MPS-MOPAC JOINT AUDIT PANEL
Monday, 15 January 2024, 14:00

New Scotland Yard – Room G1

Membership
Jayne Scott (Chair)
Sam des Forges
Jon Hayes
Ros Parker
Marta Phillips

Attendees

MOPAC
Diana Luchford, Chief Executive Officer
Lisa Kitto, Interim Chief Finance Officer and Director of Corporate Services
Kenny Bowie, Director of Strategy and MPS Oversight
Will Balakrishnan, Director of Commissioning and Partnerships

MPS
Clare Davies, Chief People and Resources Officer
Adrian Scott, Chief Strategy and Transformation Officer
James Hunter, Head of Strategic Planning and Risk
Annabel Scholes, Chief Finance Officer
Mark Roberts, Director of Commercial Services
DAC Alexis Boon, Performance and Insight

Audit Representatives
External Audit Grant Thornton – Mark Stocks, Parris Williams - tbc
Internal Audit – Julie Norgrove, Head of Internal Audit MOPAC and MPS; David Esling; Lindsey Heaphy

Business to be considered

The next meeting of the Audit Panel is scheduled to be held on 19 April 2024

MPS-MOPAC JOINT AUDIT PANEL

2 October 2023

Record of the Meeting

PRESENT

Panel:
Jayne Scott – Audit Panel Chair
Sam des Forges – Member
Jon Hayes – Member
Ros Parker – Member

MPS:
Alexis Boon, Deputy Assistant Commissioner
Clare Davies, Chief People and Resources Officer
Michelle Thorp, Director of Transformation and Temporary Director of Strategy and Governance
Annabel Scholes, Chief Finance Officer
Hester Warner, Secretariat and Governance Lead

MOPAC:
Diana Luchford, Chief Executive Officer
Lisa Kitto, Interim Chief Finance Officer and Director of Corporate Services
Kenny Bowie, Director of Strategy and MPS Oversight
James Bottomley, Head of Oversight and Performance

Audit Representatives:
Julie Norgrove, Head of Internal Audit for MPS and MOPAC
David Esling, Head of Audit and Assurance, Internal Audit
Lindsey Heaphy, Head of Audit and Assurance, Internal Audit
Parris Williams, Grant Thornton, External Audit

1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF INTERESTS

1.1 Apologies were noted from Panel member Marta Phillips and from James Hunter, Head of Strategic Planning and Risk (MPS).

1.2 The Chair advised that since the Panel's last formal meeting in August, there had been a number of introductory meetings as part of the continuing induction of the new Panel. The Panel had met with Lib Peck and Karina Wane-Henry from the Violence Reduction Unit; and with DAC Alexis Boon to discuss the MPS's Performance Framework. The Chair had also held discussions with Sophie Linden, the Deputy Mayor for Policing and Crime; Diana Luchford, MOPAC's Chief Executive Officer; and Will Balakrishnan, MOPAC's Director of Commissioning and Partnerships.

2. RECORD OF THE MEETING HELD ON 2 AUGUST 2023

2.1 The record of the meeting held on 2 August 2023 was agreed.

2.2 The completed actions from the 2 August meeting were noted. There was discussion of two actions that were continuing to be progressed:

- Action 4: The Panel would discuss further with the MPS the reporting to the Panel on the implementation of recommendations made by oversight and review bodies once Adrian Scott, the new Chief Strategy and Transformation Officer was in the role.
- Action 6: MOPAC would develop a proposal for discussion with the Chair, regarding the relationship between the Panel and the London Policing Board, and appropriate reporting arrangements.

3. AUDIT PANEL TERMS OF REFERENCE AND FORWARD WORK PROGRAMME

3.1 The updated Terms of Reference for the Panel were agreed.

3.2 There was a discussion of the draft agendas for the Panel's next two meetings. The following points were made:

- It was important to ensure that agendas were not overloaded and there was time to focus on the most important issues.
- Some of the issues previously reported on quarterly may not need that frequency of reporting if the Panel had assurance of the organisation's grip on the issue.
- The MPS would report to the April meeting on its diversity and inclusion strategy and implementation.
- Given its importance, an update on the New Met for London Plan would be a standing item on future agendas. Further consideration would be given to what would be most useful for those reports to focus on.

3.3 The draft agendas for the January and April 2024 meetings would be amended accordingly.

Action 1: The draft agendas for the Panel's January and April 2024 meetings to be amended as discussed and circulated to the Panel, MPS and MOPAC.

Action 2: The Chair to give a steer on the focus of the particular papers, where this is requested by the person to be presenting the paper.

Resolved: The Joint Audit Panel agreed the revised Terms of Reference.

4. A NEW MET FOR LONDON

4.1 Michelle Thorp introduced the paper which updated the Panel on the implementation of the New Met for London Plan, explaining that the paper included the Commissioner's report to the first meeting of the London Policing Board. She outlined particular areas of progress in the areas of the Met Contact Centre (MetCC), counter corruption, property stores and the Parliamentary and Diplomatic Protection command.

4.2 Alexis Boon outlined the development of a frontline performance framework which contained clear lines of accountability. It would improve the MPS's insight and enable a better understanding of the service it delivers. The MPS was working with MOPAC on developing the framework. A proposal was being developed on reconfiguring resources to ensure that there was the capacity to deliver the performance products.

4.3 Clare Davies advised that the first step for improving the supervisory ratios was stabilisation of the workforce – to identify the areas that were most stretched and to prioritise. They would also be working on ensuring that supervisors worked effectively, making working in BCUs and in local policing an attractive offer, and understanding more about demand.

4.4 There was a discussion of the falling number of applications being received, noting that this was an issue also affecting other organisations. While the entry route into policing was mandated nationally, the Met advised that it was able to choose a mix of entry routes.

4.5 The Panel noted that given the importance of workforce planning and its criticality to the implementation of the New Met for London, this would be an area suitable for the focus of a future report to the Panel (paragraph 3.2 above refers).

4.6 It was noted that the Commissioner's report set out an initial, indicative cost for delivering the New Met for London but that it did not include a full workforce plan. The Panel was advised that Annex D of the Plan set out the programmes for reform that were not costed. Prioritisation work was ongoing.

4.7 The Chair noted that as long as the financial requirements to underpin the plan had not been fully quantified, nor the availability of funding confirmed, the overall finance risk around delivery of the plan could not be quantified and asked the MPS to keep the Panel informed as this develops.

Resolved: The Joint Audit Panel noted the report.

5. MOPAC RISK MANAGEMENT REPORT

5.1 James Bottomley introduced MOPAC's Risk Management Report, advising that MOPAC had revised its Risk Management Framework as part of the Greater London Authority (GLA) Group Collaboration. The Framework had been approved by the MOPAC Board, along with an initial high-level statement on its risk appetite. The principles in the framework and the themes across them were used to support and drive decision making in MOPAC. Responsibility for risk management had been broadened across the organisation. The same governance and controls were used to manage risks and issues.

5.2 The paper outlined MOPAC's oversight of the MPS's technology programmes, which was primarily around the decision-making process. The Panel was advised that MOPAC did have a gap in capability in this area and that options to address this were being developed. The Panel requested that a further update be included in MOPAC's next risk management update paper.

Action 3: MOPAC to provide an update on its oversight of the MPS's technology programmes in its next report to the Panel on risk management.

Resolved: The Joint Audit Panel noted MOPAC's risk management approach, risk appetite statement and its current oversight of the MPS's technology programmes.

6. MPS RISK MANAGEMENT REPORT

6.1 Michelle Thorp introduced the MPS's Risk Management Report, advising that the MPS had strengthened its governance of risk and was carrying out a review of its risks. The Panel was advised that the decisions made by the MPS's Audit and Risk Assurance Committee (ARAC) relating to the development of Risk Appetite Statements and building risk capability were in principle at that stage as there needed to be further discussion with the Commissioner and the Deputy Commissioner.

6.2 The Panel noted that risk management was more than just a process but was a way of working. The MPS needed to ensure that it was driving the right conversations across the organisation to be operating effectively.

6.3 The Panel asked if the actions relating to risk management were the responsibility of a small cohort, or if it was spread across the organisation. The MPS advised that there was a hybrid delivery model, with a spread of Senior Responsible Officers, balanced against other projects and performance responsibilities. The centre and the enabling functions had the most responsibility in this area.

Action 4: MPS to provide for the Panel's next meeting a schematic of the MPS's boards and committees.

Resolved: The Joint Audit Panel noted the changes to the MPS's approach to risk management and the further work that was taking place to support those changes and to refresh key corporate risks and issues.

7. EXTERNAL AUDIT 2021/22 AND AUDIT PLAN 2022/23

7.1 Parris Williams introduced Grant Thornton's audit progress report and sector update. He advised that the audit of the 2022/23 financial statements was ongoing. He advised that, as included in the report, a financial reporting issue had arisen regarding the actuarial valuation of the Police Pension Scheme. He provided an update, advising that a decision had been taken to hold the audit until a revised actuarial assessment was provided. It is therefore unlikely that the audit target dates would be met.

7.2 The Panel was advised that the 2022/23 value for money opinion was unlikely to be completed in time for the January Audit Panel meeting, but that Grant Thornton would be able to provide a verbal update at that meeting.

Action 5: Grant Thornton would provide a verbal update on the 2022/23 value for money opinion to the Panel's January 2024 meeting.

Resolved: The Joint Audit Panel noted the audit progress report.

8. MOPAC GOVERNANCE IMPROVEMENT PLAN

8.1 James Bottomley introduced MOPAC's governance improvement plan report advising that the plan had been refreshed following the recent Annual Governance Statement. It will continue to be revised in order to reflect any learning from the first meeting of the London Policing Board and the impact of the May 2024 Mayoral election.

8.2 The Panel noted that it was a comprehensive document, indicating that MOPAC had appropriate structures and processes. While the Panel continued to be interested in the development of the performance framework for the London Policing Board, six-monthly rather than quarterly reports to the Panel would be sufficient.

Resolved: The Joint Audit Panel noted improvements being made in MOPAC governance through the Governance Improvement Plan and agreed that MOPAC should provide six-monthly updates to the Panel.

9. MPS AUDIT AND INSPECTION AND GOVERNANCE IMPROVEMENT PLAN UPDATE

9.1 Michelle Thorp introduced the report which provided a summary position of its Governance Improvement Plans and of inspection activity and engagement over the last quarter. The report also set out progress made on recent audits rated limited. The Panel was advised that now that the Annual Governance Statement had been finalised, future updates would be based on the Governance Improvement Plan, which was due to be completed for the January meeting. There continued to be a significant amount of audit and inspection activity, with the MPS focussing on understanding the root causes of the issues identified.

9.2 The Panel noted that the MPS was continuing to receive recommendations arising from audits and inspections, adding to those previously received. It questioned how the MPS would get to the position of being proactive rather than reactive to review findings.

9.3 Michelle Thorp advised that the advisory approach being taken by the internal auditors (Directorate of Audit, Risk and Assurance (DARA)) was welcomed, and that the MPS had written to His Majesty's Inspectorate of Constabulary and Fire and Rescue Service (HMICFRS) regarding the number of inspections. They would also continue to identify thematic issues in the recommendations and see where an appropriate response could be incorporated into existing work.

9.4 The Panel noted in the report the MPS's approach to the risks that were marked as tolerated, and advised that, if the MPS was able to provide assurance that those processes were working they would not need to be updated at each meeting.

9.5 Julie Norgrove observed that the Audit Panel's focus was on ensuring the strategic underlying issues, which cut across recommendations and had informed the New Met for London Plan, were being addressed. It would be helpful for the Panel to see the relevant activity mapped out and consolidated in the Governance Improvement Plan.

9.6 The Panel recognised the scale of the challenge facing the MPS and the importance of having robust governance arrangements and processes, noting the MPS's difficulty in doing this at a time when there were also pressures in other areas of its business. The Panel was committed to providing its oversight and challenge in a way most beneficial to the organisation. It was agreed that it would be useful for the Panel to have a separate session with the MPS once the MPS's Management Board had held its deep dive on risk.

Action 6: The Panel and the MPS to have a separate session on governance and risk once the MPS Management Board had held its deep dive session on risk.

<u>Action 7</u>: The MPS to submit to the January Panel meeting its completed Governance Improvement Plan, including actions to address underlying issues highlighted by DARA.

<u>Resolved</u>: The Joint Audit Panel noted the governance overarching actions for 2023/24.

10. DIRECTORATE OF AUDIT, RISK AND ASSURANCE ACTIVITY REPORT

10.1 Julie Norgrove introduced the report updating on the internal audit activity and providing a forward look to activity planned for the next quarter, noting that there was a focus on providing advisory work to the MPS and MOPAC. Key areas highlighted included:

- The importance of getting risk management embedded in the organisations.
- Developing the MPS's Frontline Policing assurance framework and the importance for this to be aligned with a defined strategic corporate approach.
- Counter fraud activity.
- Reviewing MPS contract management, including third party assurance.

<u>Resolved</u>: The Joint Audit Panel considered the work of internal audit and the status of the current and planned activity.

11. TREASURY MANAGEMENT OUTTURN 2022/23

11.1 Lisa Kitto introduced the report which set out the performance of the 2022/23 MOPAC Treasury function, noting that the transfer of the Group Investment Syndicated assets from the Greater London Authority into the London Treasury Liquidity Fund had been completed.

11.2 The Panel inquired about the slippage in capital spend and were advised that this was partly due to the timing of budget setting, with the risk of positions changing in the meantime. MOPAC and the MPS were investigating whether capital budgets could be set closer to the start of the financial year, and also considering other issues that were causing the slippage.

<u>Resolved:</u> The Joint Audit Panel noted the Treasury Management 2022/23 outturn.

12. AOB

12.1 Commander Ben Russell provided an update to the Panel on the cyber security incident involving the IT system of one of its suppliers. He advised that the MPS was reviewing the incident to identify any lessons.

The next meeting is scheduled for 15 January 2024.

Audit Panel Meeting Actions

2 October 2023

Ref	Actions	Status
1	The draft agendas for the Panel's January and April 2024 meetings to be amended as discussed and circulated to the Panel, MPS and MOPAC.	Completed
2	The Chair to give a steer on the focus of the particular papers, where this is requested by the person to be presenting the paper.	An ongoing action
3	MOPAC to provide an update on its oversight of the MPS's technology programmes in its next report to the Panel on risk management.	On agenda of April 2024 meeting
4	MPS to provide the Panel with a schematic of the MPS's boards and committees.	Completed. Sent 8 December.
5	Grant Thornton would provide a verbal update on the 2022/23 value for money opinion to the Panel's January 2024 meeting.	Agenda item 7
6	The Panel and the MPS to have a separate session on governance and risk once the MPS Management Board had held its deep dive session on risk.	Panel and MPS met on 4 December
7	The MPS to submit to the January Panel meeting its completed Governance Improvement Plan, including actions to address underlying issues highlighted by DARA.	Agenda item 6

2 August 2023

Ref	Actions	Update
4	The Panel and the MPS to agree reporting to the Panel on the implementation of recommendations made by oversight and review bodies to give the necessary assurance on action taken to address areas of improvement identified.	In progress
6	MOPAC would develop a proposal for discussion with the Chair, regarding the relationship between the Panel and the London Policing Board, and appropriate reporting arrangements.	In progress

MPS-MOPAC JOINT AUDIT PANEL
15 January 2024

A New Met for London – Progress Update

Report by: Chief Strategy and Transformation Officer

<u>Report Summary</u>

Overall Summary of the Purpose of the Report
To provide a quarterly assessment of progress in delivering A New Met for London (NMfL) and achieving its mission of More Trust, Less Crime and High Standards. This report covers the period September 2023 to 15 November 2023.

Key Considerations for the Panel
The report highlights key areas of progress we are making on performance and transformation as well as the combination of challenges we are facing. We are at a pivotal moment in securing the ability of the Met to meet public expectations:

- The unique combination of resource pressures arising from the long-term reduction in funding per capita in the policing of London and the shorter-term impact of events in the Middle East that are taking capacity and capability out of neighbourhood policing, proactive crime reduction and transformation.

- Being so bent out of shape is exhausting officers and staff as well as aggravating their frustration at the speed of reform. They want the training, technology, equipment and support they need and are increasingly anxious operationally as they see colleagues lives turned upside down for years.

- This all then makes it harder to move the dials on crime performance or public trust, for example, through strengthening neighbourhood policing.

This is why addressing the £250 million budget gap for next year as a first step towards the £850-950 million required to deliver the expectations of communities is so critical. To meet that gap, we may need to lower our reform ambition, looking again at NMfL.

Interdependencies/Cross Cutting Issues – none

<u>Recommendations</u>

The Audit Panel is recommended to:

a. **Note** the progress made.
b. **Note** the challenges the Met faces.

Demand on resources

1. We are experiencing an extraordinary period of pressure on Met resources. This is making it significantly more difficult to fight crime and keep Londoners safe and take forward the important work we need to do to reform the Met.

2. The ongoing Israel/Hamas conflict continues to have a substantial impact on the streets of London. This is in parallel with the Just Stop Oil campaign, which is requiring daily resource and extensive follow-up, as well as the usual rhythm of ceremonial events such as Remembrance Sunday, state occasions, football demand and campaigns to combat rises in crime and violence during the winter.

3. From 7 October to 19 November 2023, over 15,000 officer shifts were completed on shifts connected to protest/vigils, including over 1,000 shifts by officers on mutual aid. This does not include officers policing small protests and vigils in local communities as part of their daily role, which has also been a very significant demand. The total estimated cost to the Met up to 19 November is £12.6 million.

4. Local policing has also been significantly affected. The large increase in anti-Semitic (+1,000%) and anti-Muslim hate crime (+245%) has necessitated the creation of a dedicated hate crime team in each BCU, which are currently handling over 800 crimes. We estimate this will require around 6,500 hours of officer time to investigate. The financial impact of this is not included in the figure above.

5. The increase in tensions and concerns since 7 October means we have boosted our engagement with the local communities most affected, having carried out over 9,100 visits to religious premises, schools and other locations. On average there are over 1,000 visits being carried out per week by officers across London. This has meant an additional 1,653 hours of policing activity.

6. The impact of Just Stop Oil, while less than that related to the Israel/Hamas is still significant. From 22 October to 19 November, over 6,100 officer shifts were completed.

Wider impact

7. The significant number of arrests across the recent protests is putting huge pressure on investigation teams. While we are doing what we can to bolster these with resources from elsewhere, the available pool is finite and every decision to move officers and staff creates an impact elsewhere.

8. The wider impact on local policing is also substantial and growing. Emergency response officers and neighbourhood teams are being drawn either into policing the events or backfilling others who are. This will undoubtedly have an impact on our ability to respond to and investigate crimes taking place in communities.

9. There is also an impact on the welfare of officers. We have cancelled c. 4,000 rest days and for each public order event we are drawing on the same group of people. Some officers have worked every weekend since 7 October 2023, with obvious impacts on their lives. Early analysis we are carrying out is showing that our sickness rates are rising, and it would be sensible to assume that will continue and worsen.

10. This activity also comes ahead of a significant period of transformation. In the new year we are pursuing ambitious reforms which involve heavy amounts of change across our BCUs and other locally engaged teams. This includes the work we are doing to implement our new proactive teams, transform public protection and neighbourhood policing, and move to the next implementation stage of the CONNECT IT system. Carrying out this reform while resources are so stretched, and local officers are under such strain, will be extremely challenging, and in some cases, impossible.

Resources

11. Our ability to reform and deliver for the people of London is fundamentally underpinned by the resources and funding available to support us. The Met currently has a budget gap of £250 million for 2024-25.

12. That budget gap is projected to grow, as is the gap between what we will have available and what we need to do to meet the expectations that Londoners and Met officers, staff and volunteers have for us as an organisation. Taken together and building on what we want to deliver through the NMfL over the next two years, our initial estimate of the cost of closing the budget gap, embedding reform of the MPS and meeting the rising demand to deliver the level of policing that London deserves between now and the end of 2027-28 is £850 million - £950 million. That is likely to be the minimum amount required to meet our long-term ambition for policing London.

13. Whilst other countries have increased real terms funding to their capital cities, the Met’s funding lags behind its peers. We have also seen below average funding increases in real terms: both nationally compared to other police forces and compared to global cities such as New York and Sydney, whose budgets per capita are c. 50% higher, at £530 and £550 respectively, compared to £360.

14. Because the population of London has risen so rapidly, in real terms the Met has experienced the most dramatic funding cut in England and Wales. For the Met to match real-terms funding of 2012 would require an increase in per-capita funding of 27%, the equivalent of an additional £878.0m investment for 2022.

15. The Met, as a capital city police force, bears the pressure of the vast majority of national policing activity usually funded through the National and International Capital Cities (NICC) fund. We have done rapid work internally to update our assumptions and estimate that the present-day gap in NICC funding could be up to £240.0 million.

16. The Met is fully committed to ensuring its finances are on a sustainable footing, and in this budget have committed to finding 2% of efficiencies next year, and a total of £122.6 million over four years.

17. However, the funding needed to close the budget gap and deliver the NMfL is on top of those efficiencies we have already committed to deliver. If that additional funding must be made up through cuts then difficult decisions would be required. These would have a direct impact on Londoners, the quality of the service the Met provides, and on the Met's ability to deliver its reform priorities in NMfL. These decisions are likely to include options like:

- Significantly lowering our reform ambition, looking again at NMfL. This could mean slowing down NMfL delivery to extend over a four-year period rather than two years, or pausing delivery of parts of the plan to prioritise only the most critical reforms and the work to fix our foundations.

- Significantly lowering operational ambition in key areas. This could mean taking officers and Police Community Support Officers (PCSOs) off the frontline, cutting our officer headcount by at least 2,000 (a major programme to fill skilled roles being done by officers with skilled staff so officers can be put back on the frontline) so we can invest in fixing our foundations or reinvesting funding given to us by Transport for London and other partners in order to fund NMfL activity.

- Using blunt tools to make immediate savings: halting recruitment or making greater use of short term resources.

Summary of reform progress

<u>Community Crime-Fighting</u>

18. Delivering the NMFL *Strongest Ever Neighbourhood Policing* programme is not predicated simply on growth, but on changed ways of working so that the Met can better mobilise the considerable resources currently assigned to neighbourhood policing in a way that looks and feels different.

19. The Early Intervention Scheme and the 'Clear, Hold, Build' pilots to tackle serious and organised crime in partnership with communities. In Barnet, there have been more than 160 arrests and the pilot has been extended.

20. On PCSO recruitment, we began a new attraction campaign in October 2023, expected to impact the candidate pipeline in November 2023. Application volumes have increased by around 62% in July to September 2023 (averaging 414 a month) compared to January to May 2023 (averaging 254 a month). However, at this stage of the performance year, any sustained uptick will feed delivery in 2024-25. We expect to have c. 1,200 new PCSOs by the end of that year.

21. On public protection, we have seen operational success in our targeting of the top 100 most harmful offenders, produced a draft tackling Violence Against Women and Girls (VAWG) action plan, and begun engagement on the Child-

First Strategy, with further additional youth sessions planned for October and November 2023. See separate paper on this agenda for more detail.

22. Spotlight on improving our service to victims of crime

- Right Care, Right Person is an operational model developed by Humberside Police that changes the way the emergency services respond to calls involving concerns about mental health. We launched the scheme on 1 November. In advance of launch we trained more than 1,000 MetCC operational staff.

- It will ensure the right agency deals with health-related calls, instead of the police being the default first responder. It has been shown to improve outcomes, reduce demand on all services, and make sure the right care is being delivered by the right person.

- Where there is a real and immediate risk to life or serious harm, officers will respond swiftly as they currently do. Early data suggests that, in the first 12 days of operation, there were 2,500 fewer deployments to health-related calls, approximately equivalent to 20,000 officer hours saved. We continue to work with partners to test how the model is impacting on them and on Londoners.

23. We have made considerable progress, with all new Met Contact Centre posts filled and performance improving. In October 2023, 89.7% of 999 calls were answered in 10 seconds (up from 57% in June and a significant and sustained improvement from where we were last year) and there was a 100% compliance rate for Thrive+; and a 10% reduction in repeat callers in 2023.

24. Spotlight on victim support

- In September, we launched a pilot of My Met Service with emergency response officers across London, as well as our QR Victim Information Leaflets. This service will be rolled out more widely in December. We also created the Victim Voice Forum, with MOPAC. The second forum took place on 16 October 2023.

- We've expanded our Victim Focus Desk, extending opening hours to provide a Monday-Friday 08:00-20:00 and Saturday and Sunday 08:00-16:00 service. A recruitment campaign for 60 new dedicated posts is ongoing.

- The desk allows victims who have recorded their crime with us to contact a dedicated line, separate to 101, to seek updates on their crime, get crime prevention advice or be referred to a third party organisation for further support. In September alone, the desk received 26,700 calls from victims.

- We launched an in-store 'click and collect' process to request exhibits, as part of the Criminal Exhibits Transformation programme.

Culture Change

25. The causes of concern and associated recommendations from the HMICFRS report "*An inspection of the Metropolitan Police Service's counter-corruption arrangements* and *other matters related to the Daniel Morgan Independent Panel*" have been a priority. We are now in a position where the recommendations have either been fully closed by HMICFRS or we await their verification of evidence ahead of formal closure.

26. We have appointed a new Assistant Commissioner to lead a new Culture, Diversity and Inclusion directorate.

27. <u>Spotlight on Stop and Search Charter</u>

What

- In A New Met for London, we committed to a Stop and Search Charter. Developed with communities, the Charter will outline a joint agreement that goes beyond the legal definitions of the power, taking into account what the people of London feel they need to rebuild trust.

- The work to develop the Charter is in three phases: scoping London-wide engagement; co-creating with London communities; and delivering the Charter through effective implementation.

How

- Engagement with individuals and organisations representing London communities (e.g. faith leaders, community monitoring networks and Independent Advisory Groups) began in July. An introductory letter was also provided for Members of Parliament, outlining how they and their constituents could be involved.

- Stakeholders were invited to one of three separate events held at New Scotland Yard in September, with one being a dedicated youth event. Each borough hosted a series of events to listen to community opinions and to ensure we captured the views of those most likely to be affected by stop and search. Two further online events took place in October, which were open for any member of the public.

What next

- Based on the feedback received and information gathered, we expect to complete a first draft of the Charter by the end of November.

- We are already undertaking work to determine what is needed to implement the Charter effectively, including the required officer training, policies, governance and data.

- We are also developing processes that will allow for the right level of internal and external scrutiny of how the Charter is implemented.

Fixing our Foundations

28. We have taken further steps to make it easier for our people to do their jobs. We have:

- Delivered a new performance framework and are midway through rolling out our new approach to tasking locally. On top of this, in the new year we will be rolling out our new proactivity teams across BCUs to allow us to better align resources and specialist capabilities to the areas of greatest need;

- Rolled out WhatsApp to all Met mobile phones, speeding up communication between colleagues, partners, victims and stakeholders, and launched a new Pocket Notebook application in July 2023, enabling officers to create notes digitally, on all Met tablets, laptops and smartphones.

- Moved the suspect and witness interview recording system to a new secure cloud-hosted system that will replace DVD recorded interviews began in Plumstead on 4 October.

- Begun to roll out 24,000 personal issue bleed kits, with all BCU / OCUs and HQs due to have them by the end of November 2023. Kits already issued have already had a positive effect on the frontline. We also secured new cold weather uniform for 12,000 frontline officers and staff.

29. <u>Spotlight on Leadership and Learning</u>

- Our First Line Leaders programme has proved successful, with positive feedback from those taking part (26.8% Very Satisfied, 45.1% Satisfied, 17.4% Neutral, 4.6% Unsatisfied, 4.2% Very Unsatisfied). Those showing they were not satisfied commented that they found the course content did not relate to their job role.

- Although 630 newly-promoted line managers (85% of our target group) have completed the course, there remains a risk to delivery by April 2024 as a result of individuals dropping out or not enrolling at all. We have put in place mitigations to address this.

- We have also improved our recruit training. In November 2023 we launched a new interactive training week for recruits prior to street duties. Each class of recruits also have a dedicated sergeant to provide a stronger link between their training and their day-to-day work in the community.

- Personal Development Review completion rate has increased from 18.8% to 49.1% since July 2023, and we have embarked on the next phase of delivering our new Learning Management System, with early configuration items mobilised.

30. We also continue to develop the business case for the Leadership Academy and we are making good progress on the first engagement sprint to define the strategic direction. Funding has been earmarked for 2024-25 but has not yet been confirmed.

Strategic Challenges and Risks

Recruitment

31. It remains tough to attract and recruit in London; this is especially acute for public sector organisations. We cannot offer competitive salaries to prospective officers and staff – we could fundamentally change our pay model, but this will require reform and additional funding.

32. We launched a refreshed advertising campaign for new Constables, resulting in 931 Police Constable applications and 410 Detective Constable applications in September 2023, the highest since March 2023 and a month-on-month increase since June 2023.

Transformation capacity

33. We are undertaking a significant and near unprecedented volume of transformation activity. This is creating pressure on our enabling functions (such as HR and programme managers). We have already grown the function and appointed a new Chief, and are appointing a Director of Strategy.

Equality and Diversity Impact

34. Some of the activity described in the Culture Change section will improve the Met's performance on Equality and Diversity.

Financial Implications

35. There are no direct financial implications.

Legal Implications

36. There are no direct legal implications.

Risk Implications

37. There are no direct risk implications.

Contact Details

38. Report author: James Hunter, Head of Strategic Planning and Risk

Appendices and Background Papers

Annex A – Performance Data

Annex A – Performance Data

Table 1 - Summary of Progress: More Trust

		Q2 22	Q2 23	% change	
More Trust	The proportion of Londoners who think the Met's doing a good job locally.	52%	48%	-4%	↓
	The proportion of Londoners who trust the Met.	71%	69%	-2%	↓
	The proportion of victims satisfied with the service the Met provides.	65%	64%	-1%	↓

Table 2 - Summary of Progress: Less Crime

	Offences	Q2 22	Q2 23	% change		FYTD	% change to FYTD		FYTD 3 year pre COVID average	% change to Pre COVID	
Less Crime	Neighbourhood Crime	55061	58397	6.1%	↑	139306	5.4%	↑	146682	-5.0%	↓
	Personal Robbery	6391	7129	11.5%	↑	17057	13.1%	↑	19127	-10.8%	↓
	Residential Burglary	8718	9648	10.7%	↑	21837	3.8%	↑	32138	-32.1%	↓
	Theft Person	12357	15532	25.7%	↑	39083	22.8%	↑	27845	40.4%	↑
	Vehicle Crime	27595	26088	-5.5%	↓	61329	-4.6%	↓	67571	-9.2%	↓
	Serious Violence	27532	29333	6.5%	↑	68568	7.3%	↑	67456	1.6%	↑
	Robbery	7024	8180	16.5%	↑	19404	16.9%	↑	20574	-5.7%	↓
	Violence with Injury	20478	21123	3.1%	↑	49092	3.9%	↑	46793	4.9%	↑
	Homicide	30	30	0.0%	↔	72	-2.7%	↓	89	-19.1%	↓
	Other Priorities										
	Hate crime ex DA	14.8%	8.8%	-6.1%	↓	16564	11.2%	↑	12273	35.0%	↑
	Anti-social behaviour (Incidents)	65,756	71,192	8.3%	↑	157920	5.4%	↑			
	Gun crime LBDs	77	39	-49.4%	↓	111	-26.0%	↓	219	-49.4%	↓

	Posititve Outcome Rates - R12 (Oct - Sept)	Last year	This year	% change	
Less Crime	Neighbourhood Crime	2.3%	2.0%	-0.4%	↓
	Personal Robbery	7.7%	5.4%	-2.3%	↓
	Residential Burglary	4.4%	4.1%	-0.3%	↓
	Theft Person	0.8%	0.9%	0.1%	↑
	Vehicle Crime	1.1%	0.9%	-0.2%	↓
	Serious Violence	12.3%	9.2%	-3.1%	↓
	Robbery	8.2%	6.2%	-2.1%	↓
	Violence with Injury	13.5%	10%	-3.2%	↓
	Homicide	93.5%	98%	4.7%	↑
	Public Protection				
	Domestic Abuse	11.1%	8.8%	-2.3%	↓
	Rape	5.4%	7.9%	2.6%	↑
	Other Sexual Offences	9.7%	9.7%	0.0%	↔
	Other priorities				
	Hate Crime ex DA	15.7%	10.6%	-5.1%	↓
		Q2 22	Q2 23	% change	

		Q2 22	Q2 23	% change	
High Standards	The time it takes to resolve public complaints.	15 days	25 days	10	↑
	The time it takes to resolve misconduct matters.	276 days	295 days	19	↑
	The level of disproportionality in misconduct matters, rate per 100 White Officers	1.3	1.4	0.1	↑
	The level of disproportionality in misconduct matters, rate per 100 Ethnic Minority Officers	2.5	1.9	-0.6	↓

Table 3 - Summary of Progress: High Standards

		Q2 22	Q2 23	% change	
High Standards	The time it takes to resolve public complaints.	15 days	25 days	10	↑
	The time it takes to resolve misconduct matters.	276 days	295 days	19	↑
	The level of disproportionality in misconduct matters, rate per 100 White Officers	1.3	1.4	0.1	↑
	The level of disproportionality in misconduct matters, rate per 100 Ethnic Minority Officers	2.5	1.9	-0.6	↓

MPS-MOPAC JOINT AUDIT PANEL
15 January 2024

MPS Risk Management Report

Report by: Chief Strategy and Transformation Officer

Non-restricted paper

Overall Summary of the Purpose of the Report

To provide:

- An overview of the decisions made at the Executive Team risk management workshop held on 8 November and the subsequent discussions at the Met's Audit and Risk Assurance Committee (ARAC) on 6 December. It confirms the Met's approach to risk management and outlines the current corporate risks and issues (annexes refer).

Key Considerations for the Panel

1. At its meeting on 6 December 2023, ARAC discussed the outcomes of the Executive Team risk management workshop.
2. ARAC noted the decisions made by Management Board at the workshop where they:
    a. endorsed the Risk Management Statement (Annex A);
    b. decided not to apply risk appetite and risk tolerance. Annex B is an executive summary of the revised risk management framework;
    c. endorsed the re-introduction of a deep-dive process (Annex C);
    d. endorsed the refreshed corporate risks and issues register (Annex D).

Interdependencies/Cross Cutting Issues

- The Met's governance improvement plan, reported in a separate paper, includes controls for some of our risks.

Recommendations

Audit Panel are asked to:

1. Note and endorse the improvements to the Met's approach to risk management following the decisions made by the Executive Team; and
2. Note the refreshed key corporate risks and issues.

1. Context

1.1. We reported to Joint Audit Panel in October on work conducted over the summer to ensure that corporate risks and issues reflect our objectives in a New Met for London (NMfL) and that our corporate risk management framework is effective and has adequate governance, accountability and clear roles and responsibilities at every level.

1.2. In September, ARAC had broadly endorsed the approach, but raised an action to hold a formal risk workshop for the Met's Executive Team to secure their full support.

2. Executive Team Risk Workshop

2.1. The workshop was held on 8 November and was for the Executive Team to collectively discuss in more detail how the organisation deals with corporate risks and issues. There were three objectives:

i. To sign up to and action the Risk Management Statement;
ii. To understand and agree the Met's risk appetite and tolerance levels;
iii. To agree the set of corporate risks and issues the Met faces.

Risk Management Statement

2.2. An important new element of the framework is a Risk Management Statement that aligns with our new organisation values and guiding principles (Annex A). It sets out our vision for risk management and provides a statement of intent to support and underpin the framework itself. It should be understood at all levels of the Met. It has been revised to accommodate the feedback from September's ARAC.

Executive Team decision:

2.3. The Risk Management Statement was endorsed and commended as well written.

Risk Management Framework

2.4. Within the revised framework there were proposals for the introduction of risk appetite and risk tolerance for use across the entire Met.

Executive Team decision:

2.5. At this stage, the Met will not apply risk appetite and tolerance levels to the proposed risk categories and the corporate risks within them. This is because there is too much variation within risk categories to be beneficial; a risk target score has been reintroduced instead.

At Annex B is an executive summary of the revised framework.

Deep Dive process

2.6. We proposed the reintroduction of a deep-dive process from March 2024 to ensure that risk owners are fully cognisant of the effectiveness of the controls for their risk areas and their dependencies (Annex C). The findings of deep dives would be reported to ARAC for scrutiny and challenge.

Executive Team decision:

2.7. The deep dive process was agreed.

2.8. It was also agreed that NMfL deliverables and outcomes should be specifically mapped against corporate risk and their controls. Where it is identified there are no or limited controls aligned to NMfL, these should be the focus of attention for Risk Owners for scrutiny via the deep dives.

2.9. The order in which risks will be the focus of a deep dive will be determined by ARAC according to their flightpath (trajectory). However, all corporate risks will be subject to a deep dive at least once a year.

Refreshed Corporate Risks and Issues Register

2.10. The proposal to include four broader strategic risks to align corporate risks and issues was agreed. These are the risk that we:

i. Fail to restore trust;
ii. Fail to reduce crime;
iii. Do not raise standards sufficiently;
iv. Fail to fix our foundations.

