MPA Internal Audit - Annual Report 2007/8

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Introduction

This Annual Report gives my opinion as Director of Internal Audit for the Metropolitan Police Authority (MPA) on the adequacy and effectiveness of the control environment1 within the Metropolitan Police Service (MPS) and the MPA. It also summarises the activities of Internal Audit for the period from April 2007 to March 2008.

It is my duty to give, at least annually, an opinion on the adequacy and effectiveness of the control environment. 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, relevant HMIC reports, Audit Commission reports and the work of internal review agencies within the MPS also inform this opinion.

My opinion on the adequacy and effectiveness of the control environment in the MPS is used to inform and should be read alongside the wider Annual Governance Statement incorporated into the Authority's Statement of Accounts for 2007/8.

Background

Whole time equivalent staff employed in Internal Audit fell from 35 out of 37 posts at the start of the year to 34 out of 39 at the year-end. I had noted in my last Annual Report that: *"since the formation of the Police Authority the number of staff posts in Internal Audit has declined by 10% while at the same time the body under audit, the MPS, has had significant growth in numbers and spend."*

At the Coordination and Policing meeting on 7 February 2008, the MPA agreed to fund two further posts in Internal Audit, a Fraud Prevention Manager and the return of a previously removed post for an additional Analyst.

The Forensic Audit Branch is the investigative arm of Internal Audit. It has continued to have a valuable impact on the MPS, both in identifying fraud and helping to prevent future losses, as well as identification of wasteful or nugatory expenditure. ***In 2007/8 Forensic Audit contributed to the recovery of £295k, losses stemmed of £49k and savings of £4.3million. Over the last five years, Forensic Audit has contributed to recoveries, losses stemmed and savings of over £24million.***

Assurance on the Control Environment

For systems reviewed by Internal Audit in 2007/8 average assurance scores were 3.1 (3.4 in 2006/7) on a scale of 1 to 5 (where a score of 2 reflects a

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1 The control environment comprises the system of governance, risk management and internal control. (CIPFA Code of Practice for Internal Audit 2006)

system with adequate controls and 3 to 5 reflects increasing degrees of the need to improve). Service-wide high-risk systems scored 2.9 on initial review and 2.1 on follow-up. Borough and Operational Command Unit reviews however scored a relatively poor 3.5 on initial review and 2.9 on follow-up. Taking systems reviews, follow-up audits, results of investigations (where the underlying system has had a significant impact on control) and also developing systems advisory work by Internal Audit gives an assurance score from all audit review activity of 2.8.

When all other relevant scored review work is taken into account the overall assurance score for 2007/8 is unchanged at 2.8, a marginal improvement on 2006/7 but short of the target score of 2 or lower. My overall score includes in-year review work by HMIC, Audit Commission, MPS Health and Safety, MPS Information Assurance Branch and MPA scrutiny teams.2

A comparison of scores since the scoring system was introduced in 2001/2 shows the following:

Year	Initial Score	Follow-Up Score	Final Score
2001/2	3.5	2.8	3.5
2002/3	3.6	2.6	3.3
2003/4	2.9	2.1	2.9
2004/5	3.4	2.6	3.4
2005/6	3.3	2.5	3.0
2006/7	3.4	2.5	2.9
2007/8	3.1	2.4	2.8

This table demonstrates that there has been a small but steady improvement in internal control since 2004/5 and a clear improvement since 2001/2, the first year that a measured score was calculated.

Areas of concern in the control environment have included:

lack of accountability or ownership for control problems, particularly demonstrated around the issues that surfaced during the year with the misuse of AMEX cards by a number of police officers;

'post event' and late procurement activities where either the central procurement function was not involved at the early stages of the process or contracts that should have gone to OJEU were left too late with the resultant need either for contract extensions or single tender actions;

the lack of an effective and embedded risk management culture;
demonstrated at the very top by the lack of management buy-in to the ownership of identified business risk, the artificial split between operational and business risk being a key reason for the lack of buy-in;

weaknesses in financial and business controls in local command units,

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2 There were no final reports from MPS Inspectorate in 2007/8

particularly around police overtime, crime property, supervisory controls and financial reconciliations. Although the MPS has acknowledged the system weaknesses, there has been slow progress in obtaining significant and sustained improvement.

Areas of Improvement in the control environment included:

Streamlining and rationalisation of arrangements for finance and planning

Following a review of the strategic planning areas of the MPA by the Director of Resources, the MPS is now coordinating the key planning and budgeting arrangements within the Resources Directorate rather than in two separate directorates. One consequence of this has been rationalisation of posts and work creating a more coordinated approach to these key interdependent areas.

Improving Governance arrangements within the MPS

The Director of Resources presented a blueprint to Corporate Governance Committee outlining how Governance would be dealt with within the MPS, including its relationship with the MPA. Elements of this model are in place and work continued throughout the year to implement aspects of it. At the time of writing this report, Management Board has approved a programme for developing Resource Management that should ensure the blueprint is developed. Progress in this area will need to be reviewed in 2008/9.

Introduction of a proper Scheme of Delegation

This was introduced during the latter half of the financial year and is a welcome improvement in control. However, it will be some time before the scheme is embedded at all layers of authorisation within the MPS.

Introduction of the Purchase to Pay programme

Introduction of this programme is improving control on two fronts, it is rationalising low and medium value purchases at command unit level and it has imposed a control framework around what was previously a haphazard and at times uncontrolled process.

Covert Accounts

The improvements in control seen in the previous year have continued under new MPS management in the area this year.

Overall Opinion

In my opinion, taking into account all available evidence, the adequacy and effectiveness of the control environment in the Metropolitan Police Service falls below an acceptable standard. In reaching this opinion, I acknowledge that we have generally found adequate and effective operating procedures within the MPS. However, our tests and investigations during the year showed that in high-risk systems a number of controls were not being operated effectively.

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Equality and Diversity

We have contributed to the MPA's objectives in this area both by the way we recruit, manage and train our staff and by the processes put in place to ensure that our staff behave appropriately in our dealings with the MPS. This is reflected in the measured feedback from the MPS that shows a high degree of satisfaction with the behaviour of our staff and their approach around equalities issues.

Internal Audit continues to reflect the diverse community that it serves through employing staff from a wide variety of cultural backgrounds and experience.

As part of the risk-based audit programme, we undertake regular reviews of the controls in place for systems dealing with equality and diversity, both in the MPS and the MPA.

Summary of Key Internal Audit Achievements during the Year

Preventative Advice

We have continued to support direct financial training for MPS middle managers and in addition have provided advice on working groups mapping and improving financial systems within the MPS.

We have been developing a joint initiative with the MPS on Fraud Awareness and Prevention in conjunction with Resources, Professional Standards, HR (Leadership Academy) and the Economic Crime Unit of the MPS.

Systems Audits
(Details of all audits completed to final report stage in 2007/8 are at Annex A)

Among other programmed work we carried out major reviews of the controls in high-risk systems for dealing with:

- Police Staff and Police Officer Allowances and Expenses
  (Significant improvement needed – assurance score 4)

- Crime Reporting Information Systems (CRIS)
  (Framework of control adequate but some controls not operating effectively – assurance score 3)

- Corporate Risk Assessment and Management
  (Framework of control adequate but some controls not operating effectively – assurance score 3)

- Police Officer Recruitment
  (Framework of control adequate but some controls not operating effectively – assurance score 3)

- Management of Outsourced Transport Services

(Control adequate and operating effectively – assurance score 2)

- Investment Borrowing and Cash Management
  (Control adequate and operating effectively – assurance score 2)

- Claims, Debtors and Debtor Control
  (Framework of control adequate but some controls not operating as effectively as they could – assurance score 2.5)

- Safer Neighbourhoods
  (Framework of control adequate but some controls not operating effectively – assurance score 3)

Control Advice for Developing Systems

A number of major projects in the MPS have been supported and provided with audit advice, including:
- Transforming HR
- Finance Modernisation Programme
- Covert Finance Standards Working Group
- Corporate Credit Card system
- MPS IT Security Policy and Metsec Project Board
- Contract Regulations and Procurement
- MetaFor
- Partnerships

Forensic Audit Work

Background

Seventy-four new cases were dealt with during the year (seventy-seven in 2006/7) ranging from concerns about major contracts for services through to NFI data matches regarding individual employees. The size and complexity of the cases being dealt with continues to increase. Three calls were received on the 'Right Line' (five in 2006/7). The level of use of the 'Right Line' has been disappointing over the year, however we are working in co-operation with MPS Directorate of Professional Standards and a re-launch is imminent. The re-launch will also include a confidential e-mail reporting facility for the first time.

We have also initiated, in conjunction with the MPS Director of Resources, activity to develop internal fraud prevention within the MPS/MPA. The fraud prevention officer post within the MPA has been approved, planning is underway with events planned to raise the level of awareness of internal fraud and a facility has been introduced onto the MPA website to enable members of the public to report internal fraud or financial irregularities directly to the Authority.

Significant cases have contributed to improved systems (e.g. the selection

and use of consultants). While these cases cannot be measured in cash terms at the time of investigation, the system improvements will result in financial benefits in future years. For Forensic Audit Branch activity where we can measure the results, savings or losses stemmed during the year were approximately £4.3 million and a contribution made to recoveries of approximately £0.3 million. Although the primary purpose is to identify whether fraudulent or wasteful activity has occurred, the financial benefits to the Authority continue to compare favourably with the cost of providing an investigative service in Internal Audit (£744k for 2007/8). For the last five years accumulated recoveries total £5.3 million, losses stemmed £9.3 million and savings made £9.6 million.

Investigations

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

Investigations have been necessary where either Internal Audit has found evidence of a potential fraud or abuse by police staff or contractors that has required immediate investigation, or a discovered fraud has thrown up question marks about the system and employees/contractors.

The work of the Forensic Branch in the year has been focused on the need to support three high-risk but resource intensive items of work, the defence of a £4million claim against the Authority, use of Amex corporate charge cards and the National Fraud Initiative (NFI).

In February 2007, the Audit Commission provided to the Authority the entire data matches from the NFI 2006 exercise. The data contained 60,053 individual matches and to date 56,536 (94%) have been cleared in conjunction with MPS Finance Services Department and other MPS colleagues.

As reported last year there has been a continuing need to conduct a number of cases involving the loss of cash from property stores. The lack of supervision in the stores remains a concern that is also reflected in the findings of a systems audit of crime property drawing to a conclusion at the time of writing this report.

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

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. We continue to have concerns about the way in which procurement regulations were being circumvented despite improved procedures.

Follow-up Work

During the year, we issued 27 final follow-up reports. Follow-up audits continue to be a valuable means to ensure that line management are making progress and that our originally accepted recommendations are still valid. They also enable me to measure the degree to which systems of control are improving in the MPS. For both service-wide and command unit audits follow-up reviews found a significant improvement in control from our initial reviews.

