood by both the Group and the commissioner of the work. | See recommendation 1 |

| Issue | Findings | Conclusions | Recommendations | |
|-------|---|---|--|--|
| A8 | How is any overlap with other internal and review activity (eg Inspection, IA, BV) checked and monitored? | <p>Currently this cannot be easily monitored, however a corporate project office is being established. One of this office's tasks will be to ensure activity is co-ordinated. The first task of this office will be to identify all current project activity within the service, and using defined criteria, decide whether the project should be taken forward.</p> <p>There is some evidence that the boundaries of responsibility are blurred between the Group and other groups within the Service. An example of this is on best value, where the Group are becoming involved in best value, and indeed may allocate extra days to business groups, on the basis that BVRs are being carried out in that area.</p> | <p>Clearly, developing a mechanism aimed at ensuring there is no overlap in internal review activity should be a priority, and it is positive that managers recognise this is an issue.</p> <p>The overlap between best value and the Group is of concern. There needs to be clarity about the role of the Group, and what, if any, contribution it will make to the best value process.</p> | <p>R6 Clarify the role of the Consultancy Group within continuous improvement environment and in relation to other review arms of Policy Review and Standards.</p> <p>R7 Clarify the contribution the Consultancy Group will make to best value.</p> |
| A9 | How is any overlap with external review activity (eg Mayor's efficiency reviews, HMIC, DA, management consultancy) checked and monitored? | See above. | See above | |

B Project monitoring

| Issue | Findings | Conclusions | Recommendations |
|-------|---|--|---|
| B1 | What is the typical lifecycle of a project? | The Group have both project and process manuals governing their work. The lifecycle for a standard project is clearly mapped. Projects will be scoped, PID agreed, work carried out and product delivered. The process manual is based around the principles of PRINCE2. For non-standard projects, process will be outlined in a PID or memo at the beginning of process. | The use of project and procedure manuals is good practice. No recommendation. |
| B2 | Are there clear monitoring stages and procedures, and what is involved? | All consultants complete timesheets. For individual projects: <ul style="list-style-type: none"> • milestones will be agreed with a client and entered into the PID • there is no standard elapsed time • where more than one consultant is delivering a project, the project manager monitors progress • project management is supported by PRINCE2 methodology. Discussion with the Director of the Group suggested an acknowledgement of the need to monitor cost and timeliness and this is reinforced in the Group's internal policing plan, performance indicators developed to meet this include: (see below) | Monitoring of individual projects is satisfactory, however, monitoring of progress across the whole group could be more rigorous. Currently performance monitoring information focuses on inputs and process (with the exception of customer satisfaction), this should be extended to monitoring outputs and outcomes. If recommendation 3 above is accepted, the Group will need to develop targets on income. R8 Develop performance indicators aimed at rigorous monitoring the delivery and impact of the Group's workload. |

| Issue | Findings | Conclusions | Recommendations | |
|-------|--|---|---|--------------------|
| B2 | Are there clear monitoring stages and procedures, and what is involved?.... (continued) | <ul style="list-style-type: none"> • 80% of projects completed on time or within 1 month of the end date • 90% of projects completed within 10% of budget • 90% of customers satisfied or very satisfied. | See above | See above |
| B3 | What are the standard outputs/project control documents for each stage, and what is the quality control mechanism? | <p>This will depend on what has been agreed with the client. There are standard templates for reports etc. Reports may be highlights and recommendations or more detailed. On large projects interim reports may be produced.</p> <p>On large projects, the project manager is responsible for quality assurance (s/he will be slightly removed from the project), if there is no project manager a peer review will be undertaken.</p> | Reporting and QA processes follow recognised practice. | No recommendation. |
| B4 | What systems support project monitoring, and who has access? | <p>The key system is the time recording system. Information regarding projects is kept electronically. Information is available to staff within the Group.</p> <p>Client Managers keep an eye on progress on behalf of clients. Client managers produce progress reports for their clients, to inform them of what work is currently being undertaken and what progress is being made on each project.</p> | Systems in place to support project monitoring are in place and are accessible. | No recommendation. |

| Issue | Findings | Conclusions | Recommendations |
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| B5 What project progress monitoring information is provided to: <ul style="list-style-type: none"> • the client department • MPSCG management • others. | The consultant and the client department will agree what monitoring information will be provided. See above also on reports being produced. Client managers are tasked with the liaison role between the business groups and the Group. The form this takes depends very much on what the client wants. | Project monitoring is designed to meet the needs of clients. As outlined above, there is a gap in the overall monitoring of the unit. | No recommendation. |
| B6 How are the costs of projects monitored and reported? | Costs are monitored and reported through the client manager reporting system identified above (money=days). Additionally, client managers report that business managers within the 3 groups monitor the spend of their consultancy budget. | The monitoring system is satisfactory, however as identified above, performance indicators for this need to be developed. | See above |
| B7 Is the MPSCG's project management approach formally documented? What training do project managers and consultants receive on it? | The project management approach is documented in a project management manual. All consultants receive project management training when they join the organisation. | The approach to project management is in line with accepted practice. | No recommendation. |