Executive Team decision:

The proposed risks and issues were agreed, and two new risks were identified:

i. Culture; and
ii. Conflicting Accountability.

2.11. The refreshed register (Annex D) details the agreed risk and issue descriptions, current score, and target score. Control effectiveness and information for each risk and issue will be developed in the current quarter and reported to ARAC and Joint Audit Panel in March 2024.

3. Update following ARAC (6 December 2023)

Executive Team decisions

3.1. The ARAC held on 6 December was the first chaired by Non-Executive Director (NED) Pippa Wicks; Executive Team members present at ARAC conveyed their view that the specific risk management workshop was a worthwhile, positive, and productive discussion and they were satisfied with the outcomes.

3.2. In light of the Executive Team decision not to implement risk appetite and risk tolerance at this time and following a presentation from Frontline Policing on their forthcoming Assurance pilot, the Chair proposed that risk appetite and risk tolerance be incorporated within that pilot, to begin to build understanding across the organisation.

3.3. The deep-dive process was discussed, and it was agreed to have a deep dive on every corporate risk at least once a year, to be carried out, out of committee. Any risks that were deteriorating would have more than one deep dive. The focus would be on ones that were not already aligned with NMfL.

3.4. The proposed schedule for 2024 is:

Risk	Risk Owner	Reporting to ARAC
2b – Managing Offenders	AC Ops & Performance	March 2024
3a – Standards	AC Professionalism	March 2024
4c – Workforce	Chief People & Resources Officer	March 2024
1a – Community Engagement	AC FLP	June 2024
3b – Culture Reform	AC Trust and Legitimacy	June 2024
4b – Technology & Data Availability	Chief Digital, Data & Technology Officer	June 2024
2c – Criminal Justice	AC Ops & Performance	Sept 2024
2d – Conflicting Accountability	AC Trust & Legitimacy	Sept 2024
4a – Cyber	Chief Digital, Data & Technology Officer	Sept 2024
1b – Victim Care	AC Ops & Performance	Dec 2024
2a – Public Protection	AC FLP	Dec 2024
4d – Reform Delivery	Chief Strategy & Transformation Officer	Dec 2024

3.5. We will provide the update and outcomes from the deep dives and any subsequent follow-up actions from ARAC with the Joint Audit Panel at the next appropriate meeting.

4. Equality and Diversity Impact

Individual control owners should ensure that their work to prevent and mitigate corporate risk has a positive race and diversity impact. Equality impact assessments will be undertaken on significant programmes of work.

5. Financial Implications

It is anticipated that the costs associated with the areas of work identified in the register will be met from the relevant unit’s staff and officer budgets. Any funding required over and above these existing budgets will be subject to the normal MOPAC/Met governance approval and planning processes.

6. Legal Implications

There are no direct legal implications arising from the recommendations contained in this report. Regulation 3 of the Accounts & Audit Regulations 2015 requires both the MOPAC and the Commissioner, as relevant authorities, to ensure that they have a sound system of internal control, which includes effective arrangements for the management of risk.

7. Risk Implications

The corporate risk report assists the Met to manage and track risk to the achievement of organisational objectives focusing particularly on whether controls are fit for purpose and manage risk areas as intended.

8. Contact Details

Report author: Tracy Rylance, Strategy & Transformation

9. Annexes

Annex A – Risk Management Statement
Annex B – Executive summary of Corporate Risk Management Framework

Annex C – Deep dive process and template
Annex D – Refreshed Corporate risks and issues

MPS Risk Management Statement

Our Vision for Risk Management

We will demonstrate an ongoing commitment to improve risk management throughout the Met and we will ensure we comply with our legislative responsibilities. We will use risk-based decision-making to improve performance. When we do this well, our people and Londoners are more safe and secure, and we are not surprised by things that could have been foreseen. We will do this according to our values of respect, integrity, empathy, courage, and accountability.

Our priority is to reduce those risks that would prevent us from achieving our mission of More Trust, Less Crime and High Standards and delivering the reform set out in A New Met for London. We are committed to building awareness and capability in the Met to ensure our people have the tools to effectively manage risk. We fully endorse our risk management framework as a way of working that will underpin and support our success.

We will not stifle innovation and will encourage responsible risk-taking and experimentation to enable delivery. We will operate according to our guiding principles, being collaborative in our approach to risk management when necessary.

We will ensure three things:

1. **Leadership**

   Our leaders embody and embed a culture of responsible risk-taking and encourage officers and staff to be innovative in their solutions. They will ensure that our people feel comfortable raising risks where necessary and appropriate and will not be seen as unduly negative for doing so.

   - Leaders will encourage their people to proactively spot risks so there are no unwanted surprises.
   - They will lead activity and not simply own actions; they will empower their people to work collaboratively across the Met and not in a silo, to ensure a coordinated approach to managing risks.

2. **Awareness and Skills**

   Our people will have an awareness and understanding of the risks relevant to their roles that affect our communities, our colleagues, and our performance.

   - We will actively communicate significant and relevant risk information among officers, staff, partners, and suppliers to ensure a precise understanding.
   - Our people will have access to the right risk advice, guidance and support. Those that specialise in risk management will receive training to support them further.
   - We will collaborate with partners to identify shared risks and develop appropriate response plans.

3. **Framework and Approach**

   We have clear processes that enable the effective management and escalation and de-escalation of risk, driving better decision-making and providing assurance to Management Board.

MPS Risk Management Statement

- We will identify people to own the actions to tackle risks and hold them to account through robust governance.
- We will assess risks with integrity and act to prevent, control or reduce them to an acceptable level. Our people will have the freedom and authority they need to take action to tackle risks, escalating them where necessary.
- We will continue to improve our risk management process, bringing it closer to our processes for audit and inspection and those of our partners and suppliers. We will conduct risk management health checks to track progress and assess organisational risk maturity.
- Fundamentally, we will improve our performance in managing risk through risk-based decision-making.

Annex B: Summary of Risk Management Framework

Risk management is a way of working, not just a process. It is inherent in all areas of policing, and doing it effectively is critical for the success of any organisation. Through this framework, we provide a structured, standardised way to deal with uncertainty and help everyone in the organisation manage the risk in their area effectively.

What is a risk and what is an issue?

A risk is defined by the International Risk Management Standard (ISO31000) as “the effect of uncertainty upon objectives”.

Risk	Issue
Something that might or might not happen in the future that may impact upon your aims and objectives.	Something that is currently happening or already happened that already does impact on your aims and objectives.

We promote proportionate risk management by both focusing on *key* risks and *key* controls at a strategic level and at the same time supporting empowered, local decision-making. A proportionate approach means we manage these risks in a systematic way designed to add value to the organisation and drive better performance.

Risk perception

Everybody’s perception of risk is different. A person’s propensity to take risk is determined by their perception of the situation, experience in similar situations and their personality. We will undertake risk identification and assessment as a collective to remove some of this subjectivity, moving towards a standardised approach and the introduction of appropriate risk controls.

Risk approach

The delivery of policing is inherently risky, and it is accepted that, to meet its objectives, the Met must take risks; these risks will be taken in a considered and controlled manner. It is accepted that, due to the nature of policing, risks will arise where the urgency of the situation can reduce the amount of time to fully evaluate the risks however front-line officers and staff and their line management must often make quick decisions based on the best information available, with due regard to threat and risk. Therefore, although not documented or reviewed in the same way as longer-term risks, the principle of “*taking risks in a considered and controlled manner*” is still followed, taking into consideration the College of Policing – APP (Authorised Professional Practice) Risk Principles.

Decisions must be taken where to allocate finite resources to maximise the chance of achieving objectives and delivering strategies. The more resource that is put into minimising risks, the less resource is left to take opportunities. Exposure to risks will be maintained at levels deemed acceptable to Audit and Risk Assurance Committee.

Governance and accountability

The risk management framework is a critical supporting document for the Met’s governance and continuously interacts with it.

MPS Risk Management Framework
Executive Summary

Management Board

Individual Management Board members will:

- support and endorse the Risk Management Statement;
- lead work to manage and address corporate risks;
- require proportionate information on risk when making decisions and provide challenge where necessary;
- ensure appropriate communication of risk-based decisions;
- raise risks for consideration at the corporate level;
- Seek assurance that corporate level risks are effectively managed.

Audit and Risk Assurance Committee

This will be the primary committee for assuring ourselves that strategic risks, including to the delivery of A New Met for London, are being managed effectively. Key responsibilities include:

- commissioning an annual review of existing and emerging corporate risks and monitor progress against them.
- undertaking a series of quarterly deep dives into corporate risks.
- Supporting, as well as holding senior risk leads to account, in taking action to address corporate risks.
- setting appropriate risk appetite and tolerance levels;
- evaluating the maturity of this framework annually and implement plans for improvement

Chief Officer Group (COG) and Senior Leadership Teams (SLT)

These groups will ensure there is effective governance and application of the risk management framework at a business group/BCU/OCU level, seeking assurance that risks and opportunities are being managed effectively. They will:

- review significant business group/BCU/OCU level risks and monitor them, both supporting and holding risk owners to account for the actions required to address them.
- escalate risks for discussion and decision when they cannot be managed within existing resources or would significantly impact beyond the remit of the business group if they occur.
- ensure processes are in place to identify and consider emerging risks.
- assess the maturity of risk management at business group/BCU/OCU level and implement improvement plans if required, ensuring learning is acted upon.

Risk Owner

This is the individual who is accountable should the risk materialise. The risk owner must be a member of the COG or SLT at a business group/BCU/OCU level and of a sufficient level within programmes and projects to coordinate any work required. They will:

- provide leadership in the risk management process.
- hold risk leads to account and provide strategic direction where appropriate.
- review and monitor risks.
- ensure learning is shared and acted upon.

Risk escalation

Risks may be escalated to the **next level** (including sub-boards) for consideration when:

- The risk cannot be managed within the resources in the control of your BCU/OCU or business group;
- The risk extends beyond the ability of the BCU/OCU or business group to influence its management effectively;
- The impact of the risk will extend beyond your business group or BCU/OCU.

Risks should be escalated through day-to-day management structures and the corporate decision-making framework. A risk escalation template is available via the Planning and Risk Team intranet page.

Risk de-escalation

The risk management framework aims to reduce risk scores by effective action and the introduction of new / improved controls:

- Once a risk has been added to a register it will be subject to regular review at a frequency determined by the Terms of Reference of the relevant committee/group. If at the point of review, the Committee is assured that control of the risk has been achieved, then the risk can be regraded to the relevant score and de-escalated from the relevant register if appropriate.
- A risk that is relevant to one or more Business groups or directorates should be cascaded to the relevant registers so that risk leads can be kept up to date with the full risk picture rather than just a local risk picture.
- Risks can be de-escalated from the corporate risk register to the most appropriate corporate committee when necessary and appropriate.

Reporting and recording

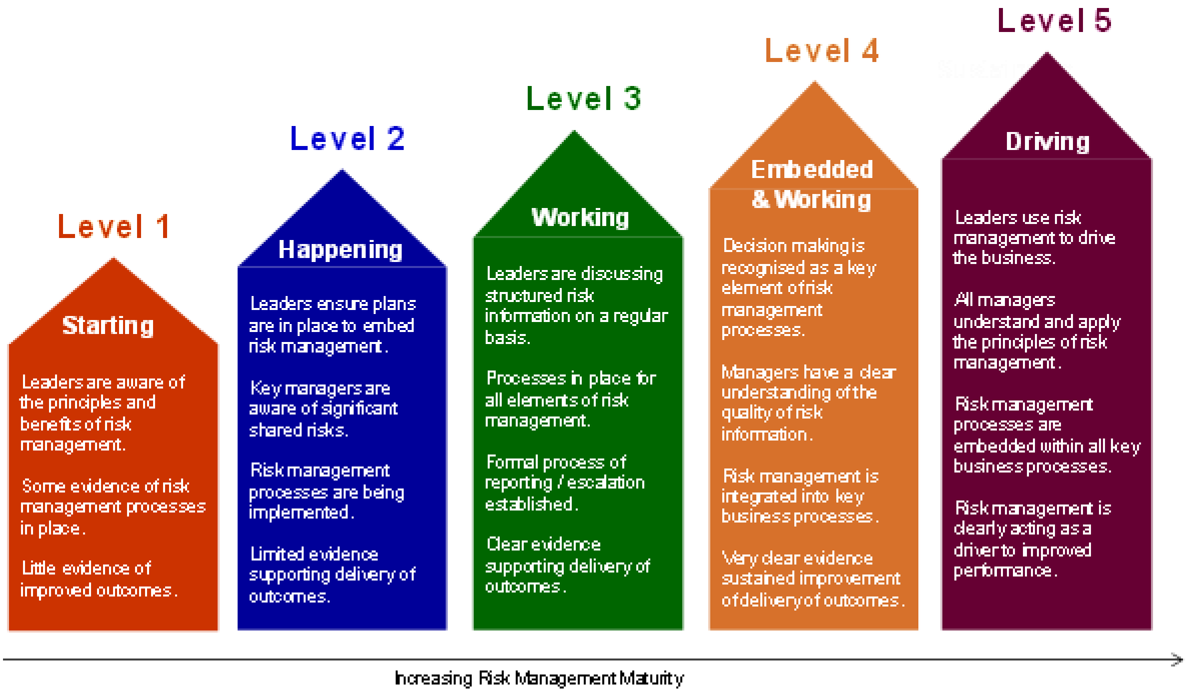
Corporate risks are reported on quarterly to Audit and Risk Assurance Committee, providing assurance that risks are being managed effectively and informing decision-making when further activity is required. The key considerations and decisions of Audit and Risk Assurance committee will be recorded and reported on at the Joint MPS/MOPAC Audit Panel for independent scrutiny.

Each business group is expected to discuss risk regularly, including through their formal governance (COGs and SLTs). They should receive, review and act upon risk management reports. To ensure an effective and consistent approach across the organisation, the corporate risk register must provide the template for all their risk recording and management.

Risk Maturity

A risk maturity model is designed to assess risk management capability within an organisation. The model used within the Met rates the level of maturity of risk management on a 1 to 5 basis, 1 being the lowest score (starting to embed risk management) up to 5 the highest, (risk management is a key driver for the business).

Figure 1: Risk maturity model



Each level of the model looks at five areas needed to enable risk management; these enablers are:

- leadership and management,
- strategy and policy,
- people,
- processes,
- shared risks.

Annually, BCU/OCUs will be required to conduct a self-assessment by answering a series of questions related to their respective risk management processes. This health check seeks to establish how efficient and effective our risk management culture is. The Strategic Planning and Risk Team conducts dip-sampling and capture evidence-based examples to verify the assessments.

Annex C - Corporate risk deep-dive process

Introduction

A deep dive is an opportunity for the Risk Owner to:

- Understand the risk in more detail, with a more in-depth view of the causes and consequences
- To highlight any areas that may have been missed and test the thinking and assumptions. It can be an effective way to avoid blind spots.
- Test the controls in place.

Criteria for deep dive

- The risks that will be the focus of a deep dive will be determined by ARAC (Audit and Risk Assurance Committee) according to their risk flightpath (trajectory). However, all corporate risks will be subject to a deep dive at least once a year.
- Where it is identified there are no or limited controls aligned to NMfL deliverables, these should be the focus for Risk Owners for scrutiny via the deep dives.

How a deep dive will be carried out

- The Risk Owner will commission their Working Leads to conduct a comprehensive review into all aspects of the risk, following the template shown below.
- The Risk Owner will convene a dedicated meeting (outside of ARAC) of key individuals either responsible for the controls to manage the risk or key enablers and dependencies.
- The Risk Owner will test and challenge the approach, actions, and controls to conclude the level of risk and assurance.

The Risk Owner will be expected to present the outputs from the deep dive at the next ARAC meeting.

Deep-dive template

Executive summary
• What is the risk, how likely is it to happen and what would the impact be? • What is the risk owner’s opinion on whether the risk is being managed effectively? • Summary of recent developments and discussion points for the deep dive review • Recommendations ***Purpose****: Executive summary giving context to why this is a corporate risk, and whether we are comfortable with the level of exposure.*
Appetite and tolerance
• How much risk are we prepared to take? • Where are we in relation to that today? ***Purpose****: Define our level of comfort with exposure to this risk and act as a tool to inform strategic and/or control-based decisions*
Action plans
• What action plans are in place to take more risk, reduce the risk or address any significant failings or weaknesses? ***Purpose****: Formally track measures being taken to reduce the residual risk and assign accountability and timeframes.*

Annex C - Corporate risk deep-dive process

Direction of travel
• What are the key metrics that show how this risk is trending? • Does this show that we need to do (either more or less) to manage this risk? ***Purpose****: Tangible metrics that indicate whether the risk is within tolerance and if the controls are working effectively.*
Assurance
• What material controls do we currently have in place to manage this risk? • What assurance oversight do we have in place to monitor effectiveness of the controls? ***Purpose****: Factually document the controls and processes in place to manage this risk and the coverage of assurance providers across the three lines of defence.*
Assurance results
• What were the results of any assurance work that tested the effectiveness of the control environment? • Do the results indicate and significant control failures, a need for more extensive monitoring or a reassessment of the initial assessment of the risk? • Are we prepared if the risk were to happen? ***Purpose****: Feedback the results of any relevant second and third line assurance as another indication of the effectiveness of the control environment.*

MPS-MOPAC JOINT AUDIT PANEL
15 January 2024

Met Audit and Governance Report

Report by: Chief Strategy and Transformation Officer

Report Summary

Overall Summary of the Purpose of the Report

- To provide an update on internal audit.
- To update on the Met's Governance Action Plan arising from the 2022/23 Annual Governance Statement (AGS).

Key Considerations for the Panel

- The 2022/23 AGS identified 17 improvement areas. These have been mapped against A New Met for London (NMfL) action plans, and against headline areas identified in DARA's 2022/23 annual report.
- Of these, seven have either been completed or are now being progressed through NMfL. These items will be shown as closed.

Recommendations

In relation to internal audit, the Panel is asked to:

- **Note** continued progress to address outstanding DARA actions.
- **Review** progress made to address risks identified in Limited audits.

In relation to governance improvement, the Panel is asked to:

- **Note** the progress made in the recent quarter.

1. Update on progress against Limited Audit actions

Audit	Date issued	Lead	Due Date(s)
Grievance Management Framework	2023/24 Q2	Clare Davies	March 2024
Framework Supporting Automatic Number Plate Recognition (ANPR)	2023/24 Q2	AC Twist	December 2023 – April 2024
MPS Voluntary Unofficial Funds	2023/24 Q2	Clare Davies	November 2023
Grey Information Communications Technology (ICT) Estate	2023/24 Q3	Darren Scates	December 2023 – March 2024

1.1. There are 28 actions arising from four audits with a rating of Limited. Progress has been made in several areas (a detailed brief of activity for the ANPR audit is at the end of this section). All actions arising from Limited reports have robust action plans in place to address the identified risk areas and are monitored locally by the relevant OCU/BCUs.

1.2. Following the update on the **Grievance Management Framework** at ARAC in July, work continues to address outstanding actions:

- A review of returns from a survey sent to individuals after their interaction with the service.
- The management information used for tasking and visualisation now contains ‘latest contact date’ with the aggrieved, ensuring individuals are contacted every 14 days.
- The importance and usefulness of mediation has been reiterated to Informal Resolution Champions and Assessors; mediation has been separated from the grievance Standard Operating Procedure to give it prominence; and mediation profile has been elevated on the Support page.
- All actions are monitored and on track for completion by the due date.

1.3. On the **Voluntary Unofficial Funds** (VUF) audit:

- HR and Finance are reviewing existing VUF processes. This will include recommendations on the future support of VUF. If it is agreed to continue to support VUF, the current policy and assurance processes will be updated.
- The review will include consideration of whether this support includes the provision of payroll deductions. If so, defined responsibilities of the payroll function including procedure notes will be refined and updated.
- A paper has been submitted to the Chief People and Resources Officer who has provided further direction.

1.4. The **Grey Estate** is discussed regularly at ARAC and oversight of key controls to address limited areas are regularly reported on. A formal progress update has been commissioned for the March 2024 meeting.

1.5. DARA's **ANPR** audit made seven recommendations (three High Priority), focusing on operational (MO2) and technical (DDAT) activity.

- To provide reassurance and oversight, a monthly cross-business group which tracks progress has been stood up, chaired by DSU Simon Mearns.
- Indications are that the new ANPR system being developed with Cleartone is unlikely to go live before October 2024. This position, whilst presented to ANPR Programme Board, is not yet signed off, with efforts being made to bring this date forward. If this is delayed, it may have a knock-on effect on some of the recommendations (e.g. training and disaster recovery). This is being managed by a monthly Programme Board chaired by Cmdr Russell.
- There is ongoing work to deliver new technical systems to mitigate risk around backup and recovery to ensure no impact on operational delivery.
- There is a monthly performance meeting, with operational KPIs agreed. Service delivery and response performance indicators are already in place.

Key activity	When
The strategy for the deployment of ANPR within the Met in support of corporate priorities and objectives (i.e. NMfL) are clearly defined and approved by senior management.	January 2024
All risks associated with the management and deployment of ANPR across the Met are fully identified, assessed, controls/mitigations captured and documented, including the risk of Business Continuity Recovery.	January 2024
A report of staff changes is provided to ANPR audit team each month to facilitate the necessary changes promptly.	January 2024
Key performance measures are set for ANPR, which includes both input and outcome measures, aligned to the defined strategic objectives	December 2023
Performance measures of the existing system are agreed and documented prior to system being replaced to provide the starting point for measuring new system performance	December 2023
The resources to support the effective management and deployment of ANPR across the Met are reviewed	January 2024
Operating procedures covering all areas of the ANPR are developed, published, and effectively communicated	February 2024
A training programme is developed for ANPR users based on their role and responsibilities with clear communication of approved process	April 2024
Backup recovery testing procedures are documented, including the requirement to record and act on test outcomes and form part of the BCR plan	April 2024
Backup recovery test of the ANPR system be undertaken as soon as it is safe to do so.	April 2024

2. Update on overall audit action progress

2.1 Since the last Audit Panel meeting in October, we have received seven new actions from the Grey Information Communications Technology (ICT) Estate, rated Limited. During the same period, 13 actions were implemented and now closed.

2.2 As of 17 November, we have 39 outstanding actions (12 High Priority) from 10 audits and follow-ups. Of those, six were rated Adequate and four rated Limited. This figure does not include the 12 actions agreed by senior leaders as tolerated risks. These are reviewed centrally on an annual basis but managed locally via risk registers or internal control mechanisms for any change in tolerance levels.

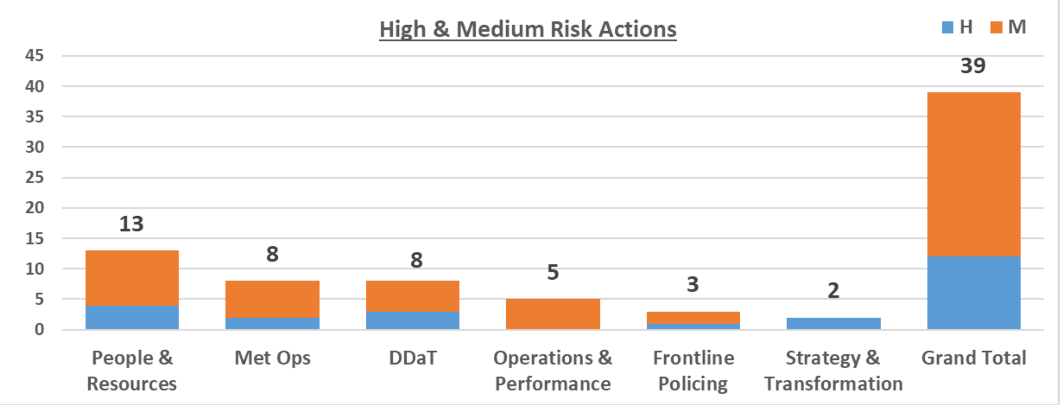


Figure 1: Outstanding DARA actions

2.3 33 of the 39 actions are on track to be delivered in agreed timescales; five are off track; and one from the Grey Information Communications Technology (ICT) Estate audit is aligned with the next refresh of the current Digital Policing Strategy 2021-25. All overdue outstanding actions are from Adequate audits, with one High-Risk action. Full details of non-tolerable off-track recommendations are shown below:

Outstanding Off-track actions					
#	**Action**	**Audit**	**Lead**	**Expected Completion Date**	**Action being taken**
1	Development of a recruitment strategy to enhance the recruitment offering in conjunction with HR & best practice amongst peers. Contingency arrangements to be put in place to address current resource shortages. **(HIGH Risk)**	Programme Management Framework	Chief Strategy & Transformation Officer	June 2022	• Change Delivery Framework continues to be used for several major programmes and key priority areas to deliver NMfL. Commercial are engaging with the market to develop an alternative route, following an independent assessment by Deloitte on the services capability and external support needed. Procurement requirements being finalised. • Recruitment continues for specialist roles. This continues to be a challenge due to market conditions. A second Head of Delivery lead commenced start of November to provide additional delivery oversight and expertise. • A programme maturity review has commenced, which includes resource requirements.
2	Continue to monitor compliance with policy and risks around bicycle disposals to identify	Exhibits Management Framework - follow-up	AC Met Ops and Performance	Sept 2023	• Diverted Property is agreed in principle and being trialled. Local monitoring in place to impact on disposal rates.

	reasons for non-compliance.				• New Business Intelligence Publisher dashboard will increase the ease of interrogation on types and locations of exhibits – implemented in June 2023.
3	Review mobile phone / electronic device storage / disposal procedures in line with Economic Crime Command for cryptocurrency seizures under POCA, and Met Detention for non-POCA property items that may be used to access cryptocurrency.			July 2023	• Economic Crime Command developed a draft policy. • Working with City of London and HMRC to understand their processes. • Process review will take place once policy and SOP are near agreement.
4	Monitor and report on effectiveness of chase feature in CONNECT.			July 2023	• Action against this recommendation is paused. • It will be encompassed into wider Criminal Exhibits Transformation Programme, which will include a new Retention Policy.
5	Every month a list of officers who have breached the WTD are sent to Inspectors to ensure they are aware of hours worked by their staff & welfare conversations can be had.	Aviation Policing - Management and Deployment of Resources	AC Specialist Operations	Oct 2023	• The new patrol strategy and performance measures have now been signed off and are in operation. These have been briefed to all leaders and there is daily governance and grip and monthly performance reporting. • The radio tracking system is problematic from a technical perspective, and we continue to work this through with MO3. It is not currently in place. This is required for officer safety issues and technical oversight of patrol strategy. • There is continuing good grip regarding officers who have breached WTD. From a wider HR perspective, we have had our HR taskforce review and whilst we await the report, positive comment was received around approach and local process to support colleagues back to full duties and maximise productivity.

2.4 We expect all outstanding actions to be completed by April 2024 (Figure 2). The chart does not include those dependent on programme timescales. The spike in March 2024 relates to 13 actions due: nine from the Grievance Management Framework (three High-Risk), three from the Grey Information Communications Technology (ICT) Estate and one from the Domestic Abuse Investigations Framework follow-up.

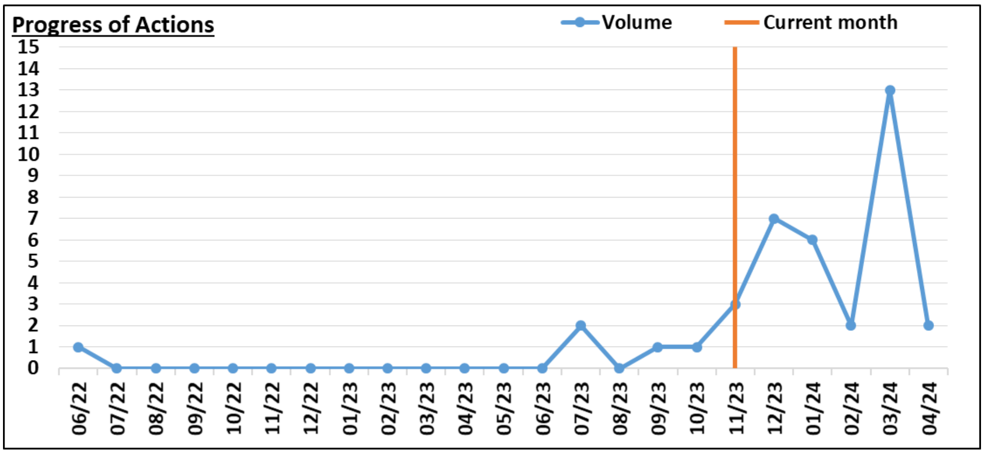


Figure 2: Expected Action Completion Date

3. Update on Governance Improvement

3.1. The Met's AGS highlighted three principal areas of improvement for this year. We have made progress in all three, as detailed below (additional detail in Annex A). While A New Met for London continues to be the primary vehicle for most of these improvements, we continue to track progress across business groups in other specific areas:

<u>Delivering better policing through community crime-fighting</u>

3.2. The Met's Executive Redesign saw the Continuous Policing Improvement Command (CPIC) moved to Frontline Policing to form the Frontline Policing Delivery Unit (FLPDU). Activity undertaken to date includes:

- A review of Public Protection policies as part of the NMfL Strengthening Public Protection programme, to improve how we protect women and girls.
- Work to ensure all related Standard Operating Procedures are reviewed and updated within two years. To date, 14 have been updated and published.

<u>Renewing policing by consent and culture change</u>

3.3. To improve community engagement, we have prioritised three-month strategies and plans, and a Communications and Engagement restructure to build a new senior leadership structure and increase focus on local communities and local policing. Phase 2 of the restructure will take place in the New Year.

3.4. We have recruited a new Assistant Commissioner to lead the development of a new Culture, Diversity and Inclusion directorate, as well as a new SRO to drive forward the associated NMfL transformation programme.

Fixing foundations

3.5. As well as the action raised through the AGS, our management of criminal exhibits has been subject to an HMICFRS inspection recommendation. The dedicated NMfL transformation programme, and its programme board, ensures we track progress effectively. There is also a monthly Property Gold Group.

3.6. As part of the NMfL Strong Organisational Core programme, we have:

- Taken forward work to improve our strategic workforce planning capability, taking an initial draft plan to Management Board.
- Reduced the time to hire in MetCC through a new assessment centre and improved processes and cut PCSO recruitment processes by five months.
- An end-to-end review of the non-volume staff joiners process will conclude its design stage in Q4 2023/24, with implementation to start in Q1 2024/25.

3.7. To improve leadership, we launched the First Line Leadership Programme in April 2023, with considerable success. The mid-level Leadership Programme is anticipated to be launched in March 2024.

3.8. We have refreshed the Met's approach to risk management (see separate paper for more detail), including replacing the Risk and Assurance Board with the Audit and Risk Assurance Committee (ARAC), with new Terms of Reference and a Non-Executive Director chair. We have also begun to build an improved business planning function and process (although this still requires additional dedicated resource). A new high-level approach to assurance is being planned to sit across the Met. This work is still at an early stage and requires more detailed design.

3.9. Frontline Policing has progressed with the design of a business group assurance function. The pilot will be assessed to use as a blueprint for undertaking assurance at the wider Met business group level. A new Organisational Learning Board is being established, chaired at DAC level. This will feed into the Executive Committee (ExCo) for performance. An Organisational Learning App has been developed and beta tested. The app is designed to capture, analyse and share learning across the Met.

3.10. In Digital, Data and Technology, the NMfL Relentless Data-Driven delivery programme continues, which will play an important part in reducing our data-related corporate risk and improve our operational performance through more precise policing. Lawful Business Monitoring has been introduced for all tablets, laptops and phones. All Commercial Contracts, where data processing is required, are now DPA (2018) compliant.

4. DARA Annual report

The DARA Annual report identified areas where the Met needs to improve its internal controls. We have cross-referenced those areas for improvement with activities being undertaken through the Governance Improvement Plan, and to ascertain whether there were any gaps which could be picked up through the wider AGS process. The majority of the concerns raised are being captured through the Governance Improvement process and, in most cases, are included in NMfL plans and oversight. See Annex A (Tab 2) for more detail.

5. Equality and Diversity Impact

This paper outlines DARA internal audit activity and progress against the Governance Improvement Plan. Any significant programmes of work undertaken to implement recommendations will be subject to equality impact assessment.

6. Financial Implications

There are no direct financial implications arising from this report. Any additional financial implications from the findings of audits or activity detailed in the improvement plans will be subject to normal investment processes.

7. Legal Implications

There are no direct legal implications arising from this report.

8. Risk Implications

This paper has no direct risk implications.

