MOPAC | MAYOR OF LONDON OFFICE FOR POLICING AND CRIME | METROPOLITAN POLICE | TOTAL POLICING

AUDIT PANEL
Tuesday, 19 December 2017

External Audit Report

Report by: MOPAC Chief Finance Officer and MPS Chief Finance Officer

Report Summary

Overall Summary of the Purpose of the Report

This paper updates the Audit Panel on the reporting by Grant Thornton on the 2016/17 Annual Audit Letter (AAL), the progress of external audit work, and the procurement of an external audit service.

Key Considerations for the Panel

To note the unqualified audit opinions, the management responses to external audit recommendations, and the progress on the external audit procurement.

Interdependencies/Cross Cutting Issues

The external audit function provides an independent opinion on the financial accounts and the arrangements for delivering value for money which inform the AGS and governance improvement.

Recommendations

The Audit Panel is recommended to:

a. Note the Annual Audit Letter,
b. Note the external audit report on progress and update, and
c. Note progress on the procurement of an external audit service via the PSAA national procurement process

1. Supporting Information

Grant Thornton External Audit Annual Audit Letter

1.1. The Annual Audit Letter confirms what was reported to the September Audit Panel i.e. the unqualified opinion on the MOPAC/MPS annual statements of accounts, and that both the Annual Governance Statements (AGS's) and Narrative Reports met their requirements. Since the last Audit Panel meeting Grant Thornton completed the out-standing work on the Whole of Governments Accounts (WGA) on 26 September, within the national deadline of 29 September, and issued an unqualified report.

1.2. In respect of value for money (VFM) Grant Thornton has confirmed that they "are satisfied that, in all significant respects, the MPS had proper arrangements in place to secure economy, efficiency and effectiveness in their use of resources".

1.3. The recommendations which Grant Thornton have finalised have been considered by MOPAC/MPS, agreed, and management responses set out – see Appendix B of Grant Thornton's Annual Audit Letter. The monitoring of these responses has been integrated with the MOPAC oversight of audit recommendations at the Governance and Risk Working Group, and by the MPS at the Risk and Assurance Board, which has MOPAC attendance.

Grant Thornton External Audit Update Report

1.4. Grant Thornton has commenced their 2017/18 audit work and will report on progress and findings at the March 2018 Audit Panel.

1.5. GT also provide links to police accounting issues and their recent publications which the Panel may wish to consider. These are covered elsewhere on this agenda in other risk and governance papers

Procurement of External Audit

1.6. The procurement of the external audit service is running to schedule. As per timetable PSAA awarded the contracts in July, and appointed external audit firms to specific bodies. MOPAC accepted the appointment of Grant Thornton. The scale fee is expected to be set for each authority by 31 March 2018.

2. Equality and Diversity Impact

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

3. Financial Implications

3.1. The planned external audit cost for 2017/18 is £252k which is budgeted for within MPS and MOPAC. Subject to confirmation there is potential for a saving of £45k from 2018/19.

4. Legal Implications

4.1. There are no direct legal implications arising from the report.

5. Risk Implications

5.1. There are no direct risk implications arising from the report.

6. Contact Details

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7. Appendices and Background Papers

Appendix 1 – Grant Thornton Annual Audit Letter
Appendix 2 - Grant Thornton Progress and Update Report - Restricted

The Joint Annual Audit Letter for the Mayor's Office for Policing and Crime and the Commissioner of Police of the Metropolis

