

External Audit Progress Report

Metropolitan Police Authority

Audit 2009/10

June 2010

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Audit update

- 1 The purpose of this report is to keep the MPA/S officers informed of progress against our 2009/10 audit plan, originally agreed by the MPA Corporate Governance 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 Our testing programme is nearing completion. We have identified no significant weaknesses in the main financial systems and we have been able to rely on the work of internal audit where appropriate.
- 5 In liaison with finance officers we have monitored the implementation of the Authority's new fixed assets accounting system, which we expect to underpin fixed asset balances in the 2009/10 financial statements. MPA/S finance staff have finished testing the system to ensure the accounting data it produces is accurate, and we understand the system has now gone live. We will conduct our own testing on this system in June 2010 to determine whether it is operating appropriately, using the work already performed by finance staff where appropriate.

International Financial Reporting Standards

- 6 It is an accounting requirement for the MPA to apply the requirements of International Financial Reporting Standards (IFRS) in respect of PFI agreements from 2009/10. We are currently auditing these new disclosures and will be reporting to officers shortly.

Main post-statements audit

- 7 We have met the MPA Deputy Treasurer and MPS Strategic Finance team on a monthly basis to monitor closedown arrangements including the new presentational requirements of the 2009 Statement of Recommended Practice. We have set out the main risks in our supplementary opinion audit plan, which is

Appendix 1 – Outputs from our 2009/10 audit

included as a separate item on this agenda. This plan has been discussed and agreed with the MPA Treasurer and the MPS Director of Resources. We do not plan to increase the audit fee as a result of the audit risks identified.

- 8 The main audit of your financial statements will commence once the Corporate Governance Committee has approved the accounts and associated disclosures. We plan to complete the work by late August and will report our findings to the September CG Committee. We plan to give the opinion and certify the audit closed by the deadline of 30 September.

Exercise of Public Rights

- 9 The District Auditor has set 26 July as the day on or after which local electors may exercise their right to question the auditor or object to the accounts. The MPA has advertised the four week period prior to this as the period whereby the accounts may be inspected.

Value for money conclusion 2009/10

- 10 The Use of Resources assessment work directly informs our value for money conclusion, which we are required to give at the same time as the opinion on the financial statements by 30 September. We have completed the work on use of resources and will report any significant findings in the annual audit letter but will not be reporting a score for use of resources, following recent discussions between the Audit Commission and government representatives.
- 11 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:
 - Asset management
 - Planning for 2012 Olympic Games - review of MPA oversight

Asset management

- 12 We have carried out interviews with MPA/S staff and to date have received some of the evidence requested from MPS Property Services. We are still awaiting a number of other items, including the asset management strategy, minutes of MPA Estates Panel meetings and key asset management performance indicators. It is important we receive this remaining evidence promptly as we aim to issue a draft report by 30 June.

Planning for 2012 Olympic Games - MPA oversight

- 13 Interviews and fieldwork, including attendance at the May 2010 Olympics & Paralympics Sub-committee, are substantially complete and we will be reporting back on our findings shortly. We would like to thank MPA/S staff for their cooperation in helping us to complete this work
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Appendix 1 – Outputs from our 2009/10 audit

2010/11 audit fee letter

We have set and agreed the audit fee for our 2010/11 audit at £516,000 (£516,000 in 2009/10) with the MPA Treasurer and MPS Director of Resources. The 2010/11 fee letter is included as a separate agenda item.

Raising Fraud Awareness

- 14 In 2009, we carried out a series of fifteen fraud awareness workshops for key MPA/S police officers and staff, including MPS Management Board, under the Audit Commission's Advice and Assistance powers. The report summarising the findings from these workshops is included as a separate agenda item. Appendix 1 of the report contains an action plan completed jointly by the MPA/S which refers to the various MPA/S counter-fraud initiatives currently underway.
- 15 We have been asked to carry out a further ten fraud awareness workshops for MPA/S staff later this year.

Other matters of interest

Introduction

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

Assessing VFM in policing – Audit Commission, HMIC and Wales Audit Office national study: Policing: More for Less

- 17 In July 2010, the Audit Commission, HMIC and the Wales Audit Office will publish the findings from the *Policing: More for Less* national study. The study focuses on a number of key areas for police authorities and forces including:
- Saving money from internal changes while improving or maintaining effectiveness - the study looks at the potential for reducing costs through better workforce planning (shift arrangements, use of police community support officers and wider use of civilian staff) and the potential for increased back office efficiency (simplified processes, better procurement).
 - Working with partners to reduce resource needs - the study looks at the potential for savings from shared procurement and back office arrangements. It also looks at the potential for savings where police forces share resources, information, and prevention activity with crime and disorder reduction partnership and local area agreement partners.
 - Supporting long-term efficiencies and short-term savings - the study reviews police force and authority arrangements for challenge and scrutiny of resource management.
- 18 A review of shift patterns in 29 forces found that about 60 per cent of forces now use variable shift arrangements. These arrangements provide greater flexibility by matching the supply of reactive police officers to incidents and crime. Of the 43 forces:
- 32 buy fleet vehicles and 28 buy both ICT and mobile technology through national contracts; and
 - 28 buy uniforms and 18 buy ICT and stationery through regional contracts.
- 19 In 2009, only 30 per cent of forces had back office functions operating at force level. Of those with force-wide back office arrangements, 60 per cent had finance staff and 65 per cent had human resources staff in Basic Command Units.
- 20 The July report will be accompanied by a number of tools designed to help authorities and forces realise the potential benefits identified by the study. We would like to thank MPA/S staff for their assistance in gathering the requisite MPA/S data for this study.
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Appendix 1 – Outputs from our 2009/10 audit

House of Commons, Home Affairs Committee: The government's approach to crime prevention

- 21 On 23 March 2010 the Home Affairs Committee released their report on the government's approach to crime prevention. The Committee say that early intervention is key to reducing criminality and the ability to identify those most at risk is an important tool in crime prevention. The Committee set out to examine the government's approach to crime prevention. The inquiry focused on:
- measures to prevent criminality;
 - measures to design out crime;
 - measures to reduce reoffending;
 - measures to maximise partnership working at a local and national level;
 - the role of the different public sector partners in crime prevention;
 - the role of the third sector in crime prevention; and
 - the role of business in crime prevention.
- 22 The Committee concluded that Ministers need to ensure interventions are properly scoped, piloted and evaluated and should take account of the experiences of victims and offenders. The report is available at <http://www.publications.parliament.uk/pa/cm200910/cmselect/cmhaff/242/242i.pdf> for more information.

Contact Details

Table 1 **Contact details**

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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	Apr 2010	Supplementary plan summarising key risks and audit approach to the audit of the 2009/10 financial statements. This has been agreed with the MPA Treasurer and MPS Director of Resources. The plan is included as a separate agenda item.
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 plan 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 and Value for Money Conclusion			
Use of resources	Feb - Jul 2010	See Annual Audit Letter	Fieldwork complete - informs the value for money conclusion.
Asset management	Feb - May 2010	Draft - Jun 2010	Specification agreed with MPA/S officers. Interviews completed. Fieldwork in progress, pending receipt of requested evidence.

Appendix 1 – Outputs from our 2009/10 audit

Area of audit plan	Timetable	Final report date	Comments
Planning for 2012 Olympic Games - review of MPA oversight	Feb - May 2010	Draft - Jun 2010	Specification agreed with MPA/S officers. Set-up meeting on 22 April 2010; fieldwork due to complete June 2010.
Overall			
Annual Audit Letter	Oct - Nov 2010	Nov 2010	