9. Contact Details

Report authors: Rosian Jones and Stephen Greenfield, Strategic Planning and Risk

10. Appendices and Background Papers

Annex A-Tab 1 – Governance Action Plan
Annex B-Tab 2 – DARA Report v GIP Crossover

Ref	NMfL objective	AGS Action	Target Date (Q/FY)	Business Group Lead	Action Lead	Activity since the last quarter	Status (R, A, G)	Expected delivered date
Community Crime-Fighting								
1	**Making communities a Met wide priority and bedrock of how we police**	Developing a communication strategy to improve our engagement with Londoners	Q4 2023/24	Chief Comms & Engagement Officer	Adam Thorndike, Head of Strategy and Delivery	Since the arrival of the new Chief of Comms and Engagement Officer we have prioritised 3 month strategies and plans based on themes because they are far more actionable and set a clearer direction for the team. We are also currently in the middle of a significant departmental restructure which includes a focus on local communities and local policing.		**March 2024**
2	**Understanding Londoners crime concerns and responding accordingly**	Increasing engagement with the public and partners, building on the consultation exercises we ran for the VAWG Action Plan and CDI.	**COMPLETE**	Chief Comms & Engagement Officer	Cmdr Wingrove	Q3 NMFL engagement – delivered 32 NMFL events Aug / Sept; another 32 event Nov / Dec; VAWG consultation part 2, Race Action Plan consultation, Stop and Search Charter consultation, the children and young people plan consultation and community engagement around Clear, Hold, Build – a counter organised crime initiative. Israel / Hamas conflict – the central engagement team and local BCUs have undertaken significant engagement to understand local concerns, and provide reassurance. As of 1/12/23 records show over 11097 vulnerable premise checks have been conducted and staff engaged with by local policing teams. These included 8166 religious premise visits, 1362 schools and 949 other premises and this sentiment is recorded in a work return. We are also in the process of commissioning polling of Jewish communities to get a data led view of safety concerns. Overall, our corporate social channels have 1.93million followers - up 7% in the last year. We typically engage 2.4m unique users each month who make more than 800k interactions, 2.5m video views and 194k clicks through to further content on our news and public websites. In addition, our local policing team accounts generate tens of thousands of online engagements every week, tapping into hyper-local audiences across London providing tailored updates relevant to local residents and communities. We also promoted the national police social media survey to our followers so they could feedback to us on our social media use and their experience of engagement.		**Delivered – closed and continued as BAU.**
3	**Transforming how we protect the public**	Completing a review of Public Protection Policies and widen to look at the HoP Investigation portfolio	Q3 2024/25	AC Frontline Policing	Director, Frontline Policing Delivery Unit	This work was initially completed as commissioned by Commander Mel Dales (previous lead for Public Protection). As part of the 'Strengthening Public Protection' project commissioned by Commander Southworth, the policies are being revisited and further reviewed with the Lead Responsible Owners and Tactical Policy Advisors.		**November 2024**
Fixing our Foundations								
4	**We'll build a well-run organisation**	Implementing BCU/OCU Organisational Learning Hubs	Q4 2023/24	AC Met Ops & Performance	Paul Clarke, Head of Organisational Learning & Research	12 BCU hubs are established, and 23 others in Commands across the organisation. FLPDU and PP remain outstanding.		**March 2024**
		Implementing the Organisational Learning model and a clear framework on how learning is shared organisationally by:				A new OL Board is being established under DAC Alexis Boon to grip escalated and identified OL, and feed into EXco performance.		
		Development of a repository to capture and disseminate OL across the MPS in a standardised way	Q4 2023/24			The MPS OL App has been developed and beta tested. It will systematise organisational learning capture, analysis and sharing across the organisation.		**February to April 2024**
		Embedding a process to capture, categorise and share learning from Gold Groups / Critical Incidents;	Q1 2024/25			Strategic OL leads have been assigned to Gold Groups. Learning will be shared through the OL App.		**March 2024**
		Embedding a culture of learning across the MPS	Q4 2025/26			We are working with the new CDI unit in professionalism under AC Pippa Mills to develop a consistent approach. Reflective practice is first remedial target.		**Awaits timeline**
5		Improving processes for digital device monitoring, security, policy compliance and reporting.		Chief Digital Data & Technology Officer	Director, Service Delivery	All end user devices and registered and managed in a central service now platform and devices and their configuration managed centrally. We have also implemented Lawful Business Monitoring across tablets, laptops and phones. **This action can be closed.**		**Closed**
6		Undertake a restructure of the Comms and Engagement team to better support delivery of A New Met For London.	Q4 2023/24	Chief Comms & Engagement Officer	Ruth Shulver and Chris Greenwood	To date a new senior structure has been implemented, with staff having undertaken a selection process for SMT positions and vacancy posts starting to be recruited for. Phase 2 of the restructure will take place in the new year.		**March 2024**

7	**Improving the way we handle criminal exhibits**	Implementing the effective storage and management of property and exhibits.	From Q1 2024 to 2027/28	AC Met Ops & Performance (Note: Exhibits moving to People & Resources in January 2024)	Director, Operational Support Services Director of Enabling Services	Crime exhibits is subject to improvement through the New Met for London action plan, and also in relation to a specific HMICFRS recommendation, progress towards which is reported to the Police Performance Oversight Group (PPOG). Activity is also overseen by the Exhibits Transformation Programme Board. Activity to improve the management of crime exhibits has included a collaborative effort across the MPS, including: Front Line Policing; Met Detention; Forensics; Specialist Crime; and Operational Support Services, and these units are represented at a monthly Property Gold Group, overseen by Commander Jon Savell. Improvements across the criminal exhibits environment include better physical security, auditing and risk assurance regimes, training, CONNECT readiness, etc. • The completed exhibits transformation work is online to be completed in 2027/28. • All non-compliant freezers have been replaced. • Implementation of CONNECT has strengthened handover of property **As this activity is already being widely monitored, this will no longer be captured in this format to avoid unnecessary duplication.**		**Ongoing, long term**
8	**We'll transform our leadership and learning**	Move to a blended curriculum to allow learners to access digital content including on-demand at the point of need.	Q4 2023/24	Chief People & Resources Officer	Director, Learning & Development	Activity against this improvement action has been incorporated into the Learning Transformation programme within New Met for London.		**End of March 2024**
9		Working to address the experience gap through better supervision and continued leadership development	Q4 2023/24	Chief People & Resources Officer	Director, Learning & Development Director of HR	This action has been incorporated into Transforming Leadership programme under New Met for London. Key highlights include: - First Line Leadership Programme launched April 2023 - Mid-Level Leadership Programme anticipated launch March 2024 - Establishing a new Leadership Academy activity anticipated to conclude April 2025		**Incorporated into NMfL delivery**
10	**We'll build a well-run organisation**	Enhancing the MPS' strategic workforce business planning capabilities.	Q1 24/25	Chief People & Resources Officer	Director of HR	This action has been incorporated into Strong Organisational Core programme under NMfL. Strategic Workforce Plan presented to Management Board. Business planning approach in development led by Strategy & Transformation		**Incorporated into NMfL delivery**
11		Improving recruitment to fill critical technical and specialist roles to improve capability.	Q3 25/26	Chief People & Resources Officer - Clare Davies	Director of HR	The MBS programme has mobilised an end to end process review of the non-volume staff joiners process which is planned to conclude its design in Q4 23/24 and implementation to start in Q1 24/25. This will implement an improved service that is fit for purpose and is customer centric. This includes exploring opportunities of technology as well as SSCL contract discussions. Through 23/24 significant improvements have been made to specialist staff volume recruitment process. These include: • MetCC - a new assessment centre and improved processes have reduced time to hire and provided sufficient pipeline to deliver the 23/24 recruitment requirement (contract centre). On track. • PCSOs - improvements to the recruitment process have reduced time to hire by 5 months. A redesigned assessment centre which is under review alongside pipeline performance. Will deliver growth of c170 PCSO's this year with further 330 growth in 24.25. • All other volume lines (DDOs, PAOs, LDSS, Intel) are all on track to meet workforce plan requirements.		**Q3 2025/26**
12		Building a more cohesive, robust approach to risk and assurance across the MPS, embedding risk management in operational commands and standardising organisational learning.	Q2 2024/25	Chief Strategy and Transformation Officer - Adrian Scott	Head of Strategic Planning & Risk	• Undertaken full refresh of MPS corporate approach to risk, including updating the risk management framework, setting a new Risk Management Statement with senior endorsement, and refreshing the Corporate Risk and Issue register to align it to A New Met for London. • Implemented new Terms of Reference for the Audit and Risk Assurance Committee (the primary internal governance forum), with a new Non-Executive Director chair. • Designed a new deep-dive process for corporate risk – the next stage is to implement and embed. • Obtained senior endorsement for a new high-level approach to assurance across the MPS. Requires more detailed design. • Designed a Frontline Policing pilot for undertaking assurance at business group level. • Begun to scope risk-related learning requirements for the organisation.		**Jul-24**
13		Governance of the rollout of the second wave of CONNECT, learning the lessons of wave one.		Chief Strategy and Transformation Officer - Adrian Scott	DAC Matt Horne	The timeline for drop 2 of the CONNECT programme is on target for rollout in February 2022. The governance of the rollout is very comprehensive, and approach to drop 2 is fundamentally different. In in particular training, is now face to face. Super-users are better trained and seconded to the programme.		**Closed - BAU**
14		Further embedding enhanced business planning processes	Q1 2024/25	Chief Strategy and Transformation Officer - Adrian Scott	Head of Strategic Planning & Risk	• Designed high-level business planning processes, but not yet used by or embedded in the organisation yet. • No dedicated business planning resources in place as of December 2023.		**Jul-24**
						programmes is Q2 2024/25.		

16	**We'll make it easier for our people to do their job**	Ensure all Commercial Contracts where data processing is required are DPA (2018) compliant	**COMPLETE**	Chief Digital Data & Technology Officer	Director, Commercial Services	All actions relating to this issue have been completed. This has been a long and complex piece of cross- MPS activity. Safeguards are now in place to ensure we can meet ICO Consensual Audit recommendations alongside better management of data processing contracts and commercial engagements where data processing is a key feature. This includes; Commercial Services have created fields in Coupa, which will log whether a DPIA is in place against a corporate contract (based on a tiered approach) and where there is a DPIA, a field recording the DAPIAN/CT reference number, this information can be reported on and will be used to support the Data Office records. This provides the link between the lawfulness of the processing with the management of the contract. As per the DPIA Policy SOP, mandated by Management Board, it is the responsibility of the SRO to ensure that they engage with the Data Office throughout the lifecycle of their project and that a DPIA is completed. This ensures senior oversight and support for new contracts and/or data processing activity to be undertaken by suppliers. The initial completion of the DPIA now precedes engagement with Commercial Services and ensures the MPS can assess whether personal data is being collected or generated in the delivery of the project and should be cited in the project business case. The outcome of the initial DPIA will influence whether there are specific information security questions that will need to be included in the tender process. This is now standard business practice Following the completion of the tender process, the DPIA should be updated to reflect the suppliers bid and the details of the contract delivery. The revised DPIA will assess whether there are any additional clauses which must be incorporated into the Contract Terms & Conditions, these will be directed by the Data Office to Commercial Services. This information is now in the Commercial Request for Service (1049) and reflected in wider commercial guidance and adds a second stage of assurance to the organisation that data will be processed safely, lawfully and in line with contract requirements. The Coupa fields have already been created. Work in the next quarter will see Commercial Services, supported by DDaT colleagues, updating these fields, updated in the 1049 and be incorporated into commercial guidance in the New Year as part of the launch of Commercial Knowledge Management in My Hub. NEW WORK that will enable ongoing assurance (when this reporting mechanism closes). Under the "RD3" Programme for NMFL - The Data Office are in the process of developing the Data Capability Assurance Framework (DCAF), which will provide this assurance under a unified approach. PwC are in the process of being on-boarded to lead this project and Commercial Services will input into the development. This will embed commercial and data requirements into the governance structures of the MPS, a critical part of our new infrastructure and broadening data literacy to those who want to make new, innovative or contentious investments in the use & management of data held by the MPS.		**COMPLETE**
17		Finalising the review of corporate Policies	Q4 2024/25	AC Frontline Policing	Director, Frontliine Policing Delivery Unit	In 2023, 14 Standard Operating Procedures have been updated and published. Our policy standards state that SOPs should be reviewed every two years. This is an ongoing process with those outstanding and requiring review to be completed within the next financial year.		**March 2025**

Headline area identified by DARA in 'Annual Report'	DARA - commentary	Covered in GIP (Y/N)	GIP reported against
Increasing risk maturity across the MPS and implementing a cohesive and defined approach to assurance provision - creating an environment with more certainty around delivery, providing increased confidence about the status of current initiatives and the anticipation of risks and to be better prepared if they occur. To be supported by increased capability and capacity.	It is crucial that strategic risks to delivery of NMfL are understood and properly assessed and the Met is able to assure itself, and others, it is taking effective action to meet its ambitions for fundamental reform. This will also facilitate prompt action to identify and address any cultural and behavioural issues as they emerge and enable a more informed response to issues raised by external review. There is a commitment to reset the approach to risk and assurance, with work underway, which needs to be supported by a skilled and increased resource facilitating effective risk management across the organisation.	Y	Building a more cohesive, robust approach to risk and assurance across the MPS, embedding risk management in operational commands and standardising organisational learning.
Ensuring a co-ordinated and strategic response to areas of improvement identified and anticipated, and in managing the cultural and organisational change – identifying and effectively managing key interdependencies, supported by appropriate governance and resources to meet the range and level of planned and anticipated cultural and organisational change.	Analysis of the strategic underlying issues arising from external and internal reviews informed the NMfL and improvement plans, and an executive redesign was carried out to support delivery of the Turnaround Plan. The revised corporate governance structures highlighted, need to be embedded and supported by a cohesive internal control framework. Robust governance and appropriate skills and capacity, including external expertise, will need to support the major transformation programme. Plans to improve culture continue to develop and given the scale of transformational change, a more holistic top down and bottom-up approach will engage the wider organisation, encouraging active participation and commitment to reform.	N	Covered through NMfL
Increased emphasis on accountability for sound internal control - recognising its importance to the achievement of agreed priorities and objectives. Facilitated by effective business planning, ensuring all managers and individuals are clear about what they are to achieve, understand the challenges/risks and what is needed to succeed.	NMfL sets out agreed priorities and objectives, reflects achievements to date and next steps. It is an ambitious plan of reform that will need to be effectively cascaded throughout the organisation supported by meaningful business planning and a greater understanding of internal control at all levels within the organisation.	N	Covered through NMfL

Improving skills and capacity, including those that relate to specialist business support - improving understanding of workforce capabilities and more informed training targeted to meet identified needs supported aligned to a strategic workforce plan.	Capacity and capability remain key issues, exacerbated by the increased demands placed on the Met in delivering fundamental reform. Work has started but not yet concluded on a strategic workforce plan to determine current capabilities, demand and projected needs to deliver the reform. Business support functionality is also to be reviewed.	**Y**	Improving recruitment to fill critical technical and specialist roles to improve capability. Working to address the experience gap through better supervision and continued leadership development
Further developing and implementing the strategic approach to organisational learning – supported by a framework designed to identify, share and embed best practice to maintain and sustain continuous improvement organisationally. Greater cohesion is needed.	Strategic underlying issues arising from areas of improvement identified by reviewers have been captured and informed the NMfL. Implementing a cohesive framework to support dynamic organisational learning and sustainable improvement will be key going forward.	**Y**	Implementing BCU/OCU Organisational Learning Hubs Implementing the Organisational Learning model and a clear framework on how learning is shared organisationally
Streamlining and designing corporate policy and supporting procedures to include explicit objectives, consideration of risk and proportionate controls required to help achieve desired outcomes – policies can be unclear and guidance typically consist of processes with insufficient focus on the need for controls such as supervising, authorising and monitoring.	This was reinforced by the root cause analysis conducted, although the focus on internal control needs to be an integral part of the re-design and this is currently unclear.	**Y**	Finalising the review of corporate Policies
Clarifying accountabilities, and roles and responsibilities – provide greater clarity in the accountability framework and managing interdependencies e.g. Heads of Profession, Lead Responsible Officers and those responsible for delivery in FLP.	An executive redesign was concluded and the corporate governance review to be implemented has clarified key accountabilities around decision making at Board and Chief Officer Group / Business Group level. Heads of Profession have been aligned to FLP. Definition of wider roles and responsibilities at a time of transformational change is of increased importance.	**Y**	Enhancing the MPS' strategic workforce business planning capabilities.
Maintaining continuity within key roles - to encourage longer term strategic planning, knowledge retention and a consistent approach to delivery and resource management.	There is a need to consider the ongoing impact of continual change in personnel performing key roles within the organisation.	**Y**	Enhancing the MPS' strategic workforce business planning capabilities.
Increasing supervisory capacity and capability - securing the optimum number of skilled supervisors to effectively deploy and manage resources. The business model presents challenges in managing interdependencies and exercising effective oversight, exacerbated by the increased numbers of probationers requiring additional support and direction.	Initiatives are underway to address supervisory capacity and capability, which remains a key challenge. Following the review of attrition rates among new recruits action is being taken to upskill less experienced officers to reduce demands on supervisors.	**Y**	Enhancing the MPS' strategic workforce business planning capabilities. Working to address the experience gap through better supervision and continued leadership development

Increased understanding of demand and impact on allocation and deployment of resources - to better inform future capability and capacity requirements. Establishing clarity about demand and a more structured assessment of the number and nature of resources required and how they are to be deployed. Reviews show demand is not always fully understood or quantified and there is a lack of evidence to support resource requirement and utilisation.	Initiatives are addressing areas of increased demand e.g. Right Care Right Person. Further analysis and understanding supported by systems to effectively plan, utilise and deploy resources remains a priority. In particular, to provide assurance resources are properly directed to priority areas, including in Front Line and Neighbourhood policing.	**Y**	Enhancing the MPS' strategic workforce business planning capabilities.
Ability to demonstrate effectiveness of activity through the measurement of outcomes - would help provide further assurance over delivery. Consistently linking performance explicitly to objectives to ensure the right activities are being measured, there tends to be a focus on input and output measures rather than qualitative assessment.	Work is underway to shift the focus to measurement of outcomes, this will take time to permeate through the organisation. NMfL will be supported by the new performance framework measuring progress against More Trust, Less Crime and High Standards.	**N**	Covered through NMfL
Implementation improvements to information management, data quality and digital and analytical capability – joining up digital and data strategy, implementing key systems including, CONNECT and Command and Control, addressing IT legacy issues and developing data/information analytical capacity and capability to provide more effective and informed insight.	Digital and Data functionality were brought together under one Directorate. NMFL articulates Met ambitions to be data driven and evidence led with enhanced analytical capability a significant part of the transformation programme. Action is being taken to address legacy systems and the issues that continue with the two major IT programmes.	**Y**	Governance of the rollout of the second wave of CONNECT, learning the lessons of wave one. Reducing the resource intensive burden of producing data. Improving processes for digital device monitoring, security, policy compliance and reporting.

MPS-MOPAC JOINT AUDIT PANEL
15 January 2024

MPS Inspection Report

Report by: Chief Strategy and Transformation Officer

Non-restricted paper

Overall Summary of the Purpose of the Report

To provide an overview of inspection activity taking place within the Met including an update of the HMICFRS PEEL (Police Efficiency, Effectiveness, Legitimacy) Assessment.

Key Considerations for the Panel

1. Note the current status of recommendations emanating from the report “An inspection of the Metropolitan Police Service’s counter-corruption arrangements and other matters related to the Daniel Morgan Independent Panel.” (DMIP)
2. Note activity over the last quarter in relation to the PEEL Assessment;
3. Note the publication of two Accelerated Causes of Concern in relation to the MOPAC commissioned inspection on Child Criminal Exploitation (CCE) and Child Sexual Exploitation (CSE), which has generated 2 recommendations; and
4. Note activity in relation to two inspections.

Interdependencies/Cross Cutting Issues

By the very nature of the inspection regime, there are considerable cross-cutting elements across the Met, including within corporate risk, internal audit, and A New Met for London.

Recommendations

Audit Panel are asked to:

1. Note the content of this paper and the level of inspection activity taking place.

1. Inspection activity

1.1. In relation to the DMIP inspection report, since last reporting to the Joint Audit Panel, HMICFRS has verified and closed nine recommendations. The remaining 9 recommendations and two AFIs (Areas for Improvements) have been completed by the Met and await HMICFRS verification. Once our Force Liaison Lead and Force Inspection Officer complete the verification process (concurrently with PEEL insight activity), a ‘closing letter’ from the Commissioner covering all recommendations and AFIs will be uploaded onto HMICFRS’ Monitoring Portal. At that point, the remaining two Causes of Concern will be closed.

1.2. Since the last Joint Audit Panel, there has been a significant amount of inspection activity, over and above PEEL insight activity:

Inspection	**Commissioned by**	**Dates**
CCE and CSE	MOPAC	4-29 September
Activism and Impartiality in Policing	Home Secretary	23-27 October
Op Soteria Bluestone inspection	N/A. Part of HMICFRS inspection plan	13-17 November
Joint Targeted Area Inspection (JTAI) – Merton Borough - Serious Youth Violence and CCE	N/A. Part of Ofsted inspection plan	4-8 December
PEEL Q7 – Managing Offenders and Suspects	N/A. Part of HMICFRS inspection plan	4-22 December

1.3. Consecutive inspections are common for the Met. However, when overlaid with an increase in PEEL Assessment requirements, this has presented challenges in securing inspection requirements – particularly during a period of high operational demand.

2. Recommendations

2.1. From June 2022 to December 2023, the Met has received 15 HMICFRS inspection reports and 117 Causes of Concern (CoC), Recommendations (REC) or AFIs.

DATE	REPORT TITLE	CoC	REC	AFI	TOTAL
2021/22	PEEL 2021/22 – An inspection of the Met	1	5	20	26
2021/22	Inspection of vetting, misconduct, and misogyny in the police service	0	18	5	23
2021/22	20 years on, is MAPPA achieving its objectives? A joint thematic inspection of Multi-Agency Public Protection Arrangements	0	4	0	4
2021/22	Digital forensics: An inspection into how well the police and other agencies use digital forensics in their investigations	0	3	0	3
2021/22	Inspection of how well police tackle serious youth violence.	0	2	0	2
2022/23	Inspection of the Met’s response to lessons from the Stephen Port murders.	0	20	0	20
2022/23	Inspection of how well the police and NCA tackle the online sexual abuse and exploitation of children	0	11	0	11

2022/23	Inspection of London regional response to serious and organised crime	0	0	4	4
2022/23	PEEL Spotlight - police response to burglary, robbery, and other acquisitive crime - finding time for crime	0	2	0	2
2023/24	Values and culture in fire and rescue services	0	1	0	1
2023/24	PEEL Spotlight - Police performance - Getting a grip	0	3	0	3
2023/24	Homicide prevention. An inspection of the police contribution to the prevention of homicide	0	2	0	2
2023/24	Inspection of how effective police forces are in the deployment of firearms	0	8	0	8
2023/24	Race and policing: An inspection of race disparity in police criminal justice decision-making	0	4	0	4
2023/24	MOPAC Commission - child exploitation (criminal & sexual)	2	2	0	4
	Grand Total	**3**	**85**	**29**	**117**

Highlighted areas denote changes since the last Joint Audit Panel

3. PEEL Assessment 2023/24

3.1. The 12-month PEEL Assessment evidence window opened on 10 April 2023 and will conclude with the ‘final evidence-gathering phase’ (formerly known as fieldwork), now confirmed to take place 4-22 March 2024.

3.2. Formal notification of the Victim Service Assessment (VSA) was received on 14 November – this will take place 15-19 January 2024. The VSA entails a comprehensive case-file review of calls and crimes across different crime types that were reported to the Met between 1 August and 31 October 2023. We have provided HMICFRS with data they require, and they have selected a random sample of 200 (+100 reserves) to review. This is twice as much as other forces. It has been confirmed that a Crime Data Integrity audit will not be held during this PEEL Assessment.

3.3. Insight activity on nine BCUs and three OCUs concluded in early November. Since the last report to Panel, visits were held on:

- North West BCU (10-11 October);
- MO9 – Custody at Colindale (10-11 October);
- MO7 – Dog Support Unit (25 October);
- North Area BCU (1-2 November); and
- MO9 – Custody at Wood Green (1-2 November).

3.4. MetCC has continued to be visited on a regular basis in relation to the Cause of Concern raised in PEEL 2021/22 “*The force needs to improve how it answers calls for service and how it identifies vulnerability at the first point of contact*”. This will continue throughout the remainder of the continuous assessment period and will be formally tested during the final evidence collection phase in March.

3.5. The autumn data return was received on 3 November. A new process which streamlined the data capture across the Met (ensuring it was quality assured by respective leads and Information Asset Owners) was applied. This process also ensures the data is assessed by Performance leads to ascertain areas of risk and/or data contrary to our performance KPIs. The fully completed return was submitted to HMICFRS on 14 December.

3.6. PEEL core question 7 related to managing offenders and suspects is being inspected outside of the final evidence collection phase. Paragraph 5 refers.

3.7. A review of Body-Worn Video (BWV) from a random sample of 40 stop and searches has been conducted.

4. Published reports

4.1. Since the last report to the Joint Audit Panel, there has been one Met-specific HMICFRS publication:

Accelerated Causes of Concern (Cmdr. Southworth)
Following the MOPAC-commissioned inspection on CCE and CSE, HMICFRS published two Accelerated Causes of Concern for the Met, because of its failure to:

i. identify and assess risks appropriately, and to respond adequately, when children are reported missing; and
ii. carry out sufficiently effective investigations when children are at risk of, or harmed by, criminal or sexual exploitation.

Two associated recommendations to address these Causes of Concerns were also raised, with a deadline of 31 December 2023.

Gold and Silver Groups have been instituted to provide the strategic and tactical actions required to address these urgently. An action plan has been shared with HMICFRS and MOPAC. Whilst recognising the urgency of change required, there is recognition from all sides that some elements will take longer to address.

4.2. HMICFRS has yet to determine how and when it will review progress against these ACoC and associated recommendations.

4.3. The full draft report was received on 24 November for pre-publication checks to be completed (factual accuracy). A comprehensive response was submitted back to HMICFRS for consideration on 4 December. At the time of writing the date of publication is anticipated to be in early January.

5. Current inspections

5.1. **PEEL Core Question 7 – Managing Offenders and Suspects (AC Rolfe)**
This part of the PEEL Assessment is being conducted outside of the final evidence collection phase in March, so that HMICFRS can make the best use of specialist inspectors. The core question is "*How good is the force at managing offenders and suspects?*." The characteristics of 'good' that sit under this question are:

i. The force effectively manages the risk posed to the public by registered sex offenders
ii. The force effectively manages the risk posed by online child abuse offenders

5.2. Fieldwork work began on 4 December and will conclude on 22 December. It has consisted of strategic interviews focused on Jigsaw on WA and CE BCUs and on Online Child Sexual Abuse and Exploitation (OCSAE) on SE and SW BCUs. ‘Reality testing’ through focus groups across all 12 BCUs have also taken place.

5.3. The evidence HMICFRS have gathered will be fed into their PEEL Assessment Evidence Gathering Template (EGT) for full consideration in March 2024.

6. Previous inspections since last report to Joint Audit Panel

6.1. **JTAI – Merton Borough: Serious Youth Violence and CCE (Cmdr. Southworth)**
This inspection was led by Ofsted, and carried out by them, the Care Quality Commission, His Majesty’s Inspectorate of Probation, and HMICFRS. Its strategic focus was on multi-agency partnerships’ responses to serious youth violence. The inspectors evaluated how effectively the local partnership strategic arrangements are working to address and prevent serious youth violence.

6.2. The methodology for this inspection included looking at the role of the Community Safety Partnership, the Violence Reduction Unit (VRU), and the multi-agency safeguarding arrangements. They also considered criminal exploitation when sampling and tracking children’s experiences and when reviewing interventions.

6.3. HMICFRS’s involvement will take place 4-8 December and will include strategic interviews and ‘reality testing’ through focus groups.

6.4. As is usual for JTAI inspections, a letter detailing the findings will be sent to the Local Authority in due course.

7. Equality and Diversity Impact

This paper outlines HMICFRS inspection activity. Any significant programmes of work undertaken to implement recommendations will be subject to equality impact assessment.

8. Financial Implications

There are no direct financial implications arising from this report. Any additional financial implications from the findings of inspections will be subject to normal investment processes.

9. Legal Implications

There are no direct legal implications arising from this report.

10. Risk Implications

This paper has no direct risk implications.

11. Contact Details

Report author: Tracy Rylance, Strategy & Transformation

MPS-MOPAC JOINT AUDIT PANEL
15 January 2024

External Audit Update

Report by: The Interim Chief Finance Officer and
Director of Corporate Services and MPS Interim Chief Finance Officer

Report Summary

Overall Summary of the Purpose of the Report
This paper provides the regular Audit Progress Report and Sector Update and includes an update on the 2022/23 audit of the financial statements and value for money work. The report also sets out the draft annual audit findings report for 2022/23 and the draft audit plan for 2023/24.

Key Considerations for the Panel
To note the report and supporting appendices.

Interdependencies/Cross Cutting Issues
The external audit function provides an independent opinion on the statutory accounts and the arrangements for delivering value-for-money which are used as a basis to inform the AGS and governance improvement.

Recommendations
The Audit Panel is recommended to:

a. To note the report and supporting appendices.

1. Supporting Information

Audit Progress and Update Report - Appendix One

1.1. Draft financial statements were provided in line with the agreed timetable and the Audit was due to complete in October. However, completion of the audit has been delayed due to a financial reporting issue relating to pensions. Work to resolve this is ongoing. A delay in the completion of the audit beyond the end of March 2023 created a risk of qualification however the back stop for accounts has been moved to September 2024. Therefore the risk of a qualified opinion has been removed. MOPAC and the MPS are working towards having the accounts signed off by the end of March and continue to work closely with the pension administrator and actuary to ensure that the relevant information is provided to the auditors in good time to ensure this happens.

1.2. Value for money work is progressing well following initial delays at the beginning of September. Findings are due to be shared in March.

Audit Findings Report – Appendix Two

1.3. With the exception of the pension financial reporting issue highlighted above the audit of the financial statements has substantially completed and the auditors anticipate they will be issuing an unqualified audit opinion. The report sets out the key findings of the external audit of the MOPAC and MPS financial statements for 2023 24.

1.4. The findings report includes an action plan, management responses to this is currently being finalised.

1.5. The Value for Money work is ongoing. Grant Thornton currently anticipate they will be in a position to issue the draft Annual Audit report in February 2024, with a planned publication date of March 2024.

Audit Plan 2023/24 – Appendix Three

1.6. This report sets out the planned scope and timing of the audit of the financial statements for 2023/24. The audit is due to take place during July and August next year, with the auditors' opinion being issued by 30 September 2024. The Auditor's annual report is due to be published by 30 December 2024.

1.7. The audit risks identified are as for last year with the addition of a risk relating to the accuracy and existence of creditors following the findings in relation to GRNI in the current year.

2. Equality and Diversity Impact

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

3. Financial Implications

The proposed fee for 2023/24 is £340,125 and £289,654 for MOPAC and MPS respectively. This represents an increase of £410,871 (188%) as compared to the scale fee for 2022/23

4. Legal Implications

There are no direct legal implications arising from the report.

5. Risk Implications

This paper relates to the corporate risk register entries for resources and value for money.

6. Contact Details

Annabel Cowell - Deputy Chief Finance Officer MOPAC

7. Appendices and Background Papers

Appendix 1 – Audit Progress Report and Sector Updates
Appendix 2 – Draft Audit Findings Report
Appendix 3 – Audit Plan 2023/24

Mayor’s Office for Policing and Crime and the Commissioner of the Police of the Metropolis Joint Audit Progress Report and Sector Update

Year ending 31 March 2023

December 2023

Contents

Key Grant Thornton team members

Mark Stocks, Key Audit Partner

Mark will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Mayor's Office for Policing and the Commissioner of Police of the Metropolis;
- ensuring you have access to Grant Thornton's full service offering;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audits;
- being a key contact for the Chief Finance Officers and the Joint, Audit Panel meeting frequently with key members of management;
- agreeing with you the annual joint audit plan, and a timetable for delivering the work;
- reviewing and signing off all audit reports;
- attending Joint Audit Panel to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors;
- and sharing good practice identified at other organisations.

Parris Williams, Senior Manager

Parris is responsible for planning, managing and leading the audit and providing feedback to you throughout the audit process. Parris is responsible for audit quality, project management of the audit, ensuring the audit requirements are fully complied with. He will respond to ad-hoc queries whenever raised and meet regularly with the Chief Finance Officers and members of the finance team. Specifics of the role include:

- ensuring responsibility for delivering high quality audits which meet professional standards;
- drafting audit reports;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- review the work of in-charge auditor and the wider fieldwork team;
- manage, motivate and coach team members;
- and attending and contributing to senior audit liaison meetings, sharing good practice identified at other organisations.

Jasmine Kemp, In-Charge

Jasmine will work as part of the team, leading the on-site audit team, providing a service which meets or exceeds client expectations and supports the engagement lead / manager team. Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy;
- communicating any issues relating to the audit with the engagement manager or engagement lead;
- overseeing all aspects of audit fieldwork and completion;
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit;
- maintaining good working relationships with client staff;
- and delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training / coaching.

Introduction & headlines

This paper provides the Joint Independent Audit Panel with a report on progress in delivering our responsibilities as your external auditors

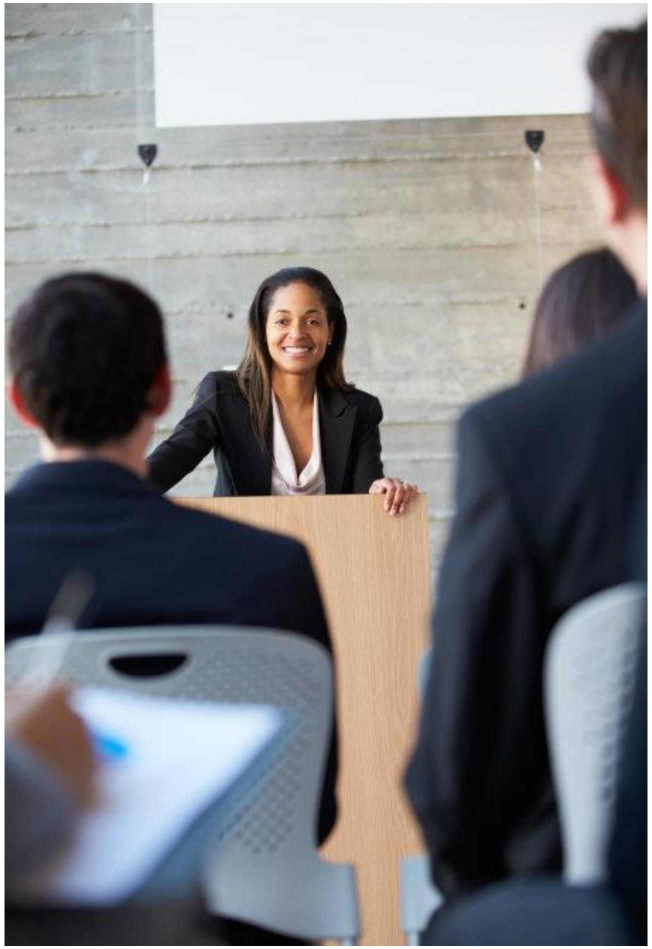
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Audit Panel can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



The auditor's statutory responsibilities

Opinion on the audited body's financial statements

Our work enables us to give an opinion as to whether the financial statements:

- give a true and fair view of the financial position of the audited body and its expenditure and income; and
- have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards and other directions.

Our planning will document our understanding of your key risks, your control environment and inform our testing strategy. This will continue until we begin our final accounts testing.

Since we last reported we have:

- continued to have regular discussions with management discussing issues identified in previous audits, and emerging themes which are expected to impact on the current audits;
- reviewed meeting papers and the latest financial and operational performance reports ensuring we understand your current challenges;
- considered any reports from regulators regarding your operational effectiveness.

Our work is ongoing. We provided more detail later in this report.

Work on value-for-money arrangements

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that MOPAC and the MPS "have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources."

Our initial risk assessment was reported to the Joint Audit Panel in August 2023, against the following reporting criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditors' Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of MOPAC and the MPS's arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against any recommendations raised in previous audits.

Our work is ongoing. We provided more detail later in this report.

The auditor's statutory responsibilities

Other responsibilities

We are required to give an opinion on whether:

- other information published together with the financial statements is consistent with the financial statements.

We are also required to:

- consider whether the Annual Governance Statement complies with relevant disclosure requirements and whether it is consistent with the information we are aware of from our audit; and
- examine and report on the consistency of 'Whole of Government Accounts' consolidation schedules with the financial statements.

We will complete this work as part of our financial statements visit.

Other statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audits.

Our work to date has not required us to report any such matters to you.

Added value

Grant Thornton has a large Public Sector practice and is a key supplier to the market. As a valued audit client, you will receive:

- the opportunity to access support from experienced technical colleagues. This means you will be at the forefront of accounting developments. Through this relationship we also ensure that communication works both ways and feed issues back from our clients.;
- insight from our regular meetings within the sector where we discuss emerging developments. We will also raise any areas of concern that you have over policy, procedure, or regulation with your regulators; and
- technical and sector updates for the Joint Audit Panel.

Progress at December 2023

Financial Statements Audit 2022/23

We were provided with the draft financial statements in line with the agreed timetable and a set of working papers. As in previous years, your finance team have engaged well with the audit process and progress to date has been steady. Apart from a financial reporting issue pertaining to pensions set out below, there are no significant issues that we need to highlight at this stage. Our audit findings report is included as a separate agenda item which reports on other findings identified during the audit.

Pensions roll-forward reporting issue

A financial reporting issue has arisen pertaining to the actuarial valuation of the Police Pension Scheme. The issue relates to the membership data that your actuary has used in forming the year end estimate as at 31 March 2023. Your actuary has used membership data from March 2018 and used roll-forward techniques to generate the estimate as at 31 March 2023. Both IAS 19 [the relevant accounting standard] and the CIPFA Code require the net defined pension liability to be determined with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period. The Code interprets 'sufficiently regular' as "between the formal actuarial valuations every four years for police pension funds".

As of November 2023, management reported that capacity challenges at Equiniti had resulted in delays in obtaining updated membership data to be shared with your actuary. Completion of our 2022/23 audit is pending receipt and audit of the actuary's revised IAS19 report. We continue to liaise with management on the timeframe of this.

There is a risk that continued delays in getting membership data to your actuary could result in the CPM not receiving an updated actuarial report in time to be able to process the changes in the financial statements and for us to complete our audit procedures before 31 March 2024. If, as we anticipate, Government does introduce a backstop for Local Government accounts as at 31 March 2024 – then this delay could result in a qualified opinion in respect of your pensions figure. We have discussed the matter with the chair of the panel and key members of management to ensure the MPS is doing all it can to expediate the process.

Value for Money 2022/23

Our value for money work for 2022/23 was due to start in September. Ahead of this, we requested from management several documents and contact details for key stakeholders we wish to interview. As we reported in our October progress report, there were delays in us obtaining both the requested documents and contact details for stakeholders.

Since October 2023, some progress has been made and we have now received some of the documents and interviews have begun with key stakeholders. As at the date of drafting this report, some documents remain outstanding and there are a couple of meetings still to be arranged. As a result of the delays we do not expect to be able to provide a draft AAR until February 2023 with a planned publication date of March 2023 to enable sufficient time for management comments.

Progress at December 2023 (cont.)

GRNI Creditors financial reporting issue

A financial reporting issue has arisen pertaining to the goods received not invoiced (GRNI) liability. The issue was noted as part of our review of your creditors balance, where you held c£80 million of liabilities in relation to GRNI. Management provided us with a transaction level listing that reconciled to the c£80 million.

However, our review of the listing identified that, when filtered by transactions over 1 year old, the total net amount was £20,506k. We raised this with management because in our view, the likelihood of the liability existing is remote in the event an invoice has not been receipted after this period.

Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £20,506k is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing.

We have challenged management to therefore provide us with a cleansed listing that nets off the old GRNI's with these debits. As at the date of writing, we are currently awaiting this analysis from management.

PPE Asset Under Construction (AUC) Reclassifications disclosure issue

A disclosure issue has arisen relating to Assets Under Construction. From our testing performed on AUC reclassifications and AUC closing balances we identified a number of assets which had become fully operational in year or in previous years that had not been reclassified in the correct financial year.

Specifically, we have identified £29,773k of assets which had become fully operational in previous years that had not been reclassified in the correct financial year. Having identified this error, we then extended our sample testing to obtain assurance that the total misstatement isn’t material. This extended testing identified further errors. Having identified errors in our extended sampling, we have now gone back to management to reanalyse their AUC balance and adjust the accounts if necessary before we do any additional testing. We are currently waiting for this updated analysis.

Progress at December 2023 (cont.)

Other areas

Meetings

We met with Finance Officers in December as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

We also met with the chair of the panel. We provided an update on progress of the audit and discussed our initial considerations from our Value for Money work.

Events

We provide a range of workshops, along with network events for members and publications to support the CPM and MOPAC. Your officers attended our Accounts Workshop in February 2023, where we highlighted financial reporting requirements for the 2022/23 accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the MPS, MOPAC and Joint Audit Panel members are set out in our Sector Update section of this report.

