Introduction

1. This Annual Report gives my opinion as Director of Internal Audit for the Metropolitan Police Authority (MPA) on the adequacy and effectiveness of control within the Metropolitan Police Service (MPS) and the MPA. It also summarises the activities of Internal Audit for the period from April 2003 to March 2004.

2. It is the duty of the Director of Internal Audit to give an opinion, at least annually, on the adequacy and effectiveness of internal control (including financial controls). This is based on the adequacy of control noted from a selection of risk-based systems audits carried out during the year and other advice work on control systems. The results of our investigation inquiries and the work of internal review and investigative agencies within the MPS also inform my opinion.

Background

3. Significant savings have arisen as the result of our audits and investigations to add to the amounts we helped the MPS to save last year (reported in my 2002/3 Annual Report). In total in the last two years we have been able to cause savings and stem losses of around £8 million. That is more than the complete cost of Internal Audit in the four-year lifetime of the MPA. We have also managed to stem further losses from fraudulent activity by individuals employed or used by the MPS and are taking steps through civil court actions to recover monies fraudulently obtained by these individuals from the MPA.

4. Following our investigations into the sale of Bow Street, the Treasurer took legal advice and as a result a loss of approximately £3.4 million off the sale value was stemmed when the sale was declared Ultra Vires. Ongoing losses of around £200,000 per annum by fraudulent claims from interpreters have been stopped following the suspension of seven interpreters from the MPA lists. Two interpreters have now been convicted of fraud and criminal proceedings are under way against two others. Civil claims for the recovery of monies fraudulently obtained are currently being pursued against four of them for a total of over half a million pounds obtained over a four year period.

5. We achieved completion of 90% of our planned systems audit work for the year (i.e. audit fieldwork completed and a draft or final report issued). This is a further improvement following last year's improvement from 67% to 81% achievement of the plan.
Assurance on Internal Control

10. Throughout the year we have measured the degree of assurance within systems that we audited, as well as assessing the significance of system risks. Internal investigations and other review work, including that by the Audit Commission has assisted me in fine-tuning the degree of assurance that I can give.

11. We measure the adequacy and effectiveness of internal control in a system on a five-point scale where a score of 1 means the system is performing particularly well and 5 that the level of control is unacceptable. A score of 2 reflects a system with adequate controls and scores of 3 and 4 reflect increasing degrees of the need to improve control.\(^2\) An overall average score for all reviewed MPS systems at 2 or between 2 and 1 would mean that in my opinion there were adequate controls in place within the MPS to safeguard systems from significant fraud, loss or error.

12. For those systems reviewed by Internal Audit in 2003/2004 the average assurance score was 2.9 (3.3 in 2002/2003)\(^3\) on the scale of 1 to 5. This was a clear improvement on the score last year and continues a trend of improvement in MPS systems and controls over the last three years. While the average score shows that the MPS still has some way to go before control can be considered adequate it is an encouraging trend. High-risk systems had an average score of 3.1, much improved over the 3.9 scored last year. Follow-up audit reviews showed a marked improvement in internal control from the original audit visit with an average score of 2.1 (2.6 last year). The improvements in MPS systems found at our follow-up visits showed for the first time that the majority of systems reviewed in the year now have control environments that we consider to be adequate.

13. We have however found basic weaknesses in financial controls in some systems reviewed during the year. We found several further incidents where counter-signatories had returned signed claims to the claimant on interpreting and translating services. As a result Professional Standards have arrested and charged three further linguists with making false claims. Of concern to us have been a number of occasions when procurement regulations have been ignored or circumvented, leading to poor practices and the risk of fraud or abuse. We have been working closely with MPS Procurement Services to help strengthen procedures within the MPS to try to prevent such poor practices.

14. Several of our investigations during the year have highlighted a lack of adequate management supervision and control, particularly in the

\(^2\) See Annex C for a full description of the assurance criteria.
\(^3\) For all audits completed to final report, including follow-up reviews.
6. The Forensic Audit Branch is the investigative arm of Internal Audit. The Forensic Audit Branch has continued to have a valuable impact on the MPS. Eighty-eight new cases were dealt with during the year (sixty-seven in 2002/2003) ranging from concerns about multi-million pound property sales and major contracts for services through to fraudulent payments to dead pensioners. Five cases arose as a result of 'Right Line' calls, one was passed to the Directorate of Professional Standards and the other four led to investigations by my staff\(^1\). Assistance has also been provided to the Directorate of Professional Standards under our Memorandum of Understanding with them. As a result of Forensic Audit Branch activity savings or losses stemmed during the year were approximately £3.8 million and recoveries made approximately £39,000.

7. Numbers of staff employed in Internal Audit grew during 2003/2004 and for several months they were the closest to those needed to achieve the identified audit work since my appointment in 1995. Four new staff were recruited (two senior auditors, one auditor and an analyst), although one senior auditor left to take up a deputy head of audit post elsewhere. (33 staff were in post on 31 March 2003 and 36 staff on 31 March 2004).

8. On average we remained understaffed by around 10% of our identified need. While this had some impact on achievement of our planned programme we were able to achieve more than in previous years. We conducted more BOCU reviews than previously although three out of the planned ten were postponed at the request of local management. We reached our target on time spent on audit advice to the MPS for the first time.

Equality and Diversity

9. Internal Audit continued to reflect the diverse community within which the MPS and the MPA operate. Out of thirty-six staff in post at 31 March 2004, twelve were from visible ethnic minorities, including an Assistant Director and three audit team leaders. We also continued to employ several staff with disabilities. Although only eight staff were female, five of these held managerial posts, including the Deputy Director of Internal Audit. Those employed in MPA Internal Audit represent a wide age range, up to and beyond the age of 60.

9. We have contributed to the MPA’s drive towards achieving level 1 of the local government equality standard and have produced sufficient evidence to show that we have reached the standard in Internal Audit. We have also been congratulated by the MPA’s Head of Race and Diversity on the process we have put in place to have our polices and procedures impact assessed on race and equality issues.

\(^1\) The Right Line is the internal whistle-blowing hotline for the MPS and calls are routed either to the Directorate of Professional Standards or Internal Audit’s Forensic Audit Branch.
management of large service contracts, with the risk of fraud, waste and abuse as a consequence.

15. In summary there is evidence from all our work and particularly follow-up audits of improved control by the MPS. I can therefore offer an opinion that the adequacy of controls and the effectiveness of systems within the MPS have improved for the third successive year. The overall level of internal control within the MPS is, however, still short of an acceptable level, although it is getting nearer.

Summary of Key Internal Audit Achievements during the Year

16. Several major systems reviews were carried out during the year and there were a number of successful investigations with significant impact on fraud and abuse by civil staff or contractors.

