

AUDIT PANEL

Friday 31 March 2017

Record of the Meeting

PRESENT

Panel:

Suzanne McCarthy – Audit Panel Chair
Mike Adam – Audit Panel Member
Reshard Auladin – Audit Panel Member
Graeme Gordon – Audit Panel Member

Attendees:

Rebecca Lawrence – Chief Executive, MOPAC
Siobhan Peters – Chief Finance Officer, MOPAC
Dan Hales – Director of Strategy (Acting), MOPAC
Robin Wilkinson – Director of People and Change, MPS
Ian Percival – Acting Director of Finance, MPS
Jo Collins – Head of Risk Management, MPS
Ch Supt Victor Olisa – Head of Strategic Inclusive and Diversity Unit (part of the meeting)
Nick Kettle – Strategic Manager, Safety and Health Risk Management, MPS (part of the meeting)
Julie Norgrove – Director of Audit, Risk and Assurance, Head of Internal Audit for MPS and MOPAC
Paul Grady – External Audit, Grant Thornton
Stephanie Liu – External Audit, Grant Thornton

1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF INTERESTS

- 1.1 Apologies were received from Craig Mackey, Acting Commissioner; Lynda McMullan, Director of Commercial and Finance, MPS; and Roisha Hughes, Director of Strategy and Governance, MPS.

2. RECORD OF THE MEETING HELD ON 23 SEPTEMBER 2016

- 2.1 The record of the meeting on 23 September 2016 was agreed, with the acknowledgement that the membership of the Panel had since changed, and Mike Adam was the current member who had attended the 23 September meeting.
- 2.2 The Panel noted that the previous action to report on a dashboard to track the outcomes of the Commercial Strategy would now be reported to the Panel's June meeting.

Action: A report to be submitted to the June Audit Panel on tracking the outcomes of the Commercial Strategy.

- 2.3 The Panel had a general discussion on the focus of future reports/papers to the Panel. It agreed that papers should highlight for discussion the main issues that the Audit Panel should be aware of, what is being done to address the issues, the timeframe, and the progress that has been made. Common issues/interdependencies running across various reports should be highlighted and addressed as appropriate.

Action: The Chair of the Panel to meet with officers to clarify and agree future reporting requirements and format.

3. MOPAC AND MPS RISK MANAGEMENT

- 3.1 Rebecca Lawrence introduced the MOPAC risk management report, noting that with the publication of the new Police and Crime Plan (PCP) new risks had been identified. The Committee discussed these risks, including the increase in knife crime and the issue of funding for the policing of London.

- 3.2 The Panel wished to see in future risk management reports the proposed mitigation for each risk; a clearer definition of some of the risks; a statement of where MOPAC and MPS risks align; and whether there has been any movement in a risk's rating. It also noted that a paper would be submitted to the June Audit Panel meeting on the alignment of the MOPAC and MPS risks.

Action: MOPAC to include in future risk reports the information listed in paragraph 3.2 above.

Resolved: The MOPAC risk management report and progress made to date was noted by the Panel.

- 3.3 Robin Wilkinson introduced the MPS risk report. The discussion focussed on key risks, including those relating to investigation, technology, vulnerability and finance. The Panel was advised that the challenge for the MPS was to maximise operational value from the resources it receives, and that this was the overall aim of the change programme.

- 3.4 The Panel asked that the June report focus on the key risks including finance, investigation, technology and vulnerability setting out the MPS's understanding of the risks, trends, and, more explicitly, what was being done to address these. It also requested that reports contain the most up to date information available.

Action: MPS June risk paper to include the information requested in paragraph 3.4 above.

Resolved: The MPS risk report was noted by the Panel.

4. MOPAC AND MPS GOVERNANCE REPORTS

- 4.1 Dan Hales introduced the MOPAC governance report, advising that it had been refreshed following the finalisation of the new PCP. In particular, the action being taking to support delivery of the PCP and enhance oversight was discussed. The

Panel noted that some of the deadlines for action had passed and requested that future papers report where actions have been completed or deadlines missed.

Resolution: The progress MOPAC had made to enhance oversight and embed sound governance arrangements within MOPAC to date and the further action planned during 2017/18 was noted.