Measuring the Effectiveness of Internal Audit

With effect from 1 April 2006, the Accounts and Audit Regulations 2003 were amended to include a requirement upon public authorities, including the MPA, to carry out an annual review of the effectiveness of *the system of* Internal Audit. CIPFA have defined the system as the entirety of arrangements for audit put in place by the local authority, including the activities of any oversight committee. Meeting CIPFA's Code of Practice for Internal Audit demonstrates that the systems and processes in place are adequate and effective.

At the Corporate Governance Committee in September 2006, I presented a paper on how best to measure the effectiveness of Internal Audit. The approved paper suggested a combination of the performance measures that I already use and summarise in my annual reports, coupled with any relevant opinion from the Commissioner and the Audit Commission and supplemented with the Chief Executive's opinion.

In addition to these measures, I commissioned an independent academic on short-term secondment to the MPA to carry out a review of the adequacy and effectiveness of the systems and process by which MPA Internal Audit aims to meet CIPFA's Code of Practice. His report concluded that:

"The MPA Internal Audit Directorate (IAD) delivers a highly professional audit service. The wealth of experience at all levels of management, along with the requirement that all staff have an appropriate qualification means there are robust systems and procedures in place that meet the requirements of the revised CIPFA Code on internal auditing. In addition to the wider MPA Improvement Programme, the IAD have embarked on several ongoing development projects including work on the business excellence model, the audit manual, the TeamMate automated information system and a recently approved marketing project. Each project has delivered important action points for IAD SMT and it is important that these actions are followed through to good effect. In terms of this review against the CIPFA Code, there are several minor recommendations that may also be considered by SMT to

ensure the IAD continues to be well positioned to deliver a first class internal audit service."

The following paragraphs of this report summarise the outcomes from the planning and performance measures in place within MPA Internal Audit.

Internal Audit Planning

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

Internal Audit Planning				2006/2007
Audit Activity	Planned Days	% of Total	Actual Days	% of Total
Systems Audits	1,841	38%	1,681	38%
Investigations	1,628	34%	1,507	34%
System Advice	580	12%	445	10%
BOCUs	776	16%	810	18%
Total	4,825	100%	4,443	100%

Internal Audit Planning				2007/2008
Audit Activity	Planned Days	% of Total	Actual Days	% of Total
Systems Audits	2,075	41%	1786	40
Investigations	1,822	36%	1596	36
System Advice	580	12%	521	11
BOCUs	553	11%	589	13
Total	5,030	100%	4492	100%

Our planned use of time has, in proportion, closely accorded with our actual use of time, showing that where work has been substituted or postponed we have ensured that we have carried out equivalent work to that identified by our risk analysis for the year. Actual available audit staff days fell short of planned days by 538 days (519 2006/7), due to unfilled vacancies and illness during the year.

Internal Audit Performance

Customer Satisfaction

At the end of each systems audit I send out a customer satisfaction questionnaire to the senior line management of the area recently audited. Five key areas of audit work are tested: consultation with the auditee, conduct of the audit, the audit report, the perceived value of audit recommendations and, an overall assessment of the value of the audit.

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This year the results indicate an 88% customer satisfaction rate with the performance of Internal Audit.3

In line with the MPA commitment to promoting equality and diversity, we test whether there was a perception of any discrimination in the conduct of the audit. Against a target of 80%, we achieved a 98%% customer satisfaction rate.

In the other areas tested our highest satisfaction scores have been achieved in the conduct of the audit (95% satisfaction), consultation with auditees on the terms of reference and clarity of report (both 88% satisfaction). The lowest satisfaction scores have been on the review conclusion and the timing of audits (both 80% - still meeting the target performance).

Comments from senior auditees were also mainly very positive, for example:

"Without their [the audit team's] expertise much of what has been achieved would not have been possible." *(A senior officer in a covert business area)*

Good professional review, unobtrusive yet clearly thorough review of unit practices and procedures." *(Head of Accident Claims Unit)*

"The Service was valued. As a borough commander the audit provided an objective assessment of the systems and processes operating. I am grateful for your support." *(Chief Superintendent Croydon BOCU)*

"[The auditor] conducted the audit in an exemplary manner. His findings were fair and accurate. I have no suggestions for improving the audit as it was carried out exactly as I would have wanted."   (*Finance Manager Croydon BOCU)*

"[The auditor] was a great help throughout the process and has been more than willing to answer ad hoc questions after completing the audit. Please pass on thanks to [the auditor] for his helpful, professional and supportive approach. We valued his input and advice."   *(Borough Business Manager Waltham Forest BOCU)*

Input Performance

Use of Internal Audit Resources

Staff resources were used in proportion to the intended plan. We had an underspend of £52k on our staff and resources budget of £2,148k. This was largely due to unfilled vacancies and difficulties in obtaining short-term help to cover for the work.

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3 There was one result that, after correspondence with the senior manager concerned, was not adjudged a fair or reasonable conclusion and it has therefore been excluded from the data.

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Efficiency of Work

Staff are set targets for completion of audits, including time allocations for each audit, a target of three weeks to produce a working draft from completion of the fieldwork (85% achieved), one week to produce a formal draft after discussion with the senior line management (90% achieved) and one week to produce a final report once line management responses are received to the draft audit report (82% achieved). Our overall performance exceeded the 80% target set.

Output Measurement
(See tables 1 - 3 below)

Recommendations Made and Accepted

The number of audit recommendations made reduced slightly from 764 in 2006/7 to 727, the acceptance rate by line management remained excellent at 97%.

Recommendations Implemented

The successful implementation of Internal Audit recommendations is key not only to ensuring adequate and effective systems in the MPS but also in measuring the effectiveness of Internal Audit in its pivotal role as an agent of change for the better in the business and financial systems of the MPS. This is particularly so for the small proportion of recommendations deemed high-risk and these are tracked throughout the year.

Only four high-risk recommendations were made during the calendar year 2007, three had been implemented at the time of writing this report. In all, out of 560 audit recommendations made and accepted during this period, 403 (72%) have now been implemented. This is an improvement from 2006 although there is still some way to go to achieve higher levels of implementation of accepted recommendations.

Recommendations – Made, Accepted and Implemented

Year on Year Comparison
Table 1

Recommendations	*2005/6*	*2006/7*	*2007/8*
Made	462	764	**727**
Accepted	435	740	**707**
Percentage Accepted	**94%**	**97%**	**97%**

2007/8 by Significance of Recommendations

Table 2

Recommendations	*High*	*Medium*	*Low*
Made	17	693	17
Accepted	16	676	15
Percentage Accepted	**94%**	**98%**	**88%**

Source – Final Reports issued 2007/8

Recommendations Implemented – Last two years

Table 3

Recommendations	Jan – Dec 2006			Jan – Dec 2007		
	High	Medium	Low	High	Medium	Low
Accepted	23	688	30	4	543	13
Implemented	20	431	16	3	391	9
Percentage Implemented	**91%**	**66%**	**57%**	**75%**	**72%**	**69%**

Staff Employed in Internal Audit

One of our performance targets is to ensure that all audit field staff and their senior management in Internal Audit are appropriately professionally qualified (e.g. qualifications of the Institute of Internal Auditors, a recognised accountancy qualification and current internal audit practice). This target was 100% met by audit staff in post during the year (twenty field auditors and four senior management, including the Director of Internal Audit).
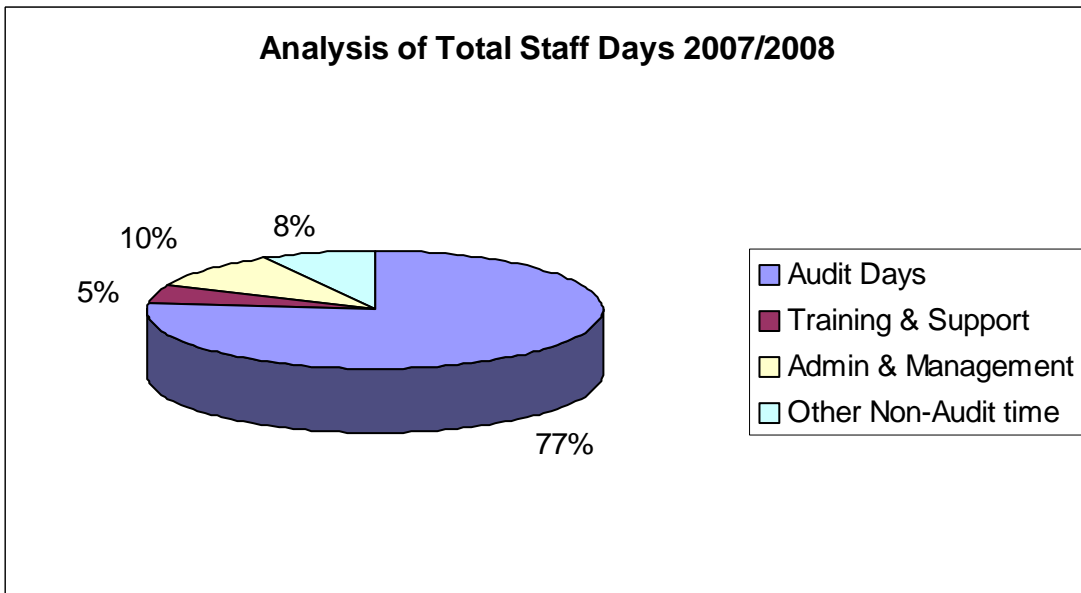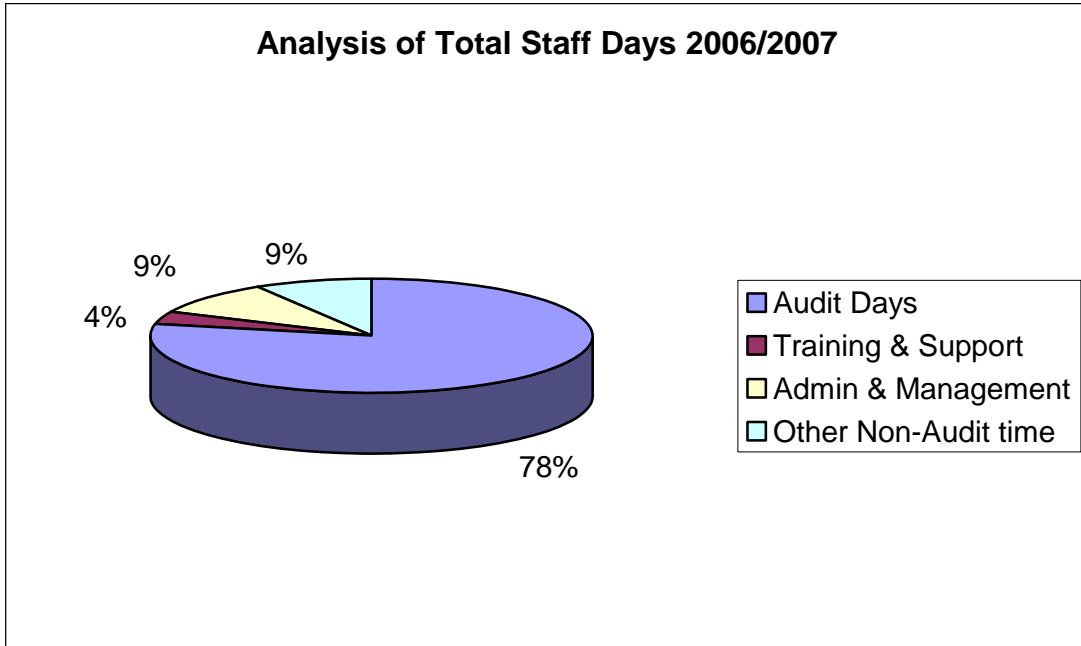
For investigative staff there are no generally recognised qualifications, as there is not at the moment a 'profession' of investigating, although some universities run post-graduate or diploma courses and CIPFA has recently introduced an advanced certificate in investigative practice[4]. All forensic auditors and senior forensic staff (nine field investigators and one Assistant Director) are highly experienced investigators and a number of them hold postgraduate qualifications in investigating in the public sector.