Year ended 31 March 2017

October 2017

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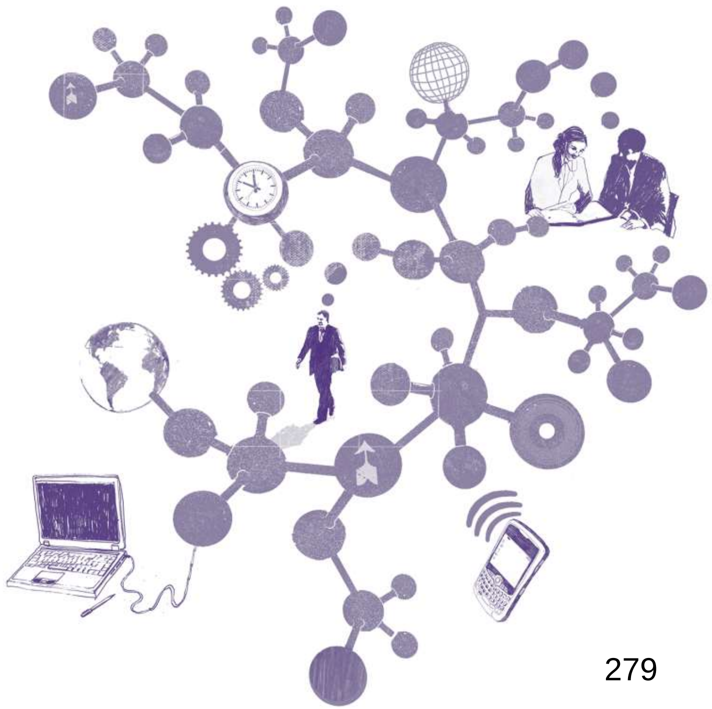

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Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out for the Mayor's Office for Policing and Crime (MOPAC) and the Commissioner of Police of the Metropolis (MPS) for the year ended 31 March 2017.

This Letter provides a commentary on the results of our work to MOPAC, the MPS and their external stakeholders, and highlights issues we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We discussed our work with the Commissioner of the MPS on 3 July 2017. We reported the detailed findings from our audit work in our Joint Audit Findings Report to the Deputy Commissioner and the Deputy Mayor for Policing and Crime, as Those Charged With Governance for the MPS and MOPAC, on 19 July 2017 and 21 July 2017, respectively.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give opinions on MOPAC and the MPS' financial statements (section two); and
- assess MOPAC and the MPS' arrangements for securing economy, efficiency and effectiveness in their use of resources (the value for money conclusion) (section three).

In our audits of the financial statements of MOPAC and the MPS, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Our work

Financial Statements opinions

We gave unqualified opinions on the Group, MOPAC and the MPS' financial statements on 26 July 2017.

Value for money conclusions

We were satisfied that MOPAC and the MPS each put in place proper arrangements to ensure economy, efficiency and effectiveness in their use of resources during the year ended 31 March 2017. We reflected this in our audit opinions on 26 July 2017.

Whole of government accounts

We completed work on the Group consolidation return following guidance issued by the NAO and issued an unqualified report on 26 September 2017.

Certificate

We certified that we had completed the audit of the accounts of MOPAC and the MPS in accordance with the requirements of the Code on 26 September 2017.

Working with MOPAC and the MPS

We would like to record our appreciation for the assistance and co-operation provided to us during our audits by MOPAC, the MPS, the management and their staff.

Grant Thornton UK LLP
October 2017

Audit of the accounts

Our audit approach

Materiality
In our audit of MOPAC's and the MPS' accounts, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audits of MOPAC and the MPS' accounts as a proportion of the smaller of gross revenue expenditure of MOPAC and gross revenue expenditure of the MPS. For 2016/17, this was determined to be £61.938m, being 1.85% of the gross revenue expenditure of the MPS less the actuarial adjustment for injury pensions of the MPS. We used this benchmark as, in our view, users of your accounts are most interested in how you have spent the income raised from taxation and grants during the year

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We defined the clearly trivial amount to be £3,097k.

The scope of our audit
Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes assessing whether:
- MOPAC and MPS accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of MOPAC and the MPS and with the accounts on which we give our opinion.

We carry out our audits in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach was based on a thorough understanding of MOPAC's and the MPS' business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	Applicable to MOPAC / MPS / both?	How we responded to the risk	Findings and conclusions
Valuation of property, plant and equipment MOPAC revalues its assets on a rolling basis over a five year period. The Code requires that MOPAC ensures that the carrying value at the balance sheet date is not materially different from current value. This represents a significant estimate by management in the financial statements.	MOPAC	As part of our audit work we: • Reviewed management's processes and assumptions for the calculation of the estimate; • Reviewed the competence, expertise and objectivity of any management experts used; • Reviewed the instructions issued to valuation experts and the scope of their work; • Corresponded with the valuer about the basis on which the valuation is carried out and challenged key assumptions; • Reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding; • Performed testing of data provided to the valuer to gain assurance it is complete and accurate; • Performed testing of revaluations made during the year to ensure they are input correctly into the MOPAC's asset register; and • Evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these are not materially different to current value.	We did not identify any significant issues against this risk to report

