

External Audit Progress Report

Metropolitan Police Authority

Audit 2009/10

March 2010

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
 - any third party.
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Audit update

- 1 The purpose of this report is to keep the MPA Corporate Governance Committee informed of progress against our 2009/10 audit plan, originally agreed by the committee on 15 June 2009. It also highlights emerging national issues and developments which may be of interest to members of the committee.
- 2 If you require any additional information regarding the issues raised, please contact the District Auditor or Senior Audit Manager using the contact details in Table 1 below.

Progress against 2009/10 audit plan

- 3 Appendix 1 sets out the intended outputs in the 2009/10 audit plan and our progress in delivering them. More details of current pieces of work are set out below.

Financial statements opinion audit 2009/10

Financial systems

- 4 Interim audit work started in December 2009. We are currently carrying out walkthrough testing of the MPA/S's material financial systems: the general ledger, accounts receivable, accounts payable, payroll, pensions, treasury management, fixed assets and cash. As part of our testing approach, we also plan to carry out detailed testing of controls in the general ledger, payroll and pensions systems. As in 2008/09 we are reviewing the work performed by Internal Audit on these systems and seeking to place reliance on Internal Audit's work where possible.
- 5 Where testing confirms system controls are operating effectively we are able to reduce the amount of testing we carry out on the balances in the Authority's financial statements derived from these systems. In this way, the work we perform during the interim audit directly informs our testing strategy for the 2009/10 financial statements themselves.

International Financial Reporting Standards

- 6 CIPFA requires local government and police bodies to apply the requirements of International Financial Reporting Standards (IFRS) in respect of PFI agreements from 2009/10. We are in discussion with finance officers at the MPA/S with the intention of carrying out testing of the accounting entries required to bring the Authority's two PFI agreements onto balance sheet. We expect to carry out this work in April 2010.
- 7 In liaison with finance officers we are also monitoring the implementation of the Authority's new fixed assets accounting system, which we expect to provide the audit trail for the Authority's fixed asset balances in the 2009/10 financial statements.

Use of resources 2009/10 ('PURE')

- 8 We have discussed our approach to the 2009/10 Use of Resources (UoR) assessment with MPA/S staff. This will build on the evidence gathered as part of the 2008/09 assessment and will take a lighter touch approach, in particular where we scored key lines of enquiry (KLOE) a level 3 in 2008/09. At the MPA we scored KLOE 1.1 (medium-term financial planning, assessed annually) and 3.3 (workforce, assessed every three years) a level 3 in 2008/09.
- 9 This year we will be assessing KLOE 3.1 (natural resources) for the first time, and have agreed the key sources of evidence we expect to review with MPA/S staff. The KLOE focuses on how well an organisation:
 - understands and can quantify its use of natural resources and can identify the main influencing factors;
 - manages performance to reduce its impact on the environment; and
 - manages the environmental risks it faces, working effectively with partners.
- 10 We expect to carry out the majority of our fieldwork between February and April 2010 and will to share indicative scores with MPA/S staff at key stages of this work, and definitively in early September 2010, following completion of our regional and national quality assurance processes.

Value for money conclusion 2009/10

- 11 The Use of Resources assessment directly informs our value for money conclusion, which we are required to give each year at the same time as the opinion on the financial statements. As set out in our 2009/10 audit plan, we are carrying out two pieces of additional work this year to address particular local risks and inform gaps in our knowledge for the 2009/10 value for money conclusion:
 - Planning for 2012 Olympic Games - review of MPA oversight
 - Asset management
- 12 We are currently discussing the specification for the Olympics project with MPA/S management with the aim of starting fieldwork in the next month. The specification for the asset management project has been discussed and agreed with MPA/S management and fieldwork is underway. Where appropriate, we will ensure that evidence gathered as part of these pieces of work is also used to inform the 2009/10 UoR assessment.

2010/11 audit planning

- 13 We are currently completing our risk based planning for 2010/11, the output of which will be a fee letter which we will be discussing with officers in April and reporting to Corporate Governance Committee in June 2010.

Other matters of interest

Introduction

- 14 This section of the report highlights national developments that members of the MPA Corporate Governance Committee may find of interest.

Use of resources notable practice

- 15 The Audit Commission has recently published 80 notable practice case studies on its website following the publication of the 2008/09 use of resources assessments for police, fire, local government and PCTs. The case studies cover areas such as procurement, partnership governance, financial management, efficiency savings and financial reporting. The committee may find these of interest in helping to scrutinise local initiatives designed to improve the efficiency and effectiveness with which the MPA/S uses its resources.
- 16 Further information is available from the Audit Commission's website at <http://www.audit-commission.gov.uk/communitysafety/goodpractice/pages/default.aspx> (police) and <http://www.audit-commission.gov.uk/localgov/goodpractice/useofresources/Pages/Default.aspx> (local government).

Audit Commission research into domestic abuse

- 17 The Audit Commission research and community safety teams are working together to produce guidance on good practice in dealing with domestic abuse, how to identify it and the barriers to effective working by public bodies. Fieldwork will be conducted in eight areas nationally, including two London boroughs, Croydon and Tower Hamlets. The timescale for completion of the report is early April 2010 to inform the refresh of the Audit Commission's Oneplace website in June 2010.
- 18 The Oneplace website can be viewed at <http://oneplace.direct.gov.uk/pages/default.aspx?gclid=CJnpwNX6qKACFR88IAoddnlisZw> and provides information on how public services are working together to improve outcomes for citizens in each of the English local authority areas.

Improving public confidence in the police - a review of the evidence

- 19 A Home Office report from a literature review of evidence on public confidence in the police summarises ways to improve public confidence in the police. It identifies interventions that look promising but have not yet been robustly evaluated and any potential pitfalls. The report is available via the Home Office's website at <http://www.homeoffice.gov.uk/rds/pdfs09/horr28c.pdf>.

Contact Details

Table 1 Contact details

| Name | Telephone | Email |
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| Les Kidner District Auditor | 0844 798 2303 | l-kidner@audit-commission.gov.uk |
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Appendix 1 – Outputs from our 2009/10 audit

| Area of audit plan | Timetable | Final report date | Comments |
|--------------------------|---------------------|--|---|
| 2009/10 Audit Plan | Jan - Apr 2009 | Jun 2009 | 2009/10 Audit Plan reported to MPA Corporate Governance Committee on 15 June 2009. |
| Opinion | | | |
| Opinion Audit Plan | Jan - Feb 2010 | Mar 2010 | Supplementary plan summarising key risks and audit approach to the audit of the 2009/10 financial statements. This is currently being discussed with MPA/S officers. |
| Annual Governance Report | Dec 2009 - Sep 2010 | Sep 2010 | Report summarising significant issues identified by audit work prior to issuing our opinion on the 2009/10 financial statements and our 2009/10 value for money conclusion. We expect to report this to the Corporate Governance Committee at its September 2010 meeting. |
| Opinion audit report | Oct 2010 | Nov 2010 | Detailed report on findings from audit of 2009/10 financial statements, addressed to MPA/S finance officers. |
| Use of resources | | | |
| Use of resources | Feb - Jul 2010 | scores - Sep 2010 report - Oct 2010 | Fieldwork in progress. |
| Asset management | Feb - Apr 2010 | Jun 2010 | Specification agreed with MPA/S officers. Fieldwork in progress. |

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|---|----------------|-------------------|--|
| Planning for 2012 Olympic Games - review of MPA oversight | Feb - Apr 2010 | Jun 2010 | Specification drafted and being discussed with MPA/S officers. |
| Overall | | | |
| Annual Audit Letter | Oct - Nov 2010 | Nov 2010 | |

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