Systems Audits (Details of all audits are at Annex A)

17. The major systems reviewed during the year were:

**Arrangements for Remuneration and Allowances to ACPO Ranks**

This review highlighted a number of concerns about weaknesses and inconsistencies in the way benefits and allowances were determined and paid to ACPO ranks. The MPS and the MPA accepted all twenty-six of our audit recommendations.

**Payroll Starters and Leavers**

We found significant weaknesses in this system, which was previously reviewed by Internal Audit in 1999. Although our 1999 and 2000 follow-up recommendations had been accepted we found that they had largely not been implemented. We have made eleven recommendations this time, three of which we consider to be high-risk and which should be implemented immediately. Line management have accepted all our recommendations. I will be monitoring progress closely this time and will report back to the Audit Panel if insufficient action is taken by the MPS to correct the significant weaknesses in the system.

**Claims against the Commissioner**

This system was found to be operating effectively with adequate controls.

**Claims, Debtors and Debtor Control**

This system had improved since our last audit four years ago but there were still some weaknesses. Line management accepted twenty-six of our twenty-nine recommendations this time and have already taken steps to
improve control, reflected in a marked improvement in the overall level of debt by the time we were able to issue the final report.

We looked at several systems relating to police recruitment and training:

**Police Recruitment**

Although the control framework was adequate a number of controls were not operating effectively, particularly those to confirm that recruitment standards and criteria had been properly applied.

**Induction and Assessment of Police Recruits**

Some improvements were required. Systems for performance measurement, recording appeals and assessing feedback on training needed to be improved. Line management implemented a number of our recommendations before the final report was issued and have drawn up a timetable to implement the rest.

**Police Probationer Training**

The control framework was adequate although we found inconsistencies in the way probationer performance was measured. There was no separate budget for probationers and we found that there was inadequate evaluation of probationer skills to match BOCU needs.

We also reviewed several financial systems relating to covert and sensitive areas of the MPS:

While I cannot comment in this public document on the detail of those reviews, I can confirm that we satisfied ourselves as to the existence and adequacy of arrangements for every account. We identified some significant weaknesses in the control and use of some accounts and are supporting a working group set up to deal with the weaknesses we identified.

**Borough Operational Command Unit Assistance**

18. We provided assistance during the year to several BOCUs, particularly in relation to crime property and police overtime. We also conducted in-depth reviews of basic controls in the main business systems at four BOCUs, Hillingdon, Brent, Barnet and Havering. In addition we also reviewed the Transport OCU and the business and financial controls within the MPA itself. A review of Lambeth BOCU has also commenced; the results will appear in next year’s report.
19. In combining our findings from the reviews of BOCUs this and last year we have identified a number of common themes in weak areas of control. I drew the key weaknesses to the attention of the Commissioner and his SMT at a short presentation I gave in October 2003. Since then we have developed an Advice Note to be issued to all command units, highlighting likely pitfalls and ways to combat the main weaknesses found. The advice note is with MPS business managers and selected BOCU commanders for comment prior to issue to each operational command unit to help improve the local control framework.

Control Advice for Developing Systems

20. Internal auditors have an expertise in control within systems. This expertise can be used positively to ensure that new and developing systems are not designed with built in flaws in their control framework.

21. We have produced guidance across the MPS as well as specific advice on developing systems and projects, both where requested and where we identified the need to offer advice. Staff within internal audit have been actively involved in giving control advice to key projects over the last two years including:

- **Outsourcing** – advising the working groups for all major planned service contracts outsourcing activity and advising on the overall programme framework.

- **Devolved Financial Management** – We have reviewed arrangements in a pathfinder borough and continue to advise on the rollout of this project.

- **Suppliers and Tenderers Risk Assessment Group (STRAG)** – We provide ongoing advice and support as required.

- **MPA Contract Regulations and MPS Procurement Advice** – We have been an active participant in assisting both the MPA and the MPS.

22. We have also continued to promote the Internal Audit Helpline, which is answered by a trained internal auditor during normal business hours.

Investigations
(A summary of the year's investigations can be found at Annex B)

23. Investigations have been necessary where either Internal Audit has found evidence of a potential fraud or abuse by civil staff or contractors that has required immediate investigation or a discovered fraud has thrown up question marks about the system and employees/contractors.
24. The majority of our time in year was spent on three activities. Of these, continuing investigations into overpayments and false claims by interpreters consumed most of our effort. We had to contract in investigative support in order to meet court deadlines and to find and analyse the supporting information to establish whether interpreter claims were false or inflated.

25. We also spent a significant amount of time this year on potential cases arising out of the National Fraud Initiative, which is run by the Audit Commission. In all more than forty individuals names identified by the initiative were researched and as a result we have identified four cases of payments to deceased pensioners (where we have been able to recover funds and halt the payments) and over thirty cases of benefit fraud by police employees and pensioners that are now being investigated by the relevant local authority and the Department for Work and Pensions.

26. The third most significant use of investigation time has been into the arrangements concerning the MPS project ‘Penates’. We have reported on the problems identified by our investigations to the MPA Finance Committee on a number of occasions. The MPS has set up a ‘Gold’ group to deal with the issues. In addition we have sent a report to the Director of Resources on possible disciplinary offences arising out of compensation payments made without MPA authority.

27. Our support to the Directorate of Professional Standards and others has continued for those cases where the forensic or analytical skills of internal audit forensic staff can be of assistance.

Lessons Learned from Investigations

28. During the course of each investigation we have continually kept the senior line management concerned informed of our emerging findings, particularly where they have indicated management failures or poor controls or practices. Where appropriate, I have issued reports to senior management in confidence, which have made recommendations for actions to improve the controls to prevent or minimise the risk of further problems arising in these areas. We have also given specific advice to individual line managers who have sought our help to improve their controls where frauds or irregularities have occurred.

Follow-up Work

29. We were able to follow up thirty audits and issued final reports in respect of fourteen of these during the year. Twenty-three further follow up reviews were postponed into the 2004/2005 plan due to delays in issuing the final reports for the original audits. This has been partly caused by my staff taking longer than planned and targeted to issue draft and final reports but is largely due to continuing delays in getting timely management responses to many draft reports.
30. We were pleased to find that excellent progress in improving control had been made in the following areas:

Pay and Conditions Negotiation  
Gifts and Hospitality  
Financial and Accounting Advice  
Systems supporting External Financial Reporting  
Property Rent, Leasing and Rates  
Premises Licensing  
Catering – Sales and Trading  
Air Support Systems  
Charities and Trusts  
Public Order Operations

31. We noted that some improvement had also been made in the following:

Road Accident Reports and Intelligence  
Fees and Charges  
Loans to Police Officers and Police Staff