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Audit of the accounts

Risks identified in our audit plan	Applicable to MOPAC / MPS / both?	How we responded to the risk	Findings and conclusions
Value of Pension Fund net liability The MPS' pension fund asset and liability as reflected in its balance sheet represent significant estimates in the financial statements. This estimate by its nature is subject to significant estimation uncertainty, being very sensitive to small adjustments in the assumptions used.	MPS	As part of our audit work we: • Identified the controls put in place by management to ensure that the pension fund liability is not materially misstated, including the controls to ensure the data sent to the actuary is complete and accurate; • Assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement.; • Reviewed the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We have gained an understanding of the basis on which the valuation is carried out; • Carried out procedures to confirm the reasonableness of the actuarial assumptions made; and • Reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.	We did not identify any significant issues against this risk
Operating expenses Year end creditors and accruals are understated or not recorded in the correct period.	Both	As part of our audit work we: • Performed a walkthrough to identify the controls put in place by management to ensure operating expenses is not materially misstated; • Assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement; • Reviewed the reconciliation of operating expenditure recorded in the general ledger to the subsidiary systems and interfaces; • Tested invoices received after year-end to identify potential unrecorded liabilities; and • Reviewed payments made after year-end, specifically those deemed to be large or unusual, and tested for payment cut-off.	Our work identified a control deficiency in relation to accruing for business rates expenditure. We were satisfied that this deficiency was isolated to the accruals process for business rates expenditure. We also noted an increase in the balance of liabilities over 12 months old that had been accrued but not invoiced. At £15m, the balance was not material. We raised an internal controls recommendation within our Audit Findings Report. Please refer to recommendations in Appendix B.

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Audit of the accounts

Risks identified in our audit plan	Applicable to MOPAC / MPS / both?	How we responded to the risk	Findings and conclusions
Police Pensions Benefits Payable Benefits improperly computed / Claims liability understated	MPS	As part of our audit work we: • Performed a walkthrough to identify the controls put in place by management to ensure benefits payable in respect of police pensions is not materially misstated; • Assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement; • Conducted substantive testing of lump sum payments to new pensioners. In addition to obtaining assurance lump sum payments are calculated correctly, we also verified that the associated recurring pension payments to each new pensioner has been calculated and accounted for correctly; and • Completed a substantive analytical review procedure on total pensioner payroll to gain assurance benefits payable is not material misstated.	We did not identify any significant issues against this risk
Employee remuneration Employee remuneration accruals are understated	Both	As part of our audit work we: • Performed a walkthrough to identify the controls put in place by management to ensure employee remuneration is not materially misstated; • Assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement; • Tested the reconciliation of payroll expenditure recorded in the general ledger to the subsidiary systems and interfaces; and • Analysed trends and relationships to identify any anomalous areas for further investigation.	We did not identify any significant issues against this risk

Audit of the accounts continued

Risks identified in our audit plan	Applicable to MOPAC / MPS / both?	How we responded to the risk	Findings and conclusions
Changes to the presentation of local authority financial statements CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice. The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.	Both	As part of our audit work we: • Hosted a round table discussion with a number of police forces including the MPS to facilitate a discussion regarding the new changes and the potential implications on the financial statements; • Documented and evaluated the process for the recording the required financial reporting changes to the 2016/17 financial statements; • Reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with MOPAC / MPS' internal reporting structure; • Reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS); • Tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES; • Tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger; • Tested the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements; and • Reviewed the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.	We did not identify any significant issues against this risk

Audit of the accounts

Audit opinion

We gave unqualified opinions on MOPAC, the Group's and the MPS' accounts on 26 July 2017, well in advance of the 30 September 2017 national deadline.

Draft financial statements for both MOPAC and the MPS were published on 13 June 2017. This was later than in the previous year due to the decision not to publish the draft financial statements until after the UK General Election held on 8 June 2017. Despite the planned delay to the publication of the draft financial statements, a full set of working papers were received on 29 May 2017, the planned start date for our year-end fieldwork.