2022/23 deliverables

2022/23 Deliverables	Planned Date	Status
Accounts Joint Audit Plan We are required to issue a detailed accounts joint audit plan to the Joint Audit Panel setting out our proposed approach in order to give our opinions on the 2022-23 financial statements. We plan to communicate this to the Deputy Mayor for Policing and Crime and the Commissioner in May 2023. This will then be shared with the Joint Audit Panel at the next meeting.	May 2023	**Complete**
Joint Audit Findings (ISA260) Report The Joint Audit Findings Report will be reported to the Deputy Mayor for Policing and Crime and the Commissioner in November 2023. The Joint Audit Findings Report will then be reported at the next Joint Audit Panel.	October 2023	**Complete** – this is included as a separate agenda item
Auditors Reports These are the opinions on your financial statements and annual governance statements.	October 2023	**Overdue** – Audit opinion will be issued following completion of our work including the pensions issue. At this stage, we are not able provide an expected date of completion as we have not been given a date from management as to when the updated pensions information will be obtained.
Auditor's Annual Report The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). A draft of the AAR will be reported to the Deputy Mayor for Policing and Crime and the Commissioner in March 2024. The Joint Audit Findings Report will then be reported at the next Joint Audit Panel.	February 2024	**Note yet due** - As a result of delays, we expected the draft report will be shared with management in February with the final version being published in March.

Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from sector specialists**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Home Office

Home Office

Policing Priorities

Without public trust and confidence in the police, attempts to prevent and detect crime will be unlikely to succeed no matter how impressive the strategic thinking behind them, the Home Affairs Committee has found. In a report into policing published in November 2023, it calls on police forces to implement specific measures to restore trust with communities and transform workforce culture.
Policing's first priority must be to look inward and ensure it has the right people and right culture in place to deliver effective policing to communities and earn public trust.

Policing must do more to address the fact that some people are likely to be attracted to the role precisely because of the power it wields. Frequent and continued cases of servicing officers committing serious criminal offences and evidence of toxic workforce cultures has not yet triggered the scale or speed of reform needed, the Committee finds. It highlights that there is urgent need for more effective mechanisms to root out and remove individuals who are fundamentally unfit to hold such a position of power.

The report urges widespread changes in officer recruitment, on-going vetting and disciplinary processes to ensure wrongdoers have nowhere to hide. Some barriers to dismissal should be removed, with particular concerns around two to three years delays even when a criminal offence has been committed.

The full article can be found here.

Institute for Government

Performance Tracker 2023: Police

The police service faces an array of challenges. Levels of public trust are at historically low levels – a consequence of a litany of scandals (and repeated failures to address these) and a general and widespread belief that the police cannot adequately deal with crime. While overall levels of reported crime have declined over the last 10 years, so too have charge rates. In the period, police resources have been stretched by the combination of increasing crime complexity and growing non-crime demands.

Police spending has increased significantly in recent years, largely to support the successful recruitment of an additional 20,000 police officers. The decline in the charge rate has been halted, and the absolute number of charges increased in 2022/23 for the first time since 2013/14. Similarly, forces are increasing their focus on sexual assaults, while aiming to reduce the amount of time spent on non-crime demands such as responding to mental health incidents.

However, there is considerable uncertainty about the long-term impact of the additional officers. Forces are under financial strain to maintain officer numbers, while rapid recruitment has led to concerns over the adequacy of vetting arrangements and the burden placed on supervising officers. It will take time to assess whether these changes can lead to a sustained increase in the number of charges, and improvements in public trust.

The full article can be found here.

Sustainability reporting in the public sector - CIPFA

CIPFA said, 'Sustainability reporting in the public sector is in its infancy, and there is an evolutionary journey to be embarked upon – sooner rather than later.'

Sustainability reporting is the recording and disclosure of an organisation's environmental impact caused by its activities. It has been widely adopted in the private sector, but in the public sector it is not the same story.

Having a clear understanding of the overall carbon footprint of the public sector is vital if we are to tackle climate change, find solutions and encourage sustainable development, said CIPFA.

CIPFA report states, 'the answers and positive steps to addressing the most pressing challenges around public sector sustainability questions. The current patchwork of public sector sustainability reporting frameworks are inconsistent and confusing. The report draws on already existing standards and frameworks that are relevant and useful to the public sector, rather than trying to reinvent the wheel.'

Alignment to financial reporting

The report recommends an approach that aligns sustainability reporting with the wider practice of financial reporting. The four key areas in this approach are governance, the management approach, performance and targets, and strategy. 'Public sector sustainability reporting: time to step it up' provides public finance professionals with a good understanding of what information needs to be disclosed and the process in producing a high quality report.

Read the full report from CIPFA here

[Sustainability Reporting (cipfa.org)]

LGPS valuation gives ‘cause for optimism’ – Hymans Robertson

Many Local Government Pension Schemes are in a stronger position than three years ago to meet future member benefits, pension advisors have said following the most recent valuations.

Despite market instability brought on by Covid-19 and exacerbated by Russia’s invasion of Ukraine, the overall funding level rose to 107% of past service in March 2022, compared to 98.5% in 2019, Hymans Robertson said in a report.

Analysts reviewed the triennial valuations of 73 of the 86 LGPS funds, and said that on average fund asset values rose by 27.5% up to March 2022.

Hymans Robertson said the better-than-expected funding outlook has prompted a reduction in employer contributions, from 21.9% of pay in 2019 to 20.8% in 2022.

Robert Bilton, head of LGPS valuations at Hymans Robertson, said: “Our analysis gives cause for optimism that the outlook for the long-term funding sustainability of the LGPS is robust, not least due to the hard work that has taken place across all funds over the last decade and longer.

“While the good news is welcome, the hard work doesn’t stop, and it is important that funds use the next two years to continue to systematically review their risks to keep them in the best place possible ahead of the valuations in 2025.”

The report said funding levels rose by the most for schemes that were already better-funded in 2019, but balances increased “across the board” in all funds that were reviewed.

Researchers said higher asset values mean funds will only need to deliver real investment returns of about 1.5% per year over the next 20 years to ensure they are fully funded.

Hymans said it expects more than three-quarter (77%) of funds to be able meet the annual level of investment returns by 2040.

“This is a very positive funding position for the LGPS, Considering that, not so long ago, the Scheme Advisory Board had set up a ‘deficit working group’ and the significant market events that the LGPS has had to navigate in recent years.”

“Being in such a strong position is a testament to the diligent and hard work of administering authorities over the last decade.”

Read the full report here

LGPS_2022_Valuation_-_the_big_picture.pdf (hymans.co.uk)

Current local audit deadline 'unachievable' - Grant Thornton

Low capacity in council finance teams and the failure to deal with historic accounting issues mean the current September audit deadline is unlikely to be met.

The firm said the changes in recent years to council investment strategies have seen annual accounts become increasingly complex.

In evidence to a Public Accounts Committee inquiry, Grant Thornton said the increased workload and pressure on resources have complicated recruitment and compounded delays.

The auditors said it is unlikely firms will be able to meet the 30 September deadline for publishing opinions on 2022-23 financial statements, because they are still working on previous years' accounts.

The firm said one of the key issues causing delays is the lack of consensus over areas of audit focus, specifically over how land and buildings are audited.

"Too much audit resource is absorbed in dealing with longstanding financial reporting issues at poorly performing bodies," the firm said.

In certain instances, audits are open as far back as 2017-18.

"Perhaps more importantly, there has not been enough debate with the sector on the purpose of local audit and the enhanced audit scrutiny it faces.

"This is particularly the case with the audit of property. Until these matters are resolved we do not consider that the September deadline is achievable."

Current local audit deadline 'unachievable' - Grant Thornton (cont.)

Grant Thornton said that while audit firms can be sanctioned by the Financial Reporting Council for failing to comply with regulations, there are currently no punishments for public bodies that fail to meet requirements.

It said there should be interventions for audited bodies that show "significant failures in financial reporting and an unwillingness to improve".

In its evidence the firm blamed a lack of council funding to bolster finance teams for a reduction in the quality of reporting, causing further delays.

"Unfortunately, the quality of too many financial statements and working papers are not adequate," Grant Thornton said.

"Improvement in accounts preparation, and recruitment and investment in finance teams is essential if local government is to prepare consistently high-quality draft accounts and respond to the challenges presented by an enhanced audit regime."

In December, local audit procurement body Public Sector Audit Appointments revealed that only 12% of local government audits for 2021-22 were completed by the 30 November deadline.

PSAA said that 630 opinions were outstanding from both 2021-22 and previous years, and the level of opinions completed on time has declined significantly from 45% in 2019-20.

Read the full report here

committees.parliament.uk/writtenevidence/118580/pdf/

DLUHC proposals to clear audit backlog

A range of proposals and actions to address the backlog of local audits in England has been set out by the Department for Levelling Up, Housing and Communities (DLUHC).

These include setting statutory deadlines and issuing qualifications and disclaimers of opinion in the short term.

The proposals have been agreed in principle with key partners across the local audit system, DLUHC said. The National Audit Office (NAO) is considering whether to develop a replacement Code of Audit Practice to give effect to the changes, the department added.

In addition, DLUHC is considering whether legislative change is needed to set new statutory deadlines for local bodies to publish accounts to mirror the proposed changes to the Code of Audit Practice.

Legislative change may also be needed to address any knock-on effects of the proposals which may impact the audit of opening balances within the accounts for future years, the department said.

Under these proposals, section 151 officers will be expected to work with Audit Committee members (or equivalent) to approve the final accounts by the statutory deadline in order for the audit opinion to be issued at the same time.

Read the full proposal here

committees.parliament.uk/publications/40932/documents/199432/default/

Call for sanctions for late accounts amid fears of 'more Wokings' - public accounts committee (PAC)

The Commons' public accounts committee (PAC) published a report, Timeliness of local auditor reporting, which highlights problems caused by the delays to local audit.

Just 12% of local government bodies received their audit opinions in time to publish their 2021-22 accounts by the extended deadline. The committee warned that the problem is likely to get worse before it gets better.

The report points out that there are no sanctions for failing to produce accounts on time, for either auditors or councils.

The PAC and others have been concerned about the implications of audit delays and Sir Geoffrey Clifton-Brown said cases like that of Thurrock Council and Woking Borough Council demonstrate why this issue needs to be addressed. Both councils had years of unaudited accounts when they declared themselves effectively bankrupt due to excessive levels of debt.

Grant Thornton

grantthornton.co.uk

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

Year ended 31 March 2023

January 2024

Contents

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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Deputy Mayor for Policing and Crime and the Commissioner of the Police of the Metropolis.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect MOPAC, the Group and the MPS or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was
not prepared for, nor intended for, any other purpose.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audits of the Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Services (MPS) and the preparation of MOPAC and the MPS's financial statements for the year ended 31 March 2023 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion the financial statements:

- give a true and fair view of the financial positions of the entity's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with each set of audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was substantially completed during July-September. Our findings are summarised on pages 6 to 30.

As at the date of writing this report, there are 8 adjustments to the financial statements of the MPS, MOPAC or the group. Audit adjustments are detailed in Appendix D. The aggregated impact of the 8 adjustments is a £23,388,000 credit to total income/expenditure and a £23,388,000 debit to the balance sheet.

We have also identified 5 potential misstatements which management have not adjusted for. These misstatements arise as a result of errors identified within our sample testing which when extrapolated are above our trivial threshold. The potential misstatements are individually and in aggregate below materiality. The aggregate total unadjusted misstatements is a credit to the income/expenditure of £10,103,000 and a corresponding debit to the balance sheet. Audit unadjusted misstatements are detailed in Appendix D.

We have also raised 6 recommendations for management as a result of our audit work in Appendix B. Our follow up of recommendations from prior year audits are detailed in Appendix C. In the prior year we raised 3 recommendations. 1 of the recommendations in relation to journal authorisation has not been implemented. Work is still ongoing in relation to 2 of the recommendations to determine if they have been implemented.

An issue has arisen during the course of the audit pertaining to the financial reporting of the IAS 19 accounting estimate of your Police Pension Fund liability. Management have requested an actuarial reassessment of the liability. Once received, we will determine whether the changes are material and the accounts require adjustment. More detail on this issue is set out on pages 12 and 13.

Apart from the above issue, our work is substantially complete and subject to the outstanding matters detailed on page 4, there are no matters of which we are aware that would require modification of our audit opinion for MOPAC's financial statements (including the financial statements which consolidate the financial activities of the MPS) or the MPS's financial statements. We are in the process of clearing review points and will update this report for any matters that arise.

Our anticipated audit report opinions on MOPAC, the Group and the MPS's financial statements will be unmodified. The draft wording for our opinions will be provided in a separate document to this report. We have concluded that the other information to be published alongside the financial statements is consistent with our knowledge of both organisations.

1. Headlines

Financial Statements continued

We are currently waiting for responses from management on the following areas:

- evidence supporting AUC reclassifications and closing balance items;
- management revision to accounting policies for asset useful economic lives;
- updated actuarial report based on recent membership data;
- evidence supporting covert cash balances; and
- follow up on covert assets issue from the prior year.

We are currently processing responses from management on the following areas:

- GRNI management adjustment evaluation of accuracy and reasonableness
- evaluation of updated MOPAC AGS

Our work is also subject to the following closing procedures which necessarily take place within the concluding stages of the audit:

- engagement team responses to senior engagement team and quality review;
- receipt of management representation letters (sent as a separate document);
- review of the final set of financial statements; and
- review of meeting minutes up until the signing date for relevant boards/committees

1. Headlines

Value for Money (VFM) arrangements	
Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether in our opinion, both entities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the arrangements under the following specified criteria: - Improving economy, efficiency and effectiveness; - Financial sustainability; and - Governance	An audit letter explaining the reasons for the delay is provided as a separate document to this report. We expect to issue our Auditor's Annual Report within three months after the date of the opinion on the financial statements. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements. We note that our audit has been delayed due to the late response to our requests for information. As part of our work, we considered whether there were any risks of significant weakness in MOPAC and the MPS's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified: • the risk that the revised governance arrangements in the MPS and in MOPAC and not effective in delivering improvement in London policing and performance; • the risk that the turnaround arrangements put in place by the MPS and MOPAC fail to adequately respond to the recommendations from HMICFRS and Casey; • the risk that vetting arrangements are not effective; • the risk that arrangements are not effective to mitigate the delivery and financial risk in two major transformation projects relating to CONNECT and Command and Control; and • the risk that budgeting arrangements are not effective in the transparent and realistic reporting of current and forecasted financial performance. Our work on these risks is underway and an update is set out in the value for money arrangements section of this report.
Statutory duties	
The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties for either entity. We have completed the majority of work under the Code and we expect to certify the completion of the audits upon the completion of our work on MOPAC's and the MPS's VFM arrangements, as well as work required by the WGA.
Significant matters	We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Joint Audit Findings Report presents the observations arising from the audits that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and those charged with governance.

As auditor we are responsible for performing the audits, in accordance with International Standards on Auditing (UK) and the Code, which are directed towards forming and expressing an opinion on each set of financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group's, MOPAC's and the MPS's business and is risk based, and in particular included:

- An evaluation of MOPAC and the MPS's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group (Empress Holdings Limited and its subsidiaries (Empress Holdings Group)) based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that no procedures were deemed necessary over the component company's as the component's are currently dormant and in the process of being liquidated; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audits of your financial statements and, subject to outstanding work detailed on page 4 being completed, we anticipate issuing unqualified audit opinions on the financial statements of MOPAC, the MPS and the group. The draft wording for our opinions will be provided in a separate document to this report.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan. Materiality levels in our audit plan were based on the audited figures from 2021-22. On receipt of the 2022-23 draft financial statements, we recalculated materiality. Whilst gross revenue expenditure increased, the increase was not significant and therefore we decided not to revise our materiality figures upwards.

We detail in the table below besides our determination of materiality.

	Group (£000)	MOPAC (£000)	MPS (£000)	Qualitative factors considered
Materiality for the financial statements	62,000	62,000	60,000	This benchmark is determined as a percentage of the entity's Gross Revenue Expenditure in year and considers the business environment and external factors.
Performance materiality	43,400	43,400	42.000	Performance Materiality is based on a percentage of the overall materiality and considers the control environment / accuracy of accounts and working papers provided.
Trivial matters	3,100	3,100	3,000	Triviality is set at 5% of Headline Materiality.

We have determined financial statement materiality based on a proportion of the gross expenditure of the group, MOPAC and the MPS for the financial year. In the prior year, we used the same benchmark. For our audit testing purposes, we apply the lowest of these materialities, which is £60,000k (PY £58,000k), which equates to 1.4% of the MPS's prior year gross expenditure for the year.

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Relates to	Commentary
The revenue cycle includes fraudulent transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. (rebutted)	Group, MOPAC and MPS (rebutted)	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at MOPAC, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including MOPAC, mean that all forms of fraud are seen as unacceptable. For clarity, the culture and ethical framework being referred to pertains to those involved in the financial reporting process who could perpetrate material fraud. Therefore we do not consider this to be a significant risk for MOPAC. For the MPS, revenue is recognised to fund costs and liabilities relating to resources consumed in the direction and control of day-to-day policing. This is shown in the MPS's financial statements as a transfer of resources from MOPAC to MPS for the cost of policing services. Income for the MPS is received entirely from MOPAC. Therefore we do not consider this to be a significant risk for the MPS. **Conclusion** Our work has not identified any material issues in relation to revenue recognition.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. MOPAC and MPS face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	Group, MOPAC and MPS	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals; • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and agreed to supporting documentation; • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. **Findings** In the previous year, we reported to you a control weakness relating to the self authorisation of journal postings. Full details of the control weakness and our follow up of the issue can be found on page 17. From our sample testing, we have not identified any matters with regard to the appropriateness of journals. We have reviewed your accounting estimates and critical judgements. We do not have any areas of concern to report. We have evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. We do not have any areas of concern to report. **Conclusion** We are satisfied from our work performed that there has been no intentional management override of controls that would result in a material misstatement of the financial statements.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of land and buildings **Current Year Value £1,976m** **Prior Year Value £1,974m** MOPAC re-values land and buildings on a rolling basis over a five-year period to ensure that carrying value is not materially different from current value at the financial statements date. The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions. In valuing your estate, management have made the assumption that for a number of sites, in the event they need to be replaced, they would be rebuilt to modern conditions. Within the valuation of MOPAC's specialised operational land and building sites the valuer's estimation of the value has several key inputs, which the valuation is sensitive to. These include the build costs, the size and location of the sites and any judgements that have impacted this assessment and the condition of the property site. Non-specialised asset valuation estimates are sensitive to inputs including market rent, yields and size of asset. This year, you have changed your valuer following the contract with your previous supplier coming to an end. The valuer used for the 31 March 2023 valuation was Avison Young. We have pinpointed the significant risk to be the reasonableness of key assumptions pertaining to assets that are individually material, or where there was a significant movement in year outside of our expectations. The value of assets in this significant risk population was £818m. Random sample testing was then carried out on the residual non-significant risk assets. The results of both forms of testing is set out in the 'commentary'.	Group and MOPAC	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. We have engaged our own valuer to assess the instructions to the group's valuer; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding. We have engaged our own valuer to assess the group's valuer's report and the assumptions that underpin the valuation; • carried out testing of data provided to the valuer to gain assurance if it is complete and accurate; • tested revaluations made during the year to see if they had been input correctly into MOPAC and (group's) asset register; • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end; and **Findings** 1. Within our reconciliation of the Fixed Asset Register to the Valuers report, we noted variances in carrying value for 5 properties because of valuation adjustments from the valuer Avison Young. The result of not revising the fixed asset register and the financial statements is an understatement of gross book value of £3.6m. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D. 2. Within our assessment of Revaluation Movements, we requested explanations from management for significant year on year changes. As part of this exercise, Avison Young noted a error in their valuation workings for one DRC asset. The difference in Avison Youngs workings is a £5.6m downward valuation to the asset. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D. 3. Management processed all of the revaluation movements in month 11 (February 2023) rather than in month 12 (March 2023). As a result, the adjustment only cleared 17 Months of depreciation (11 months from 22/23 and 6 months from 21/22 - where the valuation date was previously 30th September 2021). The adjustment should have cleared 18 months of depreciation, which means there is a one month depreciation discrepancy in the valuation adjustment. This results in a circa £4.9m understatement of PPE. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D.

Continued overleaf . . .

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of land and buildings - continued	Group and MOPAC	Findings – *continued* 4. As part of our work we identified several assets that are misclassified in your draft financial statements as operational assets when in fact they are surplus. These assets were Assets Held For Sale (AHFS) during the 2022/23 period but before the 31 March 2023, a decision was taken by management to stop actively marketing them. This decision therefore meant that these assets no longer met the definition of an AHFS. However, because those assets were not brought into operational use, they should have been classified as surplus. This misclassification gives rise to two separate errors in the financial statements as set out below: 4a) There is a disclosure misstatement of £22,000k in your PPE note. Operational land and buildings is overstatement by this amount and surplus assets is understated by the same value. Note, this has no net impact on your financial reported position or the balance sheet. This is reported to you as an unadjusted disclosure misstatement as management have confirmed they are not amending the accounts. This is reported to you in Appendix D. 4b) Under the relevant accounting standards, surplus assets ought to be valued at fair value. This differs to the valuation basis of operational properties which is valued at existing use value. The estimated impact of this is that PPE is understated by £7,169k. The gain would be recognised primarily through the revaluation reserve (£6.1m) with the residual going through the CIES £1.1m. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D. 5. With a change of valuer, management took the opportunity to refresh the data held pertaining to floor areas of its estate before sending this to the valuer. This resulted in a significant movement in floor areas with some assets doubling or halfling in size. We performed work to determine whether the change in floor areas indicates the presence of an error in the prior period valuation. Based on our work, we did form the view that the change in floor areas was most likely an error in the prior year rather than a change in accounting estimate. Work was performed to quantify the impact of this error. This work showed that for several assets, the error in the prior year valuation was material. The valuation differences however did not all go one way – some assets were overstated whilst others were understated. In aggregate, the net error on the balance sheet was £13m. As this is not material, the accounting standards does not require management to amend the opening balances and the prior period comparators. As a result of the issue we have raised a control recommendation for management – see Appendix B for details. 6. As part of our testing of assets revalued in 2022/23, we have noted a discrepancy in the floor area adopted for one asset in our residual DRC Building population. The potential impact upon the valuation would be £327,613 reduction in the valuation. As this asset did not have a floor area measured within Manhatten, we extrapolated this asset overstatement against the population value of other assets identified to also not adopt CAD floor area data. The estimated impact of this is an overstatement of £4,023k. The double entry reported is based on a "worst case scenario" i.e. all of the impact has been reported against the CIES. But in reality, the accounting adjustment would be a mix between RR and CIES, dependent upon accumulated reserves/impairment for individual assets. This is reported to you as an unadjusted misstatement in Appendix D. Conclusion **Our work on PPE Land and Building valuations is still in progress and subject to the satisfactory completion of the outstanding matters on page 4, our work has not identified a material issue in relation to the valuation of land and buildings.**

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of the pension fund net liability **Current Year Value: £25,611m** **Prior Year Value: £39,246m** The pension fund net liability, as reflected in the balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£39,246m in MOPAC, the Groups and the MPS's balance sheet) and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used your actuary to produce the IAS 19 estimate is provided by your Pension Fund team via Equiniti (the outsourced pensions administrator). Source data is not considered to be a significant risk but work is still performed to ensure the data is complete and accurate and appropriate for the purposes it is being used. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.5% change in the discount rate assumption would have approximately 11% effect on the liability. A 0.5% change in the inflation rate assumption would have approximately 8% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the pension fund net liability as a significant risk.	Group, MOPAC and MPS	In response to the risk highlighted in the audit plan we have undertaken the following work: • updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • assessed the accuracy and completeness of the information provided by the MPS to the actuary to estimate the liability; • tested the consistency of the pension fund net liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as an auditor's expert) and performing any additional procedures suggested within the report. This included the potential impact of the McCloud/ Sergeant ruling. **Findings – membership data:** Under the instructions of management, your actuary has used membership data from March 2018 and then used roll-forward techniques to estimate the liability as at 31 March 2023. The use of roll-forward techniques is permissible under IAS 19 so long as the full valuation (using updated membership data) is performed with "**sufficient regularity** that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period" (IAS 19). The Code adapts the requirement for **sufficient regularity** to mean "between the formal actuarial valuations every four years for police pension funds, there shall be approximate assessments in intervening years." (6.4.1.8) *Continued overleaf . . .*

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of the pension fund net liability - continued	Group, MOPAC and MPS	The formal fund valuation of the Police Pension Scheme is performed by Government Actuary's Department (GAD) once for all Police forces. The 2022 valuation has been delayed nationally meaning that as at the time of producing the draft financial statements, the valuation of the Police Pension Scheme 2022 was not available. As at the date of writing this report, the formal fund valuation remains unpublished. Management have prepared for us a formal accounting judgement paper setting why their IAS 19 accounting estimate in the financial statements complies with the Code requirement and is materially accurate. We disagree with the view of management. We do not consider that an IAS 19 estimate based on membership data from 5 years ago complies with the requirements of the accounting standards/framework and produces a materially accurate estimate. It is important to note that all other Police forces have provided their actuary with membership data from 2020 (or more recent) to produce their 31 March 2023 estimate. Management have instructed your actuary to produce an updated actuarial assessment using up to date membership data. This is likely to have a material impact on the accounting estimate and take several weeks to process. As such, we have deferred the start of the bulk of our work on pensions until this issue is resolved because there is a risk of duplication and inefficiency in our audit approach. Conclusion **Given the issue set out above, it is too early to draw a conclusion on the overall reasonableness of the net pension fund liability.**

2. Financial Statements - other risks

The below are risks we highlighted to you in our Audit Plan. They are not considered to be significant risks, however these transactions still contain *some* risk of material misstatement for which we have tailored an appropriate audit response. Details of our findings against these 'other risks' are detailed in the table below.

Risks identified in our Audit Plan	Relates to	Commentary
Occurrence, Completeness and Accuracy of Operating Expenditure/Accounts Payable We have determined that Operating Expenditure/Accounts Payable represent significant classes of transactions which rely on highly automated processing with little or no manual intervention. Therefore, MOPAC and the MPS's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.	Group, MOPAC and MPS	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated the design and implementation of controls over Operating Expenditure/Accounts Payable transactions Findings • As part of our testing of year end creditors, we selected for testing a £3,045,000 accrual in relation to the supply of tasers. Through our investigation, it transpired that whilst the group was contractually committed to the purchase of these tasers, as at 31 March 2023, those tasers had not been delivered. Therefore, the liability did not exist as at 31 March 2023 and so short term liabilities is overstated. This has been reported to you as an unadjusted misstatement – see Appendix D. • As part of our testing of year end creditors, we selected for testing a £5,546,000 accrual. The accrual has been on the balance sheet for several years and relates to future unlodged claims pertaining to a pre-1990 legal claim for Inner Courts for London. As a result of our inquires, management confirmed that no liability existed and that the liability would be derecognised in 2023/24. This was based on a consideration of IAS 37 and the fact that there was insufficient evidence to support a probable outflow of economic benefit. Management confirmed that the same conditions applied to the balance sheet date (31 March 2023) and therefore current liabilities are overstated by £5,546k. This is reported to you as an unadjusted misstatement – see Appendix D. • As part of our testing of year end creditors, we selected a random sample of 33 transactions from the residual population of creditors that had not been selected individually for testing based on criteria. Misstatements were identified in 4/33 of our sample. The total book value of the errors was £70,466. We projected the misstatement over the population tested and this resulted in an extrapolated overstatement of £2,953,476. The extrapolation is a projection of the overstatement in creditors based on our sample testing. The extrapolation has been reported to you as an unadjusted misstatement – see Appendix D. • As part of our testing of operating expenditure we split the population into transactions which come from the accounts payable (AP) system and those that do not go through the AP system. In our sample testing of transactions from AP, we identified errors in 3/24 samples. The total value of the errors identified was a net overstatement of £8,517.36. When extrapolated over the population tested, the extrapolation was £3.220m. As the extrapolation exceeds our triviality threshold we are required to report this to you as an unadjusted misstatement - see Appendix D. *Continued overleaf . . .* No issues were identified as part of our evaluation of the design and implementation of controls. However, there is a linked control finding identified as part of our journals work around the purchase order values. More information on this is set out on page 18. Conclusion **Our work has not identified a material issue in relation to this risk.**

2. Financial Statements - other risks

Risks identified in our Audit Plan	Relates to	Commentary
Occurrence, Completeness and Accuracy of Operating Expenditure/Accounts Payable - continued	Group, MOPAC and MPS	Findings – *continued* • As part of our testing of operating expenditure we split the population into transactions which come from the accounts payable (AP) system and those that do not go through the AP system. In our sample testing of transactions from non-AP, we identified errors in 3/38 samples. The total book value of the errors was £276k. £274k of this related to an accrual where the expenditure related to 2023/24. We projected the aggregate misstatement over the population tested and this resulted in an extrapolation of £4,360,000. As the extrapolation exceeds our triviality threshold we are required to report this to you as an unadjusted misstatement - see **Appendix D.** • As part of our review of your creditors balance, you held £80 million of liabilities in relation to goods receipted but not yet invoiced. Management provided us with a transaction level listing that reconciled to the £80 million. We reviewed the listing and identified that when filtered by transactions over 1 year old, the total net amount was £24.5 million based on purchase order date. We raised this with management because in our view, the likelihood of the liability existing is remote. Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £24.5 million is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing. We have challenged management to therefore provide us with a cleansed listing that nets off the old GRNI's with these debits. We have been provided with an analysis by management that evaluates a population of these GRNIs exceeding £10k, this population totals to £20.9 million. Based on this analysis, management have determined a £7.2 million downward adjustment to the creditors GRNI balance in the financial statements. The residual population of GRNIs less than £10k totalled to £3.6m. Therefore, without proof that the £3.6 million nets off, we consider this to be an uncertainty and therefore report this to you as an unadjusted misstatement. Work is currently in progress to assess the accuracy and reasonableness of management's analysis. No issues were identified as part of our evaluation of the design and implementation of controls. However, there is a linked control finding identified as part of our journals work around the purchase order values. More information on this is set out on page 19. Conclusion **Our work has not identified a material issue in relation to this risk.**

2. Financial Statements - other risks

Risks identified in our Audit Plan	Relates to	Commentary
Occurrence, Completeness and Accuracy of Police Officer and Staff Expenditure We have determined that Police Officer and Staff Expenditure represent significant classes of transactions which rely on highly automated processing with little or no manual intervention. Therefore, MOPAC and the MPS's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.	Group, MOPAC and MPS	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated the design and implementation of controls over Police Officer and Staff Expenditure transactions Findings: No issues were identified as part of our evaluation of the design and implementation of controls. Conclusion **Our work has not identified a material issue in relation to this risk.**

2. Financial Statements – issues and risks

This section provides commentary on issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant matters identified during the year.

Issue	Commentary	Auditor view
Self authorisation of journals In 2018/19 MOPAC and the MPS transferred to a new finance ledger system. Management took the decision not to implement a journal authorisation control and therefore users have the ability to post and authorise their own journals. The absence of this control increases the risk that fraudulent or inappropriate journals could be posted without review or detection. We continue to recommend and encourage management to strengthen existing controls around journal authorisation.	Our review of the PSOP journal control environment identified that there is no control to authorise journals raised by journal users within the MPS and MOPAC finance teams. Journals posted by SSCL however have a separate manual authorisation process where journals are reviewed by another member of SSCL finance team before being posted to the ledger. Prior to the PSOP change, all MPS finance team journals above £10k were reviewed and authorised by another appropriate person. The control objective was to identify, detect and correct errors; either from deliberate fraud or unintentional mistakes. MPS management made the decision to not implement a journal authorisation control for PSOP. This decision was arrived at following consideration of the control environment, risk appetite and level of risk inherent in this respect. The judgement MPS management put forward is that budget holder review is an adequate compensating control that achieves the same control objective; the premise being significant errors from journals would be picked up by budget holders during their monthly review of the budget as the errors would present as variations to their expectations. Budget holders would then initiate an investigation and such journals will be identified and corrected. In addition, consideration was given to year end journals. Management was satisfied any errors in year end journals would either be detected by a budget holder or, where not within a specific budget holder's remit, would be identified by the review undertaken by central finance in closing the accounts. In the context of the other mitigating controls, the MPS risk appetite, the effectiveness of journal authorisation as a control in itself, and the wider control environment, management have concluded that the absence of journal authorisation control would not lead to a material misstatement in the financial statements.	It is a matter for management as to the controls that they operate. However, we note the following: • Identification of an error through budget holder review requires there to be a variance to expectation. An erroneous journal can be posted to make *actuals* in line with the budget and therefore such journals would avoid detection. • Not all journals impact budgets i.e. reserves/suspense/holding accounts and so journals posted through these ledger codes will avoid detection. • Journals are often used to mask fraud. Typically, fraud occurs on the '*little and often*' basis and so these journals would avoid detection as they would not present as a significant variance on a budget holder review An effective budget holder review process is dependent on a number of factors. Some key factors are: • the skills and relevant training of the budget holders, • their capacity to perform the procedure • the adequacy of reporting from the system; and • also having regard for the differing levels different budget holders may place on what constitutes a *significant variance* requiring investigation. We have challenged management as to whether there may be a gap in the controls, in light of the above risks. Management's responses set out in the commentary. Management's judgement is that any gap is within the MPS' risk appetite, that the control itself is not, in and of itself, particularly effective, that the benefit of any such control is considerably outweighed by the cost, and the impact on the control environment is not significant. In response to this risk identified we performed additional procedures including: • Review of users posting journals and review of their job role to ensure they are appropriate individuals to be posting journals • Analysis of volume and value of journals posted per user to identify any unusual fluctuations • Added custom routines to our journals testing strategy to target testing on manual journals, clearing accounts and new accounts. We remain of the view that the lack of journal authorisation increases significantly the risk of fraud and/or error in the financial statements and management accounts. We do not consider that budgetary control provides an adequate compensating control.

2. Financial Statements – issues and risks

Issue	Commentary	Auditor view
MOPAC – data breach	During the year we were made aware of a data breach pertaining to personal and sensitive data. Once management were aware of the data breach, they quickly moved to shut the website down, inform the Information Commissioner's Office (ICO) and launch and investigation. We have been informed that the data breach was as a result of human error whilst performing an update to the website rather than a deliberate cyber-attack. MOPAC are currently working with experts to communicate the data breach to those affected.	In terms of the financial statements, we are satisfied that the issue does not pose a risk of material misstatement. It is too soon to quantify any potential liability arising from litigation and there is insufficient information to even report a contingent liability in the financial statements. We continue to remained briefed by management as the situation develops but the issue itself has been considered and does not impact our ability to issue an opinion. We note that there has been a subsequent cyber attack in 2023/24. We have considered this matter and concluded that it does not impact the 2022/23 financial statements.