32. There were no follow-ups where we remained concerned about the lack of progress.

33. The planned and actual splits of time this and last year were:

**Internal Audit Planning**

<table>
<thead>
<tr>
<th>Audit Activity</th>
<th>Planned Days</th>
<th>% Of Total</th>
<th>Actual Days</th>
<th>% Of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems Audits</td>
<td>2,125</td>
<td>46%</td>
<td>2,280</td>
<td>50%</td>
</tr>
<tr>
<td>Investigations</td>
<td>1,473</td>
<td>32%</td>
<td>1,372</td>
<td>30%</td>
</tr>
<tr>
<td>System Advice</td>
<td>644</td>
<td>14%</td>
<td>649</td>
<td>14%</td>
</tr>
<tr>
<td>BOCUs</td>
<td>400</td>
<td>8%</td>
<td>297</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,642</strong></td>
<td><strong>100%</strong></td>
<td><strong>4,598</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Audit Activity</td>
<td>Planned Days</td>
<td>% Of Total</td>
<td>Actual Days</td>
<td>% Of Total</td>
</tr>
<tr>
<td>----------------</td>
<td>--------------</td>
<td>------------</td>
<td>-------------</td>
<td>------------</td>
</tr>
<tr>
<td>Systems Audits</td>
<td>2,160</td>
<td>47%</td>
<td>2,042</td>
<td>50%</td>
</tr>
<tr>
<td>Investigations</td>
<td>1,406</td>
<td>30%</td>
<td>1,286</td>
<td>31%</td>
</tr>
<tr>
<td>System Advice</td>
<td>639</td>
<td>14%</td>
<td>597</td>
<td>14%</td>
</tr>
<tr>
<td>BOCUs</td>
<td>400</td>
<td>9%</td>
<td>189</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,605</strong></td>
<td><strong>100%</strong></td>
<td><strong>4,114</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

34. Our actual use of time has remained largely in proportion to the planned use of time. The only significant difference is for BOCU reviews where last year we postponed a number of planned reviews following changes to the Inspectorate programme in local units and concerns in the MPS about the high level of other review activity in BOCUs. This year we spent some time developing our review model before commencing BOCU reviews.

35. The comparison between the years shows that we continued to be more realistic in our planning this year and were less than 50 days short of the plan compared to 500 days the previous year (in itself an improvement from a shortfall of 1,500 days the year before).

**Internal Audit Performance**

36. At the end of each systems audit I send out a customer satisfaction questionnaire to the senior line management of the area recently audited. I test senior and local management reaction to work carried out under our pre-planned systems audit programme. Five key areas of audit work are tested: consultation with the auditee, conduct of the audit, the audit report, the value of recommendations we have made and, an overall assessment of the value of the audit.

37. This year the overall results indicate a 76% customer satisfaction rate with the performance of Internal Audit (compared to 72% in 2002/2003).

38. Our highest satisfaction scores have been achieved in the conduct of the audit (82% satisfaction) and relevance of audit recommendations (86% satisfaction). The lowest satisfaction scores have centred around line management involvement in the preparation of the Terms of Reference for audits (74%) and the timing of audits (70%).
Use of Internal Audit Resources

39. The budget for Internal Audit was set at £1,720,000 for 2003/2004. Internal Audit overspent by £40,000 compared to an underspending of £73,000 last year. A slight overspend had been planned with the agreement of the Treasurer to allow for additional consultancy work to aid on-going investigations and this was effectively doubled by a central re-allocation of pension costs.

40. Expenditure on all contractors to Internal Audit in 2003/2004 came to £149,000 compared to £42,000 the previous year. As our budget remained at £11,000 this represented an overspending of £138,000 that we largely set off against underspending on other budget heads within Internal Audit. All of this additional expenditure was for contractors to assist in a series of investigations into interpreters’ claims, of which approximately £106,000 was met from savings elsewhere within the Internal Audit budget, £10,000 via a contribution from the MPS and £22,000 from underspending in the rest of the MPA. Where possible we plan to press for recovery of up to three-quarters of the contractor expenditure in claims through the civil courts against fraudulent interpreters.

Output Measurement

41. We have recorded not only details of the number of Internal Audit recommendations made and accepted but also the numbers of recommendations that are of high, medium or low risk significance. Line management accepted all 50 (100%) of our high-risk recommendations last year (81 and 100% in 2002/2003). Our target is 100% acceptance of high-risk recommendations and 90% of all recommendations. Overall 96% of all our recommendations were accepted (97% in 2002/2003).

42. We have also recorded details of the implementation of accepted audit recommendations. The degree of implementation of, in particular, highest risk recommendations is a true measure of Internal Audit output success, as this demonstrates where we have been an effective agent of change for the better. XX% (74% in 2002/2003) of our highest risk recommendations have been implemented.

43. In my report for 2002/2003 I identified eleven outstanding high-risk recommendations out of forty-three made (and accepted) that had not been implemented by MPS line management in the calendar year to December 2002. Of those eleven recommendations, XXXX.

44. All recommendations accepted are intended to be subject to a follow-up audit, at approximately six months after the issue of the final agreed report for high risk audits, to determine the level of effective implementation. Table 3 sets out the progress with recommendations over the previous year where
the Audit Report has been issued at least six months prior to the time of this report. Overall, line management have implemented $XXX$ of the $XXX$ recommendations falling in this period.

RECOMMENDATIONS – MADE, ACCEPTED & IMPLEMENTED

**Year on Year Comparison**

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made</td>
<td>624</td>
<td>678</td>
<td>505</td>
</tr>
<tr>
<td>Accepted</td>
<td>578</td>
<td>658</td>
<td>483</td>
</tr>
<tr>
<td>Percentage Accepted</td>
<td>93</td>
<td>97</td>
<td>96</td>
</tr>
</tbody>
</table>

**2003/2004 By Significance of Recommendations**

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made</td>
<td>50</td>
<td>428</td>
<td>27</td>
</tr>
<tr>
<td>Accepted</td>
<td>50</td>
<td>406</td>
<td>27</td>
</tr>
<tr>
<td>Percentage Accepted</td>
<td>100</td>
<td>95</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source – Final Reports issued 2003/2004*

**Recommendations Implemented – Last two years**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Accepted</td>
<td>43</td>
<td>399</td>
</tr>
<tr>
<td>Implemented</td>
<td>32</td>
<td>284</td>
</tr>
<tr>
<td>Percentage Implemented</td>
<td>74</td>
<td>71</td>
</tr>
</tbody>
</table>
Use of Internal Audit Staff Time

45. Comparison with last year shows that we have been able to achieve a small increase in our productive audit time to 76% (74% last year) but a three percent reduction in the time spent by auditors on training and support, from 10% to 7%.

Analysis of Total Staff Days
MPS Internal Audit 2003/2004

Analysis of Total Staff Days
MPS Internal Audit 2002/2003
Excellence in Internal Audit

46. Internal Audit operates under the processes laid down within the Excellence Model. Year on year there has been continual improvement in our internal procedures that have been taken forward in consultation with our staff.