For the third year in a row, an early financial close was achieved and responses to audit queries were prompt, informed and accurate. Once again, this facilitated an 'early close' opinion and means the MPS and MOPAC are well placed to meet the earlier statutory deadlines which are in place from next year.

Issues arising from the audit of the accounts

We reported the key issues from our audit of the accounts of MOPAC and the MPS to the Deputy Commissioner and the Deputy Mayor for Policing and Crime on 19 and 21 July 2017 respectively.

We made the following recommendations in our Joint Audit Findings Report:

- Actively review the 'goods received, invoice not received' balance to identify aged items where the accrued expenditure could potentially be reversed;
- The Property Services Department should maintain a register of anticipated liabilities arising from rate revaluations of the property portfolio. This should be used to inform the year-end accruals process. A particular emphasis should be placed on identifying potential business rates liabilities arising from capital expenditure on existing properties; and
- Review fully depreciated plant and machinery assets on the fixed asset register to identify and remove any obsolete assets from the register

Annual Governance Statement and Narrative Report

We are also required to review MOPAC's and the MPS' Annual Governance Statements and Narrative Reports. They were published on the MOPAC and MPS' websites with the draft accounts in line with the national deadlines.

The documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by MOPAC and the MPS and with our knowledge of MOPAC and the MPS.

Whole of Government Accounts (WGA)

We carried out work on the Group consolidation schedule in line with instructions provided by the NAO . We issued a group assurance certificate which did not identify any issues for the group auditor to consider.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2016 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed is set out overleaf, and applied to both MOPAC and the MPS.

Overall VfM conclusion

We are satisfied that in all significant respects MOPAC and the MPS each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ending 31 March 2017.

Value for Money key messages

Value for Money findings

The new Police and Crime Plan, published in March 2017, has refocused MOPAC and the MPS' priorities, placing greater emphasis on high harm crimes and safeguarding. The new Police and Crime Plan emphasises the importance of a place-based approach, advocating partnership working between MOPAC, the MPS and other agencies. This greater partnership focus, which will require other organisations to engage and collaborate to deliver some elements of the Police and Crime Plan, adds a level of complexity and means MOPAC and the MPS will need to hold to account external organisations, who may be within their 'sphere of influence' but outside their direct 'chain of command'. To monitor and scrutinise delivery of the Police and Crime Plan, MOPAC is developing a governance, performance and oversight framework and looking to convene partners from across the public sector.

In our previous year's Audit Findings Report, issued before the draft Police and Crime Plan was produced for consultation, we advised on the importance of alignment between the MPS and MOPAC and the need to ensure that the refreshed One Met Model and new Police and Crime Plan were developed collaboratively and with a focus on their alignment. It is clear from our discussions with stakeholders, and from our review of the recent changes made to the MPS' arrangements, that the development of the Police and Crime Plan was collaborative and that early and frequent communication between MOPAC and the MPS has helped develop greater alignment between the MPS and MOPAC.

The MPS has made significant progress in developing its overall vision and putting in place the appropriate governance structures and processes to deliver it. Previous audits have welcomed the continual improvement in strategic arrangements, but highlighted that the MPS' high-level strategy could be better linked with the delivery and oversight of transformation initiatives. The MPS, with the creation of the new Transformation Directorate, has enhanced and strengthened arrangements further in this respect. These new arrangements have now tied a refreshed One Met Model (OMM) to the new Transformation Directorate, strengthening the arrangements in place to ensure the MPS' strategic vision can be effectively translated and delivered at the operational level.

The MPS' capability to deliver change is continuing to mature. The newly formed Transformation Directorate has a bold ambition to embed a sustainable transformational capability with the MPS and they have identified the key actions required to mitigate the risks they face. There is clear potential for the directorate to deliver the change required. However, ongoing challenges, not least capacity and competing demands over limited resources, have undermined progress to date.

The MPS continues to face significant financial challenges. It must make over £316m of recurring savings in the 4 years to 2020/21. This represents almost 10% of the MPS' annual spend.£185m – 5% of annual spend – of these savings remain unidentified.