2. Financial Statements - matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view and management response
Invoice Price Variances (IPV)- Operating Expenditure **2021-22** In 2021-22, as part of our review of the financial ledger we identified an £8 trillion correcting journal that had been posted to the finance system. We investigated this further to understand the prevent, detect and correct controls in place in order to ensure the accounts were free from material misstatement. **2022-23** As part of our journals work this year, we identified a £1 trillion correct journal posted to the finance system. Similar to the £8 trillion transaction in the prior year, this transaction related to an input error on a PO which was subsequently receipted incorrectly. Again, like 2021-22, this erroneous transaction was detected and corrected such that there was no error in the year end financial statements.	A purchase order had been set up incorrectly whereby the unit price and quantity had been incorrectly entered. Once the invoice was received and entered into the system the wrong unit price per the PO was applied and created an invoice price variance (IPV) of £1 trillion (£8 trillion in the PY) that was posted to the general ledger. This error was subsequently identified by SSCL and corrected. Prevent controls- the system does not prevent a transaction being recorded when it is exceeds the PO amount however the invoice would not be paid due to the 3 way matching controls in place. The accounting entries will however have been posted to the ledger. Therefore prevent controls are limited. Detect and Correct controls- The SSCL P2P team run monthly reports on IPVs checking for attributes such as the size of the IPV as well as the level of decimalisation (as in this case the decimalisation was wrong), and investigate the IPVs to determine if they are true or there is an error. The P2P team also keep a summary of the total IPVs in each report and the number corrected as an audit trail but also for training purposes. As a secondary control the R2R team will also run an IPV report at month end to check if there are any IPVs they believe the AP Team may have missed and send them over for investigation. There is therefore some level of segregation of duties as two separate teams within SSCL run reports for IPVs and should mean that there is reduced chance of IPVs going uncorrected. The MPS also review monthly budget monitoring reports where any large variances of outturn to budget are investigated and where errors are identified corrections are made.	Although a large error was posted into the financial system we have reviewed the controls in place to prevent, detect and correct misstatements. We are satisfied these controls are designed effectively and as evidenced here were able to identify a material misstatement which was subsequently corrected. **Management response** As noted, appropriate compensating controls are implemented and operating effectively to mitigate the risk of Invoice Price Variances leading to a misstatement in expenditure. No changes are proposed. We will explore a system solution to avoid this occurrence through the Met Business Services programme in due course.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £1,976m	Group and MOPAC	Land and buildings comprises £1,346m of specialised assets such as police stations, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£458m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. MOPAC also hold £81m of other assets (Investment properties, surplus assets, assets held for sale, finance leases and residential properties) which are valued at market value. MOPAC and the Group have engaged a new valuer this year following the expiration of the contract with Montague Evans. Avison and Young has been engaged to complete the valuation of properties as at 31 March 2023 on a five yearly cyclical basis. This is a change from the previous valuations where the valuation was performed half way through the year at 30 September. With a valuation as at 31 March 2023, there is no risk that the carrying value of revalued assets could different from the current value as at the balance sheet date. Not all assets were subject to revaluation – the total value of these assets were £105m. We have reviewed the reasonableness of management's judgement not to revalue these assets and we are satisfied that it is reasonable and doesn't lead to a material misstatement in the financial statements. The total year end valuation of properties was £1,976m, a net increase of £2m from 2021/22 (£1,974m).	We reviewed your assessment of the estimate considering: • ISA540 requirements; • assessment of management's expert to be competent, capable and objective; • completeness and accuracy of the underlying information used to determine the estimate; • the appropriateness of your alternative site assumptions which remain consistent with previous years; • reasonableness of increase/decrease in estimates on individual assets; • consistency of estimate against indexed property market trends, and reasonableness of the decrease in the buildings estimate / Increase in the land estimate; and • Adequacy of disclosure of estimate in the financial statements. Findings Our findings on PPE in terms of misstatements, have already been reported on pages X and X. In terms of the accounting estimate, land and buildings have been appropriately valued by the instructed valuer. Whilst the general method of valuing assets is unchanged, there were changes in the assumptions this year primarily driven by the use of a new valuer. The most significant changes in assumptions were in relation to BCIS costs and floor areas. Build costs: Build costs are a key assumption in DRC valuations. It represents the cost per square foot of rebuilding a specialists asset i.e. Police stations. Your previous valuer used RICS published BCIS costs. Avison and Young have however formed their own build cost estimate using recent construction data. We have formed the view that Avison and Young's approach is reasonable by corroborating the source data being used, taking advice from our auditor's expert and comparing the build cost to the published BCIS data. In general, the build cost assumption from Avison and Young is higher than the mean build cost in the BCIS published data. Whilst it is higher than the mean, it still falls within the upper range. Ceteris paribus, the impact of the change in the build cost assumption results in the value of your DRC assets increasing compared to the prior year. Although we note that, in general, the value of DRC buildings have fallen year on year and a result of changes in floor areas adopted. Our audit response to this is defined below. **Continues overleaf . . .**	Green

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Relates to	Audit Comments	Assessment
Land and Building valuations – £1,976m	Group and MOPAC	Floor areas: With a change of valuer, management took the opportunity to refresh the data held pertaining to floor areas of its estate before sending this to the valuer. This resulted in a significant movement in floor areas with some assets doubling or halfling in size. We performed work to: (a) assess the reasonableness/accuracy of the updated floor areas and; (b) determine whether the change in floor areas indicates the presence of an error in the prior period valuation. In terms of (a) we have liaised directly with estates to understand the new CAD floor area tool utilised to prepare the data shared with Avison Young. In terms of (b) we did form the view that the change in floor areas was most likely an error in the prior year rather than a change in accounting estimate. Work was performed to quantify the impact of this error. This work showed that for several assets, the error in the prior year valuation was material. The valuation differences however did not all go one way – some assets were overstated whilst others were understated. In aggregate, the net error on the balance sheet was £13m. As this is not material, the accounting standards does not require management to amend the opening balances and the prior period comparators. Other assumptions: We also reviewed the reasonableness of other assumptions including externals, professional costs, rental values and yields. There are no issues to report and we have concluded that these assumptions are reasonable. Conclusion **Our work on PPE is still in progress and subject to the satisfactory completion of the outstanding matters on page 4, we are satisfied that the estimate of your land and buildings valuation is not materially misstated.**	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Orange] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Net pension liability £25,611m	MOPAC, the Group and MPS	MOPAC and the MPS's net pension liability at 31 March 2023 is £25,611m (PY £39,246m) comprising the Police Pension Scheme 2015, the 2006 New police Pension Scheme and the Police Pension Scheme all of which are unfunded defined benefit pension schemes. The group uses Hymans Robertson to provide actuarial valuations of the group's liabilities derived from these schemes. The actuary utilises key assumptions such as life expectancy, discount rates and salary growth. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £14,150m net actuarial gain during 2022/23, of which £515m has impacted the Comprehensive Income and Expenditure Statement. The remaining £13,635m has decreased the group's unusable reserves.	We have delayed the start of our work on pensions until a financial reporting issue pertaining to the roll forward methodology is resolved. Details of this issue is set out on page 13 and 14. Once the work has been complete we will report our findings to management and TCWG via an updated Audit Findings Report. **Conclusion** **Based on the work carried out to date, it is too early to provide an overall assessment on the reasonableness of the net pension liability estimate.**	TBC

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Other estimates and judgements include: • Property, Plant and Equipment: depreciation including useful life of capital equipment.	Group and MOPAC	Depreciation is calculated based on the asset value and expected useful life of assets. The Group monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year;	For buildings, the depreciation charge in the financial statements is based on the historic useful economic life (UEL) data stored in the asset register. Whilst management have regard for the useful UEL supplied by their valuer each year, they do not update the fixed asset register unless the UEL provided by the valuer is significantly different. We performed an analytical procedure by setting an expectation for depreciation based on UELs provided by your valuer. We then compared this to the actual depreciation charged in the financial statements to assess reasonableness. Our analytical procedure identified that the depreciation charge was cautious, but not materially misstated. This means that the depreciation charge in the financial statements is higher than our expected depreciation charge. The key driver for this was the depreciation on buildings. Our expectation for depreciation on buildings was based on a UEL provided by your valuer. Management does not update the UEL on the fixed asset register each year to the UEL provided for the valuer. They only update it where the difference is significant. This inconsistency resulted in the depreciation charge we expect being lower than the charge made.	Yellow
• Provisions	Group and MOPAC	The most significant provision on the balance sheet is the provision for Third Party Liabilities. The calculation of the provision required is based on an established approach using the estimated reserve required to settle ongoing cases from system reports adjusted for the differences between amounts reserved and amounts paid out in settlement on recent settled cases. Other provisions will be based on professional judgement using suitable available supporting documentation.	Our work in respect of the estimate of your provisions has not identified any material issues.	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
• Accruals including the annual leave accrual and Home Office pension top-up accrual.	Group, MOPAC and the MPS	The two largest accruals are the Home Office Pension Top-up and employee annual leave accrual, which are documented below. The remaining balance is made up of smaller accruals from around the business. Accruals will be based on actual information on balances owed (eg. invoices) where possible but in some cases estimates may be used where it is not possible to determine the exact amount to be accrued. Assumptions will vary depending on the accrual however, business accountants will use their professional judgement in determining an appropriate estimate. Source data used will depend on the nature of the specific accrual but is likely to include amongst other things invoices, contracts, timesheets and correspondence with third parties to derive a reasonable estimate. Home Office Pension Top-up Accrual (£330m): The accrual is a calculation based on the amount accrued from the previous year, the amount received in cash from the Home Office during the current financial year and the deficit on the Pension Fund Revenue Account at the end of the financial year which is recorded on the ledger. Monthly data is used from the ledger for the return to the Home Office to determine the outturn for the current financial year. This data is prepared by Corporate Finance for review and inclusion in the return submitted by the Pensions Lead in HR. Annual leave accrual (£198m): For police officers and PCSO, computer aided resource management system (CARMS) data is taken and ready reckoner pay rates are applied to calculate the accrual. The key assumption made by management is that the average hours of annual leave carried forward per pay band for those officers registered on CARMS is reflective of the hours of annual leave carried forward by Officers not on the CARMS system, the source data used to calculate the accrual estimate for policer officers and PCSO is CARMS. For police staff, samples are selected to determine the average unused leave that is then applied to the population. The key assumption made in calculating the Holiday accrual for Police staff is that the sample data is representative of the entire population. Data derived from these samples is collected through self reporting (holiday entitlement forms). All data is crossed checked and reconciled to HR data. Sufficient numbers of police staff are sampled to ensure that there is a statistically negligible chance that the sample deviates materially from the population from which it has been selected from.	Our work in respect of the annual leave accrual has not identified any material issues. Our work in respect of the Home Office Pension Top-up accrual and other accruals has not identified any material issues.	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Orange] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
PFI Liability	Group and MOPAC	PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM , are accounted for as 'on-Statement of Financial Position' by the entity. The PFI liability is determined by the original financial model updated for inflation and relevant variations. The source data is derived from the financial model. Estimates are used for un-invoiced variations (or credits for insurance) based on estimates provided at the time of the variation.	Our work in respect of the estimate of your PFI liability has not identified any material issues.	Green
Consolidation of Empress Holdings Limited and its subsidiaries	Group and MOPAC	On 26 March 2018 the Group acquired the entire issued share capital of Empress Holdings Limited and its subsidiaries ("Empress Holdings Group") which holds the freehold interest in the Empress State Building (ESB). As result of this purchase, a judgement was made that the Empress Holdings Group is a subsidiary of the Group, and its assets, liabilities and reserves would be consolidated into the MOPAC Group Accounts. Management proposed that they consider the rights and obligations of the building to now belong to MOPAC and that there was no residual value to the shares owned by MOPAC (i.e. the only value to the shares was the value of ESB). The Empress State Group is in the process of being dissolved, and as a result will be consolidated at nil value until this is complete.	Our work in respect of the judgement made to consolidate the Empress Holdings Group at nil value is deemed appropriate as a result of the dissolution process. We have not identified any material issues as a result of the judgement made by management.	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Orange] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £67.4m	MOPAC and Group	MOPAC is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance. The year end MRP charge was £67.4m (PY £64.2m). We note the increase is a result of £200m of new borrowing for finance capital expenditure being taken out in 2022/23.	Findings: We have carried out the following work: • Confirmed that the MOPAC's policy on MRP complies with statutory guidance. • Assessed that there are no changes to MOPAC's MRP policy in comparison to 2021/22 • Assessed and benchmarked the percentage of MOPAC's MRP charge against the opening capital financing requirement (6.6%). As this is above 2%, it falls within our 'Green' range – no concerns identified. • Assessed and benchmarked the percentage of the MOPAC's total debt against the capital financing requirement (53%). As this is below 100%, it falls within our 'Green' range – no concerns identified. Government have consulted on changes to the regulations that underpin MRP, to clarify that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted. The consultation highlighted that the intention is not to change policy, but to clearly set out in legislation, the practices that authorities should already be following. Government will issue a full response to the consultation in due course.	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Orange] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

			ITGC control area rating			
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks
Oracle EBS (PSOP)	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Green	● Green	The Oracle system and its sub-modules link to the following processes where relevant controls have been identified: (1) Payroll (2) Accounts Payable (3) Journals
Real Asset Management (RAM)	ITGC assessment (design, implementation and operating effectiveness)	● Green	● Green	● Green	● Green	RAM links to PPE where relevant controls have been identified.

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Orange] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Deputy Mayor (for MOPAC) and the Commissioner (for the MPS). We have not been made aware of any incidents in the period that would have a material impact on the financial statements and no other material issues have been identified during the course of our audit procedures.
Matters in relation to related parties	As part of our work on the related parties disclosure, we identified 3 control findings. None of these have had an impact on the draft financial statements however we have raised them to management to encourage best practice. See Appendix B for details. Based on the work we have performed, we are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation have been requested from both the Deputy Mayor (for MOPAC) and the Commissioner (for the MPS), including specific representations in respect of the following issue: • Confirmation that the total value of covert transactions, covert assets, covert bank and cash balances in the MPS, MOPAC and group financial statements is not material. • Confirmation that the total value of covert assets not capitalised and included in the financial statements is not material.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to: • The Greater London Authority (in respect of short-term investments and long-term borrowings); • National Westminster Bank PLC (in respect of cash held at bank) and; • Lloyds Bank PLC (in respect of a bank account held by Equiniti on your behalf to process police officer pension payments). This permission was granted and the requests were sent. We have received confirmations from the The Greater London Authority and National Westminster Bank PLC. We are still waiting on a confirmation from Lloyds Bank PLC in respect of 1 bank account.
Accounting practices	We have evaluated the appropriateness of MOPAC, MPS and the group's accounting policies, accounting estimates and financial statement disclosures. Our review found no material commissions.
Audit evidence and explanations/ significant difficulties	We did experience some delays in obtain requested evidence from management. Delays were primarily as a result of planned annual leave over the summer holidays.

2. Financial Statements: other communication requirements

Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of MOPAC, the MPS and the group's financial sustainability is addressed by our value for money work, which is covered in our Auditor's Annual Report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by MOPAC, MPS and the group meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of MOPAC, the MPS and the group and the environment in which they operate; • MOPAC, the MPS and the group's financial reporting framework; • MOPAC, the MPS and the group's system of internal control for identifying events or conditions relevant to going concern; and • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified for either the MOPAC, the MPS or the group • management's use of the going concern basis of accounting in the preparation of both sets of financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with each set of audited financial statements (including the Annual Governance Statements and Narrative Reports), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Our work on other information is in progress. Subject to the satisfactory resolution of outstanding matters set out on page 4, we plan to issue an unmodified opinion in this respect. The draft wording for our opinions will be provided in a separate report.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. We do not have any exceptions to report except for the following: We are in the progress of completing our work in respect of the arrangements in place to secure value for money. We have identified risks of significant weaknesses in respect of: • the risk that the revised governance arrangements in the MPS and in MOPAC and not effective in delivering improvement in London policing and performance; • the risk that the turnaround arrangements put in place by the MPS and MOPAC fail to adequately respond to the recommendations from HMICFRS and Casey; • the risk that vetting arrangements are not effective; • the risk that arrangements are not effective to mitigate the delivery and financial risk in two major transformation projects relating to CONNECT and Command and Control; and • the risk that budgeting arrangements are not effective in the transparent and realistic reporting of current and forecasted financial performance. The first four risks highlighted above are carried forward from significant weaknesses identified in our 2021/22 auditor's annual report. The last risk is a new risk identified for 2022/23. We will conclude our findings in respect of these risks on completion of our audit work within the Auditor's Annual Report.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions. As the group exceeds the specified reporting threshold of £2billion we examine and report on the consistency of the WGA consolidation pack with the group's audited financial statements. Note that work is not yet completed and will complete our work in respect of MOPAC's WGA consolidation pack following the issue of our opinion. WGA instructions have not yet been provided to us by the NAO.
Certification of the closure of the audit	We intend to certify the closure of the 2022/23 audit of MOPAC and the MPS following the completion of our audit opinion, WGA and value for money conclusion work. We intend to certify the closure of the 2021/212 audit of MOPAC and the MPS following the completion of review of the WGA consolidation return.

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM: our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in Appendix K to this report. We expect to issue our Auditor's Annual Report by December 2023, although we note that our work has been delayed due to the information needed not being made available to us. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the MOPAC and MPS' arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified the risks set below. Our work on these risks are underway.

- the risk that the revised governance arrangements in the MPS and in MOPAC and not effective in delivering improvement in London policing and performance;
- the risk that the turnaround arrangements put in place by the MPS and MOPAC fail to adequately respond to the recommendations from HMICFRS and Casey;
- the risk that vetting arrangements are not effective;
- the risk that arrangements are not effective to mitigate the delivery and financial risk in two major transformation projects relating to CONNECT and Command and Control; and
- the risk that budgeting arrangements are not effective in the transparent and realistic reporting of current and forecasted financial performance.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to MOPAC, the Group and MPS. No non-audit services were identified which were charged relating to the 2022-23 financial year.

Appendices

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud.	•	•
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan– Audit of Financial Statements

We have identified six recommendations for MOPAC, MPS and the group as a result of issues identified during the course of our audits. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Low – best practice	**Declaration of interests (MPS only):** From our related parties work we noted that the draft accounts were published without management obtaining a signed declaration of interests from a senior officer. Without signed declarations, there is a risk that the accounts include a material misstatement due to disclosure omission of a related party transactions. After our challenge of this missing declaration, the senior officer returned a signed declaration which confirmed that they had no interests. There is therefore no disclosure misstatement in the draft financial statements.	We recommend to management that they obtain all signed declarations from senior officers prior to producing draft financial statements. **Management response** Signed declarations of interests are requested from all executive members of the Management Board. We will ensure that a full set of returns are available for audit inspection in 2023-24
Low – best practice	**Website not updated (MPS only):** From our work on related parties, we identified that the Management Board meetings available via the publication scheme on the MPS website had not been updated since October 2022.	We recommend that the management board minutes are published in a timely manner to allow transparency and scrutiny. **Management response** We will update the website to ensure that all items under the publication scheme are up to date
Low – best practice	**Declaration of interests – standing agenda item (MPS only):** From our work on related parties we noted from our review of the Management Board meetings that were available online that it was not documented if the meeting started with any declarations of Interests to identify any potential conflicts which is considered to be good governance practice.	As best practice governance, we recommend that key decision making boards all having conflicts of interest as a standing agenda item at the beginning of meetings. This should be documented clearly in the minutes. **Management response** Declarations of Interest is a standing agenda item at Management Board meetings, and will continue to be so.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Action Plan– Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	**Floor areas:** As part of our work on PPE we identified that there was significant movements in floor areas for many of your assets compared to the floor areas used in the prior year valuation. Through investigation, it became clear that the floor areas used in the prior year valuation were either incorrect or outdated. Whilst we have gained assurance that this issue has not resulted in a prior year material misstatement, the issue does indicate a weakness in the process and controls management have in place to ensure that floor areas supplied to the valuer remain complete and accurate.	We recommend to management that they put in place additional processes and controls to ensure that floor area information they hold for each asset is kept up to date. The updated information must then be supplied to the valuer annually to ensure the year end valuation exercise produces a materially accurate estimate. **Management response** As noted, there were some issues identified with floor area information used by the previous valuer. We are undertaking a process of ensuring that we have digital records of all floor areas which will help to ensure that records are kept up to date.
Medium	**GRNI – cleansing:** As part of our work on Creditors, we identified that transactions over 1 year old had a total net amount of £24.5 million (based on purchase order date). We raised this with management because in our view, the likelihood of the liability existing is remote. Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £24.5 million is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing. For 2022/23, management have prepared a cleansing analysis, as detailed in slide 15.	We recommend that management regularly cleanse the GRNI population to ensure the net balance remains accurate. **Management response** The process for cleansing GRNI records cannot be undertaken in bulk due to system limitations. As a result, it is a time consuming exercise to remove aged POs that are no longer in use. We have commissioned SSCL to use automation to cleanse low value aged GRNI balances which has removed a significant volume of GRNI balances. We are in the process of reviewing and cleansing higher value GRNI balances using analytic techniques, and where necessary, manual intervention. We have made significant progress in this area post year end already. As noted on slide 15, we have removed balances totalling over £7m already, and are progressing through the remaining balance. Once the aged items are cleansed, the automated cleanse activity should provide an adequate control, but in addition, on a quarterly basis we will review higher value aged GRNI balances for review.
Medium	**Covert Monies:** As part of our work on Cash and Cash Equivalents we have noted that there were Covert Bank Accounts, for which a Bank Reconciliation was not completed as at the 31st March 2023. This was determined to be a result of vetting delays impacting capacity available. We have met with the Head of Covert Finance to establish the wider suite of assurance regarding the balance reported. We are satisfied that there is not a risk of material error for 22/23. However, we note that bank reconciliations are a key control to detect and correct misstatements in the financial reporting process.	We recommend that management prepare regular Bank Reconciliations for all accounts, including those utilised for Covert Monies. **Management response** Bank reconciliations are undertaken on a monthly basis for all non-covert bank accounts. Due to the sensitive nature of the covert accounts, the reconciliations can only be undertaken by staff with appropriate vetting clearance. Due to staff capacity issues, a small number of bank reconciliations were not undertaken as at 31st March 2023.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audits of MOPAC and the MPS's 2021/22 financial statements, which resulted in three recommendations being reported in our 2021/22 Audit Findings report. We have followed up on the implementation of our recommendations and note 1 recommendation has not implemented. Work is still ongoing to determine whether the other 2 recommendations have been implemented.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	**Self authorisation of journals** From our knowledge of your finance system and its control environment we are aware that management have chosen not implement a control which does not allow the self authorisation of journals. From our review of journals that were tested there was appropriate supporting backing to corroborate the posting of the journal. However, where a journal is initiated by the same person who authorises it, this undermines the segregation of duties and weakens your control environment, as it heightens the risk that inappropriate journals are not identified through your authorisation review process. The individual requesting the journal to be posted should not be the same individual who subsequently authorises the posting of the journal.	**Prior year recommendation** We are aware that management have other mitigating controls to detect and correct unusual or fraudulent journal postings however, to maintain effective segregation of duties and authorisation controls, the individual requesting a journal to be posted should not be the same individual who subsequently authorises the posting of the journal. Management should consider implementing a control which ensures journals are reviewed by a separate individual before being posted to the finance ledger. **2022/23 update** There has been no change to the control environment during the year. Management did take a paper to the Audit Panel explain to Audit Panel members their rationale for not implementing the control. We continue to recommend that journal authorisation procedures are introduced and consider this to be a weakness in the control environment. **Management response** Our current approach to journal authorisations creates a balance between control and efficiency. As noted, there are other mitigating and compensating controls operating effectively to detect unusual, fraudulent or erroneous journals. We therefore do not propose to change the current approach. However, through the Met Business Services Programme, we will review the end to end process for journals and consider whether there are opportunities for improvement.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Capitalisation of assets** Our discussions held with your internal auditor DARA highlighted that a number of covert assets had not been capitalised within the fixed asset register (FAR) and therefore did not exist within the Balance Sheet. The value of assets not capitalised is not material however a control weakness exists where covert assets are not capitalised on the fixed asset register and therefore are not accounted for.	**Prior year recommendation** We are aware that covert assets are sensitive in nature and therefore some details of the assets cannot be disclosed within the fixed asset register. We recommend that all covert assets not capitalised are included in the fixed asset register with non sensitive details such as the value and UEL being included in the FAR. Management should ensure there is a control in place to monitor the purchase of covert assets and how these are accounted for within the FAR and subsequently the financial statements. **2022/23 update** The value of covert assets has now been determined and reconciliations conducted. The risks associated with the inconsistent approach to capturing covert assets on the asset register have been accepted by senior management. **Management response** All non-vehicle covert assets have been recorded in the fixed asset register (anonymised as appropriate) as at 31st March 23. The value of covert vehicles in trivial in value for the accounts. We have appropriate asset tracking arrangements for these assets which do not rely on the fixed asset register.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
TBC	Assets Under Construction (AUC) Reclassifications From our testing performed on AUC reclassifications and AUC closing balances we identified a number of assets which had become fully operational in year or in previous years that had not been reclassified in the correct financial year. There is a risk that the net book value of assets becomes misstated where assets are not classified in the correct asset class in a timely manner and depreciation not charged on the asset once it becomes operational.	Prior year recommendation Management should ensure that controls are enhanced to capture and record assets once they become operational on a timely basis to ensure the correct accounting treatment for operational assets. 2022/23 update **Work remains in progress on our AUC reclassifications testing, whilst audit team await evidence from management** Management response This is a recurring issue identified through the audit process. There are agreed processes in place to ensure that the status of assets under construction are communicated to finance on a timely basis to ensure that they are appropriately classified and depreciation commenced in the correct period. These processes are clearly not operating as designed. For 2023-24, we will conduct a full review of AUC balances at the end of period 11 to inform the year end position. From the results of this work, and the current exercise to review AUC balances, we will identify areas of the business where there are significant issues and agree necessary changes to processes to address this problem

Assessment

✓ Action completed

X Not yet addressed

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which will be made within the final set of financial statements. We are required to report all non-trivial misstatements to those charged with governance.

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
GRNI uncertainty As part of our review of your creditors balance, you held £80 million of liabilities in relation to goods receipted but not yet invoiced. Management provided us with a transaction level listing that reconciled to the £80 million. We reviewed the listing and identified that when filtered by transactions over 1 year old, the total net amount was £24.5 million based on purchase order date. We raised this with management because in our view, the likelihood of the liability existing is remote. Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £24.5 million is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing. We have challenged management to therefore provide us with a cleansed listing that nets off the old GRNI's with these debits. We have been provided with an analysis by management that evaluates a population of these GRNIs exceeding £10k, this population totals to £20.9 million. Based on this analysis, management have determined a £7.2 million downward adjustment to the creditors GRNI balance in the financial statements. Work is currently in progress to assess the accuracy and reasonableness of management's analysis.	MOPAC, MPS and Group	CR Expenditure (7,210)	DR Creditors 7,210	(7,210)

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Variance to valuation report: Within our reconciliation of the Fixed Asset Register to the Valuers report, we noted variances in carrying value for 5 properties as a result of valuation adjustments from the valuer Avison Young. The result of not revising the Fixed Asset Register or Financial Statements is a net understatement of gross book value of £3,622k. The gross valuation movement would be recognised as a £3,828k increase to the revaluation reserve and a £206k debit to the CIES.	MOPAC and Group	DR Expenditure 206 CR Other comprehensive income (3,828)	DR PPE 3,622	(3,622)
Nil net book value assets: Within our assessment of assets with nil Net Book Value (NBV) Assets, we noted a £10.9m error as a result of an asset re-life not going live on the RAM system. We have isolated the impact of this error to the value that would have been applied to the NBV had the adjustment been made as planned. The £10.9m debit would be to accumulated depreciation which in turn would credit the income and expenditure statement as a reversal of depreciation. Management have agreed to make this adjustment to the 2023/24 financial statements. Note, the impact on the CIES will be reversed through the MIRS into the capital adjustment account therefore this has no net impact on your general fund.	MOPAC and Group	CR Expenditure (depreciation) (10,904)	DR PPE (accumulated depreciation) 10,904	(10,904)
Clerical error by your valuer: Within our assessment of Revaluation Movements we requested explanations from management for significant year on year changes. As part of this exercise Avison Young noted a error in their valuation workings for one DRC asset. The difference in Avison Youngs workings is a £5.662m downward valuation to the asset. £3.157m would go through OCI and clear the revaluation reserve whilst the remaining £2.505m of the loss would go through the CIES.	MOPAC and Group	DR Expenditure (reversal of previous downward revaluation) 2,505 DR Other comprehensive income 3,157	CR PPE (5,662)	5,662

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Valuation processed in M11 rather than M12: Management processed all of the revaluation movements in month 11 (February 2023) rather than in month 12 (March 2023). As a result, the adjustment only cleared 17 Months of depreciation (11 months from 22/23 and 6 months from 21/22 - where the valuation date was previously 30th September 2021). The adjustment should have cleared 18 months of depreciation, which means there is a one month depreciation discrepancy in the valuation adjustment. This results in a circa £4.984m understatement of PPE.	MOPAC and Group	CR Expenditure (depreciation) (2,757) CR Other comprehensive income (2,227)	DR PPE 4,984	(4,984)
Operational assets not valued as surplus assets: As part of our work we identified several assets that are misclassified in your draft financial statements as operational assets when in fact they are surplus. These assets were Assets Held For Sale (AHFS) during the 2022/23 period but before the 31 March 2023, a decision was taken by management to stop actively marketing them. This decision therefore meant that these assets no longer met the definition of an AHFS. However, because those assets were not brought into operational use, they should have been classified as surplus. Under the relevant accounting standards, surplus assets ought to be valued at fair value. This differs to the valuation basis of operational properties which is valued at existing use value. The **estimated impact** of this is that PPE is understated by £7,169k. The gain would be recognised primarily through the revaluation reserve (£6.1m) with the residual going through the CIES £1.1m. We are have liaised with your valuer to ascertain their assessment of fair value for these properties	MOPAC and Group	CR Expenditure (reversal of previous downward revaluation) (1,105) CR Other comprehensive income (6,064)	DR PPE 7,169	(7,169)
Accrual of tasers that have not been delivered: As part of our testing of your accruals, we identified an accrual for £3.045m in relation to the delivery of tasers. To substantiate the tasers, we requested management provide us evidence that the tasers were received from the supplier prior to the balance sheet date. Management were not able to provide us with this evidence and therefore there is an uncertainty as to whether the liability exists. As a result, we are reporting this uncertainty to you as an unadjusted misstatements.	MOPAC, MPS and Group	CR Expenditure (3,045)	DR Creditors 3,045	(3,045)

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Creditor - Pre-1990 liability for future unlodged claims in relation to Inner Courts for London. Within our creditor testing we identified £5,535,578.35 which relates to a pre-1990 liability for future unlodged claims in relation to Inner Courts for London. Client has agreed this item is an error (overstatement) in population and have confirmed this has been rectified in 23/24.	MOPAC, MPS and Group	CR Expenditure (5,536)	DR Creditors 5,536	(5,536)
Overall impact		Surplus or deficit on provision of services (13,426) Other comprehensive income (8,962)	PPE 21,017 Creditors 1,370	(22,388)

D. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Creditors – extrapolation from our sample testing As part of our testing of year end creditors, misstatements were identified in 4/33 of our sample. The total book value of the errors was £70,466. We projected the misstatement over the population tested and this resulted in an extrapolation of £2,953,476. The extrapolation is a projection of the overstatement in creditors based on our sample testing.	MOPAC, MPS and Group	CR Expenditure (2,953)	DR Creditors 2,953	(2,953)	Not material and extrapolated
Non-AP – extrapolation of sample As part of our testing of expenditure transactions that do not go through your accounts payable system, misstatements were identified in 3/38 of our sample. The total book value of the errors was £276k. £274k of this related to an accrual where the expenditure related to 2023/24. We projected the aggregate misstatement over the population tested and this resulted in an extrapolation of £4,360,855. The extrapolation is a projection of the overstatement in creditors based on our sample testing.	MOPAC, MPS and Group	CR Expenditure (4,361)	DR Creditors 4,361	(4,361)	Not material and extrapolated

D. Audit Adjustments

Impact of unadjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
PPE Valuation floor area discrepancy As part of our testing of assets revalued in 22-23, we have noted a discrepancy in the floor area adopted for one asset in our residual DRC Building population. The potential impact upon the valuation would be £327,613 reduction in the valuation. As this asset did not have a floor area measured within Manhatten, we have projected this asset overstatement against the population value of other assets identified to also not adopt CAD floor area data. The estimated impact of this is an overstatement of £4,023k. The double entry reported is based on a "worst case scenario" i.e. all of the impact has been reported against the CIES. But in reality, the accounting adjustment would be a mix between RR and CIES, dependent upon accumulated reserves/impairment for individual assets	MOPAC, MPS and Group	DR Expenditure 4,023	CR PPE (4,023)	4,023	Not material and estimated
Extrapolation from our testing of AP operating expenditure As part of our sample testing of accounts payable (AP) transactions within operating expenditure we identified errors in 3/24 samples. The errors identified are summarised below: 1. A £641.81 variance between the transaction amount and amount per the invoiced received as evidence for car wash and fuel, therefore treated as overstatement of operating expenditure 2. Expenditure recorded for mobile call/data services from 2014 this should have been recorded in the financial year in which it was related therefore overstating expenditure for 22/23 3. £3.95 understatement on employee dining expenses when comparing transaction amount to evidence receipts The total value of the errors identified was a net overstatement of £8,517.36. When extrapolated over the population tested, the extrapolation was £3.220m. As the extrapolation exceeds our triviality threshold we are required to report this to you as an unadjusted misstatement.	MOPAC, MPS and Group	CR Expenditure (3,220)	DR Creditors 3,220	(3,220)	Not material and extrapolated

D. Audit Adjustments - Unadjusted

Impact of unadjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
GRNI uncertainty As part of our review of your creditors balance, you held £80 million of liabilities in relation to goods receipted but not yet invoiced. Management provided us with a transaction level listing that reconciled to the £80 million. We reviewed the listing and identified that when filtered by transactions over 1 year old, the total net amount was £24.5 million based on purchase order date. We raised this with management because in our view, the likelihood of the liability existing is remote. Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £24.5 million is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing. We have challenged management to therefore provide us with a cleansed listing that nets off the old GRNI's with these debits. We have been provided with an analysis by management that evaluates a population of these GRNIs exceeding £10k, this population totals to £20.9 million. Based on this analysis, management have determined a £7.2 million downward adjustment to the creditors GRNI balance in the financial statements. (See Slide 41) The residual population of GRNIs less than £10k totalled to £3.6m. Therefore, without proof that the £3.6 million nets off, we consider this to be an uncertainty and therefore report this to you as an unadjusted misstatement.	MOPAC, MPS and Group	CR Expenditure (3,592)	DR Creditors 3,592	(3,592)	Not material and judgemental
Overall impact		Surplus or deficit on provision of services (10,103)	PPE (4,023) Creditors 14,126	(10,103)	Not material

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Relates to	Auditor recommendations	Adjusted?
Footnote disclosure in note 7.3 incorrect We identified that the MOPAC draft financial statement Note 7.3 foot note incorrectly states £30.0m for breakdown of supplies and services, while TB confirms breakdown should be £93m.	MOPAC and Group	Management have agreed to the disclosure changes.	✓
Note 27 – maturity of long term borrowing The analysis of PWLB maturity in note 27 of the draft financial statements included a misstatement as a result of not correctly analysis EIP PWLB debt. EIP PWLB debt is a debt instrument where each year part of the principle is repayment. In the draft financial statements the analysis was presented on the basis that the entire principle was repayment in the final year. The correct analysis is show below – lines highlighted in yellow have changed from the draft. £'000s 2022/23 **Loans 479,550** Analysis of loans by maturity: Between 1 and 2 years 6,600 Between 2 and 5 years 17,799 Between 5 and 10 years 81,000 Over 10 years 374,151	MOPAC and Group	Management have agreed to the disclosure changes.	✓

D. Audit Adjustments

Misclassification and disclosure changes - continued

Disclosure omission	Relates to	Auditor recommendations	Adjusted?
Incorrect classification of surplus assets as operational. As part of our work we identified several assets that are misclassified in your draft financial statements as operational assets when in fact they are surplus. These assets were Assets Held For Sale (AHFS) during the 2022/23 period but before the 31 March 2023, a decision was taken by management to stop actively marketing them. This decision therefore meant that these assets no longer met the definition of an AHFS. However, because those assets were not brought into operational use, they should have been classified as surplus. There is a disclosure misstatement of £22,000k in your PPE note. Operational land and buildings is overstated by this amount and surplus assets is understated by the same value. Note, this has no net impact on your financial reported position or the balance sheet. **Management have decided not to update the financial statements and therefore we are reporting this to you as an unadjusted disclosure misstatement.**	MOPAC and Group	To update the accounts for the misstatement.	X
Cash offsetting: In the draft financial statements, cash and cash equivalents is reported on your balance sheet as £194,599k. In note 21 of the draft financial statements, it is explained that the £194,599k is made up of £198,455k of cash held in the London Treasury Liquidity Fund LP and -£3,856k held with banks and financial institutions. Management therefore presented the financial statements by offsetting their net overdraft position against cash held in the London Treasury Liquidity Fund LP. An overdraft can only be offset where there is a legal right. Management were unable to provide us with evidence that there was a legal right to offset and so they have updated the financial statements to present the overdraft position of -£3,856 as a non-current liability. This is a classification change on the balance sheet – the net reported deficit is unaffected by this adjustment.	MOPAC and Group	To update the accounts for the misstatement.	✓

D. Audit Adjustments

Misclassification and disclosure changes - continued

Disclosure omission	Relates to	Auditor recommendations	Adjusted?
Third party monies – note 24: In the draft financial statements, there was a casting error in the table of third party monies. The column for assets should read £41,612k rather than £38,776k. Management have updated the final accounts accordingly. Note – this is a disclosure only and has no impact on the balance sheet or CIES.	MOPAC and Group	To update the accounts for the misstatement.	✓

E. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
MOPAC Audit	£169,108	TBC
MPS Audit	£136,700	TBC
Total audit fees (excluding VAT)	£305,808	TBC

The fees reconcile to the financial statements. The final fee is TBC pending the completion of all audit work including the Value for Money work 2022/23. The proposed fee is the same as presented to you in the Audit Plan. The final fee is subject to approval by PSAA.

We can confirm that no-non audit or audit related services have been undertaken for MOPAC, the Group and the MPS relating to the 2022/23 financial year.

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'
This impacts audits of financial statement for periods commencing on or after 15 December 2021.
ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'
ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: • the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures • the identification and extent of work effort needed for indirect and direct controls in the system of internal control • the controls for which design and implementation needs to be assess and how that impacts sampling • the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: • increased emphasis on the exercise of professional judgement and professional scepticism • an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence • increased guidance on management and auditor bias • additional focus on the authenticity of information used as audit evidence • a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. • Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: • clarification of the requirements relating to understanding fraud risk factors • additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

G. MOPAC audit letter in respect of delayed VFM work

Sophie Linden

Deputy Mayor for Policing and Crime

2nd Floor, City Hall

The Queens Walk

London SE1 2AA

3rd January 2024

Dear Sophie

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the covid, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many opinions as possible can be issued in line with national timetables and legislation.