Relations with other Review Agencies and Auditors

Internal MPS Review Bodies

47. We are in liaison with the Inspectorate and other reviewers in the MPS through the Inspection Liaison and Analysis Unit of the MPS. Our planned programmes of work are shared and we work hard to ensure that there is no unnecessary duplication of work.

48. We continue to work alongside those reviewing data protection and data security and have been involved in joint investigations as well as working parties and groups to help improve the security of MPS systems.

Corporate Governance and Risk Management

49. We have worked closely with the MPS Risk Manager, since his appointment, to help improve the risk and control framework within the MPS.

50. The MPS has set up a Corporate Governance Strategic Committee (CGSC) to which I have been invited to attend as an advisory member. My Deputy Director is attending the key group reporting to the CGSC which coordinates external and internal audit and inspection functions and ensures that there is a consistent risk based approach to reviews and recommendations.

Audit Commission and their Subcontractors (KPMG)

51. We have shared information about planned programmes of work and areas of concern. Meetings have been held and there has been some joint working on audits with more planned for 2004/2005.

52. The Audit Commission have confirmed their continued reliance on the work of Internal Audit and recent assessments by the Audit Commission have rated MPA Internal Audit overall on a scale of 1 to 4 as 4, i.e. “more than adequate”.

13
Other External Review Agencies

53. We continued to build relationships with police authority internal auditors in England and Wales, including senior management attendance at seminars and meetings organised by the various police authority auditor groups. I have been appointed Deputy Chair of the Police Auditors Group.

54. We keep in regular contact with the financial arm of HMIC and have an ongoing dialogue with GLA family auditors and the Home Office Internal Audit on relevant matters.

Advice to other bodies

55. During the course of the year we provided short-term expert advice and assistance to a number of bodies in the wider public sector, including: running a successful Anti-Fraud workshop for over 120 investigative and financial staff from government agencies and departments at the request of HM Treasury; advising the Prime Minister’s Office; investigative advice to the GLA internal auditors.

Conclusions

The Performance of Internal Audit in 2003-2004

56. We have demonstrated a significant improvement in our own performance for the second year in succession. The majority of the planned programme was completed to report stage by the year-end.

57. Sizeable savings have been identified and significant losses stemmed as a direct result of audit work, right through from systems audits and advisory work to investigations and follow-up reviews.

58. I am grateful to my staff for their efforts in the last twelve months and the positive contributions that have enabled our programme targets to be achieved.

Working with the Audit Panel and the Commissioner

59. I was able to give two further short six-monthly presentations to the Commissioner and his senior management in 2003/2004, building on the success of the first meeting in October 2002. One meeting resulted in the introduction of financial awareness training for a wide range of middle ranking police officer, with a session from Internal Audit on controls and what can go wrong. The other focused senior police attention on common weaknesses arising in financial and business controls at BOCUs.
Opinion on Control in the MPS

60. This is the third year that we have applied an arithmetical measure to guide my opinion on the adequacy and effectiveness of internal control. This provides a benchmark to enable comparison with past years or at any point when a snapshot of the current state of control may be required.

61. The arithmetical measure has confirmed my opinion that there has been a further improvement in the MPS since my report last year, albeit that the overall score is less than satisfactory (having moved from 3.3 to 2.9 on the scale between 5 and 1 but still short of the score of 2 or less that would represent adequate and effective control in the MPS).

Looking Forward

62. We will begin the next financial year with a realistic chance of continuing the improvement in achievement of our programme and an opportunity to build further on relationships with the MPS and our external partners. This was our most successful year since formation of the MPA and there is the opportunity to improve the effectiveness of Internal Audit further still, thereby helping the MPS towards an improved control framework and better corporate governance.

PETER TICKNER
Director of Internal Audit
AUDIT PANEL DRAFT

Annex A

REPORT ON INTERNAL AUDIT ACTIVITIES APRIL 2003 TO MARCH 2004

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 Management Board member responsible and if necessary the Audit Panel.

THIS SECTION OF THE ANNUAL REPORT SUMMARISES AUDITS THAT HAVE BEEN CONCLUDED TO FINAL REPORT STAGE.

SYSTEMS AUDITS

Hillingdon BOCU

Draft Report issued January 2003
Final Report issued July 2003

Summary of Findings

Our overall opinion is that although efforts are being made to ensure that effective checks are carried out where possible, adequate systems are not in place to meet all the business and financial objectives of the BOCU.

We have found some issues that have implications across TP and have raised these with the appropriate central department to ensure that appropriate guidance is provided on topics such as partnerships and sponsorship. In this report we made recommendations to help overcome the risks that currently exist within the borough.
Analysis of Recommendations

Management accepted all the 39 recommendations made:

37 Medium Risk
2 Low Risk

Senior Line Management Comment (AC Territorial Policing)

Creditor Payment System

*Draft Report issued May 2003*
*Final Report issued July 2003*

Summary of Findings

Some improvement is required to ensure that business objectives are met. Controls in place to certify receipt of goods prior to payment are inadequate. The number of late payments to creditors is in excess of the expected norm and controls over the creation of creditors on the corporate accounting system need to be improved.

Analysis of Recommendations

Management accepted all the 37 recommendations made:

5 High Risk
32 Medium Risk

Senior Line Management Comment (Director of Finance Services)

Police Collision Claims/Insurance

*Draft Report issued April 2003*
*Final Report issued July 2003*

Summary of Findings

Some improvement is required to ensure that business objectives are met. Control over the assessment of liability is adequate, however, the criteria used to determine the settlement of claims is not clearly defined. There is also a lack of separation of duties over the assessment of claims and authorisation of payments.

Analysis of Recommendations
Management accepted 16 of the 18 recommendations made:

17 Medium Risk (15 accepted)
  1 Low Risk (1 accepted)

Senior Line Management Comment (DAC Professional Standards)

Induction and Assessment of New Recruits – Police

*Draft Report issued December 2002*
*Final Report issued August 2003*

Summary of Findings

Our overall opinion is that some improvement is required to ensure that control objectives are met. Controls to ensure fairness and consistency in the assessment of recruits and for the selection and monitoring of Recruit School staff are operating effectively. However, the systems in place for performance measurement, recording appeals and recording and assessing feedback on training needed to be improved.

Management implemented a number of our recommendations before the final report was issued and a timetable for the implementation of those that remained was drawn up and agreed.

Analysis of Recommendations

Management accepted all the 18 recommendations made:

17 Medium Risk
  1 Low Risk

Senior Line Management Comment (AC Human Resources)

Payroll Starters and Leavers

*Draft Report issued March 2003*
*Final Report issued September 2003*

Summary of Findings

Significant improvement is needed before business objectives can be met.

We reviewed the findings of the previous audit in 1999 and the follow up in 2000. Although progress has been made in some areas, almost all of the
recommendations in this report had been made and accepted previously by management, but had not been implemented.