The scale of the financial savings requirement poses a number of risks to the MPS. These are summarised in the bullets below:

- The MPS would benefit from greater headroom and/or contingencies in its savings plans. The 2016/17 Outturn Statement reported delivery of only 57% of its £127m savings plans for the year. If the pattern of transformational savings delivery from previous years continues over the next few years, the MPS may struggle to fully close its funding gap, resulting in significant increases in the risk to the organisation's financial viability.
- The scale of change required is currently outstripping the Transformation Directorate's capacity to deliver it. Resourcing within the Transformation Directorate poses a risk to the delivery of savings and reporting indicates there is only a 40-60% likelihood of benefits realisation. Vacancies within the Transformation Directorate and the ongoing challenge to recruit high quality candidates is stretching the capacity of the directorate to deliver change. Until the Transformation Directorate is fully resourced, there is a significant risk the MPS may fail to realise its planned benefits.
- The scale of change required to meet the financial challenge places a significant burden on an increasingly lean MPS. This demand, particularly on 'middle management' grades who continue to deliver 'business as usual' front line policing alongside significant change programmes, may contribute to the lack of delivery of planned programme benefits. Effective prioritisation of demand is critical.

Our work focused on a number of key areas, as identified in our audit plan, looking at the plans, the risks and the opportunities faced. We have made a number of recommendations from our Value for Money work and these are set out in Appendix C.

Value for Money risk areas identified

Risk areas considered	Work carried out	Findings and conclusions
1. Police and Crime Plan The new Police and Crime Plan to cover the four years 2017 to 2021 is now under consultation. The draft plan sets out the Mayor's ambition to make London a safer city for all Londoners. This is not inconsistent with the MPS' existing vision – for London to be 'consistently the world's safest global city.' Key to the delivery of the plan, once adopted, will be how well aligned the MPS' delivery arrangements are to the requirements of the plan and the effectiveness of the processes and arrangements in place to monitor, measure and report progress within both MOPAC and the MPS.	As part of our work we: • Reviewed the arrangements in place for the implementation and delivery of the new Police and Crime Plan; • Reviewed the processes and arrangements in place between MOPAC and the MPS to ensure alignment with the Plan priorities; • Reviewed understanding of the cost of implementation of the Police and Crime Plan and the effectiveness of the measures in place to identify progress and achievement of delivery; and • Assess governance and oversight arrangements for effectiveness.	Two recommendations were made, but the evidence enabled us to conclude that the risk was sufficiently mitigated and the MPS has proper arrangements in place.
2. One Met Model and overarching portfolio management The Target Operating Model (TOM) for the MPS remains key to setting the direction of the MPS under the One Met Model. In our work last year we saw progress over how programmes and projects tie together. We will continue to review progress in the year to date, and assess how well these arrangements align with the requirements of new Police and Crime Plan. We will look to update our assessment of overall maturity. We will assess how well the MPS understands the global cost and benefits of the transformation portfolio, progress in driving ownership of benefits at the business change manager level, and how well the interdependencies are understood in respect of the four remaining commercial strategy programmes.	As part of our work we: • Assessed progress and development from the position in Summer 2016; • Assessed understanding of global cost and benefit of transformation programme and ownership of benefits within the portfolio; • Examined dependencies and links from the TOM to the existing Portfolio of Programmes and Projects and examine any gaps; and • Examined the extent to which the OMM 2020 is aligned to the vision and objectives of the Police and Crime Plan.	Five recommendations were made, but the evidence enabled us to conclude that the risk was sufficiently mitigated and the MPS has proper arrangements in place.

