MPS STATEMENT ON INTERNAL CONTROL
Position as at 31 March 2006 including plans for the financial year 2006-07

1. SCOPE OF RESPONSIBILITY

The Metropolitan Police Authority (MPA) is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

By extension, this statutory requirement applies to the Metropolitan Police Service (MPS). The principal risks to which the Metropolitan Police are subject, and the key controls in place to mitigate those principal risks are MPS risks and controls. Hence in exercising its statutory responsibility under the Regulations, the Authority places reliance on the Commissioner of the MPS to deploy, maintain and monitor internal control and risk management processes.

The Commissioner is accountable for ensuring that there is a sound system of internal control facilitating the exercise of the MPS's functions and including arrangements for the management of risk. The Commissioner is required to sign a Statement on Internal Control for the MPS, on behalf of himself and the members of his Management Board.

The Commissioner has tasked the Director of Risk Management to co-ordinate the efforts of the MPS to ensure a sound system of internal control in key elements of the internal control environment listed in Section 3 of this Statement and to co-ordinate appropriate response to the significant control issues listed in Section 5 of the Statement.

The new Corporate Governance Framework mentioned in this Statement will form part of the foundation upon which future Statements will be based.

This Statement is signed by the Commissioner and will be incorporated in its entirety within the published MPA Statement on Internal Control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable and foreseeable level rather trying to eliminate all risk of failure to achieve policies, aims and objectives. This Statement can therefore only provide a reasonable and not absolute assurance of the effectiveness of the systems of internal control in managing risk.

This Statement (a mandatory requirement under the Accounts and Audit Regulations 2003) has been prepared for the 2005-06 period to show the position as at that time on internal controls as well as outlining future actions, which the MPS will be undertaking to ensure that the prescribed controls are operating effectively.

The systems of internal control should include an ongoing risk management process designed to identify the key controls to mitigate the principal risks to the achievement of the MPS's principal objectives, and to evaluate the extent to which those controls manage the risks effectively, efficiently and economically.

2. THE INTERNAL CONTROL ENVIRONMENT

The key elements of the MPS's internal control environment have been reviewed:

- **Facilitating effective strategy policy and decision making** - the Management Board Operating Framework is now operating effectively with minuted meetings and action decision sheets reviewed monthly to ensure delivery. The implementation of the National Intelligence Model (NIM) continues with the development of the Intelligence Strategy and the Intelligence Steering Group having oversight of the process. The integrated planning process continues to be enhanced with a single integrated planning document incorporating strategy and annual plan. The Corporate Strategic Assessment (reviewed every 6 months) identifies future strategic issues and through analysis of the National Policing Plan, ensures that the MPS strategy supports the direction set by Government. All MPS policies undergo a rigorous development and review process and include an impact assessment requiring consultation with relevant stakeholders. Overall, there continues to be engagement with external stakeholders with external governance and accountability via the MPA committee structure.

- **Performance; establishing and monitoring the achievement of objectives to ensure that high quality services are delivered efficiently and effectively**. There is a performance management framework in place supporting the Performance (Management) Board with the focus on delivery of the 7 strategic priorities, 13 objectives and the delivering of the Met Modernisation Programme (MMP) overseen by the Met Modernisation Programme Delivery Board. There is also an inspection and review programme with monthly publication of progress and activity. Monthly reporting of inspection and review activity is being

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enhanced to include tracking of Internal Audit high-risk recommendations. Regular reporting to the MPA and Full Authority takes place through the Planning Performance and Review Committee.

- **Ensuring compliance with statutory obligations, laws, regulations, guidance and established policies and procedures** via professionally qualified staff in key roles throughout the MPS with regular reports to MPA on compliance issues. The Policy Unit still has a multi functional role in overseeing all key aspects of Policies and Standard Operating Procedures across the MPS ensuring fitness for purpose. There is a process in place to ensure that each national policy is assessed against an NCPE capability assessment with project leads reporting progress on a quarterly basis. Corporate scanning is at an early stage of development but will result in regular reports identifying issues that will affect the MPS e.g. changes to legislation. A new Corporate Governance Framework has been agreed within the MPS with the Director of Strategy, Modernisation and Performance having overall responsibility. The areas of the new framework map across to those of the Statement on Internal Control thus bringing the processes in to closer alignment.

- **Management of Change Processes** – The MMP is managed by a Programme Delivery Board (PDB), with corporate oversight by Management Board and scrutinised by an Oversight Committee. The PDB is supported by a Programme Team reporting to a Programme Manager and Programme Director, who is a member of Management Board. Each MMP strand has to follow key business processes to ensure that they are properly managed, costed and delivered.