The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report in March 2024.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely

Mark Stocks

Mark Stocks
Key Audit Partner

H. MPS Audit letter in respect of delayed VFM work

Sir Mark Rowley QPM

Commissioner of the Metropolis

New Scotland Yard

Victoria Embankment

London

SW1A 2JL

3rd January 2024

Dear Sir Mark

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the covid, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many opinions as possible can be issued in line with national timetables and legislation.

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For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely

Mark Stocks

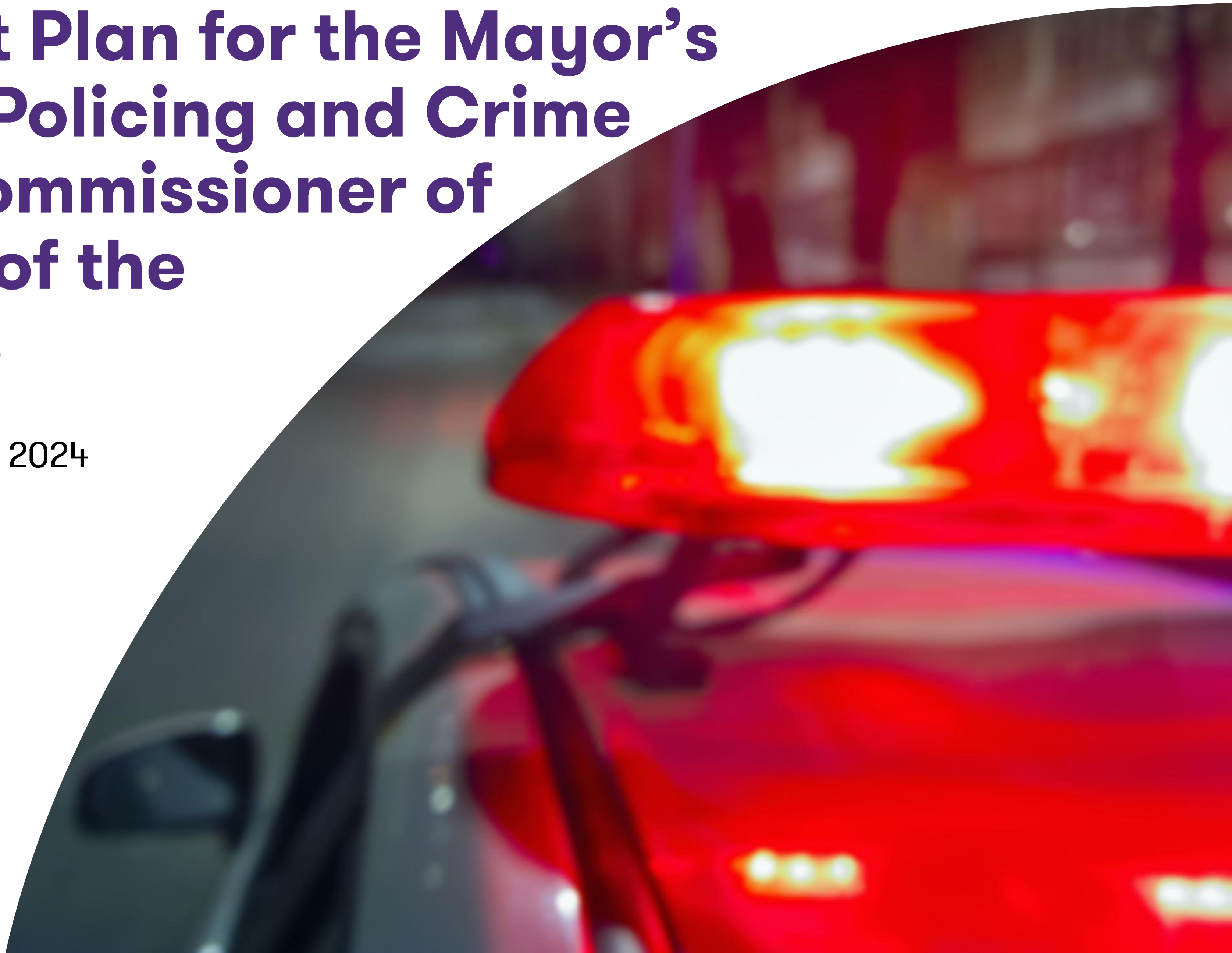
Mark Stocks
Key Audit Partner

Grant Thornton

Joint Audit Plan for the Mayor's Office for Policing and Crime and the Commissioner of the Police of the Metropolis

Year ending 31 March 2024

December 2023



Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the MOPAC and/or CPM or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Key matters

National Policing context

The police service faces an array of challenges. Levels of public trust are at historically low levels – a consequence of recent poor performance and high profile issues (and repeated failures to address these) and a general and widespread belief that the police cannot adequately deal with crime. While overall levels of reported crime have declined over the last 10 years, so too have charge rates. In the period, police resources have been stretched by the combination of increasing crime complexity and growing non-crime demands.

Police spending has increased significantly in recent years, largely to support the successful recruitment of an additional 20,000 police officers. The decline in the charge rate has been halted, and the absolute number of charges increased in 2022/23 for the first time since 2013/14. Similarly, forces are increasing their focus on sexual assaults, while aiming to reduce the amount of time spent on non-crime demands such as responding to mental health incidents.

However, there is considerable uncertainty about the long-term impact of the additional officers. Forces are under financial strain to maintain officer numbers, while rapid recruitment has led to concerns over the adequacy of vetting arrangements and the burden placed on supervising officers. It will take time to assess whether these changes can lead to a sustained increase in the number of charges, and improvements in public trust.

Our recent value for money work has highlighted a growing number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time.

In planning our audit, we have taken account of this national context in designing a local audit programme which is tailored to your risks and circumstances.

Audit Reporting Delays

Against a backdrop of ongoing audit reporting delays, in October 2023 PSAA reported that only five local government accounts had been signed by the September deadline. In June 2023 the Public Accounts Committee (PAC) also produced a report setting out their concerns over these audit reporting delays. We issued our report About time? in March 2023 which explored the reasons for delayed publication of audited local authority accounts.

In our view, to enable a timely sign off of the financial statements, it is critical that draft local authority accounts are prepared to a high standard and are supported by strong working papers.

Reference: https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/police

Key matters

Local context and events

2023/24 has been a challenging year for Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Service (MPS) as they continue their response to the serious concerns raised by Baroness Casey and HMICFRS' 21/22 PEEL Report. Addressing Trust and Confidence has been a priority focus, with the MPS continuing to build upon Commissioner Sir Mark Rowley's Turnaround plan of 'More Trust, Less Crime, High Standards'.

To support this, in July 2023, the MPS published their 'New Met for London' plan. The plan was developed in liaison with 10,000 Londoners, to restore policing by consent through tangible objectives that align with community priorities.

In our 2021/22 Auditors Annual Report (AAR), we issued Key Recommendations with regard to the need:

- to rebuild trust and confidence in the force
- for better and grip and control with regard to its transformation projects
- to monitor and improve the performance of the force.

We note that the 'New Met for London' objectives represent an improvement in consolidating internal action plans, to ensure that performance progress can be regularly monitored to ensure sufficient oversight over the reform of the MPS.

Our 2022/23 financial statements audit remains open while the pension liabilities are remeasured. Similarly, our 2022/23 Auditors Annual Report (AAR) remains in progress at this time. This work includes the following risks of significant weakness (as reported in our 2022/23 audit plan):

- Trust and Confidence
- Governance Structure
- Standards and Compliance
- Project Delivery - CONNECT and Command and Control
- Financial sustainability – budgeting and impact of major capital projects

It has been estimated that the initial, indicative cost of delivering 'A New Met for London' will be approximately £366m through 2023/24 and 2024/25. The Mayor of London has provided an additional £52.3m a year towards the cost of this plan, through an increase in the precept and additional business rates.

Our 2023/24 VFM audit plan will be issued following our 2022/23 AAR. However, we note as part of our 2022/23 audit risk assessment that the 'New Met for London' funding gap (outlined above) presents a significant challenge to the force. No additional funding has been provided by the Home Office. Therefore MOPAC and the MPS must meet the costs of this plan within their existing resource budget. They continue to seek efficiency improvements and savings, but since in excess of £1bn of savings have been delivered since 2012/13 it is extremely challenging to close this budget gap without reducing officer and staffing numbers.

Key matters - continued

Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, set by PSAA, is set out in this Audit Plan.
- To ensure close work with our local audited bodies and an efficient audit process, our preference as a firm is work on site with you and your officers. Please confirm in writing if this is acceptable to you, and that your officers will make themselves available to our audit team. This is also in compliance with the delivery in our contract with PSAA.
- We offer a formal meeting with the Deputy Mayor for Policing and Crime (DMPC and Commissioner of the Police of the Metropolis (CPM) twice a year, and with the MOPAC and MPS Chief Finance Officers Quarterly as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to have a private meeting with the Chair of your Audit Panel, to brief them on the status and progress of the audit work to date.
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work.
- Our Value for Money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will review the arrangements in place for recommendations raised as part of independent reviews ensuring that appropriate arrangements are in place to oversee effective delivery of rebuilding trust and confidence within the MPS.
- We will consider the governance arrangements in place at both MOPAC and the MPS to ensure delivery of key priorities as set within the Mayor's Police and Crime Plan/ the Commissioner's 'New Met for London' Plan.
- We will consider the effectiveness of MOPACs oversight of MPS and the relationship between the two bodies
- We will continue to provide you and your Audit Panel with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector.

Key matters - continued

Our Responses (continued)

- With the ongoing financial pressures being faced by public sector bodies, in planning this audit, and assessing your value for money, we have considered the financial sustainability of the MOPAC and the MPS. For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. This is due to auditors being expected to apply the continued provision of service approach set out in Practice Note 10. We are not aware of any parliamentary or government legislative intention to discontinue the provision of services by the force. Therefore, we are satisfied that the going concern basis remains the correct basis behind the preparation of the accounts. We will keep this under review throughout the duration of our appointment as auditors of the MOPAC and the MPS
- Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. This is increasingly relevant as ongoing financial pressures increase incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Mayor's Office for Policing and Crime ('MOPAC') and the Commissioner of Police of the Metropolis ('MPS') for those charged with governance. Those Charged with governance are the Deputy Mayor for Policing and Crime (DMPC) for MOPAC, and the Commissioner for MPS.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of MOPAC and the MPS. We draw your attention to these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on MOPAC, MPS and the group's financial statements that have been prepared by management with the oversight of those charged with governance; and we consider whether there are sufficient arrangements in place for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or those charged with governance of your responsibilities. It is the responsibility of the DMPC and Commissioner for MPS to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the DMPC and Commissioner for MPS are fulfilling these responsibilities.

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

Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- The risk that the revenue cycle includes fraudulent transactions (rebutted).
- The risk of management override of controls.
- The risk that the valuation of land and buildings in the accounts is materially misstated.
- The risk that the valuation of the net pension fund liability in the accounts is materially misstated.
- The risk that the accuracy and existence of the creditors liability in the accounts is materially misstated

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality individually for the Group, MOPAC and the MPS. In determining materiality for the financial statements for the group, MOPAC and the MPS, we have selected the lowest level of materiality being the materiality level for the MPS and applied that level of materiality for the group, MOPAC and the MPS's financial statements.

We have determined planning materiality to be £62m (PY £60m) for the group, MOPAC and the MPS, which equates to 1.4%% of the MPS's prior year unaudited gross expenditure for the year adjusted for the effects of non-recurring items. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

As part of our risk assessment, we will considered the impact of unadjusted prior period errors, following the conclusion of our 2022/23 audit.

Clearly trivial has been set at £3.1m (PY £3m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weakness:

- Trust and Confidence
- Governance Structure
- Standards and Compliance
- Project Delivery - CONNECT and Command and Control
- Financial sustainability – budgeting and impact of major capital projects

These mirror those identified and communicated for 2022/23, for which our work remains ongoing.

We will continue to update our risk assessment until we issue our Auditor's Annual Report.

Including revisiting our risk assessment upon conclusion of our prior year 2022/23 Auditors Annual Report (AAR) for which our work remains ongoing.

We will revisit our risk assessment upon completion of this work and communicate any changes to you accordingly.

Audit logistics

Our planning visit will take place in November - December 2023, and our final visit will take place in July to September 2024. Our key deliverables are this Audit Plan, our Audit Findings Report and our Auditor's Annual Report.

Our preference is for all our work to take place on site alongside your officers.

Our proposed fee for the audit will be £642,329 (PY: £298,808) for the MOPAC and the MPS. See slide 24 for more detail. Please note that these fees are subject to MOPAC and the MPS delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Group Audit

MOPAC and the MPS are required to prepare group financial statements that consolidate the financial information of the MOPAC and the MPS.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions **(rebutted)**	**Group, MOPAC and MPS** **(rebutted)**	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at MOPAC, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of police authorities, including MOPAC and the group, mean that all forms of fraud are seen as unacceptable to those involved in the financial reporting process. **Therefore we do not consider this to be a significant risk for MOPAC and the group.** For the MPS, revenue is recognised to fund costs and liabilities relating to resources consumed in the direction and control of day-to-day policing. This is shown in the MPS's financial statements as a transfer of resources from MOPAC to MPS for the cost of policing services. Income for the MPS is received entirely from MOPAC. **Therefore we do not consider this to be a significant risk for the MPS.**

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.' (ISA (UK) 315)

Significant risks identified - continued

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	**Group, MOPAC and MPS**	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. MOPAC and the MPS face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Management should expect engagement teams to challenge areas that are complex, significant or highly judgmental. This may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies, with reference to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

Significant risks identified - continued

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	**Group and MOPAC**	MOPAC re-values land and buildings on a rolling basis over a five-year period to ensure that carrying value is not materially different from current value at the financial statements date. The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions. In valuing your estate, management have made the assumption that for a number of sites, in the event they need to be replaced, they would be rebuilt to modern conditions. Within the valuation of MOPAC's specialised operational land and building sites the valuer's estimation of the value has several key inputs, which the valuation is sensitive to. These include the build costs, the size and location of the sites and any judgements that have impacted this assessment and the condition of the property site. Non-specialised asset valuation estimates are sensitive to inputs including market rent, yields and size of asset. You have utilised Avison Young to value your estate at 31 March 2023. We have identified that the accuracy of the key inputs driving the valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. We will engage our own valuer to assess the instructions to the group's valuer; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenge the information and assumptions used by the valuer to assess the completeness and consistency with our understanding. We will engage our own valuer to assess the group's valuer's report and the assumptions that underpin the valuation; • carry out testing of data provided to the valuer to gain assurance if it is complete and accurate; • test revaluations made during the year to see if they had been input correctly into MOPAC and (group's) asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end.

Significant risks identified - continued

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	**Group, MOPAC and MPS**	The Police Officer Pension schemes pension fund liability as reflected in the balance sheet and notes to the accounts 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. We do not believe there is a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation or due to the source data used in their calculation (unless any significant events have occurred, such as significant special events (i.e. redundancies, bulk transfers or outsourcing), material transfers or material membership movements which the actuary may not have taken into account.) However, we have concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. As noted above, the appropriateness of the assumptions proposed by the actuary is covered by the TAS actuarial standards. However, the entity may choose to use different assumptions than those proposed by their actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 2% effect on the liability. We have therefore identified the valuation of the pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • update our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • assess the accuracy and completeness of the information provided by the MPS to the actuary to estimate the liability; • test the consistency of the pension fund net liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as an auditor's expert) and performing any additional procedures suggested within the report. This will include the impact of the McCloud/ Sergeant ruling.

Significant risks identified - continued

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Accuracy and existence of Creditors Liability	**Group, MOPAC and MPS**	The creditors liability reflected in the balance sheet and notes to the accounts represents a significant balance in the financial statements, at £661,358k in the 2022/23 draft financial statements. In our draft 2022/23 audit findings report, we identified several errors within our testing of creditor transactions. As a result, we have evaluated whether there is a heightened risk of material misstatement in this balance. Our conclusion on this is that there is a significant risk of material misstatement. We have therefore identified the Accuracy and Existence of creditors as a significant risk, which is one of the most significant assessed risks of material misstatement.	We will: • update our understanding of the processes and controls put in place by management to ensure that the creditors liability is not materially misstated and evaluate the design of the associated controls (including the processes and controls for automated transactions, such as Accounts Payable); • evaluate the design and implementation effectiveness of relevant controls over the process; • evaluate the population of Creditors for individually significant transactions for individual testing. Then perform substantive sample testing of liabilities recorded in the ledger to gain assurance that creditors exist and are recorded accurately; and • perform an evaluation of the GRNI population to identify transactions at the greatest risk of material misstatement; i.e. those which have been outstanding over 1 year.

Other risks identified

'In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.' (ISA (UK) 315)

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Completeness of Operating Expenditure/Accounts Payable	**Group, MOPAC and MPS**	We have determined that Operating Expenditure/Accounts Payable represent significant classes of transactions which rely on highly automated processing with little or no manual intervention. Therefore, MOPAC and the MPS's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.	We will: • evaluate the design and implementation of controls over Operating Expenditure/Accounts Payable transactions
Occurrence, Completeness and Accuracy of Police Officer and Staff Expenditure	**Group, MOPAC and MPS**	We have determined that Police Officer and Staff Expenditure represent significant classes of transactions which rely on highly automated processing with little or no manual intervention. Therefore, MOPAC and the MPS's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.	We will: • evaluate the design and implementation of controls over Police Officer and Staff Expenditure transactions;

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report.

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Mayor's Office for Policing and Crime	Yes	Audit of the financial information of the component using component materiality	• Management over-ride of controls • Valuation of land and buildings • Valuation of pension fund net liability	Full scope audit performed by Grant Thornton UK LLP
Commissioner of Police of the Metropolis	Yes	Audit of the financial information of the component using component materiality	• Management over-ride of controls • Valuation of pension fund net liability	Full scope audit performed by Grant Thornton UK LLP

We note that the previously unconsolidated Empress Holdings Limited and subsidiaries (100% held by MOPAC) have been dissolved as at 18 May 2023, and have therefore been omitted from our group audit scope and risk assessment.

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to risks of material misstatement of the group financial statements
- Analytical procedures at group level

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the MOPAC and the MPS.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
  - issuing a report in the public interest or written recommendations to the MOPAC and the MPS under section 24 of the Local Audit and Accountability Act 2014 (the Act);
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
  - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	**Determination** We have determined financial statement materiality for the group, MOPAC and the MPS based on a proportion of the gross expenditure of the MPS for the financial year. This is set out on page 19. In conducting our audit, we apply the lowest of the 3 materialities which is for the CPM. CPM's materiality at the planning stage of our audit is £62m (PY: 60m), which equates to 1.4% of your unaudited 2022/23 gross expenditure for the period (adjusted for the actuarial loss on injury pensions costs) .	We determine planning materiality in order to: – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; – assist in establishing the scope of our audit engagement and audit tests; – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements.
2	**Reassessment of materiality** Our assessment of materiality is kept under review throughout the audit process.	We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
3	**Other communications relating to materiality we will report to the Audit Panel** Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Panel any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	We report to the Audit Panel any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. In the context of the Group, MOPAC and the MPS, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £3.1m (PY £3m). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Panel to assist it in fulfilling its governance responsibilities.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Materiality for the Group and MOPAC financial statements	£69.5m (PY: £62m)	We have assessed MOPAC / CPM overall as medium risk because of its size and inherent complexity. Given the increasing level of public interest in the MOPAC / CPM activities during a sustained period of cost-cutting and efficiency measures, we have maintained our adopted threshold of 1.4% of gross expenditure (adjusted for the actuarial loss on injury pensions costs).
Materiality for the Commissioner of Police of the Metropolis (The MPS)	£62m (PY: £60m)	

IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Oracle EBS (PSOP)	Financial Reporting	A detailed review of the IT General Controls related to security management, development and maintenance and technology infrastructure will be carried out by our internal IT specialists team in the 23/24 financial year. Their previous review in 2020/21 identified no significant control deficiencies over Oracle EBS. The work that will be performed in 2023/24 will provide us with assurance over the design effectiveness of IT General Controls. We will also follow up on any recommendations the IT team make in the 2023/24 review in relation to IT general control to assess the impact on our overall audit risk assessment.
Real Asset Management (RAM)	Fixed Asset Register	A detailed review of the IT General Controls related to security management, development and maintenance and technology infrastructure will be carried out by our internal IT specialists team in the 23/24 financial year. Their previous review in 2020/21 identified no significant control deficiencies over RAM. The work that will be performed in 2023/24 will provide us with assurance over the design effectiveness of IT General Controls. We will also follow up on any recommendations the IT team make in the 2023/24 review in relation to IT general control to assess the impact on our overall audit risk assessment.

Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2024.

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.

Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Our 2023/24 VFM audit plan, including our assessed risks of significant weakness, will be issued following our 2022/23 Auditors Annual Report (AAR). We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our 2023/24 auditor's annual report.

Audit logistics and team

November 2023
Planning and risk assessment

Audit Panel
15 January 2024
23/24 Audit Plan

Year end audit
July and August 2024

By 30 September 2024
23/24 Audit Findings Report and Audit Opinion

By 30 December 2024
23/24 Auditor's Annual Report

Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are cleansed, are made available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit (as per our responses to key matters set out on slide 5)
- respond promptly and adequately to audit queries.

Audit logistics and team

Mark Stocks, Key Audit Partner

Mark will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Mayor's Office for Policing and the Commissioner of Police of the Metropolis;
- ensuring you have access to Grant Thornton's full service offering;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audits;
- being a key contact for the Chief Finance Officers and the Joint, Audit Panel meeting frequently with key members of management;
- agreeing with you the annual joint audit plan, and a timetable for delivering the work;
- reviewing and signing off all audit reports;
- attending Joint Audit Panel to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors;
- and sharing good practice identified at other organisations.

Parris Williams, Senior Manager

Parris is responsible for planning, managing and leading the audit and providing feedback to you throughout the audit process. Parris is responsible for audit quality, project management of the audit, ensuring the audit requirements are fully complied with. He will respond to ad-hoc queries whenever raised and meet regularly with the Chief Finance Officers and members of the finance team. Specifics of the role include:

- ensuring responsibility for delivering high quality audits which meet professional standards;
- drafting audit reports;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- review the work of in-charge auditor and the wider fieldwork team;
- manage, motivate and coach team members;
- and attending and contributing to senior audit liaison meetings, sharing good practice identified at other organisations.

Jasmine Kemp, In-Charge

Jasmine will work as part of the team, leading the on-site audit team, providing a service which meets or exceeds client expectations and supports the engagement lead / manager team. Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy;
- communicating any issues relating to the audit with the engagement manager or engagement lead;
- overseeing all aspects of audit fieldwork and completion;
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit;
- maintaining good working relationships with client staff;
- and delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training / coaching.

Audit fees and updated Auditing Standards

Audit fees are set by PSAA as part of their national procurement exercise. In 2017, PSAA awarded a contract of audit for the Mayor's Office for Policing and Crime (MOPAC) and the Commissioner of the Police of the Metropolis (the MPS) to begin with effect from 2018/19. This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2023/24 audit is £629,779.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here https://www.psaa.co.uk/appointing-auditors-and-fees/fee-variations-overview/'

Assumptions

In setting these fees, we have assumed that the MOPAC and the MPS will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Audit fees

	Proposed fee 2023/24
Mayor's Office for Policing and Crime (MOPAC) – set by PSAA	£340,125
Commissioner of the Police of the Metropolis (the MPS) – set by PSAA	£289,654
ISA 315*	£12,550
IFRS 16**	TBC
Total audit fees (excluding VAT)	£642,329

Previous year

In 2022/23 the fee communicated in our audit plan was £298,808. The actual fee charged for the audit is pending conclusion of the 2022/23 audit.

Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2019) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

* ISA 315 was introduced in 2022/23. This formed part of our planned work for 2022/23. PSAA did not include ISA 315 in their scale fee determination due to the lack of certainty over the values nationally. We have therefore included this as a fee variation

** IFRS16 is expected to be adopted by the LG Code from the 01 April 2024. Under IAS 8, there is a requirement to disclosure the expected impact of standards issued but not yet adopted and so we expect disclosures of this in the 2023/24 financial statements. It is not possible to determine the full quantum of the work required to gain assurance over the accuracy of the disclosure at this stage. We will engage with the finance team in January 2024 to determine the work they have undertaken, the volume of leases, and any planned disclosures. Once we have determined the level of work we will provide an estimate of the cost.

IFRS 16 'Leases' and related disclosures

IFRS 16 will need to be implemented by police bodies from 1 April 2024. IFRS 16 is a standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases, and it replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. As this is the year before the implementation of IFRS 16, we will need to consider the work being undertaken by MOPAC and the MPS to ensure a smooth adoption of the new standard.

Introduction

IFRS 16 updates the definition of a lease to:

> "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration." In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major departure from the requirements of IAS 17 in respect of operating leases.

IFRS 16 requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There is a single accounting model for all leases (similar to that of finance leases under IAS 17), with the following exceptions:

- leases of low value assets
- short-term leases (less than 12 months).

The requirements of IFRS 16 are set out in the CIPFA publication IFRS 16 Leases - A n early guide for local authority practitioners and [PCC and/or Crime Commissioners will need to aide by the requirements set out in the CIPFA Code of Practice on Local Authority Accounting.4

MOPAC and the MPS's systems and processes

This is the year when MOPAC and the MPS will need to consider the impact the adoption of IFRS 16 will have on their 2024/25 accounts. This will cover the following areas:

- accounting policies and disclosures
- application of judgment and estimation

MOPAC and the MPS will need to identify which systems capture and maintain new lease data and ongoing maintenance requirements. We will need to consider the work being undertaken by MOPAC and the MPS in updating relevant internal controls to reflect these changes in accounting policies and processes.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams [and component audit firms] providing services to the group, MOPAC and the MPS.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Matters in relation to the group audit	•	•
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud(deliberate manipulation) involving management and/or which results in material misstatement of the financial statements (not typically [PCC and/or Crime Commissioner tax fraud)		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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AGENDA ITEM 8

MPS-MOPAC JOINT AUDIT PANEL
15 January 2024

Directorate of Audit, Risk and Assurance Activity Report

Report by: Director of Audit, Risk and Assurance, HIA for MOPAC and the MPS

Report Summary

This report highlights internal audit activity since the Panel last met, which includes risk and assurance reviews, advisory work and counter fraud activity, a forward look to the next quarter is also included.

Key Considerations for the Panel

- Key advisory work concluded involved; development of Front-Line Policing (FLP) assurance framework, counter corruption governance and MOPAC oversight governance and risk management.
- Risk and assurance reviews published include; Taser Use and Control, Environment and Sustainability Planning and the MOPAC Framework Supporting the ICV Scheme, all rated Adequate, and follow up reviews of MOPAC Complaints Review Team, Firearms Licensing and Accounts Receivable, rated Adequate and MOPAC Business Support Services, Limited.
- Key work due to commence in the next quarter includes the review of the Met's revised governance arrangements and evaluating how the strategic issues to strengthen the Met's internal control environment are being addressed.

Interdependencies/Cross Cutting Issues

DARA review activity informs the Met Governance Improvement Plan and provides assurance on key areas of risk identified in the MPS risk assessment, presented to this meeting of the Panel.

Recommendations

The Audit Panel is recommended to consider the outcome of DARA work undertaken to date and the status of current and planned activity.

1. Supporting Information

Audit Activity Undertaken

1.1. An overview of DARA activity since the Panel last met is attached at **Appendix.** The outcome of work concluded is summarised as follows;

- **<u>Taser Use and Control</u>**: **Adequate Assurance.** The MPS framework is aligned to national guidance, use of Force Data facilitates effective monitoring (including disproportionality) and training is updated to reflect learning from review activity. Agreed action includes clarifying operational objectives in the allocation of tasers as the initial target of training 10,000 officers had not been met and developing effective assurance to support the new self-issue system.

- **<u>Environment and Sustainability Strategy and Delivery</u>: Adequate Assurance.** The Strategy has defined aims and objectives, reflecting Mayoral commitments and legislation. Alignment with the NMfL plan and consideration of the Met's current position on environmental and sustainability objectives would provide greater clarity for delivery. Communication strategies for internal and external stakeholders will strengthen engagement with sustainability ambitions and enable reporting.

- **<u>Accounts Receivable Follow Up</u>: Adequate Assurance.** The Financial Assurance Framework has been strengthened to provide greater assurance over the management of risks to accurate, complete and timely income collection. Met Finance continue to work with business areas to ensure they are effectively discharging their responsibilities for income collection.

- **<u>Firearms Licensing Follow Up</u>: Adequate Assurance.** Risk Management has been strengthened with more transparency around accepted risks that are kept under review by the SLT. Work is underway to improve access to the Learning Management System and finalise the migration of training records. OL is now captured but there remains a need to ensure learning is fully evaluated and disseminated and embedded corporately.

- **<u>MOPAC Framework Supporting ICV Scheme</u>: Adequate Assurance.** The Scheme has been designed in line with statutory requirements. Key improvements include greater integration of the output from ICV activity in the wider MOPAC oversight and reporting framework and administration of the Scheme, which draws on limited resources.

- **<u>MOPAC Complaints Review Team Follow Up</u>: Adequate Assurance.** Aspects of the control framework have improved, although a number of risks are not fully addressed. The backlog of complaints has reduced supported by an uplift in permanent resources. Work is underway on a business case for a Case Management System to support more effective analysis of complaint review demand and learning. The London Policing Board(LPB) Data Dashboard is to enable scrutiny of MPS performance in handling complaints.

- **<u>MOPAC Business Support Services Follow Up</u>: Limited Assurance.** The overall control framework remains limited with a number of key actions yet to be fully implemented. Work is underway to ensure the record of MOPAC assets is accurate and up to date. Written approval for vetting arrangements and requirements for IT engineers under the revised shared service arrangement have been documented and agreed. An updated Business Continuity Plan needs to be completed to reflect the current working environment and personnel.

- **<u>Front Line Policing Assurance Framework (Advisory)</u>:** DARA advised on the development of the assurance framework for FLP. This mapped existing assurance functionality to identify gaps and inform the strategic approach, in particular, for level one and two assurance. Following consideration by the Met's Audit, Risk Assurance Committee at its December meeting, DARA will support piloting the approach in the coming quarter.

- **<u>Counter Corruption Governance (Advisory)</u>:** Advising on governance arrangements overseeing implementation of the Met's Counter Fraud Strategy and Plan and wider alignment with counter corruption governance arrangements and activity. A proactive counter fraud programme developed by DARA and DPS colleagues is now underway.

- **<u>Learning and Development Transformation (Advisory)</u>:** In liaison with the L&D Transformation lead, the approach to taking forward the strategic L&D issues raised via DARA review activity has been developed.

- **<u>Specialist Policing Command (Pro-active Review)</u>:** Initial fieldwork for the independent pro-active review of the Command, which includes analysis of overtime, allowances and expenses and procurement activity, has concluded with emerging findings to be discussed with senior management at the end of January 2024.

- **<u>MOPAC Oversight – London Policing Board (Advisory)</u>**: Advised on the governance arrangements supporting the London Policing Board, in particular, this quarter on the development of the structure and terms of reference for the sub committees and the work programme going forward.

- **<u>MOPAC Risk Management (Advisory)</u>**: DARA worked with the risk lead raising awareness across MOPAC of the revised risk management framework, providing greater clarity on responsibilities and key accountabilities, escalation routes and application of the agreed risk appetite.

- **<u>Counter Fraud Activity</u>**: There are 1,351 National Fraud Initiative (NFI) data matches under investigation, 3,316 have closed with recovery of £518k to date. An officer failing to declare secondary employment was referred for possible misconduct and a pension fraud referral made to another Force. Also facilitated successful claim for re-possession of residential property from an ex-police officer, which had been outstanding for a number of years.

Planned Activity for the Next Quarter

1.2. Reviews commencing include Met governance arrangements and Property Standards and Security, a key part of fixing the foundations, and the follow up of grievance management. Advice on business planning and the Front-Line Leadership Programme evaluation will also be provided.

1.3. Limited progress has been by the Met in developing the wider assurance framework and DARA will be working with the Strategy team to help take this forward, alongside looking at how the strategic underlying issues to strengthen the Met's internal control environment are being addressed. Advisory activity to support delivery of the Culture, Diversity and Inclusion Strategy will now be carried out in liaison with the recently appointed Met lead.

1.4. The Director of Audit Risk and Assurance chaired the national Police Audit Group Conference in November 2023. Key developments in auditing and policing were considered with the input of specialists in the profession and representatives from across policing. This included the national lead on Counter Corruption with DARA now advising on the framework being developed for counter corruption activity across policing, including the Met.

DARA Performance

1.5. Work is underway in line with that planned with time being spent across areas of activity as planned.

2. Equality and Diversity Impact

The MOPAC and MPS commitment to diversity and inclusion are considered in all activities carried out. The DARA work plan is designed to provide as wide a range of coverage of MOPAC and the MPS as possible.

3. Financial Implications

There are no direct financial implications arising from the report. There is a risk of loss, fraud, waste and inefficiency if agreed actions arising as a result of audit activity are not implemented effectively. Savings and recoveries made as a result of DARA activity enable funds to be better directed towards core policing.

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. Completion of the audit plan enables the Director of Audit, Risk and Assurance to provide assurance on the effectiveness of risk management arrangements.

6. Contact Details

Report author: Julie Norgrove, Director of Audit, Risk and Assurance

7. Appendices and Background Papers

Appendix – Summary of DARA Activity

Risk & Assurance & Advisory Reviews Concluded	Rating
Taser Use and Control	Adequate
Environment and Sustainability Planning	Adequate
Accounts Receivable Follow Up	Adequate
Firearms Licensing Follow Up	Adequate
MOPAC Business Support Services Follow Up	Limited
MOPAC Complaints Review Team Follow Up	Adequate
MOPAC Framework Supporting ICV Scheme	Adequate

Risk & Assurance & Advisory Reviews Concluded	Rating
Youth Offending Teams	Awaiting Sign off
Cloud Security Management	Awaiting Sign off
Learning and Development Transformation	Advisory
FLP Assurance Framework	Advisory
MOPAC Core Process Review	Advisory
MOPAC Oversight Governance	Advisory
MOPAC Risk Management Framework	Advisory

Risk and Assurance Reviews – Draft Report
Engagement in Major Event Planning and Delivery
Expenses Control Framework
Proactive Review Specialist Command

Risk and Assurance Reviews – Draft Report
SO18 Aviation Command Follow Up
MOPAC Budgetary Control Framework
MOPAC VRU Commissioning Framework

On-going Advisory Work
Counter Corruption Governance and Activity
Payroll Assurance Framework
MPS Risk Management Framework
CDI and Community Engagement

On-going Advisory Work
SO Risk Management Framework
MOPAC Support Transition to TfL ICT Shared Service
MOPAC Procurement and Contracts Management

Risk and Assurance Reviews - In Progress
Trauma Support Effectiveness and Accessibility
Management of Major ICT Contracts
Capital Strategy - Oversight & Delivery (scoping)

Risk and Assurance Reviews - In Progress
Strategic Contract Management Framework (incl. Supplier Policy)
Financial Management Code Compliance MOPAC/MPS

Advisory Work – Planned Next Quarter
Met Business Planning Framework
Workforce Changes to Payroll – PSOP/CARMS
Front Line Leadership Programme – Evaluation
Organisational Learning – Addressing Underlying Strategic Issues
THRIVE PLUS – Follow Up

Risk and Assurance Reviews - Planned Next Quarter
Met Governance (inc. revised Performance Framework)
Property/Estates – Standards and Security
Governance of Voluntary Official Organisations – Follow Up
Grievance Management Framework – Follow Up

METROPOLITAN POLICE

MOPAC | MAYOR OF LONDON OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL
15 January 2024

MPS Commercial Services Update

Report by: The Director of Commercial Services

<u>**Report Summary**</u>

Overall Summary of the Purpose of the Report

This report is intended to describe the ongoing developments being made within the Commercial Function and in the wider Commercial Capability of the MPS.

Key Considerations for the Panel

1) The different areas of focus where continuing improvements are being made to enhance the functional and commercial acumen of the organisation.

Interdependencies/Cross Cutting Issues

Commercial Services is working with a range of colleagues across the MPS to ensure the ongoing supply of goods and services in the face of economic uncertainty and threats to supply networks globally.

<u>**Recommendations**</u>

The Audit Panel is recommended to:

a. Note the progress being made by Commercial Services since its last update in October 2022

1. Supporting Information

1.1. Alignment of the Commercial Function with the organisation

The last update made to Audit Panel coincided with the first 100 days of the new Commissioner. A review of the function was already underway at this point to assess how the function had progressed in 3 years and how it would adapt itself for the ambition set by the Commissioner.