Use of Internal Audit Staff Time

Our use of staff time has remained consistent year on year.

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4 This will become the 'professional' standard for Forensic Audit staff in future.

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Analysis of Total Staff Days 2006/2007

9%
9%
4%
78%

- Audit Days
- Training & Support
- Admin & Management
- Other Non-Audit time

Analysis of Total Staff Days 2007/2008

10%
8%
5%
77%

- Audit Days
- Training & Support
- Admin & Management
- Other Non-Audit time

Relations with other Review Bodies and Auditors

Internal MPS Review Bodies

MPS Inspectorate

We have continued to provide regular input to the Inspection and Audit Liaison Unit to enhance co-ordination with internal Inspectorate activity and to help with the progression of accepted audit recommendations.

Risk Management

It is a fundamental part of the role of Internal Audit to evaluate the adequacy

and effectiveness of risk management as well as to contribute towards the management of risk in the organisation. As part of the 2007/8 evaluation we conducted an audit of Risk Management in the MPS. In our opinion, Risk Management is not yet adequately embedded in the MPS. Management has responded positively to our report and since the audit there has been a restructuring of the arrangements within the MPS for Risk Management. We will be expecting to see substantial signs of progress at the time of our follow-up review.

MPA Review Bodies

Internal Audit has been actively involved in assisting MPA Members to discharge their responsibilities for the governance of the MPS. My senior management and I have been in attendance and members of the IS/IT Oversight Group, the Estates Oversight Group, the Procurement Oversight Group and the Human Resources Oversight Group throughout the year.

Internal Audit assisted the team set up to review the Contract Regulations and has had an on-going working relationship with the Head of Scrutiny in dealing with business processes and related areas in the MPS.

External Review Bodies

Audit Commission

We have continued our necessarily close working relationship with the Audit Commission. As well as a number of joint projects, we have contributed to their opinion through testing and work on the key and material financial systems. We are currently jointly developing a protocol covering all the areas where we support or work with the Audit Commission.

Internal and External audit have a permanent presence at the MPS administrative offices at Empress State Building.

Her Majesty's Inspectorate of Constabulary (HMIC)

We have maintained an ongoing working relationship with HMIC, both from liaison with their officers on the ground reviewing the MPS and their financial advisers. We hold regular meetings with HMIC and the Audit Commission to discuss progress and plans for review activity within the MPS.

Home Office Internal Audit

We keep a dialogue with Home Office Internal Audit around oversight of nationally and directly Home Office funded activities in the MPS. During the year both sets of auditors provided advice and reviews of the system for providing grants to the MPS from the Home Office.

External Relations

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GLA

Within the GLA there is a regular meeting of internal audit heads across the family at which we examine benchmarking and performance issues as well as potential areas for convergence or partnership working.

Police Audit Groups

Throughout the year we were in regular contact with other police internal auditors, my Deputy Director is a member of one group and I am chair of the Police Auditors Group, which hosted its first conference in June 2007, when internal auditors and contractors representing two-thirds of the police authorities in England and Wales attended.

London Audit Group

We maintain our contacts and involvement with this group, which involves the internal auditors from all key local authorities in London.

Conclusions

The Performance of Internal Audit

Internal Audit has had a particularly effective year, making a significant impact in the campaign to improve internal control in the MPS. Audit, advisory and investigative work has all played its part, as has the risk-based audit reviews of command units.

Our work has been assisted by a perceptible and positive change in response from senior management in the MPS to the corporate governance agenda. The Deputy Commissioner and the new Director of Resources on behalf of MPS Management Board have led the programme. There has been more willingness and focus on dealing effectively with weaknesses in systems, as shown by the effort that has been put into resolving both processes and behaviours in relation to the use of corporate credit cards.

Opinion on the Control Environment in the MPS

In my opinion, taking into account all available evidence, the adequacy and effectiveness of the control environment in the Metropolitan Police Service falls below an acceptable standard.

The control environment is defined as three main elements, the overarching governance framework, the system of internal control and risk management. While the governance framework is generally sound there are some areas where weaknesses are apparent, particularly around the links between strategic aims and medium term planning and the development of major projects, a matter upon which I commented in my 2006/7 Report. Most aspects of the system of internal control are generally sound but weak areas remain, particularly around accountability and ownership, the letting of

contracts and tender arrangements, embedding delegated authorities and the application of basic financial controls in command units.

Looking Forward

We are working closely with the business support functions and operational leads to ensure that internal controls are able to operate effectively. The development of an Audit Protocol in conjunction with the MPS should ensure that there is a clearer line of accountability within the MPS for action on accepted audit recommendations as well as ensuring that Internal Audit delivers on its targets with line management.

We are also collaborating with the MPS on a long-term plan of fraud awareness and prevention to change attitudes and culture around financial propriety and the risk of fraud, waste and abuse.

Internal Audit will build on our successes during 2007/8 and continue to provide the MPA with an adequate, fit for purpose and highly effective audit service.

PETER TICKNER
Director of Internal Audit

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REPORT ON INTERNAL AUDIT ACTIVITIES APRIL 2007 TO MARCH 2008

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 Corporate Governance Committee.

Annex C sets out how the Audit Opinion is reflected in the Assurance Score given for audits listed in this Annex.

Systems Audits

Final Reports

Bexley BOCU

Draft Report issued January 2007
Final Report issued May 2007

Summary of Key Findings
Our overall opinion is that, although there are effective controls in some areas adequate controls are not in place to meet all the business and financial objectives of the BOCU. A number of individuals have, however, demonstrated a commitment to ensure that effective checks are carried out.

Local documented guidelines need to be developed to support the systems in place for budgetary control, local purchasing and the maintenance of inventories and asset registers. The level of regular, evidenced supervision and review within most of the business and financial processes is inadequate. Although police overtime is supervised retrospectively through budget monitoring the supervisory process within the police staff overtime, assets and

inventories, and partnership systems are not effective. Segregations of duty, authorisation and reconciliation processes on the borough also need to be improved.

In general, there is adequate control over the physical security of cash and crime property. However, systems for securing firearms and drugs and ensuring that cash reaches the property safe and is disposed of appropriately are in need of review. The systems for the storage and recording of inventory items on the borough are with the exception of the Borough Intelligence Unit, in need of improvement.

Analysis of Recommendations
Management accepted all 28 recommendations made:
28 Medium Risk (15 implemented)

Senior Line Management Comment (BOCU Commander)
Thank you for the opportunity to comment. All of the recommendations were accepted. Our F&R manager has since improved authorisation, supervision and review processes. I am pleased that the supervision and management of police overtime (our largest local budget) are sound, and this has helped us focus the maximum level of resources on our operational priorities. We have completely reviewed our property store, and have adjusted the staffing accordingly. We have also improved the systems for storing and accounting for property before it is accepted in the property store. This has included purchasing small safes for every Safer Neighbourhoods base. Our inventory control has improved through the use of an asset store attached to the IBO. We have also reviewed our commissioning and review process within the Bexley Community Safety Partnership.

Islington BOCU

Draft Report issued March 2007
Final Report issued May 2007

Summary of Key Findings
Our overall opinion is that although there are effective controls in some areas adequate controls are not in place to meet all the business and financial objectives of the BOCU.

The BOCU has limited documented guidelines and procedures to support a number of its business and financial systems. Segregation of duties, particularly for crime property, cash handling and authorisation of expenditure is inadequate. Authorising officers are not always required to verify and validate expenditure as they either do not have line or budgetary responsibility or they have insufficient information available to them. Reconciliations are also not carried out for housing and rent allowances, police/police staff overtime, crime property and inventory items.

Analysis of Recommendations
Management accepted all the 45 recommendations made:

45 Medium Risk (13 implemented)

Senior Line Management Comment (BOCU Commander)
Since the audit at Islington BOCU was carried out, we have made steady progress in the implementation of the recommendations. We have found the audit a valuable tool in assisting our BOCU to ensure that effective and adequate controls are in place. We are currently working towards the full implementation as recommended.

Police Staff - Allowances and Expenses
Police - Allowances and Expenses

Draft Report issued April 2006
Final Report (Management letter) issued June 2007

Summary of Key Findings
In our opinion, significant improvement is required to ensure that the business objectives for the management of allowances and expenses could be met. We agreed a number of key recommendations with senior managers during the review that will significantly improve the control environment on implementation.

Key areas to be addressed included: the need for clear guidelines to be issued in respect of travel allowances and claims, Heads of Departments/BOCUs/OCUs to be reminded of their responsibility to seek and verify receipts before authorising payments, the need for Business Managers and Finance and Resource Managers to carry out periodic checks on allowances and expenses paid to officers and staff to ensure accuracy of the payments, compliance with the laid down policy and procedures and to report their findings.

Management accepted 13 of the 15 recommendations made:
15 Medium Risk (13 accepted, 10 implemented)

Senior Line Management Comment (Director of Finance Services)
The comment reflects the findings of the report.

Public Relations – Funding and Control

Draft Report issued June 2007
Final Report issued July 2007

Summary of Key Findings
Our overall opinion is that the framework of control for the funding of public relations is adequate and controls are generally operating effectively.

Public relations strategies support the objectives and priorities of the MPS. Funding is identified, allocated and devolved to budget managers in line with MPS policies and procedures. The allocation is controlled effectively, and monitored and aligned to the strategic aims and objectives of MPA and MPS.

All payments are justified, appropriately authorised, accurately posted and recorded to the MPS accounting system.

Management accepted all 14 recommendations made:
14 Medium Risk (2 implemented)

Senior Line Management Comment (Director of Public Affairs)
This audit looked at public relations funding and control across the DPA, Human Resources, Diversity and Citizen Focus Directorate and Safer Neighbourhoods. Only two recommendations related solely to the DPA and both of these have been addressed. Two identical recommendations were for the Director of Finance and DPA and the Director of Finance and Human Resources to consider using zero-based budgeting to set the budget for 2008/09 and onwards. Following consideration, the Director of Resources has advised that this would not be appropriate at a local level.