- **Identifying, assessing and managing the key risks to the MPS's objectives** - The risk management strategy continues to underpin the risk management programme with support and agreement from the MPS Management Board and the MPA. Risk registers continue to mature across the MPS with the Business Risk Management Team delivering various training programmes, based on a revised Standard Operating Procedure. The business risk management team's engagement programme is targeting all areas of the MPS to help further embed the management of risk across the organisation and this includes integration within the integrated planning process and MMP. The bespoke insurance management programme is still maturing with oversight remaining with the MPA/MPS Insurance Group and support provided by external consultants.

- **Business Continuity; minimising disruption to MPS business as usual arising from incidents involving processes, people, buildings and ICT systems** – The Resilience and Business Continuity Board is supported by the Business Continuity Team whose Policy and Standard Operating Procedure outline the MPS's framework to managing continuity. Continuity Planners have been identified throughout the MPS with annually reviewable continuity plans for every Operational Command Unit /Directorate, dip sampled by the Business Continuity Team. The business continuity management methodology is enhanced to include

improvements identified through an annual high risk self review process. There is also a pre-planned works risk assessment process to help ensure that disruption is kept to a minimum whilst works across the MPS are being carried out. The risk of disruption due to avian flu is currently being assessed and plans formulated accordingly.

- **Ensuring effective corporate financial management and the reporting thereof** is evidenced in part by the publication of the MPA annual accounts for 2005/06 with sign-off by the MPS Management Board and Full Authority. A similar validation process is in place for the Activity Based Costing model. There is also external audit validation, District Audit management letter and compliance with CIPFA Statement of Recommended Accounting Practices. The initial Audit Commission "Police Use of Resources" (PURE) evaluation assists in indicating areas where action plans need to be formulated and is overseen by Strategic Finance. The processes and systems around the planning of revenue and capital budgets continue together with the production of the MPS budget book. There is also monthly monitoring of revenue and capital expenditure (incorporating regular reports to Investment Board and MPA Finance Committee) linked to monthly forecasts, monthly budget maintenance reconciliation and management of reserves and provisions. Regular meetings are held between the Director of Finance, Director of Resources and the MPA Treasurer. A devolved accounting framework with support training, devolved operational budgets and central support for local decision makers from Business Accountants are in place. Numerous external and internal audits/reviews are undertaken by, for example MPA (Internal Audit), District Audit, Home Office, Her Majesty's Inspectorate of Constabulary (HMIC). The integration of financial management and business management continues, as does the implementation of the medium term financial planning process and mitigation of the fraud and theft risks by checking and audit procedures. There is the incremental adoption of the approvals process with the associated development of business cases reviewed by an Assessment Panel prior to being reported to the Investment Board.

- **Ensuring MPS information is trusted, assessable and usable** is managed by the Directorate of Information, which is continuing to drive through the Information Management Strategy, overseen by the Information Management Steering Group. The MPS Information Authority has been formed to commission Information Policy. The Information Authority also provides governance for the information management business change programme (co-ordinates business change activities for improvement in information management which will have a key role in implementing the Bichard recommendations on information sharing and the management of information). The METSEC Programme Board (Metropolitan Police Security Board), security incident reporting scheme and the Data Protection & Freedom of Information Steering Group all contribute towards effective information management as does the MPS data quality function and the promotion of awareness of information management and security.

- **Working for and with the community to promote its well being and exercising leadership as necessary** via the deployment of Citizen Focus, which outlines expectations of contact with the MPS, interacting and responding to the community and dealing with victims of crime. The accelerated roll-out of Safer Neighbourhoods ward-based neighbourhood policing, managed by the Safer Neighbourhoods Programme Board and Territorial Policing Command Team will help ensure that local policing is delivered to the community and that feedback from the community is built in to future policing delivery.

- **Defining, communicating and monitoring professional standards expected of all personnel** is managed by the Directorate of Professional Standards, which manages the Professional Standards Strategy. This strategy forms the control strategy/plan for the following year and is driven by the MPS Professional Standards Strategic Committee. The Professional Standards Strategy has recently been reviewed in light of the Morris, Taylor, Commission for Racial Equality and Ghaffur reports, MMP, the DPS Strategic Intelligence Assessment and the HMIC thematic on professional standards. There has also been a review of the Directorate of Professional Standards the implementation of which will enable the Directorate to drive through and implement its policies to even greater effect.

- **People Management; defining, communicating and monitoring standards of individual performance expected of all personnel** through effective Human Resource policies (approved by Human Resources Board and Policy Unit) and the continuous professional development of Human Resources managers. There are annual performance development reviews for all staff with work-related and personal development objectives. Unsatisfactory performance procedures for police officers and inefficiency procedures for police staff to aid performance management are in place. There are regular reports to the MPA and a monthly Human Resources scorecard report. The annual training programme outlines the training needs for the next year and there are numerous induction, training and skills programmes with structured induction/probation programmes and mandatory training for new supervisors and line managers. A reward and benefits programme helps promote the MPS as an employer of choice, which includes flexible working practices, home working and a child care strategy. The planning and performance management strategy help link national and corporate performance requirements, prioritise development work and identify emerging issues. Audit and evaluation processes are in place with bi-monthly audit progress reports highlighting areas of good practice and action plans where appropriate.