To align itself with the mission set out by the Commissioner of 'More Trust, Less Crime, High Standards', the Commercial Function revised its vision and mission to:

Original Vision (2020 – 2022)	**Revised Vision (2023 to date)**
'To be the best Bluelight commercial function in the UK'	'To be the most influential public sector commercial function in the UK'
Original Mission (2020-2022)	**Revised Mission (2023 to date)**
'To enable the MPS to deliver its aims, at the best value for the citizens of London"	'To enable high standards, less crime and more trust by ensuring ethical, sustainable and innovative behaviours as we maximise social value opportunities for the citizens of London'

In addition, the 4 strategic objectives of the function were also revised in the following ways

Original Objectives (2020 – 2022)	Revised Objectives (2023 to date)	Focus of Objective
Build a World Class Capability and team	Maintain an ethical high performing capability that is recognised for its commercial best practice	Commercial acumen, accreditation, recruitment, learning and development, contract management
Engaging effectively with our markets and suppliers	Deliver sustainable value through engagement with our suppliers, customers, partners and markets	Supply base, customers, partner relationships, category markets, supplier relationship management
Improving and simplifying how we work	Transform our ways of working through innovative and data driven capabilities	Systems, data, business processes, governance, supplier risk and assurance
Delivering outcomes through commercial policy	Delivering social outcomes that improve local and regional communities	Social Value, Sustainability, Ethical work practices, Anchor Institution

These changes were made to reflect how the function had evolved over 3 years and what is required to meet the expectations of the MPS moving forward. Progress made in each of the strategic objectives since October 2022 is described in the following subsections of this update:

1.1.1. Maintain an ethical high performing capability that is recognised for its commercial best practice

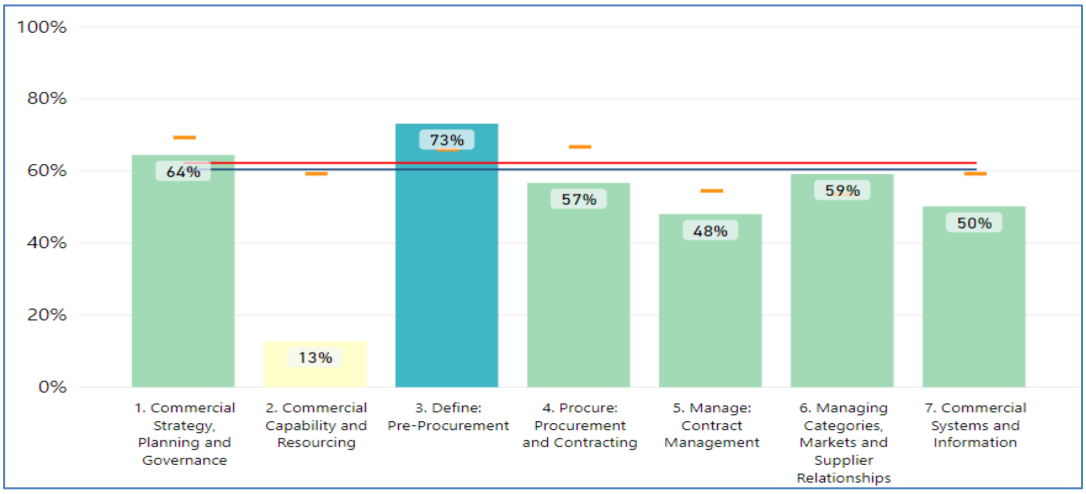
The ability to attract, retain and develop talent is key to the longevity of any organisation. Since April 2021, Commercial Services has made 45 separate employee changes to its structure, either through internal appointments or external hires. This equates to over 50% of the functions' roles changing in under 3 years. This has also coincided with changes in the leadership layers where greater diversity has been encouraged and implemented. In light of the volume of these changes, as well as the external pressures on the organisation, staff engagement continues to score higher than its' levelling up comparison across the MPS overall.

Whilst we have attracted talent to the organisation, the external market lacks depth in its talent pool. We will monitor closely our ability to recruit and retain talent throughout 2023 as we deal with the external perspectives regarding the organisation, our position on remote working and the vetting backlog.

To supplement our talent pipeline, Commercial has introduced an apprenticeship scheme. Its first cohort contains junior members of staff recently recruited to the function. We plan to extend future cohorts to local talent drawn from schools in proximity to our Kilburn station location.

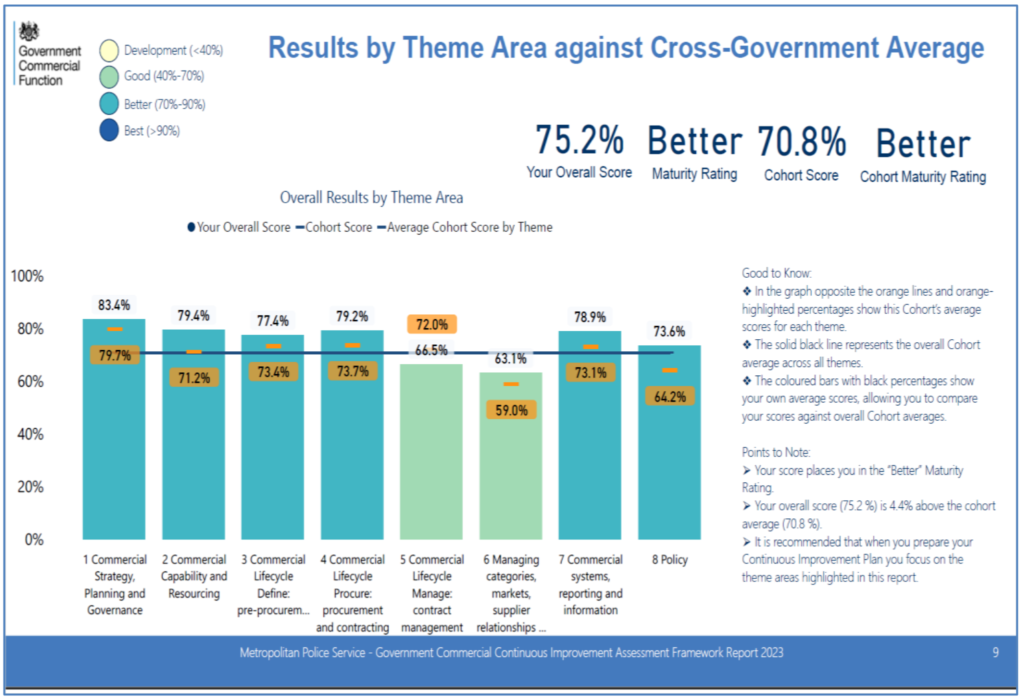
The functional transformation undertaken since 2019 has always utilised benchmarking to assess progress. This has been performed using the Functional Benchmark provided by the Government Commercial Function. The outputs from the 2019 assessment provided the case for change necessary for the function. The 2019 assessment can be seen in Figure 1 below

Figure 1: MPS Functional Benchmark assessment (2019)



Our latest results continue to show an upwards trajectory across all areas of the benchmark and can be seen in Figure 2 below.

Figure 2: MPS Functional Benchmark assessment (2023)



Functional developments have shown a 44% improvement over 3 years with noticeable progress made specifically in the area of Commercial Capability and Resourcing.

Our commitment to improving the commercial capability of Commercial Services employees continues. This has resulted in the success rate of our employees achieving accreditation through functional assessment centres being one of the highest when compared to Government departments and associated arms-length bodies. This success has enabled a number of employees being promoted to various grades through the function over the last 3 years.

Three specific areas have been identified for focus ahead of the next benchmarking exercise in 2024. They are:

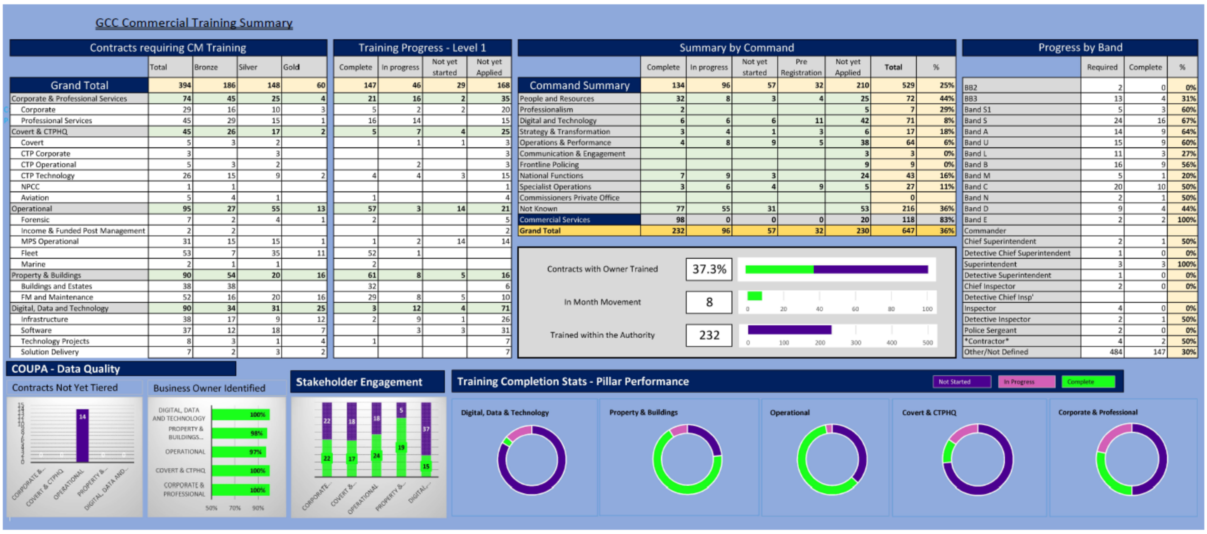
- Category Management
- Contract Management
- Supplier Relationship Management

All 3 have active programmes supporting their improvements underway and will be bolstered in 2024 through the addition of new talent to the organisation who will be specifically responsible for each area.

Our ongoing commitment to improving Contract Management acumen extends across the entire organisation. We are seeking the highest level possible levels of accreditation amongst our contract owners by leveraging the free learning and development capabilities provided via the Government Commercial College. Our efforts to date in driving accreditation has resulted in us being provided with additional funding from Crown Commercial Services over the last 2 years to allow participation in ‘Practitioner’ and ‘Expert’ Contract Management courses. Participation has been extended beyond Commercial Services to allow key contract owners from our stakeholder groups to participate.

Figure 3 shows our progress as of December 12th 2023 in achieving Foundation Contract Management training. Whilst progress is slower than desired, trained owners has progressed from 15.4% at the start of FY23/24 to 37.3% in December.

Figure 3: Contract Management Accreditation Progress December 12th 2023



We are also encouraging stakeholders to leverage the learning opportunities provided via the Government Commercial College at every opportunity. Modules on performing the SRO role and how to manage consultants are just 2 of the opportunities available and have been advertised to Senior MPS Leaders.

The Government Commercial College will also support the deployment of the long-awaited Procurement Reform Bill in October 2024. This will affect all organisations using existing Procurement regulations, providing new opportunities to engage with suppliers whilst also removing the emphasis on value for money and also enabling organisations to restrict under-performing suppliers to participate in commercial events. We have trialled the changes in the Commercial Conferences of 2022 and 2023 to prepare our supply base.

1.1.2. Deliver sustainable value through engagement with our suppliers, customers, partners and markets

Challenges within our supply base and factors influencing our supply networks continue to emerge for all of our category areas in a number of different ways.

The recent issues created by the drought conditions in the Panama Canal and attacks on shipping in the Red Sea build upon a series of events which have stretched supply networks globally over an extended period of time. In certain cases, some of these challenges create very unique pressures for policing due to the nature and limited supply base for specific goods and services. For example, an explosion at a chemicals factory in Europe meant a specific fibre required for body armour production was immediately jeopardised, requiring conversations between Commercial Services and MPS Stakeholders, Home Office and regulators on alternative sources to ensure the ongoing provision of this critical equipment.

The escalation of the Ukrainian invasion in February 2022 triggered a wave of Government sanctions and related regulations. This required Commercial Services to ascertain ownership across our supply base relating to Russian and Belo Russian nationals using a number of new data sources from market providers. In one instance, it required one award decision to be reversed due to the ownership of the company. The overall exposure to the MPS from sanctioned countries was minimal with 2 suppliers in the Forensics areas reliant on goods and services provided from either country.

The conflict has also led to challenges around body armour, bullets and weapons. These continue to be progressed through close relationships with our internal stakeholders and relevant suppliers.

Other challenges exist in:

- The pricing and supply of Property materials
- Availability of suitable talent in the jobs market

The financial stability of our suppliers is also being closely monitored. Our last visit to Audit Panel in October 2022 highlighted issues regarding UK Cloud, a provider of cloud hosting services used largely by Government departments and public sector organisations. Early planning and action meant that transition was completed with minimal disruption by the end of 2022.

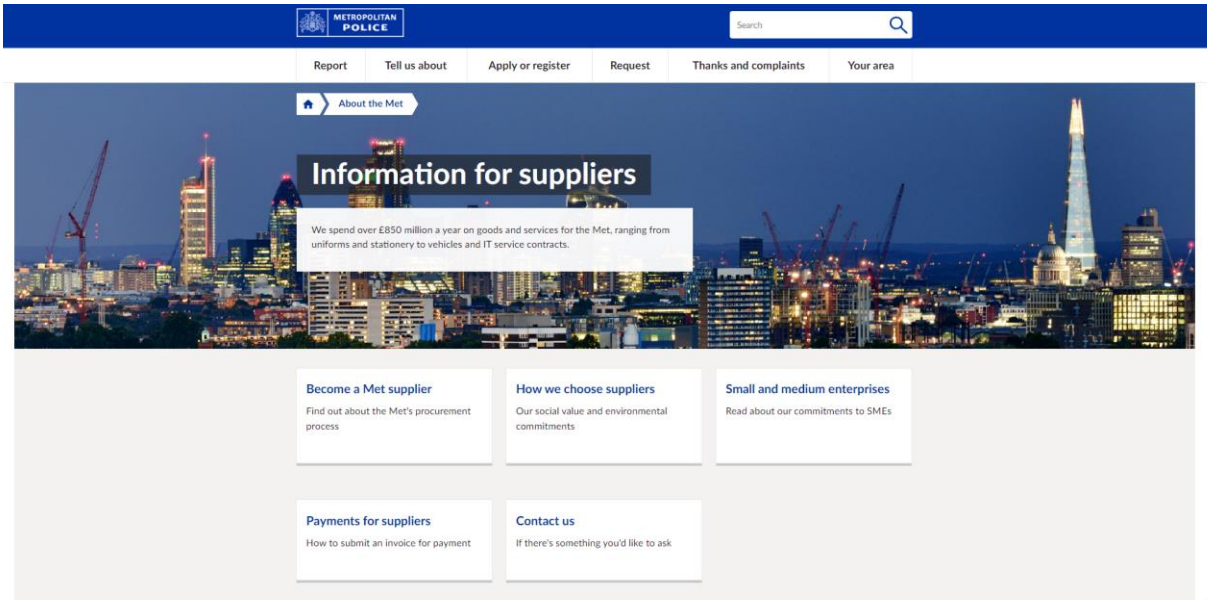
A different example emerged in November 2023 when one of our vehicle conversion suppliers went into administration. Swift cooperation between Commercial Services and Fleet minimised disruption to the organisation and learnings have been taken on what happened. A number of recommendations have now been made to prevent further incidents with MPS stakeholders requiring greater levels of assurance on financial wellbeing of suppliers following contract award and over the duration of the contract.

Commercial Services is also increasing its scrutiny across its supply base to assure itself on a number of areas. One of these is the Cyber and IT Health of an organisation. This follows a data breach reported in August 2023 by one of our suppliers. Investigative work continues exploring the circumstances behind the incident with Commercial Services already updating its requirements from suppliers regarding their individual risk. This work will begin in January 2024.

We continue to seek new opportunities to expand our Supplier Relationship Management programme across our category areas. New contracts in the Fleet and Property categories provide the basis for a new programme to launch whilst programmes underway in Forensics and Occupational Health are starting to highlight opportunities for both the MPS and respective suppliers beyond what is detailed in the individual contracts.

Since our last visit to Audit Panel in October 2022, 2 successful Commercial Conferences have been held, the most recent on October 2023 where over 70 suppliers attended. In both events, the need for suppliers to bring innovation to our relationships has been encouraged to help address MPS challenges. We are finalising our Commercial Handbook on innovation, detailing opportunities and mechanisms to exploit innovation, and will release it for wider circulation in the final quarter of the performance year.

We have also launched a revised web presence as part of our efforts to build better relationships with our suppliers. This went live in the summer of 2023



https://www.met.police.uk/police-forces/metropolitan-police/areas/about-us/about-the-met/commercial-services/information-for-suppliers/

1.1.3 Transform our ways of working through innovative and data driven capabilities

The ongoing improvements across the function are being enabled through a continual review on how Commercial operates to identify what can be simplified both within the function and for those who work with the function.

Our increasing use and reliance on data is aimed at ensuring our recommendations and advice is based on the relevant market insights in combination with the most up-to-date analysis of supplier spend, contracts, markets and suppliers health.

This combination is critical in enabling the development of Category Strategies across all of our spend areas. These strategies will build a framework on which commercial employees and their relevant stakeholders can partner together to create a vision on how their respective spend areas will evolve over an agreed time period, outlining how the supply base and investment areas will evolve. The strategies currently under development include:

- Legal Services
- IP and Merchandise
- Occupational Health
- Digital Forensics
- Construction
- Consultancy

Whilst these strategies will form the foundation on how we deal with specific areas of spend, we remain committed to engaging and educating our supply base, be they existing or new, on our commercial pipeline. This highlights opportunities for suppliers to bid for MPS contracts across our different spend categories. This is updated every 6 months following validation with the respective category stakeholder groups and is one of our ongoing commitments as an Anchor Institution in providing opportunities for the SME, VCSE and minority owned business sector in London to bid for MPS contracts.

The commitment to maximising our available data for driving better commercial outcomes is also being applied to the performance of the function. The ability to track functional as well as individual team progress towards annual objectives means the commercial leadership group can regularly discuss where extra focus or assistance is needed to remove issues. We have included examples of the Commercial Dashboard and the pillar comparison for reference as separate papers to this report.

It is also important that Commercial makes itself easier to work with from a stakeholder perspective. A step forward on engagement was launched in the summer of 2023 where a historic engagement form, requiring completion and then submission via email to engage with commercial representatives, has been replaced by an online form which is immediately routed to the relevant category team who can engage with the stakeholder at the earliest opportunity.

The ability to remove and streamline burdensome administrative duties is a focus for the commercial function as it contributes and works with the Met Business Services Programme, which is focussed on creating the next generation of shared services capabilities for the MPS. A Virtual Card capability, intended to replace existing payment cards for small purchases, has been piloted and will be deployed in early 2024. One advantage of this capability is the ability to photograph receipts and submit for immediate approval, rather than requiring the collation and submission of a number of paper receipts. The electronic submissions are then subject to a variety of automated assessments to ensure compliance with our payment guidelines before approval.

These enabling efforts, in combination with core commercial activities that are provided to MPS stakeholders, are being continually assessed through a Net Promotor Score mechanism, where stakeholders assess the quality of their individual engagement with the function. These are being tracked quarterly and results discussed with individual teams.

Commercial continues to takes its responsibilities very seriously in ensuring that its activities are to the highest standards in terms of ethics, transparency and legality. These expectations have also been conveyed to all of our supply base, where the highest standards of behaviour should be expected. Where suppliers perform services on behalf of the MPS, they should also be treated with the respect and standards expected by MPS staff. This message was conveyed to all suppliers following the publication of the Casey Report in March 2023, where assurance was reinforced and an opportunity for any supplier witnessing or experiencing behaviours not aligned to MPS Values to Principles to contact the Commercial Director directly.

The ability to provide appropriate assurance on our contracts and suppliers will be increased in 2024 through the introduction of the Commercial and Contract Assurance Review Group. This will ensure that contract expectations are being met, suppliers are performing without issue and the MPS is understanding its obligations on both existing contracts and its future commitments.

1.1.4. Delivering social outcomes that improve local and regional communities

Commercial Services continues to explore opportunities via its supplier relationships that will directly benefit the citizens of London and communities across the UK.

Our commitment to the Anchor Institution Networks continue to create benefits for Londoners. The MPS has been leading the Procurement Working Group since 2022 and seeking ways to engage with the SME, VCSE and minority owned business sectors.

Our spend commitments made in 2021 continue to progress successfully. Results for FY22/23 were:

Category	Target FY22-23	Actual Spend FY 22/23
SME & Micro Total	£168M	£293.2m
SME & Micro London based	£84m	£148.8m
Total London based	£294m	£435.7m

Results as of December 5th 2023 show positive progress towards FY23/24 objectives.

Category	Target FY23-24	Spend to date Apr-Nov23
SME & Micro Total	£210m	£226.9m
SME & Micro London based	£126m	£91.3m
Total London based	£336m	£320.1m

There are a range of other contributions being made to the Anchor Institution network. These include the support of mentoring, Apprenticeship opportunities and our ability to donate redundant technology to address digital divide challenges witnessed across London. We have also engaged with the LCCI to create a simplified Terms and Conditions for suppliers seeking to win MPS business.

Our presence and contributions as an Anchor Institute has been recognised by the Mayor as well the BBC and World Contracting and Commerce, a professional body, who awarded Commercial Services their 2023 EMEA award for Delivering Social and Economic Benefits where we continue to divert value from our Contracts to identified beneficiaries whose aims mirror those of the MPS.

Commercial Services has engaged with its Strategic Suppliers in this performance year to better understand what they are doing to track and monitor their Scope 3 emissions. Production and supply networks globally are major emitters and the MPS is now reviewing the emissions being created in the delivery of goods and services to the MPS, seeking alternatives wherever possible to reduce the volumes for the MPS and London overall.

1.2. DARA Engagement

Commercial Services will be collaborating with DARA in 2024 to perform a review of the Contract Management Framework operating across the MPS. This exercise will be of great value to Commercial Services as it seeks to improve its performance in this area and ultimately the performance across the MPS.

2. Equality and Diversity Impact

Commercial Services is committed to driving equality, diversity and inclusiveness across the Function, the MPS, its supply networks and working practices.

3. Financial Implications

Commercial Services continues to work with colleagues from across the MPS in seeking ways to achieve greater benefits from its supplier relationships. The continued period of economic uncertainty means that supplier financial wellbeing needs continual monitoring when being faced with additional costs created through inflationary markets.

4. Legal Implications

The Procurement Bill received Royal Assent on the 26th October 2023 and as a result The Procurement Act (2023) has passed into law. The new procurement regime is expected to come into force in October 2024. Commercial Service are preparing for these changes and are actively engaged in the Cabinet Office's Transforming Public Procurement (TPP) programme of communications, engagement and training.

5. Risk Implications

A variety of risks continue to pose challenges for the MPS. Commercial Services is regularly monitoring and reporting on potential threats in order to apply appropriate contingencies.

6. Contact Details

Report author: Mark Roberts, Director of Commercial Services

MPS-MOPAC JOINT AUDIT PANEL
15 January 2024

MOPAC Commissioning Framework Update

Report by: The Director of Commissioning and Partnerships

<u>**Report Summary**</u>

Overall Summary of the Purpose of the Report
This report updates the panel on ongoing improvement work being carried out by MOPAC to further develop its approach to commissioning. This follows the implementation of actions from DARA's reviews of MOPAC's Grants and Commissioning Framework and the last report to the panel in October 2021.

Key Considerations for the Panel
The Audit Panel is requested to review the report and note the continuing progress made in developing MOPAC's commissioning approach following the last update to the panel in October 2021.

Interdependencies/Cross Cutting Issues
Improvement actions in relation to MOPAC's commissioning processes are also included in the Governance Improvement Plan that is submitted to the Audit Panel.

<u>**Recommendations**</u>

The Audit Panel is recommended to:

a. note the report and the progress made since the last report submitted to the Audit Panel in October 2021; and
b. note the accompanying update which was presented to members of the Audit Panel on 17th November 2023.

1. Supporting Information

1.1. MOPAC's direct commissioning budget for 2023/24 is £70.98m, and accounts for a significant proportion of MOPAC's total expenditure.

1.2. MOPAC also manages services with a value of approximately £20m per annum as part of the Mayor's Domestic Abuse Safe Accommodation (DASA) programme. This is delivered in partnership with the GLA and while MOPAC is responsible for commissioning and managing the services, the budget sits with the GLA.

1.3. This report provides an update on developments and improvements to MOPAC's commissioning framework since the last report to the Audit Panel in October 2021 and following a presentation to members of the panel in November 2023.

Key Achievements

1.4. Following the delivery of the Commissioning Academy training programme in 2021, a Commissioning Improvement Group (CIG) was established to drive the continuous improvement of MOPAC's approach to commissioning. In 2022 the CIG oversaw the development of a Commissioning Catalogue for all MOPAC's commissioned services. For each of the services this includes a summary of why the service exists; what life will look like if the service delivers its outcomes; what the early indicators of success are, and the funding and resources attached to the programme.

1.5. The focus on staff training and development has been maintained through the delivery of reflective practice sessions at directorate away days every two months, which focus on different approaches like asset-based commissioning. There is also a dedicated commissioning session for all new starters across the organisation as part of their induction.

1.6. The impact of the ongoing development and professionalisation of our commissioning approach has been reflected in the services being commissioned in 2023/24, including a central focus on co-design activity with partners and potential service users which informed the design of both the future Violence and Exploitation Service and the core services supporting adult and young victims of crime, including victims of domestic abuse.

1.7. MOPAC continues to formally evaluate its commissioned services to understand how well they are meeting the outcomes they were commissioned to deliver. They are carried out by MOPAC's Evidence and Insight team or external independent evaluators and are published on MOPAC's website. These formal evaluations are in addition to ongoing grant and contract management arrangements, which enable MOPAC officers to monitor service delivery effectively and work with providers to identify any areas for improvement and how to respond to challenges they may face, including how to manage increases in demand which can put services under strain.

Priorities for 2024/25

1.8. In Q4 2023/24 and 2024/25 the focus of improvement activity will be on the implementation of a new performance reporting framework to transform the way that MOPAC collects, analyses, and manages service performance data, in order to improve MOPAC's understanding of the impact of its commissioned services. There are several strands to this work, which will deliver improvements over the short to medium and longer term.

1.9. In Q3 2023/24, MOPAC completed a review of the existing data collected from its services and has used this to develop a set of standardised data definitions, that can be used across all, or specific groups, of its services.

1.10. Alongside this a 'roadmap' and high-level implementation plan have been developed. The roadmap sets out MOPAC's ambition to transition to a mature future state regarding the management, use, quality and governance of the data it collects from commissioned services. The implementation plan sets out the actions MOPAC needs to take in the short, medium and longer term to deliver this ambition.

1.11. One of the priorities for Q4 is to finalise the plan for the rollout of the new standardised data definitions. Service providers will be asked to report against these from the start of 2024/25 onwards. However, the timing of the rollout to individual services will vary, as it will require contract variations or grant modifications, and in some cases it will be necessary to wait until a service is recommissioned before use of the new data definitions can be implemented. It is therefore likely to take until 2025/26 for the rollout to be fully completed.

1.12. Work also commenced in late Q3 2023/24 on an options appraisal of potential caseload management systems that would enable the automation of data collection and reporting over the longer term. This options appraisal will be completed in Q4 and will inform a business case for MOPAC Board. The earliest any caseload management system is likely to be in place would be 2025/26.

2. Equality and Diversity Impact

There are no equality and diversity implications arising directly from this report. One benefit of the rollout of the standardised data definitions described above will be to improve MOPAC's understanding of who is using its services and whether certain groups are over- or under-represented. In the longer-term, through the introduction of a caseload management system, MOPAC's ability to track cohorts of service users through its different services will be enhanced, further improving MOPAC's understanding of how effectively its services are supporting London's diverse communities.

3. Financial Implications

There are potentially significant financial implications associated with the purchase and implementation of a caseload management system. The options appraisal and business case will set these out, alongside the benefits of any investment that is being proposed.

4. Legal Implications

The Police Reform and Social Responsibility Act 2011 provides MOPAC with power and duties beyond policing, including responsibility for the delivery of community safety, reducing crime and consulting victims, alongside an ability to commission crime and disorder grants.

In addition, Section 143 (1) (b) of the Anti-Social Behaviour Crime and Policing Act 2014 provides an express power for MOPAC, as a local policing body, to provide or commission services "intended by the local policing body to help victims or witnesses of, or other persons affected by, offences and anti-social behaviour." Section 143(3) specifically allows MOPAC to make grants in connection with such arrangements and any grant may be made subject to any conditions that MOPAC thinks appropriate. MOPAC assumed devolved responsibility from the Ministry of Justice (MoJ) for commissioning the majority of victims' services in London from 1 October 2014.

5. Risk Implications

The management of risks relating to the delivery of MOPAC's commissioned services is embedded into MOPAC's internal governance processes, including through budget meetings, the Commissioning Delivery Group and the monthly Procurement, Contracts and Grants Oversight Board. Risks associated with the implementation of the new performance reporting framework and, potentially, a new caseload management system will be managed in line with MOPAC's project management approach and reporting process.

6. Contact Details

Report author: Louise Capel-Cure, Head of Policy and Commissioning

7. Appendices and Background Papers

Appendix 1 – MOPAC Commissioning Update: presentation to Audit Panel members on 17th November 2023.

MOPAC | MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

MOPAC Commissioning Update

17th November 2023

Agenda

1. What is commissioning?
2. Types of commissioning
3. Governance, process and assurance
4. Upcoming developments
5. Questions

1. What is commissioning?

Definition and Three Questions

How do we define “commissioning” at MOPAC?

At MOPAC we use the word “commissioning” to mean **any activity that involves us using resources that we have to promote outcomes across London**. Some of these resources might be funding, which can involve activity such as the procurement of services, but often commissioning also involves using our time and expertise to work with partners in a more joined up, whole systems approach to achieving the outcomes from the Police and Crime Plan.

What frame of reference do we use to understand commissioning opportunities?

Commissioning at MOPAC starts with asking three fundamental questions:

- **What is life like now for people in London?** This focuses us on understanding the need in a certain area.
- **What should life look like in the future?** This focuses us on the outcomes we want to achieve in this area.
- **What can we change to improve things?** This starts us thinking about the best approach to achieving our outcomes, including which partners and levers we should be working with and which commissioning approaches would be most effective.

MOPAC | MAYOR OF LONDON OFFICE FOR POLICING AND CRIME

Commissioning Principles

MOPAC's commissioning principles are the overall values that form the basis for how we commission.

Londoners are the driving force of our work. Through listening to Londoners, London's victims of crime and London's service users we can understand how to make positive impact with real meaning, from policy development through to commissioning, service delivery and service evaluation.

We are relentless in our pursuit of **equality, inclusion and diversity.**

We recognise all assets and strengths of London's diverse communities, leading through **empowering others and enabling outcomes.**

We foster **collaboration and co-production** with partners, providers and service users

We use a **broad range of evidence to inform commissioning** and contributing our own insight evidence through **reflection and evaluation**.

Equality, Diversity and Inclusion

- Equality, diversity and inclusion (EDI) commissioning is one of MOPAC's key approaches to commissioning and is part of MOPAC's commitment to tackling structural racism, inequality and disproportionality.

- In 2021, the Public Service Transformation Academy delivered a session with a focus on EDI and how to tackle unconscious bias and inequality in commissioning. Work is on-going to ensure this is an area of continuous improvement within commissioning.

- Examples of commissioning projects that promote anti-racist and anti-discriminatory outcomes include the Gang Matrix Reform, the Disproportionality Challenge Fund, and the Hate Crime Stakeholders Reference Group.

The importance of intersectionality

- An intersectional lens is important in commissioning to understand how multiple systems of discrimination and oppression (such as sexism, racism, ableism and homophobia) can 'intersect' with each-other to shape the social context in which Londoners experience violence and abuse.

- **MOPAC adopts an intersectional lens in commissioning** to effectively understand these experiences and ensure specialist provision is available to meet the needs of London's diverse population.

- This approach has been successfully implemented through the Mayor's Grassroots Fund and recent Domestic Abuse Safe Accommodation commissioning which has been adopted as national good practice by central Government.

2. Types of commissioning

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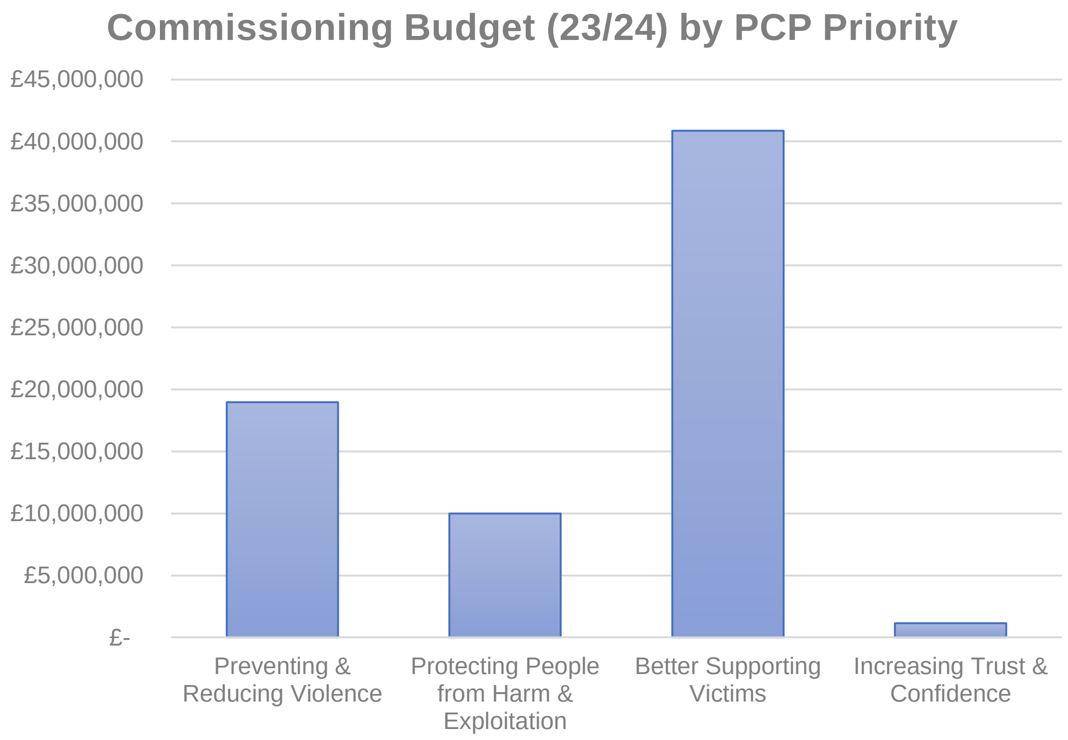
Overview of MOPAC's Commissioning

- MOPAC's direct commissioning budget for 23/24 is £70.98m.

- The services and programmes funded range from contracts worth over £9m a year to grassroots projects with a value of around £50k a year.

- The chart to the right provides a breakdown of the 23/24 commissioning budget across the four Police and Crime Plan priority areas.

- MOPAC also manages services with a value of approximately £20m per annum of services as part of the Domestic Abuse Safe Accommodation (DASA) programme. This is delivered in partnership with the GLA and while MOPAC is responsible for commissioning and managing the services, the budget sits with the GLA.



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Driving Innovation in our Commissioning

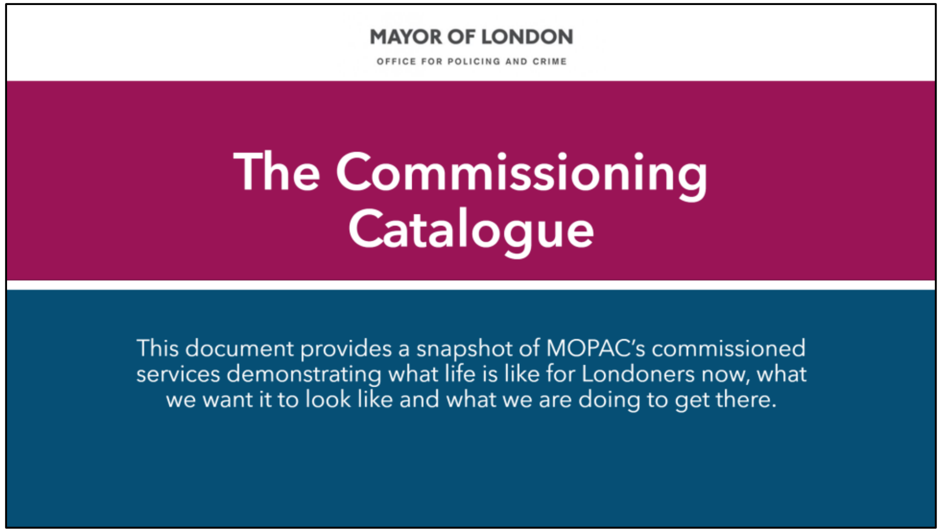
Different approaches to commissioning

- Commissioning in complex systems *e.g VAWG Grassroots Fund*
- Outcomes based commissioning *e.g Lighthouse*
- Using data to understand need and impact *e.g Rescue and Response*
- EDI commissioning *e.g Disproportionality Challenge Fund*
- Agile approaches and innovation *e.g Child First Policy Development*
- Service user involvement and lived experience *e.g Youth2Adult Hub*
- Asset based commissioning *e.g ASB mediation pilot*
- Alliance commissioning *e.g. Violence and Exploitation recommissioning*
- Person centred and strengths-based commissioning *e.g Survivors Gateway*
- Reflective practice and continuous learning *e.g Robbery Policy*
- Merging different commissioning models *e.g Hospital Based Youth Work*

MOPAC is applying **alternative commissioning approaches to drive innovation**, taking learning from other areas and working to become leaders in commissioning. This is both an internal and external journey of getting staff and partners on board to these approaches.