The controls for authorisation of new starter police officer and police staff and for removal from the payroll are inadequate. Improvements are required in the use and maintenance of the authorised signatory list. The contractor adequately controls the prompt removal from the payroll of terminations, but effectiveness is reliant on prompt notification by line managers and personnel managers.

Analysis of Recommendations

Management accepted all the 11 recommendations made:

3 High Risk
8 Medium Risk

Senior Line Management Comment (Director of Finance Services)

Claims Against the Commissioner

**Draft Report issued August 2003**
**Final Report issued September 2003**

Summary of Findings

The system is adequate to achieve business objectives. There is adequate control over the receipt and monitoring of cases, including the performance of counsel. Procedures for making and approving payments are also generally adequate.

Analysis of Recommendations

Management accepted all the 4 recommendations made:

4 Medium Risk

Senior Line Management Comment (Director of Legal Services)

Engineering Maintenance

**Draft Report issued June 2003**
**Final Report issued September 2003**

Summary of Findings

Our overall opinion is that adequate controls are in place and operating effectively. An approved engineering plan is in operation and payments are
sufficiently controlled. The quality and standard of work completed is also adequately monitored.

Analysis of Recommendations

Management accepted all the 3 recommendations made:

3 Medium Risk

Senior Line Management Comment (Director of Property Services)

The key recommendations are being incorporated within the new outsourced contract arrangements and will be monitored via a series of performance indicators designed to ensure that the contract requirements and overall performance are routinely measured and quantified.

Interview Tapes - Retention, Storage and Disposal

Draft Report issued October 2002
Final Report issued October 2003

Summary of Findings

At the time of the audit review significant improvement was needed before business objectives could be met. However, the management response indicates that twelve of the fifteen agreed recommendations have now been implemented and the control framework has significantly improved as a result.

Analysis of Recommendations

Management accepted 15 of the 16 recommendations made:

16 Medium Risk

Senior Line Management Comment (AC Territorial Policing)

Provision of Legal Advice

Draft Report issued August 2003
Final Report issued November 2003

Summary of Findings

Our overall opinion is that significant improvement is needed before business objectives can be met. The system in place for the provision of in-house legal advice is adequate and effective. There is, however, inadequate control over
the procurement, contract management, budget monitoring and payments in respect of contracted legal advice.

Analysis of Recommendations

Management accepted all the 9 recommendations made:

9 Medium Risk

Senior Line Management Comment (Director Of Legal Services and Director of Finance Services)

Verification of Accounts 1 (C)

Draft Report issued August 2003
Final Report issued October 2003

Analysis of Recommendations

Management accepted all the 4 recommendations made:

2 High Risk
2 Medium Risk

Verification of Accounts 2 (C)

Draft Report issued August 2003
Final Report issued December 2003

Analysis of Recommendations

Management accepted all the 4 recommendations made:

2 High Risk
2 Medium Risk

Claims, Debtors and Debtor Control

Draft Report issued April 2003
Final Report issued December 2003

Summary of Findings

Although some improvements have been made since the last audit, there were insufficient controls in place to ensure achievement of business objectives and those controls that were in place were not applied consistently.
The introduction of the upgraded accounting system has now helped to improve
the level of control and by the time the final audit report had been issued the
level of control had improved.

Analysis of Recommendations

Management accepted 26 of the 29 recommendations made:

3 High Risk (all 3 accepted)
26 Medium Risk (23 accepted)

Senior Line Management Comment (Director of Finance Services)

Management of Outsourced Services – Payroll

Draft Report issued October 2003
Final Report issued January 2004

Summary of Findings

Some improvement is required to ensure that business objectives are met. The
control framework is adequate but a number of controls are not operating
effectively.
Management checks have been introduced to assess contractor performance,
however, their effectiveness needs to be improved. Payments to the contractor
are adequately controlled although the level of documentation held to support
service credits needed to be improved.

Analysis of Recommendations

Management accepted 16 of the 17 recommendations made:

1 High Risk (accepted)
6 Medium Risk (5 accepted)
10 Low Risk (all 10 accepted)

Senior Line Management Comment (Director of Finance Services)

Police Probationer Training

Draft Report issued May 2003
Final Report issued January 2004

Summary of Findings

Our overall opinion is that the control framework for probationer training is
adequate but a number of controls are not operating effectively, for example,
standards for probationer performance are clearly defined but measurement is
not consistently applied. There is also inadequate evaluation and matching of probationer skills to borough needs and a separate budget for probationers has not been set.

Analysis of Recommendations

Management accepted 28 of the 30 recommendations made:

6 High Risk (6 accepted)
24 Medium Risk (22 accepted)

Senior Line Management Comment (AC Human Resources and AC Territorial Policing)

**Statutory Pay and Net Pay Reconciliation**

*Draft Report issued October 2003*
*Final Report issued January 2004*

**Summary of Findings**

Some improvement is required to ensure that business objectives are met. The control framework is adequate but a number of controls are not operating effectively. Controls are adequate to ensure timely, accurate and complete payments to statutory authorities and to ensure that payments and deductions are accurately brought to account. However, controls are not adequate to ensure the complete reconciliation of all payroll payments and there is a lack of consistency and timeliness.

Analysis of Recommendations

Management accepted 10 of the 11 recommendations made:

1 High Risk  (accepted)
7 Medium Risk (6 accepted)
3 Low Risk (all 3 accepted)

Senior Line Management Comment (Director of Finance Services)

**Internal Control and Enforcement of Data Protection Act (DPA) 1998**

*Draft Report issued August 2003*
*Final Report issued January 2004*

**Summary of Findings**
Effective controls are in place to ensure policies and procedures are properly approved, regularly reviewed and up to date. Arrangements for notification under the Data Protection Act are adequate. However, there is a lack of control in respect of creating awareness, seeking information, monitoring on a periodical basis and ensuring compliance with the legislation.

Our overall opinion is that adequate controls are not in place to meet all the system objectives and controls are not being consistently applied.

Analysis of Recommendations

Management accepted 20 of the 21 recommendations made:

8 High Risk (all 8 accepted)
13 Medium Risk (12 accepted)

Senior Line Management Comment (Director of Information)

Brent BOCU

Draft Report issued November 2003
Final Report issued January 2004

Summary of Findings

Although a number of individuals demonstrated a commitment to ensure that effective checks are carried out, adequate controls are not in place to meet all the business objectives of the BOCU. There is an absence of documented guidelines and procedures to support business and financial systems. Segregation of duties is not operating effectively and authorisation processes are inadequate.

Analysis of Recommendations

Management accepted all the 54 recommendations made:

51 Medium Risk
  3 Low Risk

Senior Line Management Comment (AC Territorial Policing)

Programme Management Framework

Draft Report issued September 2003
Final Report issued February 2004

Summary of Findings
Our overall opinion is that adequate controls are not in place to meet the system objectives and ensure change is effectively delivered. Effective controls are in place to ensure the notification, registration and allocation of responsibility in respect of existing and new programmes. However, the methodology and procedures for consultation, development, approval and review of the programme management framework are not adequate.