Value for Money risk areas identified

Risk areas considered	Work carried out	Findings and conclusions
3. Benefits realisation of major change programmes The One Met Model and the TOM is predicated on major transformation programmes delivering radical changes to the way in which services are delivered. This includes a number of key projects, which are significant both in scale and financial terms, including the remaining transformational programmes in the commercial strategy. Delivery of financial benefits is as key as the operational transformation benefits. We will assess the extent to which benefits are being articulated and delivered against plans.	As part of our work we: • Reviewed the project management and risk assurance frameworks established by MOPAC and the MPS to establish how they are identifying, managing and monitoring these risks; • Updated our understanding of the OBCs and benefits of current major change programmes; • Assessed whether clear, achievable benefits have been outlined in the business cases and whether adequate ownership has been assigned to those responsible for planning and managing the achievement of these programmes; and • Reviewed reasons where benefits have eroded or not been realised in line with plan.	Two recommendations were made, but the evidence enabled us to conclude that the risk was sufficiently mitigated and the MPS has proper arrangements in place.
4. Financial strategy and position The current government has stated that future police funding is protected. Despite this, the MPS still faces real-term reductions in its budgets and will be required to make further savings in future years to offset a £400m funding gap. To inform strategic financial planning, MOPAC and the MPS needs to ensure they have clarity about the income, costs and benefits associated with various 'business as usual' services as well as on-going major change programmes. There has been progress over the disaggregation of the existing savings programmes from base budgets in recent years. We will update our understanding of your medium term financial strategy (MTFS) and review actions taken to address identified budget shortfalls and identify savings.	As part of our work we: • Examined the MTFS and plans to understand the budget, investment and benefits profile; • Reviewed progress and delivery of planned savings 2016/17; • Reviewed financial management information to assess whether this is supporting and driving change appropriately; and • Assessed alignment of MOPAC priorities and communication of requirements with achievability of savings.	Three recommendations were made, but the evidence enabled us to conclude that the risk was sufficiently mitigated and the MPS has proper arrangements in place.
5. Commercial strategy The MPS is now significantly underway with its commercial strategy. Working with partners from different organisations and service areas with potentially conflicting priorities, these projects are inherently complex and high profile. The first three programmes: SSCL; fleet; and catering, are at, or nearing, implementation stage. We will assess the extent to which benefits and the underlying business rationale have been realised. The remaining four programmes are transformational in nature and we will consider them as part of risks 2 and 3, above.	As part of our work we: • Updated our understanding of the commercial strategy, progress and business cases; and • Reviewed and assessed progress against delivery of the articulated benefits and business case rationale.	No recommendations were made. We have obtained evidence to conclude that the MPS has proper arrangements in place.

Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Fees

	Proposed fee £	Actual fees £	2015/16 fees £
MOPAC scale fee	131,828	TBC	148,377
MPS scale fee	120,000	TBC	136,549
Total fees (excluding VAT)	**251,828**	**TBC**	**284,926**

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

Reports issued

Report	Date issued
Audit Plan	April 2017
Audit Findings Report	July 2017
Annual Audit Letter	October 2017

Fees for other services

Service	Fees £
Audited related – certification of an EU grant claim on behalf of the MPS, as required by the grant claim conditions	12,000
Non-audit related – in relation to non-audit services provided in relation to taxation matters	98,500

Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the MOPAC and the MPS. The table above summarises all other services which were identified.

- We have considered whether other services might be perceived as a threat to our independence as the MOPAC's and MPS' auditor and have ensured that appropriate safeguards are put in place, as reported in our Audit Findings Report.

Appendix B: Joint audit action plan 2016/17

Rec No.	Recommendation	Priority	Management Response	Implementation date & responsibility
1.	The Property Services Department should maintain a register of anticipated liabilities arising from rate revaluations of the property portfolio. This should be used to inform the year-end accruals process. A particular emphasis should be placed on identifying potential business rate liabilities arising from capital expenditure on existing properties.	Medium	Property Services employ a specialist rating consultancy to assess forthcoming rates liabilities for each revaluation period, the latest commencing 1 April 2017. These figures are fully incorporated into PSD budgeting processes via the PSD Finance Lead. These are updated as appeals and variations are determined.	Vince Fihosy
2.	As noted in our prior year Audit Findings Report, we recommended that management actively review the 'goods received invoice not received' balance to identify aged items where the accrued expenditure could potentially be reversed. Management should also ensure they understand the reasons for the balance increasing and take action as necessary to strengthen controls in this area. The amount of GRIR has increased in the past 12 months. Management are reviewing the remaining balance to determine the appropriate course of action.	Medium	Gold Group being established to both clear balances and understand the causal factors. In addition, as part of the PSOP implementation, existing business rules are being reviewed; updated communications will be provided to users with a greater emphasis on user responsibility re Purchase Orders, Goods receipting, Invoice Payments etc.	Ian Percival December 2017
3.	Review fully depreciated plant and machinery assets on the fixed asset register to identify and remove obsolete assets from the register.	Medium	The review has commenced and will be complete in time for the 17/18 Final Accounts.	Ian Percival March 2018