3. REVIEW THE EFFECTIVENESS

The initial part of this section (of the MPA published SIC) is completed by the MPA and is endorsed by the MPA Director of Internal Audit with commentary and includes the assurance scores.

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Progress on the 13 Action Points detailed in last years Statement is summarised as follows:

1. To further deliver an effective police service across London
The Met Modernisation Programme (MMP) is being developed to deliver the recommendations of the MPS Service Review and the corporate strategy. The new Strategy, Modernisation and Performance Directorate is responsible for managing the corporate strategy process and MMP.

2. To ensure that effective decision-making at the right levels is embedded across the MPS
The Management Board Operating Framework, of which the Investment Board and Performance Board are key elements, is in position to ensure that Management Board members are better supported to make key strategic decisions. Business case management is now in place with strategic fit, cross business group impact, benefits, risk, financials etc considered in all cases. Training for personnel responsible for preparing business cases is under development.

3. To further embed the management of risk and reduce the level of risk to an acceptable level
The implementation of the risk management strategy continues including an MPS-wide risk training and awareness programme supporting the development of risk registers at corporate, business group and Operational Command Unit (OCU) department levels – these risk registers continue to be embedded in local planning processes. The risk management strategy continues to be reviewed and developed in conjunction with the MPA, with risk management programmes developed as the basis of the MPS Risk Management Maturity Model. The quality of the risk registers and the level of awareness of the business risk management process continues to grow across the MPS due to the Business Risk Management Team's 'engagement programme' involving visits to all OCUs and departments across the MPS. The existing risk management key performance indicator is being enhanced to provide a focus on the quality of the risk registers and the local processes used to prepare them.

4. To further enable the MPS to plan for major business disruption via business continuity planning
The MPS has brigaded resources dedicated to emergency planning, business continuity management and London Resilience into one command within Central Operations. The Resilience and Business Continuity Board, chaired by AC Central Operations, continues to co-ordinate MPS resilience activity and business continuity management. Development activity is taking place in the key areas (of facilities, systems, personnel and contractor/supply chain).

5. To further implement the management of change programmes across the MPS
The MMP is a co-ordinated change programme encompassing all major areas of change within the MPS, holding Citizen Focus and Together as a key

integral component to improve the quality of services to the public. It will also improve the internal culture of the MPS and increase performance, co-coordinating and helping support the implementation of the major changes set out in the 3-year plan (2006 – 2009).

6. To ensure the effective deployment of national policing standards
Quarterly reports to Management Board track progress on compliance with National Standards and Codes of Practice.

7. To assist in bringing resource allocation and planning closer together
The implementation of the Medium Term Financial Planning process helps ensure that the goals of the organisation are achievable within available resources. The role of Investment Board and its Assessment Panel also assists here. Further development work is underway in order to further improve these processes in 2006/07 including those resulting from the current financial planning review.

8. To ensure that intelligence led policing continues to be integrated in to the MPS
An MPS Intelligence Steering Group has been established to drive intelligence development. Each Business Group, Association of Chief Police Officers (ACPO) Lead has an Intelligence Implementation Lead who is responsible for driving the implementation of intelligence development within each Business Group. These individuals are assisted and further guided by the Intelligence Standards Unit (ISU). Plans are in place to address National Intelligence Model (NIM) minimum standards, however due to scale of delivery the timescales cannot be met. Many of the IT issues will be common amongst other forces and reliant to a certain degree on the national solution to data warehousing (see below).

9. To continue with the effective management of MPS policies
The Policy Unit (previously the Policy Clearing House) has been reviewed and now forms part of the Strategy Unit. The Policy Unit continues to develop and monitor the policies of the MPS. Quarterly status reports are submitted to MPS Management Board.

10. To ensure continuous improvement in the ways in which the MPS manage its information
The implementation of the Information Management Strategy, role of the Information Authority, Information Management Business Change programmes and METSEC Programme Board (Metropolitan Police Security Board) help ensure that the MPS manages its information in a trusted, accessible and usable way. Work continues on the implementation of Bichard recommendations and the development of a corporate data warehouse system.

11. To continue to manage the performance of people across the MPS
Work continues within Human Resources strategy to manage peoples' performance incorporating personal development reviews, career pathways, National Occupational Standards, qualifications and work-based

assessments.