Crime Reporting Information System (CRIS)

Draft Report issued February 2007
Final Report issued August 2007

Summary of Key Findings
Our overall opinion is that the framework of control for CRIS is adequate but a number of controls are not operating effectively.

Clear roles and responsibilities for delivering the services and maintenance of the CRIS system are defined in current policies and procedures. CRIS is also maintained and used within a secure environment supported by Standard Operating Procedures. There is, however, no dedicated strategy for the system aligning it to the MPS Information System Strategy.

There are effective logical and physical access controls in place to prevent unauthorised access to the system. Policy and procedures are effectively maintained to ensure that CRIS operates within a 'risk managed' framework of technical, procedural, physical and personnel security controls. However, penetration testing has not been arranged and this does not accord with the security policy. The business continuity process also needs to be improved, as CRIS has not been tested to ensure it can be fully restored within the essential timeframe.

Analysis of Recommendations
Management accepted all 9 recommendations made:
2 High Risk (2 implemented)
7 Medium Risk (7 implemented)

Senior Line Management Comment (Director of Information)
Clear roles and responsibilities for delivering the services and maintenance of the CRIS system are defined in current policies and procedures. CRIS is also maintained and used within a secure environment supported by Standard Operating Procedures. The system is strategically aligned through the

Technical Design Authority.

There are effective logical and physical access controls in place to prevent unauthorised access to the system. Policy and procedures are effectively maintained to ensure that CRIS operates within a 'risk managed' framework of technical, procedural, physical and personnel security controls. However, penetration testing was suspended during transition to a new supplier and is being reviewed with the DoI security branch to re-commence now transition has completed.

The business continuity process was tested by operating the service out of a new List-X data centre and shown to be fully functional and capable of restoring the service within six hours of switchover under controlled conditions.

Gifts and Hospitality

Draft Report issued May 2007
Final Report issued August 2007

Summary of Key Findings
Our overall opinion is that some improvement is required to ensure that the business objectives of the gifts and hospitality system are met. The system would benefit from improvements to controls over the recording of gifts and hospitality and the monitoring of adherence with the MPS Gifts and Hospitality Policy.

Analysis of Recommendations
Management accepted all the 16 recommendations made:
16 Medium Risk (5 implemented)

Senior Line Management Comment (Director of Human Resources)
The purpose of the Gifts and Hospitality policy is to ensure that the integrity and probity of the MPS and its individual members are not compromised by the offering, acceptance or rejection of gifts and hospitality. By necessity, the policy requirement to record all offers of gifts and hospitality is entirely devolved. This year (for the second time) the HR Evaluation Unit has been able to commit to a programme of work to review all Gifts and Hospitality registers held in the Service and to assess local compliance with the policy. However, it is not likely that this level of monitoring can be undertaken on an ongoing basis.

Kingston BOCU

Draft Report issued March 2007
Final Report issued September 2007

Summary of Key Findings
Our overall opinion is that although there are effective controls in some areas adequate controls are not in place to meet all the business and financial

objectives of the BOCU.

Local documented guidelines need to be developed to support the budgetary control, police overtime, crime property and maintenance of inventories and asset registers systems. Police overtime is supervised retrospectively through budget monitoring. There are also ineffective supervisory processes within the crime property, local accounts and police staff overtime systems. Authorisation processes for police and police staff overtime, partnership expenditure and FMEs and Translators/Interpreters claims are not effective. There are no reconciliations of individual lines of expenditure such as housing allowance, police officer and police staff overtime and partnership expenditure to source records.

Segregation of duty on the borough is not operating effectively. This is particularly evident within the crime property system where property staff had sole responsibility for dealing with property without the involvement of management. Crime property records are also not reconciled to property held.

Analysis of Recommendations
Management accepted all the 42 recommendations made:
42 Medium Risk (37 implemented)

Senior Line Management Comment (BOCU Commander)
We value the external perspective on the effectiveness of our systems, which enables us to improve and extend effective controls already in place as well as implementing additional processes in order to reduce risk within our business group.

37 of the 42 Medium risk recommendations have been implemented. Some of the recommendations have corporate implications for consideration and implementation.

Use of Covert Resources (DPS) (C)

Draft Report issued August 2007
Final Report issued September 2007

Analysis of Recommendations
Management accepted all the 18 recommendations made:
17 medium risk (17 implemented)
1 Low risk (1 implemented)

Use and Deployment of Volunteers

Draft Report issued May 2007
Final Report issued October 2007

Summary of Key Findings
Our overall opinion is that some improvement is required to ensure that the

control framework for the use and deployment of volunteers is adequate.

The Met Volunteer Programme Strategy has been prepared to show how it links into and supports the MPS Policing Strategy. An effective monitoring and reporting system has also been designed and rolled out to boroughs but controls do need to be improved to ensure that the data input at local level by Met Volunteer Programme Managers is accurate.

There is adequate control over training and induction prior to the deployment of volunteers to their appropriate roles and responsibilities. Volunteers are properly evaluated against the MVP approved recruitment, selection and vetting criteria, although records of interviews could be improved. Control over the reimbursement of out of pocket expenses is adequate but the maintenance of records needs to be improved.

Analysis of Recommendations
Management accepted 16 of the 17 recommendations made:
17 Medium Risk recommendations (16 Accepted, 11 implemented)

Senior Line Management Comment (Assistant Commissioner Territorial Policing)
The MPS generally saw this as a positive audit. The majority of the recommendations were accepted and action has been implemented. Of specific note is the fact that an analysis of key reporting areas was conducted and the areas highlighted in MPA audit report are now included within the framework for annual supportive visits in 2008/9. Standardised induction training has recently been developed in conjunction with the Training and Development Team, with a pilot event held in April, which is currently under evaluation. MVP managers are scheduled for training during May, June and July, for them to fully understand the materials before local delivery. Also, a new process has been developed for the reimbursement of out of pocket expenses. Training has been given to all MVP Managers, and the process implemented Met-wide from 1st January 2008.

Provision and Disposal of Fixtures and Fittings for Covert Properties (C)

Draft Report issued August 2007
Final Report issued October 2007

Analysis of Recommendations
Management accepted 20 of the 21 recommendations made:
  1 High Risk (1 accepted and implemented)
17 Medium Risk (17 accepted, 13 implemented)
  3 Low Risk (2 accepted and implemented)

Energy Policy and Procedures

Draft issued August 2007
Final Report issued October 2007

Summary of Key Findings
Our overall opinion is that the control framework in place supporting energy policy and procedures is adequate and operating effectively.

A comprehensive five year environmental strategy was published in 2005 and the strategic objectives for 2007/8 were under review. An effective energy management system is in place and adequate controls support the procurement of utilities. An effective management information process is also in place.

Analysis of Recommendations
Management accepted all the 10 recommendations made:
9 Medium Risk (5 implemented)
1 Low Risk (0 implemented)

Senior Line Management Comment (Director of Resources)
The comment reflects the findings of the report.

TPHQ OCU

Draft Report issued June 2007
Final Report issued November 2007

Summary of Key Findings
Our overall opinion is that the control framework in place at TPHQ over business and finance systems is not operating effectively and there is a need for controls to be improved in a number of areas.

Local guidelines for police overtime, local purchases, police staff overtime/expenses and local purchases need to be developed. Segregation of duties within TPHQ systems, particularly within police overtime and local accounts, is not operating effectively. There is also insufficient evidence to confirm that the level of supervision and review within most of the business and financial processes is adequate. Supervisory processes for police overtime and budgetary control are not clear or evidenced and there is no independent review of the work of the Finance and Resource Manager.

The level of authorisation of payments in respect of local accounts, Enterprise Buyer Professional (EBP) and the Government Procurement Card is adequate although the degree of authorisation in respect of committing the MPS to expenditure needs to be improved. There is also no reconciliation of expenditure to main budgets heads and individual lines of expenditure such as housing allowance, police staff overtime or police overtime to source records. The records maintained to verify human resource staff numbers to payroll expenditure also need to be improved.

Analysis of Recommendations
Management accepted all the 47 recommendations made:

45 Medium Risk (36 implemented)

2 Low Risk

Senior Line Management Comment (AC Territorial Policing)
The overall summary as stated reflects the position around November 2006 when the audit started. The audit report includes the statement "due to the large number of cost centres to deal with, we acknowledge the difficulty the current FRM team have in applying adequate controls over systems such as local purchases, police overtime, assets and inventories etc". We accepted all of the recommendations - none of which were classified as high risk and of those, there are nine which have elements of outstanding action - they will be complete by the end of May 2008. Improvements have resulted from the updating of the TPHQ Financial Framework, the review of duty states in use across the variety of cost centres and the restructuring of the cost centres budgets. The planned restructuring of the F&R function across TP will further support supervision, review and segregation of duties.

Waltham Forest BOCU

Draft Report issued September 2007
Final Report issued November 2007

Summary of Key Findings
Our overall opinion is that the control framework in place at the BOCU is adequate but a number of controls are not operating effectively.

There is adequate control over the physical security of crime property and the records held to support crime property transactions on the borough.

The BOCU does have documented guidelines and procedures to support some of its business and financial systems but these are limited. Reconciliations do take place but are in need of improvement. Regular monthly reviews of the overall budgetary position are also performed, however, the level of regular, evidenced supervision within most of the business and financial processes does need to increase.

Segregation of duties within the BOCU systems is not operating effectively. This is particularly evident within crime property and cash handling. Authorisation controls are also not fully effective, as authorising officers are not always required to verify and validate expenditure.

Analysis of Recommendations
Management accepted all the 40 recommendations made:
40 Medium Risk (40 implemented)

Senior Line Management Comment (BOCU Commander)
The Management have accepted the forty recommendations from the Inspection, which we have implemented. We agree with the outcomes of the key findings and we feel that we are financially sound.

Systems for Intelligence and Detection

Draft Report issued November 2007
Final Report issued November 2007

Summary of Key Findings
Our overall opinion is that the framework of control in place for systems intelligence and detection is adequate but a number of controls are not operating effectively.

There are effective policies and procedures to support the intelligence strategy and management/handling of intelligence and systems and the Intelligence Standards Unit (ISU) structure is in line with the National Intelligence Model guidelines. However, intelligence gathered at a corporate level does not always agree with local policing performance targets, which have been set in response to local intelligence gathering.

The security of both the Criminal Intelligence System (Crimint+) and the Integrated Intelligence Platform/Corporate Data Warehouse (IIP/CDW) comply with the MPS security policy code (METSEC) and have an approved Accreditation Security Documentation in place. However, Crimint+ data is not encrypted and therefore confidential data is transmitted across the system.

The Intelligence Workstream Board oversees and ensures future developments are being managed effectively. MPS staff have successfully delivered the IIP project and are now managing the Corporate Data Warehouse project. The ISU have maintained an active role during the development of these systems and have achieved operational and financial savings at the same time delivering an effective intelligence system.