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Appendix C: Joint value for money action plan 2016/17

Rec No.	Recommendation	Priority	Management Response	Implementation date & responsibility
1.	Not all Police and Crime Plan objectives involve the MPS as an implementation partner. Where they do, in embedding the planned arrangements and approach to business planning and PCP delivery, the objectives of the MPS' business planning process and the LCRB's Delivery Management Board and the 4 delivery sub-boards must be aligned. Where appropriate, the objectives from the 4 delivery boards need to feed into the MPS business planning objectives, and the MPS representatives from the sub-boards must be central to the business planning framework to ensure alignment of focus without duplication of effort. These arrangements should mitigate the risk of the two processes working in isolation and ensure each planning process complements the other. MOPAC will also need to consider similar arrangements for other partners, outside the MPS, who are key to implementing the Police and Crime Plan.	High	Through the development of the next Met Business Plan, Pierre Coinde will engage with the MPS leads on LCRB (through the Deputy Commissioner) as well as the sub-groups (Reducing Reoffending Board: Neil Jerome / Safer CYP Board: Richard Smith / Tackling VAWG Board: Richard Smith / Victims Board: Neil Jerome / Hate Crime Panel: Dave Stringer) to ensure that where the MPS has an implementation role in their objectives, this is carried through in the Met Business Plan. MOPAC is sourcing additional capacity through consultancy to develop programme planning tools to ensure a consistent approach to delivery of the Police and Crime Plan. This will include how objectives with multi-stakeholder involvement are aligned. MOPAC's new internal governance arrangements ensure oversight of all PCP objectives and any subsequent risks are managed effectively.	Roisha Hughes March 2018 Gemma Deadman
2.	MOPAC should agree the key metrics required to monitor and measure performance across all of its delivery partners (which includes, but is not limited to, the MPS) so that MOPAC can, in simple terms, measure and articulate performance against each priority set out in the PCP and evaluate and report on performance against the PCP, in its entirety. MOPAC should ensure reporting to the public is easily digestible, understandable and conveys key performance achievements against measurable factor	Medium	A part of the Police and Crime Plan was the development of a performance framework with indicative metrics . The key measures for each area of the PCP were published alongside the plan. Subsequently, an interactive dashboard covering the key priorities of the plan was published on the MOPAC website "Measuring the things that matter" covers key metrics at a glance. This includes 'High harm crimes', local priorities, all crime and ASB, public perceptions, information supplied to victims and the workforce. Following this, other key public dashboards have been developed – with both Crime and Public Voice dashboards now available. These show further metrics related to key P&CP priorities – in particular the local priorities and the long term trends in user satisfaction and public attitudes. Although, as a key element of the P&CP framework, there are no targets – the visualisations allow users to clearly interpret trends and the direction of travel. Alongside the interactive dashboard, MOPAC also publish a quarterly performance report covering the key areas of the PCP and contextual information. This is uploaded onto the MOPAC website and provided to the Police and Crime Committee. MOPAC's new internal governance arrangements ensure oversight of all PCP objectives and any subsequent risks are managed effectively. The PCP delivery group is in place to monitor and measure effective delivery of all commitments in the Police and Crime Plan.	Mat Pickering Currently implemented