- 4.2 Jo Collins introduced the MPS governance report. The Panel discussed a potential concern regarding strategic partnerships and the lack of a working lead or clear governance and formal plan, noting the importance of strategic partnerships in particular in relation to the vulnerability risk. The Panel was advised that the new PCP was more reliant on partnership working, and that MOPAC was supporting the MPS in bringing key relationships together.

Action: MPS to include in the June report to the Audit Panel the work that is being done to address the strategic partnership issue and the improvement that is expected in the next quarter.

Action: MPS to include in future reports clarity on the timescales for outstanding actions.

Resolution: The progress the MPS had made within the governance improvement plans over the past year and the ongoing activity required to deliver improvement in those areas was noted.

5. BUDGET POSITION: FINANCIAL SAVINGS PLAN AND DELIVERY

- 5.1 Ian Percival introduced the paper on the budget position and the overall pressures on the budget and the budget gaps into the future. The underspend on the capital programme was discussed, including the slippage in projects for Digital Policing and the implications of the delay in delivery. The reasons for the capital underspend were considered. The MPS anticipated that the capital spend estimate for 2017/18 would be more in line with the actual.

Action: The Panel asked that a paper be submitted to the June meeting which focused on capital expenditure issues and how the systems and processes in forecasting were changing so that forecasted expenditure was more in line with actual.

Resolution: The following was noted by the Panel:

- the overall medium term financial projections including the budget gaps;
- the savings committed to the medium term;
- the in-year financial position at quarter three; and
- the governance and controls built into the budgets.

6. EXTERNAL AUDIT UPDATE REPORT 2016/17

- 6.1 Paul Grady from Grant Thornton presented Grant Thornton's Annual Audit Letter, its Value for Money Findings report and its Audit Panel update. Grant Thornton gave unqualified opinions for the financial statements, the Whole of Government Accounts and for value for money, and noted that it was the second year that the MPS's finance team had achieved early close – a significant achievement.
- 6.2 The Chair asked if the Command and Control Futures review had been concluded.

Paul Grady confirmed that it had and that this was reflected in the report.

- 6.3 There was a discussion on the use of reserves, and Grant Thornton advised that it had no concerns as there was transparency on what the reserves were being used to fund.

Action: MOPAC and the MPS to ensure its reporting on progress in implementing actions arising from external audit is timely and reflects the current position.

- 6.4 The Panel was advised that the Grant Thornton external audit contract would expire with the audit of the 2017/18 accounts, and that MOPAC was using the Local Government Association Public Sector Audit Appointments Ltd national procurement to source the replacement external audit service.

Action: MOPAC to keep the Audit Panel updated with progress on procuring the external audit service post the 2017/18 audit.

Resolution: The three Grant Thornton reports were noted.

7. DIRECTORATE OF AUDIT, RISK AND ASSURANCE (DARA) QUARTERLY ACTIVITY REPORT

- 7.1 Julie Norgrove introduced the report summarising both the work carried out by DARA since the Audit Panel last met in September 2016 and progress made against the 2016/17 internal audit plan. In particular, the Panel was updated on the Transformation Review and progress being made with a number of key follow ups including budgetary control.

- 7.2 The Panel noted the significance of the advisory work with which DARA was involved.

Resolution: The DARA work undertaken in the third and fourth quarters of the year and the adequacy of the control framework for those reviews published to date was noted.

8. MPS AUDIT AND INSPECTION REPORT

- 8.1 Jo Collins introduced the MPS report which set out a review of HMIC inspection activity for 2016/17 and provided information on key activity that was being done to address inspection findings. The report also gave an assessment of progress towards the delivery of recommendations in those reviews rate as 'limited' by DARA.

- 8.2 Given the level of review activity and significant number of recommendations being tracked, the Panel discussed the focus of future reports. The Panel wished to be informed of the overall position in terms of progress made in implementing HMIC and Internal Audit recommendations and the reasons for any delays in implementation with a particular focus on the more significant recommendations in high risk areas where there were potential reputational implications. Reports should set out where progress was being made and where there were issues with making progress; when issues would be escalated and what action was being taken.