12. To continue the effective delivery of the outsourcing programme with maximised benefits
The Outsourcing Programme Team continues to manage the outsourcing programme with assistance from internal support teams (HR, Procurement, Finance, Business Risk Management and Business Continuity Management). The team reports to the Outsourced Services Steering Group, chaired by a member of MPS Management Board. All strands are delivered against an implementation model to ensure that benefits are maximised, and risk registers are maintained and regularly reviewed.

13. To continue to respond robustly to the Diversity imperative
The MPS Diversity strategy now has Full Authority approval. The Director of Recruitment holds a monthly scrutiny panel looking at all diversity actions and Commission for Racial Equality (and any other action list with a diversity focus). Update papers are also provided to the MPS Management Board on request. Human Resources also provide an update and attend the monthly Race Relations (Amendment) Act Meeting chaired by the Diversity & Citizen Focus Directorate where progress reports are given.

4.   SIGNIFICANT INTERNAL CONTROL ISSUES
Programmes of work are in place for 2006/7 period, reflecting corporate priorities as enshrined in the MPS Corporate Strategy and Met Modernisation Programme (MMP), which will help develop and enhance internal controls and risk management within priority areas (e.g. Force Intelligence Bureau) or that support the delivery of priorities (e.g. Integrated Planning Process). Key internal control and risk management areas for action for 2006/7 are:

- **The Intelligence Strategy, MMP and Change Programmes** - The Intelligence strand is one element of the MMP and will itself require a change programme and this will be closely monitored as will all the active strategies that make up the MMP. The MPS is therefore developing an intelligence architecture to enable delivery of the MPS Intelligence Strategy.

- **Policies and Procedures** – Further work on the policy development framework around compliance, including the needs to meet the requirements of the Disability Discrimination Act and forthcoming MPS Equalities Scheme.

- **Business Planning** – The MPS continues to develop and implement an integrated business planning process and environmental scanning function with links to the business risk management processes.

- **Performance** – There is to be a review of the Service inspection, review and audit policy documents and also a review and enhancement of the quality assurance function across all MPS units.

- **Corporate Governance** - The MPS is working towards implementation of

the new Corporate Governance Framework that will result in an accountable and streamlined approach to ensuring a sound system of internal control and risk management.

- **Risk Management** - The MPS Business Risk Management Team is developing minimum standards for managing risk in a partnership context and a framework of risk management competencies. Further work is being led on reviewing the MPA/MPS risk financing arrangements.

- **Business Continuity** – A review of the pre-planned works assessment process will ensure that it continues to be fit for purpose and Inter-departmental logistical and specialist/technical services supply chain / dependency mapping is also taking place. Feedback will be used from the high risk self review to help revise the planning methodology and identify training needs for business continuity planners.

- **Community** - The formation and bedding down of the new Diversity and Citizen Focus Directorate will help work towards transforming the MPS in to a citizen focused service by responding to the diverse needs of individuals and communities, promoting diversity to change culture and drive performance and building trust, confidence and satisfaction. Work also continues to link key aspects of the Citizen Focus and Safer Neighbourhood programmes and the communications strategy is being continually improved by including feedback from interested stakeholders. Work is ongoing to enhance effective joint agency action to deal with locally identified priorities through the use of analysts and researchers.

- **Information Management** –Monitoring and review of project management controls to ensure the successful delivery of the solutions to the Bichard recommendations around crosschecks, information sharing and the general management of information is ongoing. There is an Information Quality strand to the MMP to help drive standards forward in this area and a capability assessment is being carried out in relation to the implementation of National Centre for Policing Excellence's (NCPE) Management of Police Information doctrine.

- **Financial Management** – The implementation of the Audit Commission's "Police Use of Resources Evaluation" and the self assessment process around this will help with the continuous assessment of how the MPS best uses its resources. The work around the compliance with the Accounts and Audit Regulations continues, as does the development of the alignment of business/financial planning and the medium term/corporate planning processes. Work on the financial management controls surrounding the MMP and the monitoring of audit recommendations and key controls is ongoing.

- **People Management** – Work to better align the PDR and work based assessment processes in terms of overall performance assessment is being undertaken. The People Development and Together Directorates will work in tandem to develop and simplify the promotion process for both

police officers and staff. We will use the Leadership Academy to underpin organisational strategy, and enhance capability, ensuring that staff are equipped with the skills and experience to meet emerging needs. We will ensure that the MPS has sufficient skills to replace those potentially lost through Serious and Organised Crime Agency (SOCA). A mobilisation plan involving the recording and use of the skills of both MPS Officers and Staff is being developed to help the MPS manage its business activities in the event of business disrupting events. Further, there is development within NCPE, for national risk management standards, which incorporates risk management capabilities.

Signed

Sir Ian Blair
The Commissioner for the Metropolitan Police Service

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