Analysis of Recommendations

Management accepted all 9 recommendations made:

5 High Risk
4 Medium Risk

Senior Line Management Comment (DAC Bryan, Directorate of Strategic Development)

Accounts Control - Use and Control of Resources (C)

*Draft Report issued June 2003*
*Final Report issued February 2004*

Analysis of Recommendations

Management accepted 22 of the 25 recommendations made:

5 High Risk (5 accepted)
20 Medium Risk (17 accepted)

Receipt and Banking of Income

*Draft Report issued December 2003*
*Final Report issued February 2004*

Summary of Findings

Some improvement is required to ensure that business objectives are met. Although adequate controls are maintained over income received by electronic transfers, controls over cash received are not consistently applied and procedures need to be documented.

Analysis of Recommendations

Management accepted all the 12 recommendations made:

12 Medium Risk
Senior Line Management Comment (Director of Finance Services)

VAT Control

*Draft Report issued January 2004*

*Final Report issued February 2004*

Summary of Findings

Some improvement is required to ensure that business objectives are met. Controls over the integrity of the VAT accounting system and data, output tax and income are adequate. The system in place for the identification, recording and recovery of VAT incurred is also effective. To improve effectiveness in some areas guidance notes need to be circulated to all budget holders and checking by Finance staff of the accuracy and validity of the VAT on invoices before input needs to be more consistent.

Analysis of Recommendations

Management accepted 14 of the 15 recommendations made:

14 Medium Risk (13 accepted)
1 Low Risk 1(accepted)

Senior Line Management Comment (Director of Finance Services)

Review of Arrangements for Remuneration and Allowances to ACPO Ranks

*Draft Report issued October 2003*

*Final Report issued March 2004*

Summary of Findings

The control framework in place for the arrangements for remuneration and allowances to ACPO ranks needs to be improved before an adequate level of control is achieved and the system objectives met.

Analysis of Recommendations

Management accepted 26 of the recommendations made:

25 Medium Risk
1 Low Risk
Senior Line Management Comment (Director of Human Resources)

Use and Control of Fuel

*Draft Report issued June 2003*
*Final Report issued April 2004*

Summary of Findings

Our overall opinion is that adequate controls are not in place to meet all the system objectives and controls are not being consistently applied. The strategic policy on fuel and the roles and responsibilities of officers operating the system is not documented and approved by the Management Board of the MPA/MPS and specific performance indicators have not been set. Two fuel sites have not fully complied with the London Fire and Emergency Planning Authority’s regulatory requirements and operating license for these has therefore not been issued. Controls over the ordering, delivery, storage and issue of fuel from the sites are not efficient and procedural guidelines are not in place.

Analysis of Recommendations

30 recommendations made:

2 High Risk (2 accepted)
28 Medium Risk (25 accepted)

Senior Line Management Comment (Director of Logistical Services)

Although this report was issued on the 26th April 2004, it had been the subject of frequent discussion between Internal Audit and Transport Services. 18 of the 28 medium risk recommendations have been completed. Of the two high-risk recommendations, one is scheduled for completion at the end of June 2004 but completion of the other recommendation awaits refurbishment of the last of the fuel sites in 2005/06, when responsibility will transfer to Property Services.

Account Controls (SO12) (C)

*Draft Report issued August 2003*
*Final Report issued April 2004*

Analysis of Recommendations

27 recommendations made:

3 High Risk
24 Medium Risk
Police Recruitment

*Draft Report issued January 2004*
*Final Report issued April 2004*

**Summary of Emerging Findings**

Our overall opinion is that the control framework is adequate but a number of controls are not operating effectively. Whilst an adequate recruitment strategy is in place, the controls, to confirm that the recruitment criteria and standards have been properly applied, are not operating effectively. There is also on occasion a lack of documentation held by HR Selection to confirm the identity of an individual. The system in place for confirming terms and conditions also needs to be improved.

**Analysis of Recommendations**

20 recommendations made:

- 3 High Risk (3 accepted)
- 16 Medium Risk (12 accepted)

**Senior Line Management Comment (AC Human Resources)**

External Data Communications

*Draft Report issued January 2004*
*Final Report issued May 2004*

**Summary of Emerging Findings**

Some improvement is required to ensure that business objectives are met. The control framework for external data communications is adequate but a number of controls are not operating effectively. A contingency plan is in place but it is not dated, tested regularly or widely distributed. Controls to ensure corporate standards have been met also require improvement.

**Analysis of Recommendations**

Management accepted all the 7 recommendations made:

- 1 High Risk
- 1 Medium Risk
- 5 Medium Risk

**Senior Line Management Comment (Director of Information)**
FOLLOW UP AUDITS

Road Accident Reports and Intelligence

*Draft Report issued May 2003*
*Final Report issued June 2003*

**Summary of Findings**

With the implementation of eight of the eighteen agreed recommendations, there has been some improvement in the level of control. However, eight recommendations remain outstanding and six of these are linked to one issue i.e. the introduction of the National System for Police Information System.

Pay and Conditions Negotiation

*Draft Report issued May 2003*
*Final Report issued June 2003*

**Summary of Findings**

Fourteen of the twenty-three agreed recommendations have been implemented in full. There has been partial implementation of a further four and five remain outstanding. Management actions have resulted in significant improvement to the control framework.

Gifts and Hospitality

*Draft Report issued May 2003*
*Final Report issued June 2003*

**Summary of Findings**

Twelve of the fourteen agreed recommendations have been implemented. Management actions have resulted in significant improvement to the control framework.

Financial and Accounting Advice

*Draft Report issued June 2003*
*Final Report issued August 2003*

**Summary of Findings**
There has been significant improvement in the control framework since the original report was issued in September 2001. Five recommendations are no longer applicable. Nine recommendations have been implemented (six in full and three partially). The one remaining recommendation will be addressed with publication of the Finance Manual scheduled for December 2003.

**Covert System**

*Draft Report issued May 2003  
Final Report issued August 2003*

**Summary of Findings**

There has been significant improvement in control since our original review with twenty-three of the twenty-eight accepted recommendations fully implemented and four partially implemented. The system is now adequate to meet business objectives.

**System Supporting External Financial Reporting**

*Draft Report issued August 2003  
Final Report issued December 2003*

**Summary of Findings**

There has been significant improvement in control since our original review with twenty-two of the thirty-six accepted recommendations fully implemented and seven partially implemented. Four recommendations are no longer applicable. The system is now adequate to meet business objectives.