- 8.3 The Panel discussed the HMIC inspections and agreed it would be useful to see where the MPS was not meeting national standards and to understand the issues specific to the MPS.

- 8.4 The Panel asked that the report brought to the Panel's June meeting provide a summary of developments with the MPS's response to the HMIC Child Protection Report and an overview of the governance that had been put in place regarding this work.

Action: Future reports to include the information requested by the Panel as set out in paragraphs 8.2, 8.3 and 8.4 above.

Resolution: The HMIC activity for 2016/17 and the activity to address limited audit findings was noted.

9. INTERNAL AUDIT PLAN 2017/18 FOR MOPAC AND THE MPS

- 9.1 Julie Norgrove introduced the paper setting out the updated Internal Audit Charter and the proposed DARA 2017/18 Internal Audit Plan for MOPAC and the MPS.
- 9.2 The Panel considered the coverage of the internal audit plan for 2017/18 and confirmed it was addressing key areas of risk, many of which were discussed earlier in the meeting. It was agreed that the review of the transformation programme would include an element of capital programming.
- 9.3 It was agreed that in order for the Audit Panel to have earlier engagement with internal audit planning, there would be a preliminary discussion at the December Panel meeting of the 2018/19 plan.

Action: To schedule a discussion on the internal audit plan for 2018/19 with the Panel in December.

Resolution: The Panel approved the Internal Audit Charter and the 2017/18 Internal Audit Plan for MOPAC and the MPS subject to the addition referred to in paragraph 9.2 above.

10. AUDIT PANEL TERMS OF REFERENCE AND WORK PLAN 2017/18

- 10.1 The Panel noted that the work plan may need to be amended to reflect any changes in reporting discussed in the meeting. There was agreement that three hours was needed for the meetings, and therefore the Panel would meet from 10:00-13:00, with a pre-brief for the Panel members at 09:30. In depth briefings on particular subjects could be required, and a separate half day meeting in September would be considered for this.

Action: The Chair to consider any potential changes to the Work Plan in consultation with officers and this is also to include the frequency and content of reports on MOPAC Commissioning activity.

Resolution: The Panel agreed the terms of reference and agreed the work plan subject to the changes referred to above.

11. MPS DIVERSITY AND EQUALITY REPORT

- 11.1 Chief Superintendent Victor Olisa introduced the MPS diversity and equality report and the draft Inclusion and Diversity Strategy. The final strategy will be submitted to the Panel at its June meeting.

- 11.2 The Panel noted that the draft strategy had a greater degree of clarity, but the challenge would be implementing it at all levels across the organisation. There was a discussion of how the action plan would help to facilitate this and how the new PCP would help to mainstream the work. The oversight role was identified as being very important and the Panel asked that this be reflected in the June paper it received.
- 11.3 The Panel asked that future reports to the Panel focus on what had been achieved in implementing the strategy, what was on track and where there were any potential issues.

Action: The MPS to include in the June Panel report the final approved Strategy and the draft performance dashboard that was being developed to track the implementation of the strategy. Timescales should be included in the work plan.

Action: Future diversity and equality reports to include the information requested in paragraph 11.2 above.

Resolution: The Panel noted the work done to revise the Strategy and the associated programmes of work contained within the work plan, and noted the activities undertaken to address the 14 recommendations made by DARA.

12. MPS HEALTH AND SAFETY PERFORMANCE REPORT

- 12.1 Nick Kettle introduced the paper outlining the key issues arising from the Health and Safety Performance Report. The Panel was advised that the assurance process for 2016/17 was starting that day and that additional resources were being directed at the process to ensure that the timelines were met.
- 12.2 There was a discussion of the risk heat map and why some risks remained red.

Resolution: In accordance with the Corporate Health and Safety policy, the Panel noted the contents of the report. The Panel agreed that health and safety performance should be reported to the Panel on a six-monthly basis. The next report would be September.

13. MOPAC AND MPS GIFTS AND HOSPITALITY REGISTERS

- 13.1 The Panel noted the MOPAC and MPS gifts and hospitality registers.

Action: Secretariat to review the gifts and hospitality reports to determine if reporting format could be aligned. [Note: The Chair agreed that gifts and hospitality be reported six monthly – in March and September each year].