Analysis of Recommendations
Management accepted all 7 recommendations made:
1 High Risk
6 Medium Risk

Senior Line Management Comment (ACSC)
Practice and procedures have changed since the Systems for Intelligence and Detection (SID) Programme gave way to the MPS National Intelligence Model Implementation Team and now the Intelligence Standards Unit (ISU). I am pleased to report that there has been significant progress in line with the recommendations in the report. The high-risk recommendation presents procedural and other challenges and there is concerted activity in place to address it. Detailed responses are available for all the recommendations in the report.

SCD26 Operational Information Services

Draft Report issued May 2007
Final Report issued December 2007

MPA Internal Audit - Annual Report 2007/8

Summary of Key Findings
Our overall opinion is that although staff demonstrated a commitment to ensure that effective checks are carried out adequate controls are not in place to meet all the business and financial objectives of the OCU.

Segregation of duties and authorisation processes within the OCU are in place and operating effectively. However, the Head of Personnel, Finance and Resources and Quality Assurance had retired from the OCU and at the time of our audit had not been replaced. This impacted on the level of supervisory/independent checks undertaken and needed to be addressed.

Controls to validate expenditure and verify transactions through reconciliation are not effective as complete, evidenced and independent reconciliations are not performed. Checks are carried out to verify payroll expenditure, however, there is no reconciliation of monies received, expenses, overtime and inventory items. The level of documentation retained to support key business and financial processes and the physical security of cheques and equipment also need to be improved.

Analysis of Recommendations
Management accepted all 23 recommendations made:
19 Medium Risk (18 implemented)
4 Low Risk (4 implemented)

Senior Line Management Comment (OCU Commander)
SCD26 was formed on the 1st of April 2007 and the audit referred to was on what was then CO4. As an OCU we accepted the recommendations contained I the CO4 Audit Report and have worked to implement them as good practice across SCD26. It should be noted that in discussions with the auditors they confirmed that the audit indicated a good standard. This does not appear to be reflected in the summary of key findings.

A number of the recommendations reflect the fact that at the time of the audit there was no local Business Manager in post. The importance of this role should not be underestimated.

Management of Outsourced Transport Services

Draft Report issued December 2007
Final Report issued January 2008

Summary of Key Findings
The framework of control for the contract management of outsourced transport contracts is adequate and controls are operating effectively.

There is an effective contract management structure in place and good lines of communications exist between the Contract Management Team (CMT), suppliers and customers. Adequate controls are in place to ensure that the performance of suppliers is reported and monitored. The CMT are in constant contact with the suppliers and receive detailed performance and operational

reports from the contractors on a daily, weekly and monthly basis.

Analysis of Recommendations
Management accepted all the 8 recommendations made:
7 Medium Risk (2 implemented)
1 Low Risk

Senior Line Management Comment (Director of Transport Services)
This was a useful review of our contract management process and we fully accept the recommendations made, which will be implemented in full.

Croydon BOCU

Draft Report issued November 2007
Final Report issued January 2008

Summary of Key Findings
Our overall opinion is that although there are effective controls in some areas adequate controls are not in place to meet all the business and financial objectives of the BOCU.

Local guidelines need to be developed to support the business and finance systems on the borough. Segregation of duty and authorisation processes are in need of improvement. Although regular monthly reviews of the overall budgetary position are performed, the level of regular, evidenced supervision and review within some of the business and financial processes also need to be improved.

There is no reconciliation of individual lines of expenditure such as housing allowance and police overtime expenditure to source records, cash income received is not fully reconciled to receipts and the reconciliation of crime property recorded to that held is not effective. There is a lack of consistency in the adequacy of documentation retained to support key business and financial processes.

Analysis of Recommendations

Management accepted all 31 recommendations made:

31 Medium Risk (9 implemented)

Senior Line Management Comment (BOCU Commander)
We found the audit conducted on this Borough to be thorough and effective. I confirm that the summary of key findings reflects the situation as it was before we were audited. Following publication of the report we set up a risk register based on the audits recommendations. There is a senior management team member responsible for ensuring that each recommendation is considered, acted upon and implemented. Progress is discussed regularly at our SMT meetings.

We were able to introduce some of the recommendations immediately by issuing standing instructions that should have been in place before e.g. many of those in the Budgetary Control and Local Accounts Control sections of the report. Recommendations, in all areas of the report have been implemented. Those recommendations not implemented have been the subject of reports submitted to SMT to discuss the way forward.

We have acted favourably and decisively to the audit report recommendations. We are grateful to the auditor for the way he conducted his audit and for the improvements we have been able to make as a result.

CO7 – Palace of Westminster OCU

Draft Report issued March 2007
Final Report issued January 2008

Summary of Key Findings
Our overall opinion is that although there are effective controls in some areas and 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 and financial objectives of the OCU.

There is an inconsistent approach to the use of local and corporate documented guidelines and procedures supporting business and financial systems. Regular monthly reviews of the overall budgetary position are performed but the level of regular, evidenced supervision and review within other business and financial processes needs to increase. Responsibilities for the risk management process have been allocated appropriately. However, within the police and police staff overtime systems the degree to which duties are segregated is not adequate, particularly for authorising and monitoring expenditure.

Authorisation processes on the OCU are not fully effective. Authorising officers are not always in a position to verify expenditure as they may not have line or budgetary responsibility or they have insufficient information available to them. Reconciliation procedures also need to be improved.

Security around the handling of business and financial records is adequate but there is a lack of consistency in the adequacy of documentation retained to support key business and financial processes.

Analysis of Recommendations
Management accepted all the 16 recommendations made:
1 High Risk
13 Medium Risk (10 implemented)
2 Low Risk

Senior Line Management Comment (OCU Commander)
With regard to the MPA Internal Audit Report for CO7 (formerly SO17) Palace of Westminster, management action has been implemented for ten of the

recommendations. Five recommendations have not yet been fully implemented, but progress on these is a local priority and is being monitored monthly. These recommendations are also being reviewed in line with newly designed process maps, which have emerged as part of the "Modernising Finance & Resources" and "Transform HR" projects. Any further improvements to processes/procedures and roles responsibilities of Finance & Resource staff, which are identified, as part of the project will also be introduced.

Unfortunately as stated in the report, CO7 are reliant on corporate solutions to fully implement the recommendation re the sole High Risk area. Rosters and local working practices will be formally reviewed periodically in order to ensure that we provide the Palace of Westminster with a professional, economical and flexible service. However, the payment of Shift Disturbance Allowance and Premium Payments, for example, are a corporate issue and out of the direct control of CO7.

As previously mentioned the roles and responsibilities of local support staff will be changing as a result of the "Modernising Finance & Resources" and "Transform HR" projects. We will ensure that the recommendations contained within the audit report continue to be implemented following any changes to the way in which support services are delivered locally.

Management and Deployment of Police Dogs

Draft Report issued August 2007
Final Report issued January 2008

Summary of Key Findings
The control framework in place for the management and deployment of police dogs is adequate but a number of controls are not operating effectively.

There is adequate control over the acquisition, breeding, training and caring for dogs. However, there is a need to improve deployment systems to make them less labour intensive. There is also a need to ensure that more comprehensive procedures for the acquisition of dogs are in place and are followed in line with the appropriate procurement rules.

Control over the setting and monitoring of budgets is adequate. However, there are no independent checks of paid invoices and records of Government Procurement Card purchases to ensure that all payments are authorised, accurate and valid and that services have been adequately delivered. Improved control also needs to be established to ensure that all potential income sources are fully realised and all costs are being recovered.

Analysis of Recommendations
Management accepted 14 of the 17 recommendations made:
17 Medium Risk (14 accepted, 12 implemented)

Senior Line Management Comment (OCU Commander)

The accepted recommendations outlined above are being implemented.

Management and Deployment of Police Horses

Draft Report issued August 2007
Final Report issued January 2008

Summary of Key Findings
The control framework in place for the management and deployment of police horses is adequate but a number of controls are not operating effectively.

There is adequate control over the training and caring for horses, however, some improvement is required to ensure that despite operational pressures, horses are not over extended. There is a need to ensure that more comprehensive procedures for the acquisition of horses and equipment from outside suppliers are in place and are followed in line with the appropriate regulations.

There is inadequate control over budgets and expenditure. Mounted Branch does not have its own cost code, as a result effective budget management and control of expenditure is not facilitated and the full costs of the branch cannot easily be ascertained. Contractual payments are not monitored with the result that the overall contractual value of three contracts has been exceeded. There are no independent checks of paid invoices to ensure that all payments are authorised, accurate and valid. More consideration also needs to be given to the potential for income generation.

Analysis of Recommendations
Management accepted 22 of the 23 recommendations made:
22 Medium Risk (22 accepted, 15 implemented)
1 Low Risk (not accepted)

Senior Line Management Comment (OCU Commander)
The accepted recommendations outlined above are being implemented.

Use of Mobile Resources Specialist Crime Directorate

Draft Report issued September 2007
Final Report issued January 2008

Summary of Key Findings
Adequate controls are not in place to meet all the system objectives for the use of mobile resources in SCD and controls are not being consistently applied.

Policy and procedures have not been established for the allocation and management of all SCD vehicles and for the procurement and management of all other mobile resources. An adequate budgetary framework has been established but there is a need to improve control over the actual payment process, as there are no independent checks of paid invoices and records of

Government Procurement Card purchases.

There is inadequate control over the acquisition, allocation and use of mobile resources. The system of vehicle allocation is not based on reliable and up to date information resulting in inequality over the distribution of resources. Vehicles and other mobile resources are not managed effectively. Many vehicles are not used to full capacity and funds are being used to hire vehicles when it is not always necessary. There is also no overall control over the procurement and management of the portable mobile resources and asset inventories are not accurate and complete. Vehicle logbooks are also not completed in accordance with requirements and generally the standard of completion needs to be improved.

Analysis of Recommendations
Management accepted all 25 recommendations made:
25 Medium Risk

Senior Line Management Comment (ACSC)
The recommendations in this recent report were all accepted and are subject to a detailed action plan currently overseen by SCD Business Support. SCD activity in support of these recommendations is detailed within the body of the internal Audit report from pages 11 – 18.

Investment, Borrowing and Cash Management

Draft Report issued December 2007
Final Report issued February 2008

Summary of Key Findings
The control framework in place for investment, borrowing and cash management is adequate and controls are generally operating effectively.

The MPA approved strategy has been developed and complies with the relevant statutory provisions and accounting standards. Controls over the investment of funds and to ensure that sufficient funds are available to meet expenditure at all times are adequate and operating effectively. Appropriate management information is also provided on a monthly basis on investment performance, brokers and borrowings.

Analysis of Recommendations
Management accepted all the seven recommendations made:
7 Medium Risk (3 implemented)

Senior Line Management Comment (Director of Resources)
The comment reflects the position as reported at the time of the audit.

Claims, Debtors and Debtor Control

Draft Report issued February 2008
Final Report issued March 2008

Summary of Key Findings
Our overall opinion is that the system is adequate to achieve business objectives for claims, debtors and debtors control but requires strengthening in respect of the recovery of outstanding debts.