**Property Rent, Leasing and Rates**

*Draft Report issued September 2003  
Final Report issued December 2003*

**Summary of Findings**

There has been significant improvement in the control framework since the original review was carried out in January 2003. Forty-three of the forty-seven accepted recommendations have been implemented. Management have also implemented a previously rejected recommendation. We have made 1 further recommendation.
Premises Licensing

*Draft Report issued September 2003*
*Final Report issued December 2003*

**Summary of Findings**

There has been significant improvement in the control framework since the original review was carried out in January 2003. Twenty-one of the twenty-seven accepted recommendations have been fully implemented and the remaining six partially. We have made five further recommendations.

Fees and Charges

*Draft Report issued August 2003*
*Final Report issued January 2004*

**Summary of Findings**

Although, there has been a general improvement in control, further progress needs to be made before the system objectives of fees and charges can be achieved. Eleven of the eighteen accepted recommendations have been implemented (seven in full and four partially).

Catering – Sales and Trading

*Draft Report issued November 2003*
*Final Report issued January 2004*

**Summary of Findings**

There has been significant improvement in the control framework since the original review was carried out in August 2000. Twenty of the twenty-five accepted recommendations have been fully implemented and three partially. One recommendation remains outstanding and one no longer applies. We have made two further recommendations.

Air Support Systems

*Draft Report issued November 2003*
*Final Report issued January 2004*

**Summary of Findings**
There has been significant improvement in control over air support and maintenance. Management have taken action to implement twenty-two, including two in the high-risk area, of the twenty-eight accepted recommendations. Implementation of the remaining recommendations will be achieved with the upgrade of the corporate accounting system.

**Charities and Trusts**

*Draft Report issued January 2004*
*Final Report issued February 2004*

**Summary of Findings**

There has been significant improvement in the controls over Charities and Trusts. The framework of control is therefore adequate and controls are generally operating effectively. Twenty-four of the thirty recommendations have been implemented in full and the remaining six partially.

**Loans to Police Officers and Police Staff**

*Draft Report issued January 2004*
*Final Report issued March 2004*

**Summary of Findings**

There has been improvement in the controls relating to Loans to Police Officers and Staff. The framework of control is now adequate and controls are generally operating effectively. Whilst controls over policy and procedures require some enhancement, those over the authorisation of loans and the review and monitoring of outstanding welfare loans are now adequate. Six of the original recommendations have been implemented and three have been partially implemented. Five of the low risk recommendations have not been implemented but they are no longer current. One of the two high risk recommendations made and accepted has been implemented whilst the other will be fully implemented upon completion of the Finance Manual update.

**Public Order Operations**

*Draft Report issued October 2003*
*Final Report issued April 2004*

**Summary of Findings**

There has been significant improvement in the control framework since the original review was carried out in May 2003. Twenty of the twenty-three
accepted recommendations have been fully implemented and two remain outstanding. One recommendation is no longer applicable.

SYSTEMS DEVELOPMENT AND CONTROL ADVICE

Devolved Financial Management

We have completed our review of a pathfinder borough and the issues arising have been discussed with the Devolution Team and the Head of Business Support, Finance Services. As a result of our review a survey of all boroughs is being conducted to help determine the level of compliance with the Scheme of Devolved Financial Management throughout Territorial Policing. We will continue to advise on the Scheme particularly as it has now been rolled out across all boroughs.

Outsourcing Action Groups

We attend the Action Groups that have been set up by the Director of Resources and the Director of Information to oversee the next stage of outsourcing. We are currently attending the Action Groups for Payroll Services, IS/IT Services, Property Services and Transport Services ensuring that key lessons learnt from previous outsourcing and our audits in this area are being addressed.

Upgrade of Corporate Accounting System

We attend the Project Board that is responsible for ensuring the delivery of an integrated IT solution to support all the services within the Resources Directorate. We have advised on the upgrade of the corporate accounting system and are continuing to advice on the development of IS/IT systems within Property Services and Transport Services.

National Fraud Initiative

We have the MPA/MPS lead for participation in this nation-wide fraud prevention and detection strategy. We are the liaison point between MPS colleagues, the Audit Commission and other public sector participants. MPS payroll and pensions data was provided to the NFI in October 2002 for data matching with that of other local authorities. In all over forty names identified by the initiative were researched and as a result we have identified four cases of payment to deceased pensioners (where we have been able to recover funds and halt payments) and over thirty cases of benefit fraud by police employees and pensioners that are now being investigated by the relevant local authority and the Department for Works and Pensions.
MPS IT Security Policy and the METSEC Project Board

We attend the quarterly METSEC Project Board meetings to advise and participate in discussions on matters of physical security (personal, asset and building security) and also logical controls for information systems. We comment on drafts of METSEC policies and proposed METSEC Standards at the request of Service Security Branch. We share the results of investigations and audits and also provide advice and support to Service Security Branch on security issues. This is a permanent committee.

MPS Corporate Personnel System – the MetHR project

The MetHR project is intended to provide a single corporate personnel system to replace a number of MPS legacy and local systems. We attend the MetHR Project Board as designated advisors to the project focusing on control aspects of software modules under development, in particular controls over the core database product and the MetHR to Payroll interface as the project enters its next phase. We have been consulted on project management, logical and physical security and process and system testing and have undertaken a review of the roll-out programme. There continues to be a significant commitment by internal audit to this project, which includes advice on the proposed reconciliation of local recruitment processes and compliance strategy.

IMSG Audit and Benefits Realisation sub-group.

We attend and advise this group which is chaired by the Director of Information and reports to the Information Management Steering Group. The group meets quarterly to track the progress of audits and monitor the implementation of internal audit recommendations pertinent to the Department of Information and Service Security Branch. This is a permanent committee.

MPS Infrastructure Workstream Board

This Board is managing the projects to deliver the MPS technology upgrade for the corporate IT infrastructure. The Board meets monthly and we attend as advisors on control issues and respond to discussion papers when appropriate.

AWARE Senior User Assurance Group

The MPS continues to upgrade and standardise its corporate IT system. This group represents users of the MPS corporate Intranet and we attend monthly meetings as users and also to advise on controls. Significant internal audit resource is devoted to this developing corporate system. As part of a small working group we have agreed with Directorate of Professional Standards a common requirement to facilitate forensic investigations of the Aware platform and systems hosted on Aware. This requirement is now in the course of implementation.
Duty Management and Overtime Records Project (MetDuties)

We continue to give advice to the MetDuties project team who are working on the introduction of an automated duties management system. We wish to ensure that the organisation benefits from the lessons learned from recent internal audits of overtime and that there is effective co-ordination with linked projects such as MetHR and C3i.

Contract Regulations and Procurement

We attend the group that has been set up to review the Authority’s Contract Regulations. The revised Contract Regulations were published in June 2003. As part of this work we are also advising on the procurement processes that are being developed by the Director of Procurement and the Director of Property Services to support the Contract Regulations.

Partnerships

The MPS is reviewing the arrangements it has in place for identifying and managing partnership initiatives and income and expenditure. We are advising on the control framework for managing partnerships and have suggested that a working group be set up to look at the key issues.