Appendix C: Joint value for money action plan 2016/17

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3.	Review the roadmap against the OMM Blueprint, to further align them both to the now finalised PCP and forthcoming MPS Business Plan. This will ensure that strategic and transformation objectives are effectively translated into the Programme Mandates.	Medium	Work has been undertaken to refresh the roadmap and to further align deliverables with the PCP and Business Plan. An early draft of the roadmap was presented to the September Management Board and following feedback Andrew Goodman and Pierre Coinde are working on further refinements.	Roisha Hughes/Alison Newcomb January 2018
4.	Ensure design documentation is periodically reviewed and updated so that transformation initiatives remain aligned to corporate objectives and the wide ranging changes that are envisaged over the next few years	Medium	Work to refresh the strategic blueprint commenced in August 2017. The scope of this work includes defining the process for regular review by MB of the blueprint vision, objectives and assumptions. The OMM Design Authority will serve as the primary mechanism for validating that current and future designs are aligned to the latest articulation of corporate objectives.	Alison Newcomb June 18
5.	The existing resourcing shortfall presents a critical risk to the delivery of the One Met Model, its financial savings and wider transformational outcomes. The MPS must continue to proactively recruit into Business Change, Programme and Project Manager positions to reduce its reliance on contractors and consultants.	High	This risk is being actively managed. The first phase of external recruitment is now complete with 25 new staff expected to join by December 2017. The second phase will be launched in November 2017.	Peter Fox Phase 1 recruitment – complete Phase 2 recruitment – Nov 17 – Apr 18
6.	Whilst capacity gaps remain, the MPS must prioritise, as far as possible, those areas where Transformation Directorate support is critical to the realisation of savings or wider non-cash benefits, and ensure resources are aligned to mitigate the most significant risks of non-delivery arising from the capacity issues	High	The change portfolio has been reviewed and prioritised in H1 17/18 against a set of weighted criteria including their contribution to cashable and non-cashable benefits. Those projects ranking most highly are being prioritised in the resource allocation process which is now well established	Andrew Goodman Complete
7.	Develop a holistic understanding of the cost of transformation and totality of benefits for the portfolio in its entirety. Ensure this understanding aligns with the assumptions in the MTFS and identify at an early stage whether additional mitigation is required to meet financial requirements over the medium term	High	A portfolio cost and benefits model has now been developed in order to provide this holistic understanding. It has been informed by the assumptions in the MTFP. Additional mitigation will be required to meet medium term financial requirements and this has been explored initially in the budget scrutiny process for 18/19. A more substantive piece of work to investigate where we should drive further savings opportunities across the change portfolio will report by the end of the year.	Andrew Goodman/Ian Percival December 2017
8.	The Transformation Directorate should report programme performance against agreed capital and revenue savings for inclusion in Portfolio reports. The TD should also include reports monitoring progress of non-cashable benefits.	High	Capital and revenue spend and forecast is now included in PIB and PMG portfolio reports. The granularity of the financial data needs further refinement to enable better decision making across the portfolio. Working closely with BSS programme to ensure programme and portfolio level reporting will be available in Police Standard Operating Platform (PSOP).	Alison Newcomb/Ian Percival April 18

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9.	Understand the causal factors behind the previous inaccurate budgets and ensure the organisation is satisfied those factors are not present in the current DP forecasts. As part of this, develop a fuller understanding of the risk exposure – and cost – of the unsupported legacy systems	Medium	A review has been undertaken and a report provided to Management Board, addressing the issues identified within the recommendation. As result of the increased understanding and clarity around future IT projections the 18/19 budget includes an increase in the IT budget, funded from baseline savings elsewhere in the MPS.	Ian Percival/ Angus McCallum Complete
10.	Ensure there is sufficient headroom within savings plans to mitigate risk and offset non-delivery of savings schemes and benefits	Medium	To the extent this is possible, the 18/19 budget is being prepared with some headroom within the savings plans.	Ian Percival November 2018
11.	Enhance reports to explore more fully the impact of non-delivery of planned savings on the wider financial strategy, transformation agenda and achievement of non-financial benefits inherent within the OMM. Timely impact assessments to determine the full extent of consequences will support effective and informed decision making in response to the non-delivery.	High	Linked to recommendation 8. We accept this needs to happen and Finance will work with the Transformation Directorate on this issue. There has been a slight delay whilst recruitment into key roles progresses.	Ian Percival March 2018
12.	Quarterly reporting should include a detailed analysis of the use of reserves. This should demonstrate clearly how planned and actual use of reserves is delivering (or will deliver) the anticipated transformational changes, and provide a holistic picture of the funding investment used to deliver transformational change, outside of 'business as usual'.	High	Reserves support transformation and one-off expenditure. Quarterly financial monitoring reports now include detail on the use of reserves. The holistic picture re the costs of change is addressed in recommendation 7.	Ian Percival Complete See recommendation 7