Comprehensive guidance and procedures are clearly documented, properly approved and regularly reviewed. Adequate controls for identifying income due, ensuring invoices are accurate, raised in a timely fashion and posted to correct debtors' accounts, are in place. The controls over opening, amending, closing and making adjustments to debtor accounts are also operating effectively.

The control framework in place for ensuring outstanding debts are recovered, reported and the writing off of bad debts is authorised is adequate. However, there is a need to improve controls over the recovery of bad debts, particularly those categorised as commercial.

Analysis of Recommendations
Management accepted 9 of the 11 recommendations made:
11 Medium Risk (9 accepted, 2 implemented)

Senior Line Management Comment (Director of Resources)
The comment reflects the position as reported at the time of the audit.

Secondments and Abstractions

Draft Report issued May 2007
Final Report issued March 2008

Summary of Key Findings
The systems in place within Central Operations for dealing with the abstraction of Police Officers for public order events are operating effectively. However, significant improvement is needed within the system for internal secondments.

There is an annual policing plan for public order events and abstractions and this is adequately supported by clearly defined policy and procedures.

However, there is no strategy and supporting system in place for managing internal secondments in the MPS. Controls need to be developed to ensure: terms and conditions are agreed and approved by relevant parties, fairness and equality in the selection process is properly evidenced and secondment activity is appropriately monitored.

Analysis of Recommendations
Management accepted 15 of the 20 recommendations made:
20 Medium Risk (15 accepted)

Senior Line Management Comment (Director of Human Resources)

The audit report contains 20 recommendations, which is considered to be a disproportionate response to the problems highlighted therein. Whilst it is right that we should address the lack of strategy, policy, SOPs and monitoring around how attachments and abstractions are managed within the MPS, the audit report did not acknowledge the fact that flexibility is a key requirement. Attachments are arranged between OCUs either to accommodate an individual's welfare needs based on medical or disciplinary considerations, or to meet an identified business need which may be operationally urgent and therefore precludes advertising the opportunity. Nonetheless, we have now drafted management guidance and consulted widely within the MPS on Standard Operating Procedures to address some of the issues raised.

(OCU Commander CO11)
No criticism was made of Public Order Branch (CO11) during this inspection and no recommendations were made that affected CO11 directly. In my view this was a missed opportunity to highlight the effective systems in place across CO11 that control public order abstractions.

Accident, Riots and Collision Claims and Payment Insurance

Draft Report issued October 2007
Final Report issued March 2008

Summary of Key Findings
The control framework for the processing of accident, riot and collision claims is adequate but improvement is required in some areas.

Guidelines and procedures are clearly documented and readily available. Controls over the procedures for the assessment, the payment, approval and authorisation of claims and provision and monitoring of management information are also adequate. Although the Head of Branch carries out a comparison of budget to spend each month, there is no benchmarking of claims recorded against each BOCU and evidence is not held of action taken to reduce costs of claims being made.

Analysis of Recommendations
Management accepted all the 14 recommendations made:
14 Medium risk

Senior Line Management Comment (Director of Legal Services)
This audit took place prior to the transfer of Accident Claims Branch into the Directorate of Legal Services (DLS). Management accepted the recommendations in full. However, existing DLS processes may satisfy some recommendations and the implementation is being undertaken as part of the merger of business system.

SO2 Protective Security Command OCU

Draft Report issued June 2007
Final Report issued March 2008

MPA Internal Audit - Annual Report 2007/8

Summary of Key Findings
Our overall opinion is that adequate controls are not in place to meet all the business and financial objectives of the OCU.

A number of systems do not have effective segregation of duties. In particular, key systems including budgetary control, local accounts and maintaining inventories have processes where specific individuals are responsible for authorising and subsequently checking their own transactions.

Authorisation procedures are effective for payments of supplier invoices but controls need to be improved on other budget lines. There was also no documentation to support the authorisation for disposal of inventory/asset items. Reconciliation is not always carried out promptly to verify the accuracy of the postings on the accounting system. Independent reconciliation is also not being carried out to verify the payroll budget, imprest payments and payment to suppliers/consultants.

Adequate controls are in place and are operating effectively to safeguard cash, valuable assets and records and there are effective controls in place to ensure records of financial transactions are maintained to support expenditure. However, there is no audit trail from supplier/purchase invoices to the inventory register. Inadequate controls are also in place to support expenditure on corporate credit cards.

Analysis of Recommendations
Management accepted all 42 recommendations made:
2 High Risk (2 implemented)
40 Medium Risk (35 implemented)

Senior Line Management Comment (OCU Commander)
Having taken over the command in April 2008 the Internal Audit report provided a valuable insight into the deeper structures within SO2. In support of this work, our internal Continuous Improvement Unit completed a full Good Housekeeping review of the command utilising the subheadings of the audit as the basis for the review.

It is my belief that all of the recommendations, excepting two, have now been completed. A meeting was held with Peter Tickner on 6 May 2008 where it was agreed that a follow up inspection/audit working group would take place in September/October 2008.

I fully support the recommendations contained within the initial report and feel that significant improvements have been made within the OCU as a result.

PCSO Recruitment

Draft Report issued December 2007
Final Report issued March 2008

MPA Internal Audit - Annual Report 2007/8

Summary of Key Findings
Our overall opinion is that the control framework over Police Community
Support Officers recruitment is adequate and controls are generally operating
effectively.

A PCSO recruitment strategy, approved by the MPS and the MPA, is in place.
It is supported by a Deployment Plan, which is effectively monitored, although
we have recommended that approval by senior management of the Plan is
made more visible.

The planning and co-ordination of resources for the recruitment of PCSOs is
adequate. The selection of suitable PCSO applicants is also in accordance
with the National Standards of recruitment set for the MPS and there is
adequate evidence held to support the process. Management information on
the recruitment of PCSOs is accurate, complete and provided on a timely
basis.

Analysis of Recommendations
Management accepted 8 of the 10 recommendations made:
1 High risk (1 accepted)
9 Medium risk (7 accepted)

Senior Line Management Comment (ACTP)
The lead for the recruitment of PCSOs sits with the Director of HR. That said
of the 11 recommendation made, 9 were accepted and action is either
complete or at an advanced stage. Monitoring of progress sits with HR.

Senior Line Management Comment (Director of Human Resources)
I am satisfied that this summary accurately reflects that we have an adequate
and effective control framework over PCSO recruitment. Implementation of
the eight accepted recommendations made by Internal Audit will further
improve controls in this area.

Security Vetting and Clearance – Management Vetting (C)

Final Report issued April 2008

Management accepted all of the 21 recommendations made:
21 Medium Risk (15 implemented)

Systems Supporting Service Wide Priorities – Safer Neighbourhoods

Draft Report issued November 2007
Final Report issued April 2008

Summary of Key Findings
Our overall opinion is that the control framework in place for managing the
Safer Neighbourhoods (SN) Programme is adequate but a number of controls
are not operating effectively.

Adequate controls are in place to ensure that the Programme is delivered in accordance with laid down requirements set out for it. The controls in place to ensure that adequate resources are allocated to meet the agreed priorities and are effectively managed need some improvement. Budget responsibilities need to be clearer and an effective system for evaluating the benefits of the Programme also need to be established.

This being a legacy programme, advantages of a formal programme management methodology, structure and a sound system of control have not been fully utilised. However, corporate vision and strong leadership from the ACTP and the senior management of the SN Programme have engineered the successful delivery of the Programme.

Analysis of Recommendations
Management accepted 18 of the 19 recommendations made:
4 High Risk (3 accepted, 1 implemented)
15 Medium Risk (15 accepted, 5 implemented)

Senior Line Management Comment (Commander Safer Neighbourhoods)
The summary of the key findings highlighted above does reflect the position of the Safer Neighbourhoods Programme at the time of the Audit.

With reference to the recommendations made within the Audit report that can be considered 'performance related', it is clear that considerable progress has been made. This is confirmed within the HMIC report (Inspection March 2007), which referred to the Safer Neighbourhoods Performance Management Framework and resulted in the MPS achieving the highest possible grading of excellent. Only a handful of other constabularies achieved this grading. We have now established the Crime Control Strategy Meetings (CCSMs) in order to hold Borough Commanders to account for Performance around Neighbourhood Policing.

We have not implemented one recommendation, which states 'Budget responsibility for the SN Programme rests with one budget holder'. This is because the SN Budget is large and complex which requires certain lines to be devolved to Boroughs. These include staff overtime, vehicles, media and IT equipment. BOCU Commanders are therefore responsible. This decision was made by TP.

With regards the recommendation, which states 'Consider making training on Leadership, Programme Project Management mandatory for all Programme Managers.' We do not consider this relevant to the programme at this time.

All other recommendations have been accepted and will be incorporated within the Safer Neighbourhoods Organisational Control Strategy.

Kensington and Chelsea BOCU

Draft Report issued November 2007
Final report issued April 2008

MPA Internal Audit - Annual Report 2007/8

Summary of Key Findings
Our overall opinion is that the control framework on the borough is adequate but a number of controls are not operating effectively.

There is an inconsistent approach to the use of local and corporate documented guidelines and procedures supporting its business and financial systems, and segregation of duty within the BOCU is in need of improvement. Authorisation processes on the Borough can be improved. Authorising officers are not always in a position to verify expenditure as they may not have line or budgetary responsibility or they have insufficient information available to them.

Reconciliation procedures on the Borough are not operating effectively. Although some individual lines of expenditure were being reconciled to source records, a number were not. Inventory items were not reconciled to source records, local bank accounts were not properly reconciled and crime property is not reconciled fully or independently. Although regular monthly reviews of the overall budgetary position are performed, the level of regular, evidenced supervision and review within many of the business and financial processes is inadequate.

There is a lack of consistency in the adequacy of documentation retained to support key business and financial processes. The FRM keeps adequate records to support budgetary submissions, receipts support expenditure on Government Procurement Cards and crime property returns accurately reflect items shown outstanding. However, local accounts, police and police staff overtime, assets/inventory registers and partnership records are either inadequate and/or incomplete.

Analysis of Recommendations
Management accepted all 36 recommendations made:
36 Medium Risk

Senior Line Management Comment (BOCU Commander)
In the main, the Summary of Key Findings reflects the position as reported at the time of the Audit. It should be noted that a number of issues identified relate to corporate systems outside of the control of the BOCU and so are not unique to Kensington and Chelsea.

The Audit Report was signed off on 25th April 2008, but some of the recommendations have already been addressed or are in the process of being addressed. The remaining actions will be addressed as noted in the action plan and monitored locally.

Police Specialised Training (Crime Academy)

Draft Report issued October 2007
Final Report issued April 2008

Summary of Key Findings
Our overall opinion is that the control framework is adequate but a number of controls are not operating effectively.

There is adequate control over training services with the Crime Academy managing the delivery of good quality, relevant, up-to-date detective and forensic training. There is a need to continue to monitor required building and technological support to ensure that an adequate learning environment is maintained. Some improvements in control are required over liaison with Human Resources and OCUs to ensure full utilisation of course space. There is also an inconsistency in the application of control over the procurement of training services and equipment.