The Suppliers and Tenderers Risk Assessment Group (STRAG)

We participate in the work of STRAG. STRAG was established to monitor on behalf of the Director of Resources the risk of failure of major contracts, particularly outsourced service contracts. The group has sorted the contracts and contractors into risk groups and monitors those assessed as high risk. The conclusions of the group are circulated to MPS Directors.
INTERNAL AUDIT INVESTIGATIONS 2003/2004

1. Split of Investigations by MPS Business Area

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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Internal</td>
<td>External</td>
</tr>
<tr>
<td>Human Resources</td>
<td>3</td>
<td>0</td>
<td>(0)</td>
</tr>
<tr>
<td>Directorate of Information</td>
<td>3</td>
<td>0</td>
<td>(5)</td>
</tr>
<tr>
<td>Property Services Directorate</td>
<td>3</td>
<td>1</td>
<td>(9)</td>
</tr>
<tr>
<td>Directorate of Transport</td>
<td>1</td>
<td>0</td>
<td>(0)</td>
</tr>
<tr>
<td>Directorate of Procurement</td>
<td>1</td>
<td>0</td>
<td>(0)</td>
</tr>
<tr>
<td>Directorate of Commercial Services</td>
<td>13</td>
<td>2</td>
<td>(1)</td>
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<tr>
<td>Directorate of Finance</td>
<td>0</td>
<td>2</td>
<td>(0)</td>
</tr>
<tr>
<td>Specialist Operations/Crime</td>
<td>4</td>
<td>1</td>
<td>(10)</td>
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<tr>
<td>Territorial Policing</td>
<td>22</td>
<td>1</td>
<td>(13)</td>
</tr>
<tr>
<td>Deputy Commissioner's Command</td>
<td>2</td>
<td>0</td>
<td>(4)</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>29</td>
<td>(2)</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>36</strong></td>
<td><strong>(44)</strong></td>
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2. Split by Type of Allegation

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<tbody>
<tr>
<td>False claim for fees, expenses or overtime</td>
<td>5</td>
<td>(25)</td>
</tr>
<tr>
<td>Theft of cash</td>
<td>12</td>
<td>(11)</td>
</tr>
<tr>
<td>Missing Assets/Waste</td>
<td>10</td>
<td>(7)</td>
</tr>
<tr>
<td>Corruption or misconduct in public office</td>
<td>3</td>
<td>(2)</td>
</tr>
<tr>
<td>Forgery of documents</td>
<td>2</td>
<td>(7)</td>
</tr>
<tr>
<td>Theft of property</td>
<td>5</td>
<td>(3)</td>
</tr>
<tr>
<td>Computer misuse</td>
<td>1</td>
<td>(5)</td>
</tr>
<tr>
<td>Failure to notify death of pensioner</td>
<td>5</td>
<td>(0)</td>
</tr>
<tr>
<td>Failure to notify secondary employment</td>
<td>8</td>
<td>(0)</td>
</tr>
<tr>
<td>NFI – Benefit investigations</td>
<td>31</td>
<td>(0)</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>(7)</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>88</strong></td>
<td><strong>(67)</strong></td>
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### 3. Outcome of cases

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<tr>
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<tbody>
<tr>
<td>Staff Suspended</td>
<td>1</td>
<td>(6)</td>
</tr>
<tr>
<td>Staff arrested</td>
<td>2</td>
<td>(3)</td>
</tr>
<tr>
<td>Others arrested</td>
<td>4</td>
<td>(3)</td>
</tr>
<tr>
<td>Staff charged</td>
<td>2</td>
<td>(3)</td>
</tr>
<tr>
<td>Others charged</td>
<td>2</td>
<td>(3)</td>
</tr>
<tr>
<td>Staff resigned/dismissed</td>
<td>7</td>
<td>(8)</td>
</tr>
<tr>
<td>Staff cleared by investigation</td>
<td>3</td>
<td>(17)</td>
</tr>
<tr>
<td>Cases still under investigation</td>
<td>25</td>
<td>(36)</td>
</tr>
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### 4. Recovery of funds

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>(Amount)</th>
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<tbody>
<tr>
<td>Recovery of funds</td>
<td>£39,488</td>
<td>(£87,541)</td>
</tr>
<tr>
<td>Losses stemmed/prevented</td>
<td>£458,319</td>
<td>(£2,600,000)</td>
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<tr>
<td>Savings</td>
<td>£3,400,00</td>
<td>(£2,555,870)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£3,897,807</strong></td>
<td>** (£5,243,411)**</td>
</tr>
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</table>

### 5. Current Live Cases

<table>
<thead>
<tr>
<th>Year</th>
<th>Cases</th>
<th>(Cases)</th>
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</thead>
<tbody>
<tr>
<td>2000/2001</td>
<td>0</td>
<td>(3)</td>
</tr>
<tr>
<td>2001/2002</td>
<td>0</td>
<td>(7)</td>
</tr>
<tr>
<td>2002/2003</td>
<td>22</td>
<td>(36)</td>
</tr>
<tr>
<td>2003/2004</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>47</td>
<td>(46)</td>
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### 5. Total number of cases

<table>
<thead>
<tr>
<th>Source</th>
<th>Cases</th>
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</thead>
<tbody>
<tr>
<td>Financial Year 2003/2004</td>
<td>88</td>
</tr>
<tr>
<td>1997 to 31.3.2004</td>
<td>506</td>
</tr>
</tbody>
</table>

5 27 cases are awaiting the outcome of investigations or a decision to prosecute by Benefit prosecution agencies – there is strong supporting evidence in most cases.

### Annex C

**INTERNAL AUDIT ASSURANCE CRITERIA**

<table>
<thead>
<tr>
<th>SCORE*</th>
<th>ASSURANCE RATING</th>
<th>ASSURANCE CRITERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The system is performing particularly well to achieve business objectives.</td>
<td>There is a sound framework of control operating effectively to achieve business objectives.</td>
</tr>
<tr>
<td>2</td>
<td>The system is adequate to achieve business objectives.</td>
<td>The framework of control is adequate and controls are generally operating effectively.</td>
</tr>
<tr>
<td>3</td>
<td>Some improvement is required to ensure that business objectives are met.</td>
<td>The control framework is adequate but a number of controls are not operating effectively.</td>
</tr>
<tr>
<td>4</td>
<td>Significant improvement is needed before business objectives can be met.</td>
<td>Adequate controls are not in place to meet all the system objectives and controls are not being consistently applied.</td>
</tr>
<tr>
<td>5</td>
<td>Unacceptable level of control.</td>
<td>The control framework is inadequate and controls in place are not operating effectively. The system is open to abuse, significant error or loss and/or misappropriation.</td>
</tr>
</tbody>
</table>

* The score is used for internal purposes only (i.e. to feed into the ANA and help form the DIA’s overall opinion on control in the MPS). The score column is not published to auditees.