

MOPACMAYOR OF LONDON
OFFICE FOR POLICING AND CRIME**METROPOLITAN
POLICE****TOTAL POLICING**

AUDIT PANEL

Friday, 30 June 2017

Review of MOPAC Financial Oversight Model: Interim Findings

Report by: MOPAC Chief Financial Officer

Report Summary

Work is in hand to understand and develop the existing model of MOPAC's financial oversight of the MPS, drawing on internal audit and previous consultancy advice on areas of effective control and areas for further improvement. A full report in this area is due to be presented at the December Audit Panel.

Key Considerations for the Panel

The Audit Panel should consider the ongoing work.

Interdependencies/Cross Cutting Issues

This paper links with the Capital Monitoring Framework paper on this agenda (agenda item 10).

Recommendations

The Audit Panel is recommended to note this ongoing work.

1. Supporting Information

- 1.1. The Mayor's Office for Policing and Crime (MOPAC) set the strategic direction and budget for the Metropolitan Police Service (MPS) on behalf of the Mayor of London, and is the statutory body responsible for ensuring proper administration of police funds. This requires ensuring regularity, propriety and value for money in the way in which the MPS uses public funds.
- 1.2. The MPS Commissioner has a specific statutory duty under Section 35 of the Police and Reform and Social Responsibility Act 2011 to ensure that they and the persons under their control secure value for money in exercising their functions. In London, MOPAC are required by the Act to hold the Commissioner to account for their compliance with this duty.
- 1.3. The Home Office Financial Management Code of Practice (FMCP) for the Police Forces of England and Wales is designed to provide direction on appropriate financial governance arrangements. MOPAC have established arrangements in line with the FMCP, documented in the MOPAC Code of Governance, the Scheme of Consent and Delegation, MOPAC Financial Regulations and MOPAC Contract Regulations.
- 1.4. In March 2015, DARA conducted an audit of the MOPAC financial monitoring framework, and concluded that an adequate control framework was in place at a strategic level for the financial oversight of the MPS. However, the review recommended that the effectiveness of controls for monitoring and review should be strengthened to provide increased assurance that agreed financial objectives would be met. The findings focused on work to support investment decision-making and oversight of key programmes including transformation, estates and IT; monitoring improvements in the MPS financial control framework; strengthening the focus on achieving savings; ensuring MOPAC received the right financial information from MPS; and monitoring of contracts post-award.
- 1.5. Subsequently, PwC were invited to provide advice on how MOPAC could go about strengthening financial oversight. They noted that good progress had been made on the design of new controls, but effort would be required to embed the new approach, and that there were issues in the capacity and capability of the MOPAC team which needed to be addressed. They recommended work to develop a medium term financial strategy in support of the Police and Crime Plan, improving the quality of financial management information, and refreshing the Scheme of Consent and Delegation.
- 1.6. The issues with resourcing of the MOPAC finance team are being addressed, with a permanent CFO in place since January 2017, and a seconded-in Head of Strategic Finance and Resource Management in post since May. Interviews for other roles are complete and the full team should be in place by October 2017, subject to vetting.
- 1.7. The MOPAC finance team's focus this year has been on improving the operation of existing controls. This has included refreshing MOPAC's

approach to the Investment Advisory Board and issuing revised guidance to MPS colleagues clarifying the process and highlighting some of the key issues that can usefully be addressed in business cases to aid decision-making. We are currently working on processes to improve monthly and quarterly financial reporting, in line with new GLA budget guidance and learning from the presentational approach for public reporting of performance and financial management information taken by Transport for London. We are also working closely together with MPS colleagues to understand the key issues and challenges for next year's budget.

- 1.8. Once the full team is in place, we will have capacity to tackle some of the more strategic issues from existing recommendations, including taking forward the recommendations on the medium term financial strategy and refreshing the Scheme of Consent and Delegation. We will also be taking forward areas based on our own review of the key elements of the financial oversight framework.
- 1.9. We are developing a target operating model for financial oversight, based on understanding how we can take assurance about underlying MPS systems and processes, how we in MOPAC exercise formal and informal scrutiny, how we ensure that the right issues are escalated as necessary to the DMPC and Mayor, and how we are held to account through independent expert and public scrutiny.
- 1.10. The target operating model is based on the information sharing principles set out in the FMCP. As set out in the FMCP, MOPAC must have full access to all relevant financial information. In addition, "wherever possible, any duplication of work ... should be minimised ... time consuming and bureaucratic financial reporting between the two bodies should be avoided and the principle of good governance and added value activities should be retained."
- 1.11. A baseline description of the current operation of this target operating model in priority areas of oversight is in development. As our work matures, we will be looking at areas where there are gaps or duplication, to support continuous improvement in fulfilling this area of MOPAC's responsibilities.

2. Equality and Diversity Impact

There are no equality and diversity implications directly arising from this report.

3. Financial Implications

There are no direct financial implications arising from the report.

4. Legal Implications

There are no direct legal implications arising from the report.

5. Risk Implications

There are no direct risk implications arising from the report.

6. Contact Details

Report author: Siobhan Peters, Chief Financial Officer
Email: siobhan.peters@mopac.london.gov.uk

7. Appendices and Background Papers

None