There is adequate control over the setting and management of budgets. Although there is adequate control over the authorisation of expenditure, there is a lack of post payment checking and as a result there can be no assurance that all payments, including Government Procurement Card (GPC) and American Express transactions have been through the authorisation process and are valid and accurate. Improvements in control are also required over checking supplier payments.

Analysis of Recommendations
Management accepted all the 11 recommendations made:
11 Medium Risk (1 implemented)

Senior Line Management Comment (ACSC)
This report was recently published and a process is currently being put in place to achieve all the recommendations made. These will be documented in the final report.

Police Officer Recruitment

Draft Report issued December 2007
Final Report issued April 2008

Summary of Key Findings
Our overall opinion is that the control framework in place for the recruitment of police officers is adequate but requires strengthening in some areas.

There is a clearly defined recruitment strategy and policy, which is supported by a deployment plan, although we have recommended that the approval of the plan is clearly recorded. Adequate controls are in place for marketing and advertising and officers are selected and recruited in line with the clearly defined criteria and approved process.

Analysis of Recommendations
Management accepted 17 of the 19 recommendations made:
1 High risk (accepted)
18 Medium risk (16 accepted)

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Senior Line Management Comment (Director of Human Resources)
A number of the recommendations made were readily agreed since they already constitute MPS policy or had already been implemented. Most of the requirement to strengthen the control framework needs to occur in relation to the recruitment of Transferees and Rejoiners. Where the audit identified a number of new procedures, which we are now establishing.

Corporate Risk Assessment and Management

Draft Report issued September 2007
Final Report issued 2008

Summary of Key Findings
Our overall opinion is that although a framework is in place for the assessment and management of risk, it is not effective in supporting the integration and embedding of risk management across the MPS.

An up to date risk management policy is not in place and the current focus on business risk does not encourage a more integrated approach to managing risk. The structures and procedures supporting the risk management process are not fully effective and need to be reviewed to ensure that risk management is fully understood, valued and supported. In particular, a more effective process needs to be put in place for escalating risk through the organisation.

At the time of our review adequate controls were not in place to ensure that risks were properly identified, evaluated and appropriately managed to facilitate good decision making by defined risk owners. Although there was evidence of effective risk registers being compiled for key projects, Management Board did not have an up to date Corporate Risk Register and local risk registers were not being properly compiled and managed.

Since our review, steps have been taken to address a number of issues. The Corporate Risk Review Group attended by senior representatives of the MPS and MPA was established, revised Standard Operating Procedures were introduced, a corporate risk register compiled highlighting the top ten risks and linear risk registers at a local level have been replaced by an approach focusing on the consequences and causes of risk.

Analysis of Recommendations
12 recommendations made:
2 High Risk
11 Medium Risk
2 Low Risk

Senior Line Management Comment (Director of Resources)
We welcome the fact that Internal Audit's final report on Corporate Risk Assessment and Management acknowledged the fact that improvements have taken place since the audit took place in 2006. We agree that further improvements can and should be made.

For the most part, we found the specific recommendations contained in the final report to be helpful and consistent with our direction of travel. We are making progress in addressing specific issues, including the creation of a revised corporate risk register for the MPS and the outcome of our recent review of the 'corporate centre' functions within the MPS will better help us mainstream business risk management within the organisation.

Management of Outsourced IS/IT and Telephony Services

Draft Report issued November 2007
Management response is awaited

Summary of Key Findings
Our overall opinion is that the control framework in place is adequate but a number of controls are not operating effectively.

The ICT Outsource Strategy is not current and needs reviewing. Operational structures are in line with government standards and industry best practices such as IT Infrastructure Library (ITIL) for service delivery and service support. However, local procedures to ensure consistency and compliance are not documented.

There are no formal arrangements in place to verify, validate and ensure the completeness of data being used to calculate performance measures. The ICT provider is currently not delivering all projects to time and performance needs to improve against performance measures. There is no independent source of service data to compare directly with supplier figures and thus undue reliance is placed on contractors systems and information. Customer feedback on all services received to ensure continual improvement quality of services is also not formally captured.

Although we have not identified any major financial discrepancies during our review, we have identified weaknesses in the authorisation and communication process between the DoI and Finance Services. In particular, supplier invoices are not certified against completion certificates and DoI finance staff can override authorisation procedures. There are significant overspends against key budget lines, and the budget allocation process need to be improved.

Analysis of Recommendations
30 recommendations made:
2 High Risk
28 Medium Risk

Senior Line Management Comment (Director of Information)
Our overall opinion is that the control framework in place is adequate during transition and a number of controls will be expected upon completion of the transition project.

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The ICT Outsource Strategy is not current and has been under review following award to the Olympic games to London and needs finalising. Operational structures are in line with Government standards and industry best practices such as IT Infrastructure Library (ITIL) for service delivery and service support. Whilst supplier procedures are documented, local ones to ensure consistency and compliance upon completion of transition are not yet all fully documented.

Formal governance is in place to review and enforce contractual service credits arising from performance measures. DoI does not support or recommend the use of independent service data to verify supplier data. Analysis of customer feedback on service calls to the new supplier run regularly throughout the year and focus groups began during Q4 2007 to ensure continual improvement.

Supplier invoices authorised by DoI are not certified against their corresponding completion certificates, as they are kept at local business units. The DoI will review the process of receipt documentation with Finance Services by the end of quarter 2 in 2008.

Follow up Audits

Final Reports

Road Accident Reports and Intelligence

Draft Report issued June 2007
Final Report issued July 2007

Summary of Findings
There has been significant improvement in controls over the processing of Road Collisions and Intelligence Reports since our original report was issued in June 2006. The system is now adequate to achieve business objectives. Of the fourteen recommendations previously accepted, eleven have been fully implemented and three partially.

Operational Information Services

Draft Report issued March 2007
Final Report issued July 2007

Summary of Findings
There has been improvement in control over Operational Information Services since our original report was issued in May 2005. The system is now adequate to achieve business objectives. Of the eleven recommendations previously accepted, six have been fully implemented, four partially and one remains outstanding.

System Supporting Cash Seizures

Draft Report issued March 2007
Final Report issued July 2007

Summary of Findings
There has been an improvement in control over Systems Supporting Cash Seizures since our original report was issued in March 2006. The system is now adequate to achieve business objectives. Of the fourteen recommendations previously made, four recommendations remain outstanding, none of which are categorised as high risk. One new recommendation has been made in relation to counting monies.

Transport and Travel Arrangements

Draft Report issued September 2007
Final Report issued October 2007

Summary of Findings
There has been significant improvement in controls since our original review. Ten of the fourteen agreed recommendations from the original audit have been implemented fully, one partially and three are no longer applicable.

Systems Supporting Service Wide Priorities – Sapphire

Draft Report issued September 2007
Final Report issued November 2007

Summary of Findings
In our opinion, the control environment for ensuring that there is adequate and effective management of Project Sapphire has improved under the Haven Strategic Board. However, the control framework, particularly the approval and monitoring of MPS's contribution to the annual budget, remains inadequate.

Of the twenty-four agreed recommendations, nine have been fully implemented, one partially, six remain outstanding and eight are no longer applicable.

Freedom of Information Act

Draft Report issued July 2006
Final Report issued November 2007

Summary of Findings
There has been significant improvement in the controls in place to ensure compliance with FOIA since the original audit was carried out and the final report issued in 2005. There are, however, some areas where improvement is required. The MPA has implemented 11 of 12 and the MPS 13 of 14 recommendations.

Police Staff Recruitment

Draft Report issued October 2007
Final Report issued November 2007

<u>Summary of Findings</u>
There has been significant improvement in the Police Staff Recruitment control framework since the original audit was undertaken. All of the eleven agreed recommendations have been fully implemented. The control framework in place is now adequate to meet the business objectives.

IS Strategy and Planning

Draft Report issued October 2007
Final Report issued November 2007

<u>Summary of Findings</u>
There has been significant improvement in the IS Strategy and Planning control framework since the original audit was undertaken. Six of the seven agreed recommendations have been fully implemented and as a result the control framework in place is now adequate to meet the business objectives.

Lambeth BOCU

Draft Report issued November 2006
Final Report issued December 2007

<u>Summary of Findings</u>
Twenty-three of the fifty-one recommendations made had been implemented in full, including one in the high risk category, eleven had been implemented partly, including one high risk recommendation and seventeen remained outstanding. However, since the audit action has been taken to implement the majority of the outstanding recommendations and the control framework improved as a result.

Business Continuity/Disaster Recovery

Draft Report issued October 2007
Final Report issued November 2007

<u>Summary of Findings</u>
There has been improvement in the Business Continuity and Disaster Recovery control framework since the original audit was undertaken in 2006. 10 out of the 12 agreed recommendations have now been implemented.

One high-risk recommendation has not been implemented, which relates to mapping, documenting and maintaining a list of all local services and their respective IT systems at an organisational level to assist plan writers.

Informants Management System

Draft Report issued October 2007
Final Report issued November 2007

Summary of Findings
There has been significant improvement in the Informants Management System control framework since the original audit was undertaken in 2006. All of the eight agreed recommendations have been fully implemented. The control framework in place is now adequate to meet the business objectives.

Benevolent, Relief and Welfare Funds

Draft Report issued July 2006
Final Report issued November 2007

Summary of Findings
There has been significant improvement in the level of control over Benevolent, Relief and Welfare Funds. Management has implemented fourteen of the seventeen recommendations, the remaining three will be implemented after the amalgamation and restructuring issues are resolved.

Traffic Fines

Draft Report issued Dec 2007
Final Report issued December 2007

Summary of Findings
There has been significant improvement in control since our original review. All fourteen agreed recommendations have been fully implemented. The control framework over Traffic Fines is now adequate.

Dispatch and Distribution

Draft and Final Report issued December 2007

Summary of Findings
There has been significant improvement in the control framework. All the agreed recommendations have been implemented and as a result the control framework for the management of the internal MPS Dispatch and Distribution is adequate.

Rent and Housing Allowance

Draft and Final Report issued December 2007

Summary of Findings
There has been improvement in the control framework. Of the ten agreed recommendations, six have been fully implemented, two partially and the remaining two are linked to the MetHR project which is expected to be

completed during 2008/09.

Ealing BOCU

Draft Report issued November 2007
Final Report issued January 2008

Summary of Findings
Although the overall control framework has improved, further improvement is needed before system objectives can be achieved. Of the thirty-two recommendations previously made, fourteen have been fully implemented including one in the high-risk category. Fourteen have been partly implemented and four remain outstanding, none of which are high risk.

DCC8 – Directorate of Professional Standards OCU

Draft Report issued September 2007
Final Report issued January 2008

Summary of Findings
There has been some improvement in the overall control framework since the original review was completed. Twenty-six of the fifty-four accepted recommendations have been fully implemented, six partially and three are no longer applicable. The remaining recommendations are outstanding, three of which relate to the changes in budgetary procedures.