C Implementation

| Issue | Findings | Conclusions | Recommendations |
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| C1 What arrangements are there to ensure that recommendations of the Group's projects are implemented, once approved? | <p>As stated at the beginning of this report, the majority of work carried out by the Group is for less than five days and would not necessarily result in a traditional consultant's report. However, there are still some examples where this happens.</p> <p>The Group is not involved in ensuring recommendations of projects are implemented once they are approved.</p> <p>The reports considered for this review did not include action plans.</p> <p>The Group's view is that if they were external consultants they would not be involved in the implementation.</p> | <p>There are no arrangements in place to ensure that recommendations of projects completed by the Group are implemented. This needs to be considered as part of an overall view of the role of the internal consultancy group. If one of its roles is to improve business processes within the Service, then ensuring recommendations are implemented has to be key to ensuring this objective is achieved.</p> <p>Additionally, in an environment where staff turnover is very high, an independent mechanism to ensure implementation of recommendations would ensure some level of continuity.</p> | <p>R9 Develop a mechanism (where appropriate) for ensuring projects carried out by the group are implemented. This should include:</p> <ul style="list-style-type: none"> ensuring reports have agreed action plans, which involve identifying lead officers and outlining timescales using the debriefing process to identify why recommendations are or are not being implemented agreeing a proportion of the agreed budget for the work will be used to follow-up the recommendations after an agreed timescale (it may be appropriate to agree that the Inspectorate will follow-up recommendations). |

| Issue | Findings | Conclusions | Recommendations |
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| C2 Is there a debriefing/review process for completed projects, and what does it involve? | A structured debriefing process is in place. The project manager is responsible for ensuring it takes place. Two sessions may take place, one with the client and one with the team. A template has been devised to write up the findings, concentrating on the lessons learned. This is then attached to the project folder. | The debriefing process in place enables the Group to assure itself that projects have been carried out satisfactorily, both from their and the client's point of view. This could be extended to ensure that over a period of time any recommendations are being implemented and the desired outcomes are being achieved. | See above |
| C3 Is there a process for periodic follow-up of results? | See above. | See above. | See above |
| C4 How is the impact of the Group's work evaluated? | <p>As noted above, the Group does not follow-up recommendations on individual projects. There is no annual evaluation process to assess what the Group has achieved over a 12 month process.</p> <p>They can demonstrate that they are working towards the organisation's key priorities (this is recorded on their internal systems), however, as identified above much of the performance information in their current monitoring report has not been sufficiently developed.</p> <p>Client Group managers send out reports asking for feedback on whether the Group has contributed to client business. They also undertake client satisfaction surveys. Client managers interviewed agreed this was an area they were conscious could be better, but were trying to address it.</p> | Currently there is no mechanism for evaluating the impact of the group's work, or of the contribution it makes to improve the MPS's service delivery. | R10 Establish a mechanism for evaluating the impact of the Group's work. |

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| Issue | Findings | Conclusions | Recommendations |
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| C5 | <p>How are results and outcomes reported to MPS senior management and Members, of:</p> <ul style="list-style-type: none"> • CG projects • CG work overall. | <p>The group has produced annual reports in the past. This year, they had to produce a policing plan. At the time of the review it was unclear whether this would have to be followed up by an annual report.</p> | <p>R11 Ensure senior managers and members of the police authority receive at least annual reports outlining the achievements of the Group and the impact they have had on the rest of the service.</p> |

Example of a Code of Practice – engaging internal and external consultants

(extracted from an Audit Commission management paper – “Reaching the Peak? Getting value for money from management consultants”)

(It is aimed at ensuring that ensuring good practice in the appointment of external consultants, but much of it, particularly identification of need is relevant to commissioning internal consultants)

This framework should be used within an overarching policy outlining the use of consultants.

A Identification of need

- identify the objectives of the project
- consider whether resources are available in-house (i.e. within the business group) before looking for consultants
- assess and document the benefits of employing consultants in the light of likely costs
- identify the cost of the departments contribution (i.e. include the time of the project manager, steering group and staff)
- agree a budget
- obtain approval of head department/committee
- ensure that any committee/management report seeking approval for consultants includes a justification for using these resources.

B Preparation of a project brief

- the brief should include
 - background to the project
 - project objectives
 - expected product of deliverables
 - project timetable
 - department's own contribution
 - reporting requirements
 - relevant source documents available for inspection.

C Requests for proposals for tender (external consultants)

- this should include:
 - the basis on which tenders are sought (fixed price or daily rate)
 - the specification of minimum number of tenders
 - contact name and telephone number for enquires
 - details of any pre-bid conference
- the documents should also specify what the consultants are expected to include their proposals such as:

- an outline of the consultants' approach or understanding of the proposal
- summary of the firm's relevant experience
- cost, including proposed hours for each team member and rate per hour
- references.

D Selection of consultants (external consultants)

- form selection committees if necessary/appropriate
- set comprehensive criteria against which the project will be evaluated including:
 - price
 - experience and qualifications
 - understanding of need
 - feasibility and credibility of proposed approach
 - ability to complete on time
- check references
- establish what previous work has been done for the authority by the consultants and how effective it was
- document why tenders were chosen/rejected.

E Employment of consultants

- draft agreement including:
 - description of all deliverables
 - project schedule with key milestones
 - fees, including definitions of expenses
 - how payments will be made
 - reporting arrangements
 - arbitration/termination arrangements
 - involvement of named staff
- terms of reference agreed between the authority and the consultants should be attached
- agreed clear endpoint and procedures for signing off projects
- once contract is signed, give consultants notification to proceed in writing. Include information on how to invoice.

F Monitoring progress

- appoint a named project manager and for larger projects, make a steering group responsible for overseeing progress
- monitor progress against agreed milestones
- monitor costs against budget, ensure that invoices are charged against correct account codes
- scrutinise invoices and obtain necessary approval

G Record keeping

- set up and maintain project file which should include:
 - project brief
 - minutes showing member approval (if appropriate)
 - agreement between authority and consultant
 - variations, if any, to the agreement
 - record of payments made under the agreement
 - implementation plan
 - project evaluation form.

H Reviewing performance

- *establish formal review process when project is finished*
- *complete project evaluation form, put in contract file, update central register of projects*

I Implementation

- *set clear responsibilities and schedule for implementing recommendations*
- *set date to report back on progress*
- *after implementation verify that actions have had the desired effect.*