Southwark BOCU

Draft Report issued November 2007
Final Report issued January 2008

Summary of Findings
Although the overall control framework has improved, further improvement is needed before business support system objectives of the Southwark Borough Command Unit can be achieved. Twenty-five of the thirty-seven agreed recommendations have been fully implemented. However, a programme to address the remaining twelve recommendations has been set out.

Barking and Dagenham BOCU

Draft Report issued November 2007
Final Report issued January 2008

Summary of Findings
Although the overall control framework has improved, further improvement is needed before system objectives can be achieved. Of the thirty recommendations previously made, all of which were categorised as medium/low risk, ten have been fully implemented, twelve have been partly implemented and seven remain outstanding.

Hammersmith BOCU

Draft Report issued December 2007
Final Report issued February 2008

Summary of Findings
Although the overall control framework has improved, further improvement is needed before system objectives can be achieved. Of the thirty-seven recommendations made, seven have been fully implemented, nineteen partly and eleven remain outstanding.

Wandsworth BOCU

Draft Report issued December 2007
Final Report issued February 2008

Summary of Findings
The overall control framework has improved although further improvement is needed to improve control around the crime property system. Of the forty-three recommendations made, twenty-two have been implemented fully, twelve partly and nine remain outstanding.

CO18 Heathrow

Draft Report issued January 2008
Final Report issued February 2008

Summary of Findings
There has been significant improvement in the overall control framework since the original review was carried out in 2006. However, further improvement is needed before the business system objectives of the CO18 Aviation Security OCU can be fully achieved. Of the forty-one agreed recommendations, twenty-two have been fully implemented, thirteen partly and six remain outstanding.

Royal Parks OCU

Draft Report issued January 2008
Final report issued March 2008

Summary of Findings
There has been significant improvement in the overall control framework since the original review was carried out in 2006. Of the thirty agreed recommendations, twenty-one have been implemented fully, seven partly and two remain outstanding.

DNA and Related Forensic Support

Draft Report issued February 2008
Final report issued April 2008

Summary of Findings
There has been significant improvement in the overall control framework in the management of DNA and Related Forensic Support since the original review was completed in March 2005. Of the twenty-one agreed recommendations, sixteen have been implemented fully and five partially.

Systems Supporting Service-wide Priorities - Trident

Draft Report issued October 2007
Final report issued April 2008

Summary of Findings
There has been significant improvement in control since our original review. Five of the six agreed recommendations have been fully implemented and the outstanding one is being addressed in a follow-up review of SCD7.

Strategic Planning for Training

Draft Report issued February 2008
Final report issued April 2008

Summary of Findings
There has been significant improvement in control since our original review. Of the nineteen recommendations previously accepted, eighteen have been fully implemented.   The one remaining recommendation relates to the standardisation and updating of training records that is being addressed as part of the Transforming HR project.

Systems Development and Control Advice

Transforming HR
The Transforming HR Programme has been established to deliver a new, more efficient and effective human resource service for the MPS. We have attended and advised the Transforming HR Programme Board on control issues and continue to have a presence on the Transforming HR Strategy Board.

MetHR/Payroll Interface Project
This project was set up to develop an interface between MetHR and the LogicaCMG payroll system replacing a paper based system, reducing re-keying and data entry errors and realising savings. We attend the project board as advisors to the project focusing on control aspects of electronic data authorisation and transfer.

METAFOR
The METAFOR Project addresses two key MPS business functions, forensics data capture and case management and property store management. It seeks to provide tools and systems to improve quality and meet increasing demands in these areas. We attend the METAFOR Programme and Project

Boards and provide input into relevant working groups.

Finance Modernisation Programme
The MPS are running a programme of finance modernisation across the organisation to build on the developments made in the way financial management operates and to drive further improvements in the way the MPS does business. A number of these initiatives are well under way including:

- streamlining systems and process to ensure Finance Services provide an effective shared service for transactional activity and for providing financial advice and support across the MPS;
- reviewing and improving the processes and structures for delivering finance and resource management at a local level;
- updating finance and procurement policies and instructions;
- improving purchasing power;
- improving internal controls to safeguard the MPS's resources.

We are involved at various stages of these developing systems, including representation at the Modernisation of Finance and Resources Management Project Board, the P2P Steering Group and various working groups feeding into the programme. Control advice is being given at all levels to ensure that the key developments that are taking place have the appropriate level of internal control built in at the earliest stage. We also attend the Finance Process Improvement Group.

Financial Awareness Training
We continue to be involved with the Financial Awareness Training courses run by Finance Services for staff and officers across the MPS. Our input, through presenting sessions on the courses, helps to inform key personnel of their responsibilities around risk and control, the need for financial and business controls and the consequences of inadequate controls.

Covert Finance Standards Working Group
The Covert Finance Standards Working Group meets on a quarterly basis to discuss, review and consider the minimum standards required around the governance of covert expenditure and related facilities and to monitor compliance with the standards. It also looks at the contents of our audit reports and monitors the status of the recommendations made. We attend this group and give control advice where necessary.

Corporate Credit Card System
We have provided advice to Finance Services at various stages during the year. Our primary aim is to ensure that adequate controls are built into the system being developed further for the use and control of corporate credit cards including reconciliation of future expenditure.

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.

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.

MPA Oversight Groups – IS/IT, Human Resources, Estates and Procurement
We are represented at a senior level on each of the Authority's Oversight groups set up to scrutinise key areas of the business. We provide advice to the members and senior officers of the MPA and MPS in attendance on major developments and proposals in these key areas that are discussed at the monthly meetings.

Contract Regulations and Procurement
We attend the group that has been set up to review the Authority's Contract Regulations. As part of this work, we also advise on the procurement processes that are being developed by the Director of Procurement Services to support the regulations.

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 financial failure of major contracts, particularly outsourced service contracts and those critical to MPS operations. 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.

Partnerships
The MPS is reviewing the arrangements it has in place for identifying and managing partnership initiatives and income and expenditure. We conducted a review of Partnerships and Funding Control in 2007 and our recommendations are being taken forward by the project team tasked with reviewing the arrangements. We are acting as advisers to this group.

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 2006 for data

matching with that of other local authorities. We received back in February 2007 60,053 lines of matched data and have cleared 56,536 lines (94%), this has resulted in a small number of pension irregularities and data inaccuracies.

<u>Outsourcing Action Groups</u>
During the year, we attended the Property Services Action Group set up to oversee the next stage of outsourcing. This process has now reached its conclusion, however, we will continue to review the processes put in place for all the outsourcing contracts through our involvement in the MPA Oversight Groups and by conducting system reviews of the management of the new contracts.

<u>AWARE Senior User Assurance Group</u>
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.

<u>Counter Fraud Partnerships</u>
We continue to represent the MPA at two pan-London counter-fraud bodies, the London Public Sector Counter Fraud Partnership (LPSCFP) and the London Fraud Forum (LFF). The LPSCFP has over 240 local authority and NHS partners and promotes a collaborative approach to fighting frauds against public funds within London. We are a member of the steering group along with other GLA functional bodies. The LFF represents both the public and private sectors in London and looks to raise fraud awareness and counter fraud arrangements.

<u>Met Volunteer Programme Expenses Reimbursement Process</u>
We provide control advice to Finance Services and Territorial Policing for the newly created expenses reimbursement system. Advice included a review of the reimbursement claim form, the register for recording and monitoring expense claims and management checking of claims prior to payment.

<u>MPA Independent Custody Volunteers Expenses Reimbursement System</u>
We provide control advice to Finance Services and the MPA ICV Team for the newly created expenses reimbursement system. Advice included a review of the reimbursement claim form, the register for recording and monitoring expenses claims and management checks of claims prior to payment.

<u>Uniform Services Barcode Project</u>
We continued control advice to this project including attendance at project team meetings and control advice over changes to working practices.

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Internal Audit Investigations 2007/2008

1.   Split of Investigations by MPS Business Area

Business Area   **Number of Cases**

	2007/2008		(2006/2007)	
	Internal	*External*	*Internal*	*External*
Human Resources	0	0	(0)	(0)
Directorate of Information	2	2	(4)	(1)
Property Services Directorate	1	1	(3)	(0)
Directorate of Transport	2	1	(2)	(0)
Directorate of Procurement	0	0	(2)	(0)
Directorate of Commercial Services	10	6	(8)	(0)
Directorate of Finance	0	0	(1)	(0)
Specialist Operations/Crime	1	0	(3)	(0)
Territorial Policing	24	2	(18)	(0)
Deputy Commissioner's Command	1	0	(0)	(0)
Central Operations	2	1	(0)	(0)
Others	4	14	(8)	(27)
Total	**47**	**27**	**(49)**	**(28)**

2.   Split by Type of Allegation

	2007/2008	(2006/2007)
False claim for fees, expenses or overtime	10	(7)
Theft of cash	13	(10)
Missing Assets/Waste	5	(12)
Corruption or misconduct in public office	3	(0)
Forgery of documents	0	(0)
Theft of property	0	(0)
Computer misuse	1	(1)
NFI -Failure to notify death of pensioner	3	(25)
NFI - Failure to notify secondary employment	1	(0)
NFI – Benefit investigations	27	(7)
NFI – Visa cases	5	(7)
Other	6	(8)
Total	**74**	**(77)**

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		Number of Cases	
		2007/2008	**(2006/2007)**
3.	**Outcome of cases**		
	Staff Suspended	2	(2)
	Staff arrested	2	(1)
	Others arrested	0	(0)
	Staff charged	2	(4)
	Others charged	0	(0)
	Staff resigned/dismissed	3	(6)
	Staff cleared by investigation	14	(13)
	Cases still under investigation	35	(52)
4.	**Recovery of funds**	**£295,101**	**(£4,084,266)**
	Losses stemmed/prevented	**£49,937**	**(£7,155,000)**
	Savings	**£4,250,145**	**(£374,517)**
	Total	**£4,595,183**	**(£11,613,783)**
5.	**Current Live Cases**		
	From 2000/2001	0	(1)
	From 2001/2002	0	(0)
	From 2002/2003	0	(0)
	From 2003/2004	0	(0)
	From 2004/2005	0	(0)
	From 2005/2006	2	(8)
	From 2006/2007	25	(52)
	From 2007/2008	35	
	Total	**62**	**(61)**
6.	**Total number of cases**		
	Financial Year 2007/2008	**74**	
	1997 to 31.3.2008	**763**	

Internal Audit Assurance Criteria

SCORE*	ASSURANCE RATING	ASSURANCE CRITERIA
1	The system is performing particularly well to achieve business objectives.	There is a sound framework of control operating effectively to achieve business objectives.
2	The system is adequate to achieve business objectives.	The framework of control is adequate and controls are generally operating effectively.
3	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.
4	Significant improvement is needed before business objectives can be met.	Adequate controls are not in place to meet all the system objectives and controls are not being consistently applied.
5	Unacceptable level of control.	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.

* 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.