MOPAC's co-commissioning with HMPPS was recognised as **national best practice** within recent Home Office guidance issued to support the PCC review implementation.

Commissioning Catalogue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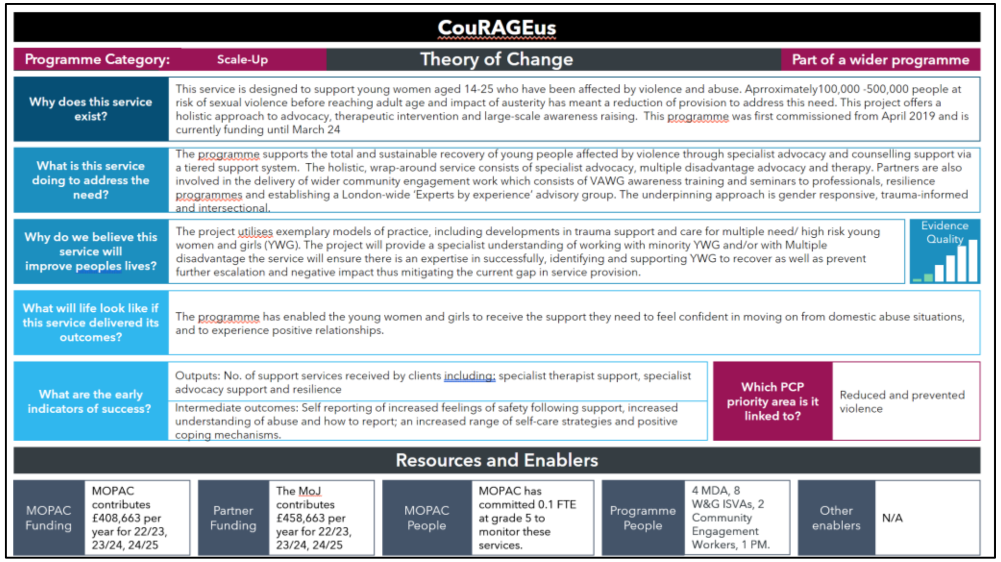
The Commissioning Catalogue

This document provides a snapshot of MOPAC's commissioned services demonstrating what life is like for Londoners now, what we want it to look like and what we are doing to get there.


CouRAGEus

Programme Category:	Scale-Up	Theory of Change	Part of a wider programme

Why does this service exist?	This service is designed to support young women aged 14-25 who have been affected by violence and abuse. Aprroximately100,000 -500,000 people at risk of sexual violence before reaching adult age and impact of austerity has meant a reduction of provision to address this need. This project offers a holistic approach to advocacy, therapeutic intervention and large-scale awareness raising. This programme was first commissioned from April 2019 and is currently funding until March 24
What is this service doing to address the need?	The programme supports the total and sustainable recovery of young people affected by violence through specialist advocacy and counselling support via a tiered support system. The holistic, wrap-around service consists of specialist advocacy, multiple disadvantage advocacy and therapy. Partners are also involved in the delivery of wider community engagement work which consists of VAWG awareness training and seminars to professionals, resilience programmes and establishing a London-wide 'Experts by experience' advisory group. The underpinning approach is gender responsive, trauma-informed and intersectional.
Why do we believe this service will improve peoples lives?	The project utilises exemplary models of practice, including developments in trauma support and care for multiple need/ high risk young women and girls (YWG). The project will provide a specialist understanding of working with minority YWG and/or with Multiple disadvantage the service will ensure there is an expertise in successfully, identifying and supporting YWG to recover as well as prevent further escalation and negative impact thus mitigating the current gap in service provision. Evidence Quality
What will life look like if this service delivered its outcomes?	The programme has enabled the young women and girls to receive the support they need to feel confident in moving on from domestic abuse situations, and to experience positive relationships.
What are the early indicators of success?	Outputs: No. of support services received by clients including: specialist therapist support, specialist advocacy support and resilience Intermediate outcomes: Self reporting of increased feelings of safety following support, increased understanding of abuse and how to report; an increased range of self-care strategies and positive coping mechanisms. Which PCP priority area is it linked to? Reduced and prevented violence

Resources and Enablers

MOPAC Funding	MOPAC contributes £408,663 per year for 22/23, 23/24, 24/25	Partner Funding	The MoJ contributes £458,663 per year for 22/23, 23/24, 24/25	MOPAC People	MOPAC has committed 0.1 FTE at grade 5 to monitor these services.	Programme People	4 MDA, 8 W&G ISVAs, 2 Community Engagement Workers, 1 PM.	Other enablers	N/A

- The Commissioning Catalogue provides an overview of MOPAC's commissioned services across the four commissioning areas.

- For each programme, the catalogue includes a summary of:
    - why the service exists
    - what life will look like if the service delivers its outcomes
    - what the early indicators of success will be
    - the funding and resources attached to the programme.

- A copy of the catalogue can be circulated to Committee Members.

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Commissioning Examples

The following slides include four examples of the different types of commissioning at MOPAC:

- Example of **statutory commissioning** – London Victim & Witness Service (LVWS)
- Example of **co-commissioning** – the Havens Sexual Assault Referral Centres (SARCs)
- Example of pilot for **system change** – Youth 2 Adult Hub (Transitions Pilot)
- Example of a **targeted or specialist service** – Violence and Exploitation

London Victim & Witness Service (Recommissioning 2024) — Adult Victims

Programme Category: Re-commissioned service

Theory of Change

Part of a wider programme

Why does this service exist?	This service is designed to deliver practical and emotional support to adult victims of crime in London on their journey to cope and recover from the impact. This is a core and high volume service which enables the PCC to deliver on its duties to commission victim services under Police Reform and Social Responsibility Act 2011. This programme will be re-commissioned from October 2024 for a duration of 2 years.
What is this service doing to address the need?	The service will provide initial contact and needs assessment to support with triage. Immediate support may be provided in the form of information, signposting and advice. There will also be access to ongoing caseworker support, for those who want/need this service, tailored to the victims' needs including advocacy, emotional support and navigating wider systems i.e. health/housing/CJS. Support must be trauma informed and culturally competent.
Why do we believe this service will improve peoples lives?	MOPAC undertook a Victims Strategic Needs Assessment in 2019, to review its evidence base underpinning commissioning decisions. The SNA set out an up-to-date victimology and understanding of needs in London, as well as identifying gaps in existing provision. This evidence emphasised the effectiveness of victim services and supported the ambition for a single point of contact model to support victims. The existing provision is ongoing and existing service user feedback is largely positive in terms of satisfaction with support being offered.
What will life look like if this service delivered its outcomes?	Victims feel supported to cope and recover from the impact of crime. Hand-offs are reduced and victims experience a cohesive support journey. A positive victim experience in turn increases trust and confidence of victims in London. Effective victim care and safeguarding leads to prevention of further harm and reduction in repeat victimisation. Victims know their rights and where to access support.
What are the early indicators of success?	Outputs: Service users engaged with the service/received case work support; service users referred on to relevant service to meet needs; training/awareness raising sessions delivered Intermediate outcomes: % service users satisfied with the service; victims feel safer/reduced risk (including professional judgement), distance travelled (outcome star); reduction in repeat victimization; and improved access to CJS and wider recovery programme/services.

Evidence Quality

Which PCP priority area is it linked to? Victims are better supported

Resources and Enablers

MOPAC Funding	MOPAC contributes £7,800,000 per year in funding for 2 years (TBC)
Partner Funding	£487,000 MoJ devolved funding – pre trial
MOPAC People	0.1 FTE G5; 0.3 FTE G4; 3x0.5 FTE G5; 0.5 FTE G6 (temporary). Corporate services
Programme People	TBC
Other enablers	CMS/technology, info sharing. URL of the LVWS online resource. Partnerships.

The Havens Sexual Assault Referral Centres (SARCs)

Programme Category: Statutory Delivery | **Theory of Change** | **Stand alone service**

Why does this service exist?

This service provides medical, emotional, practical and psychological support to children and adults who have experienced rape or sexual assault regardless of whether they choose to report the offence to the police.

What is this service doing to address the need?

This programme is delivering forensic medical examinations (FMEs) within the acute (generally seven day) forensic window and medical and sexual health services aftercare. The service also provides counselling therapy, clinical psychology and advocacy support via the Independent Sexual Assault Advisor (ISVA) team to both adults and children and young people. If requested by the survivor, the Havens can arrange for them to speak to a MPS Sexual Offences Investigative Techniques (SOIT) Officer.

Why do we believe this service will improve peoples lives?

This service provides essential support to anyone who has been raped or sexually assaulted, whether they choose to report to the police or not. This programme is delivering statutory specialist services including forensic medical examiniations offered within the forensic window (generally 7 days), the collection of forensic and other evidence, emergency medical and sexual health treatments and testing, psychology and counselling, ISVA support, an interface with SOIT Officer.

Evidence Quality

What will life look like if this service delivered its outcomes?

This service will provide anyone who has been raped or sexually assaulted with forensic medical examination, medical and acute services, psychology and counselling, ISVA service and access to a MPS SOIT if requested. This will provide vital evidence to the police, if the survivor chooses to report the crime. It will also support the survivors ability to cope and recover.

What are the early indicators of success?

Outputs: % of victims-survivors assessed for STIs; % of victims-survivors assessed for therapeutic mental health/psychological support intervention; % of victims-survivors offered ISVA support

Intermediate Outcomes: Improved outcomes for mental health and emotional wellbeing

Which PCP priority area is it linked to?

Victims are better supported

Resources and Enablers

MOPAC Funding	£2,165,000/ year for FY 22/23. Expected to go up in FY 23/24 to £3,166,850.
Partner Funding	NHSE: £4,902,126 FY 22/23. Expected £4,755,276 in FY 23/24
MOPAC People	0.2 FTE at grade 5 and 0.1 FTE at grade 4 to commission these services
Programme People	The programme has committed 78 FTE
Other enablers	N/A

Youth 2 Adult Hub (Transitions Pilot)

Programme Category: Pilot/Proof of concept

Theory of Change

Stand alone service

Why does this service exist?	This service is designed to support 18-25 year olds on probation and 17 year olds transitioning from the youth justice system to probation in Newham who have been convicted of an offence. The pilot responds to gaps in provision to meet the needs of young adults and to provide rehabilitative support services. It recognises that young adults require services which address their maturity levels and to bridge the gap in provision between YJS and Probation. Implementation of the service started in October 2021 and completed in April 2022. The pilot is currently due to end 31 March 2023.
What is this service doing to address the need?	This programme involves a multi-disciplinary team delivering wrap-around support tailored to young adults' distinct needs. Probation staff are responsible for managing risk, assessing needs and sequencing support, informed by bespoke assessment tools on emotional wellbeing, maturity and support networks. The commissioned services are emotional wellbeing, mentoring, accommodation support, speech and language therapy, ETE, substance misuse, young women's support, restorative justice and meaningful activities. Bespoke training and workforce development is also delivered.
Why do we believe this service will improve peoples lives?	This hub is the first service of its kind for young adults in the UK, however the model replicates a multi-agency approach employed in other contexts, for example within the youth justice system which has been lauded as achieving one of the greatest successes in the criminal justice system in recent years. An MoJ Rapid Evidence Assessment in 2015 found that strong coordination between a range of social care agencies reduced reoffending and the Justice Select Committee's 2016 report, which found that the CJS does not adequately tailor its approaches to young adults, recommended that the YJS' multi-disciplinary approach is extended to young adults.
What will life look like if this service delivered its outcomes?	This service will reduce the frequency and severity of Newham young adults' offending by meeting , leading to safer communities and fewer victims of crime. If the programme delivers its intended outcomes and proves the concept, there is potential that the model will be rolled out more widely benefiting young adults and reducing reoffending across London.
What are the early indicators of success?	Outputs: No. of contacts between young adults and the service; increased partnership working and collaboration; no. of training sessions held Intermediate outcomes: Increased compliance with probation (fewer breaches and recalls); reduced level of risk; improved partnership working and information sharing between agencies; improved thinking and behaviour skills of young adults; improved mental health and resilience

Which PCP priority area is it linked to? Reduced and prevented violence

Resources and Enablers

MOPAC Funding	MOPAC receives income from the MoJ to commission the pilot
Partner Funding	HMT contributes £135,000 in 20/21, £1,410,000 in 21/22, £1,420,000 in 22/23.
MOPAC People	N/A
Programme People	London Probation committed 8 FTE probation practitioners
Other enablers	The programme is supported by a building provided by probation

Violence & Exploitation

Programme Category: Re-commissioned service

Theory of Change

Stand alone service

Why does this service exist?	The services and support are for all children and young people (focussed on children and young people up to 25) who ordinarily reside in London and have been impacted and/or are at risk of being impacted by violence and exploitation. Existing support is disparate across London and we know that transitions across geographical boundaries and coordination between services are often not smooth. We want to address this by providing holistic services and support that is integrated with existing local and regional provision, including transitions to adulthood and independence.
What is this service doing to address the need?	Consistent, one to one support will be provided for as long as needed to meet the complex needs; support will be in one place minimising the touchpoints that that children and young people impacted by violence are exposed to; simple navigation to, through and on from the service will be put in place so that it is easier to find the right support or for the right support to find those that need the service the most; and there will be a diverse offer enabling choice and autonomy for the young person to achieve their individual outcomes. Learning and improvement so that the service evolves through delivery, this will include developing an accurate picture of need, demand and provision for CYP impacted by violence (including emerging and maturing issues eg. county lines, girls & young women).
Why do we believe this service will improve peoples lives?	This programme is based on a breadth evidence ranging from LGE evaluation (2022), R&R Strategic Assessments (2018-2022) that a 121 trauma informed, needs-based intervention has the ability to stabilise children and young people so that they are able to exit harmful situations, for example, County Lines and gangs involvement. The LGE evaluation demonstrated statistically significant decreases across all, violent and serious number of incidents of victimisation and serious violence reoffending for young people who were supported through the programme. The Serious Youth Problem Profile outlines the context in which Young Londoners are currently operating within.

Evidence Quality

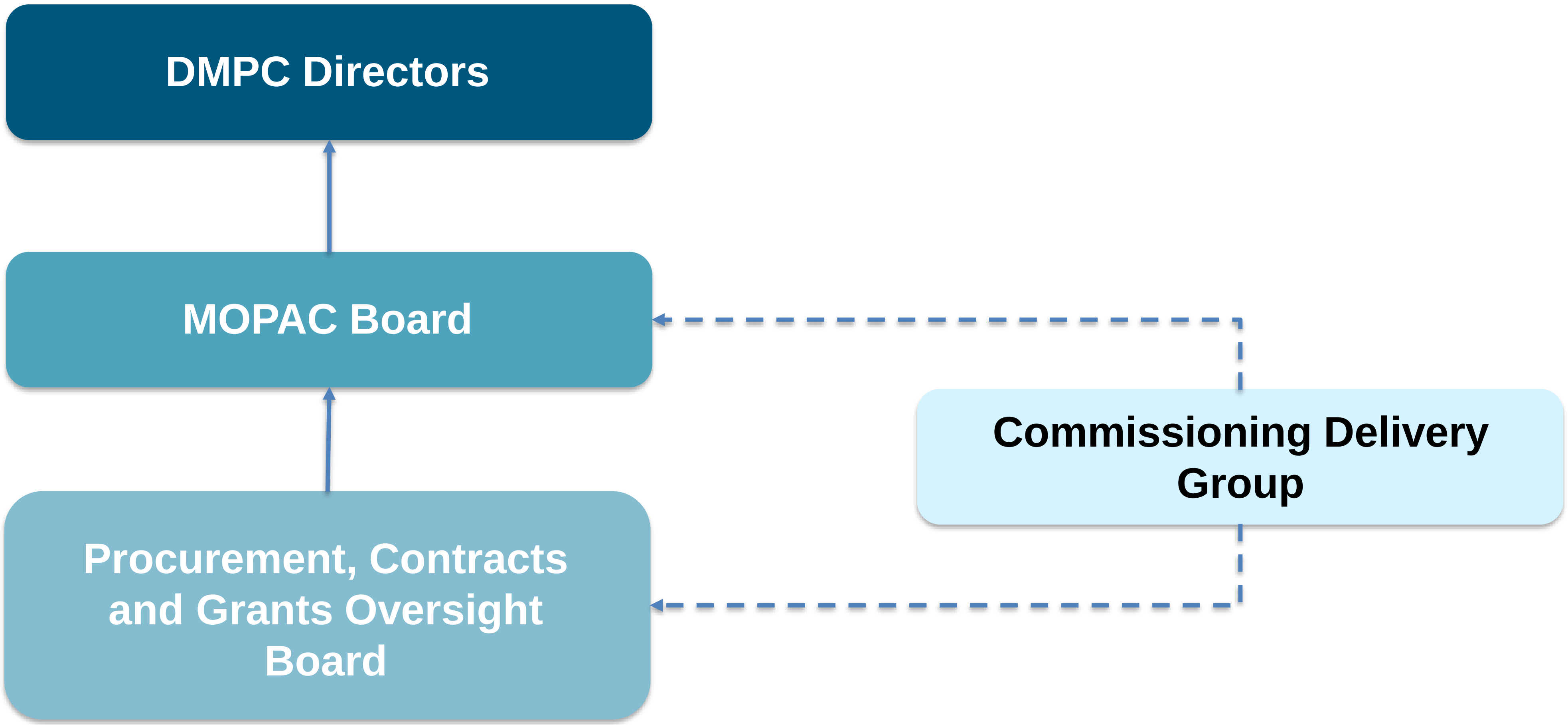
What will life look like if this service delivered its outcomes?	The overarching aims of this programme are to reduce violence, reduce violence victimisation and reduce harmful behaviours. The codesign process has identified key high level outcomes: Improved knowledge and understanding of risks/issues relating to violence and exploitation; Reduced vulnerability to harm and exploitation; Improved wellbeing; Improved family relationships. At a systems level, the service will also seek to achieve: Improved access to support; Improved connection; and Improved coordination.
What are the early indicators of success?	Outputs: We are implementing an outcomes based commissioning approach, specific outputs are to be determined. It is anticipated that some current measures will be maintained eg. no. engaged, no. completing intervention. Intermediate outputs:improved understanding of issues related to harm & exploitation; CYP have increased feelings of safety; Increase in positive peer relationships; Increased ability to access stable and secure housing; Increased engagement within employment and training settings
Which PCP priority area is it linked to?	Reduced and prevented violence

Resources and Enablers

MOPAC Funding	£5,800,000 PA
Partner Funding	N/A
MOPAC People	0.8 FTE at Grade 5 and 0.2 at Grade 6
Programme People	N/A
Other enablers	N/A

3. Governance, Process and Assurance

Governance


DMPC Directors
MOPAC Board
Commissioning Delivery Group
Procurement, Contracts and Grants Oversight Board

Process

- **Stakeholder engagement** is key to the commissioning process and MOPAC places a lot of importance on coproduction and codesign.

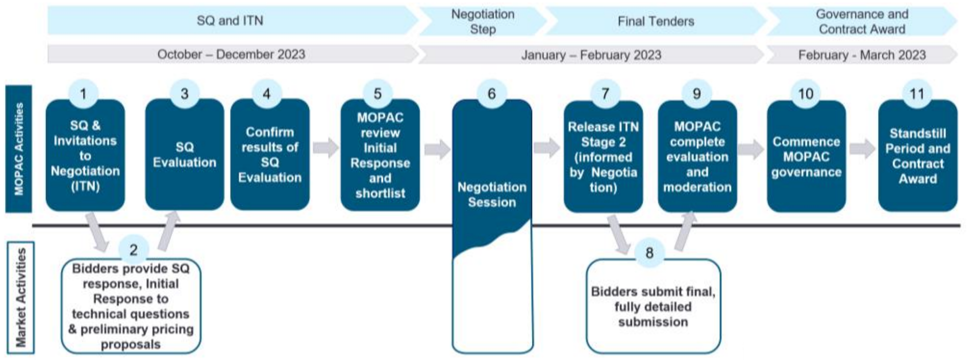
- The approach to evaluation and procurement depends on the service that is being commissioned. An example of the process used for the London Victims and Witness Service recommission is shown here.

- **Value for money** is always an important consideration in commissioning but MOPAC places emphasis on **quality over price**. This is because provision is rarely sufficient to meet demand, so it is about using resources in the best way possible.

- **Performance management** is important for any commissioned service. Monitoring reports are submitted to Commissioning and Policy Managers who lead regular contract management meetings.

Summary of stakeholder engagement activities as part of the LVWS recommission:

Proposed procurement approach to the LVWS recommission:



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Improving Practice – the journey so far

2020
Skills audit

2021
PSTA Commissioning Academy training workshops

2022
Commissioning Improvement Group established

2023
Internal Commissioning Event

On-going
Continuous development and improvement

Improving Practice

Training and upskilling staff

- Following a skills audit in 2020, a comprehensive training package was delivered by the Public Service Transformation Academy to develop understanding of alternative commissioning approaches.
- Agile project management training has been rolled out to a number of staff.
- Specialist commissioning support from Collaborate CIC and Ideas Alliance has supported staff to apply alternative commissioning approaches to our area of work, especially in navigating alliance commissioning.
- Implementing learning around service user involvement, co-design and co-commissioning in new projects across PCP priorities.
- Reflective practice sessions take place at Commissioning and Partnerships Together Days to focus on how these skills are being embedded in our work.
- In summer 2023, MOPAC held the first internal commissioning event with resources shared with colleagues.
- Further training needs continue to be identified and a further phase of ongoing commissioning support is being planned.
- Learning is actively sought from other areas to improve our own commissioning practice (e.g. the Bromley by Bow Centre and Manchester VRU).

Commissioning Improvement Group

- The Commissioning Improvement Group was established to embed practice and provide a forum for continuous development and improvement.
- CIG established a set of Commissioning Principles, which are set out in the PCP and underpin our work.
- Membership is open to all staff and Head of Policy and Commissioning Tom Burnham is an active participant.

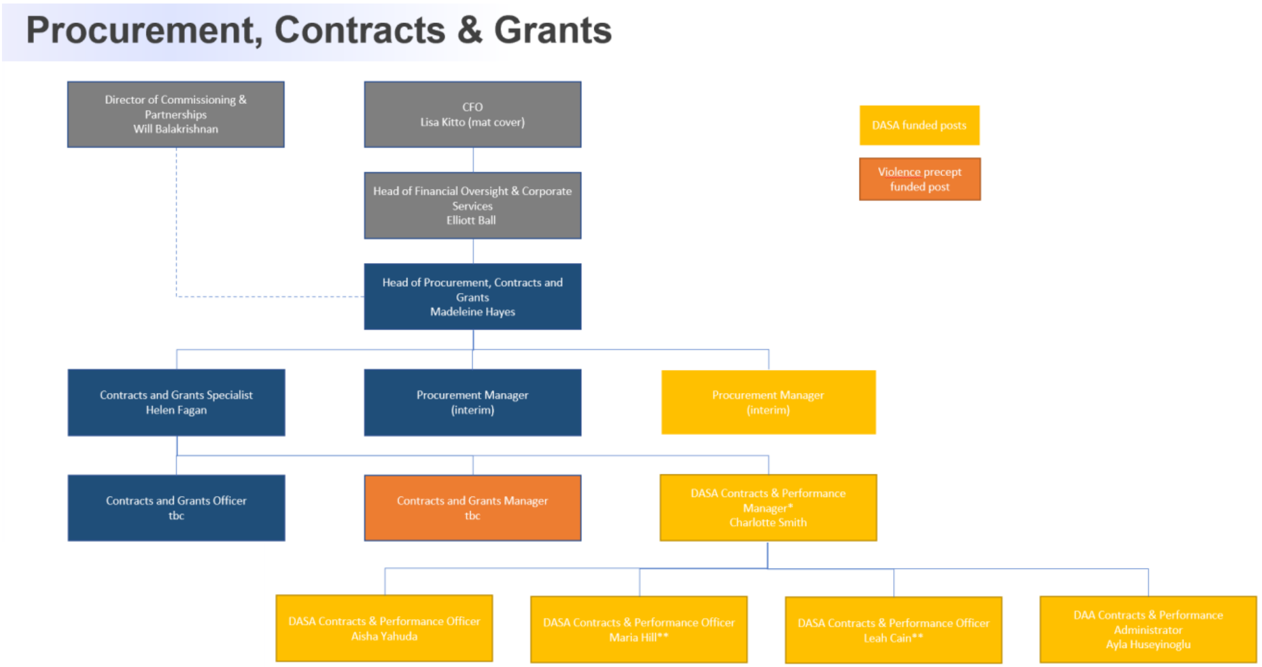
4. Upcoming developments

Directorate for Audit, Risk and Assurance (DARA)

- DARA have conducted three audits on MOPAC’s commissioning function:
  - Risk and Assurance Review (Sept 2016)
  - Risk and Assurance Follow Up Review (March 2018)
  - Risk and Assurance Follow Up Review (June 2019)

- These reports have all rated the controls framework as adequate.

- Since the last follow up review, MOPAC has appointed a new Head of Procurement, Contracts and Grants and increased the size of the contracts team in response to the continued growth in the scale and complexity of MOPAC’s commissioning. This will support further improvements in MOPAC’s controls and assurance framework.



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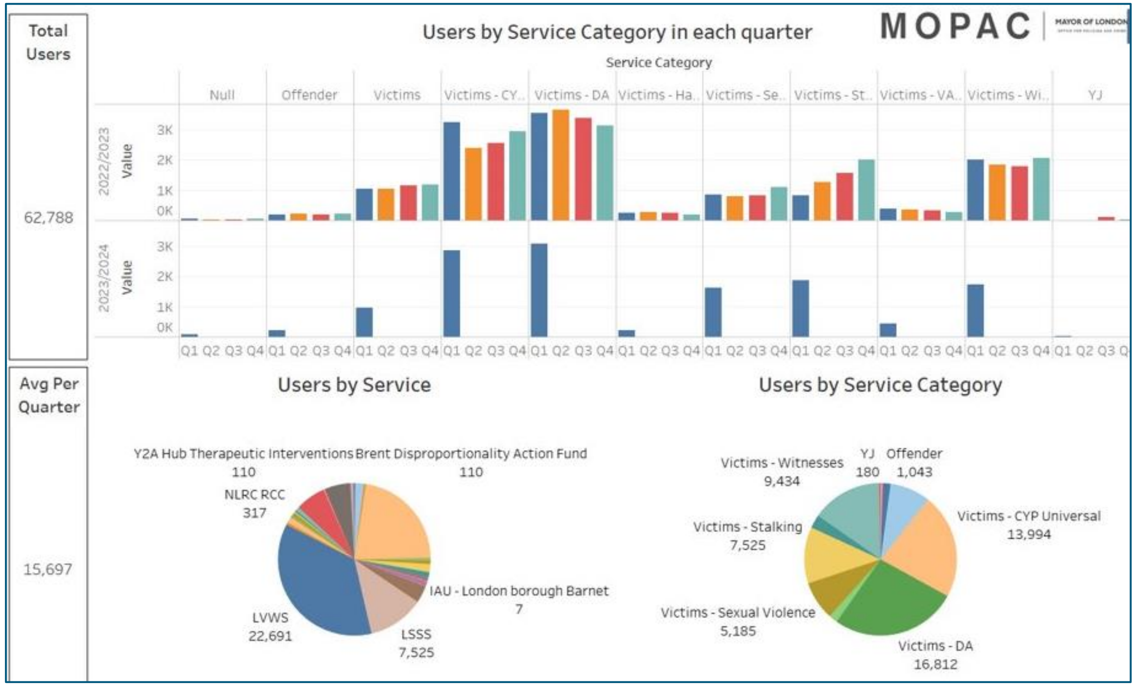
Improving Data and Performance

- MOPAC has identified the need for a new **Data and Management Information Project** to improve understanding of the impact of commissioned services.

- The project will implement a consistent and standardised approach for collecting data from commissioned services. This will enable MOPAC to **better analyse data, understand performance across services, and understand impact for Londoners**.

- An ‘As-Is’ Review has been completed and ‘To-Be’ structures developed, with a consistent minimum data set.

- Work is on-going to develop an implementation plan and establish a project steering group.



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Thank you for listening.

Any questions?

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METROPOLITAN POLICE

MPS-MOPAC JOINT AUDIT PANEL
15 January 2024

MOPAC Treasury Management Mid-Year Review for 2023-24

Report by: The MOPAC Chief Finance Officer

<u>Report Summary</u>

Overall Summary of the Purpose of the Report

This report sets out the 2023/24 Treasury mid-year performance for the first six months of 2023/24.

Key Considerations for the Panel

The key treasury management activities to note for the six-month period to September 2023 are:

- The end of June 2023 saw the completion of the restructure of the GLA Group Investment Syndicate (GIS) into London Treasury Liquidity Fund (LTLF). Each GIS participant, including MOPAC, joined LTLF as a limited partner, replacing its GIS interest with an equivalent interest directly in LTLF.
- Returns on MOPAC's investments during the Reporting Period were £15.69 million at an average rate of 5.46%.
- No additional short or long term borrowing has been undertaken and MOPAC Group's borrowing levels have decreased from £486.15m at 31 March 2023 to £485.35m at 30 September 2023.
- All Treasury activity has been within the boundaries and levels set by the MOPAC Group and set out in the 2023/24 Treasury Management Strategy.

Interdependencies/Cross Cutting Issues

Risk register, governance, financial oversight

<u>Recommendations</u>

The Audit Panel is recommended to:

a. Note the contents of the report and the treasury management activity in the year to date.

1. Supporting Information

1.1. This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services, the CIPFA Prudential Code for Capital Finance in Local Authorities and the Department for Levelling Up, Housing and Communities (DLUHC) Guidance on Local Government Investments. It provides details of MOPAC's investment and borrowing activities for the period from 1 April 2023 to 30 September 2023 (the Reporting Period) and highlights any relevant issues.

1.2. This report reviews the 2023/24 treasury management activity for the six month period to 30 September 2023 and reports on the prudential indicators as required by CIPFA's Treasury Management Code of Practice.

1.3. All treasury activities were conducted within the parameters of the 2023/24 Treasury Management Strategy Statement (TMSS), alongside best practice suggested by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Central Government

Borrowing Activity

1.4. In the six months to 30 September 2023 no additional short or long term borrowing has been undertaken in the period. No rescheduling of debt was undertaken during the six months ending 30 September 2023.

1.5. As at 30 September 2023 MOPAC's capital investment being financed by borrowing was £485.35m, with a further £592.52m of internal borrowing being used to finance capital investment.

1.6. It is likely that further borrowing will be required by the end of the current financial year and the cash flow position and projections are under review to inform the requirement.

Investment Activity

1.7. MOPAC's investment balances increased from £202.68 million at 31 March 2023 to £500.97 million at 30 September 2023. This is due to the Home Office making an up front grant payment of £470m at the beginning of April.

1.8. Returns on MOPAC's investments during the Reporting Period were £15.69 million. Income receivable of £25.10 million is forecast against the approved budget of £8.75 million.

Treasury Management Budget

1.9. As at 30 September MOPAC had received net interest of £7.73 million. Net interest receivable of £9.30 million is forecast against the approved budget of net interest payable of £13.05 million.

	Budget £m	Actuals £m	Forecast £m	Variance £m
Interest Payable for External Borrowing	21.80	7.96	15.80	-6.00
Interest Receivable	-8.75	-15.69	-25.10	-16.35
Net position	13.05	-7.73	-9.30	-22.35

2. Equality and Diversity Impact

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

3. Financial Implications

The financial implications are set out in the report. The impact of the Treasury Management activity is reflected in the 2023/24 budget and the forecast position for the year is included in the quarterly financial monitoring reports.

4. Legal Implications

There are no direct legal implications arising from the report.

5. Risk Implications

5.1. The investment strategy is set to reflect the low risk appetite of MOPAC, and in line with the principles of the CIPFA Code of Practice. Borrowing is currently all fixed rate and with the Public Works Loans Board (PWLB) in order to provide certainty of exposure.

5.2. Whilst every effort is made to minimise the likelihood of an incident the failure of for example a counter party would generate risks to the sum deposited and reputational risk for MOPAC

6. Contact Details

Report author – Annabel Cowell – Deputy Chief Finance Officer and Head of Financial Management MOPAC
Director Lisa Kitto, Interim MOPAC CFO and Director of Corporate Services

7. Appendices and Background Papers

Appendix 1 – MOPAC Treasury Management Mid-Year Review for 2023-24

MOPAC

2023-24 Mid-Year Treasury Management Report

1 Introduction

1.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services, the CIPFA Prudential Code for Capital Finance in Local Authorities and the Department for Levelling Up, Housing and Communities (DLUHC) Guidance on Local Government Investments. It provides details of MOPAC's investment and borrowing activities for the period from 1 April 2023 to 30 September 2023 (the Reporting Period) and highlights any relevant issues.

1.2 MOPAC's investment balances in the London Treasury Liquidity Fund (LTLF) were £500.97 million at 30 September 2023. Returns on MOPAC's investments during the Reporting Period were £15.69 million. The forecast position is a return of £25.10 million against a budget of £8.8m. The forecast is under review and an updated position will be reported as part of the next Treasury Management Report.

1.3 MOPAC's external borrowing reduced from £486.15 million at 31 March 2023 to £485.35 million at 30 September 2023.

1.4 All treasury activities have been conducted within the parameters of MOPAC's Treasury Management Strategy Statement for 2023-24 (TMSS) which was approved on 31st March 2023.

1.5 Treasury management has been delegated to the Greater London Authority (the GLA) under Section 401(A) of the GLA Act. The GLA relies on its own officers together with those of London Treasury Limited (LTL), its wholly owned subsidiary authorised and regulated by the Financial Conduct Authority (FCA), to deliver its treasury management shared service. This is governed by the arrangements for delegation for the provision of treasury management functions from MOPAC to the GLA entered into in 2014.

1.6 The end of June 2023 saw the completion of the restructure of the GLA Group Investment Syndicate (GIS) into LTLF, a more conventional fund structure. Prior to this, the GLA was the sole investor in LTLF, with the GIS participants, including MOPAC's, owning a pro-rata share of the GLA's interest in LTLF through the GIS. On 30 June 2023, the GIS contractual arrangement was terminated and each GIS participant, including MOPAC's, joined LTLF as a limited partner, replacing its GIS interest with an equivalent interest directly in LTLF.

1.7 The investment strategy and underlying investments remained unchanged by the transition from the GIS to LTLF, in accordance with MOPAC's investment strategy. The new fund, structured as an Alternative Investment Fund (AIF), provides additional regulatory oversight and assurance via its management by an independent Alternative Investment Fund Manager (AIFM), is more scalable and reduces individual participants' accounting burdens.

2 Economic Update

2.1 The Link Group (Link) has been appointed as treasury advisors to the GLA and the treasury management shared service participants. The information and commentary provided in this section are from Link.

2.2 The financial year began with rates at 4.25% with subsequent rate rises ending the Reporting Period at 5.25%. In its latest monetary policy meeting on 2 November 2023, the Bank of England left interest rates unchanged at 5.25%.

2.3 The Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in December 2023. The economic outlook remains uncertain.

2.4 Link believes that the Bank of England will keep interest rates at the probable peak of 5.25% until the second half of 2024.

3 Interest Rate Forecasts

3.1 As part of its advisory services, Link provides interest rate forecasts. Link's latest forecasts dated 7 November 2023 are set out in the table below.

3.2 The PWLB rate forecasts set out below are for the Certainty Rate (i.e. the PWLB standard interest rate reduced by 20 basis points, calculated as Gilts plus 80 basis points) which has been accessible to most authorities since 1 November 2012.

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

Source: Link

4 Treasury Management Strategy Statement and Investment Strategy Update

4.1 There are no changes to MOPAC's TMSS and investment strategy.

4.2 During the Reporting Period, all treasury management operations have been conducted in full compliance with MOPAC's Treasury Management Practices (TMP's) as set out in MOPAC's TMSS.

4.3 MOPAC is both a participant in the GLA treasury management shared service and a limited partner in LTLF. As part of its shared service, the GLA provide MOPAC with a monthly cashflow, investment and borrowing report. As principal portfolio manager of LTLF, LTL also provides MOPAC with monthly and quarterly investment reports in relation to its investment in LTLF.

5 Treasury Management Outturn Position at 30 September 2023

Treasury Management Position	**TMSS Forecast to 31 March 2024**	**Actual at 30/09/23**		**Revised Forecast to 31 March 2024**	
		Amount (£m)	Rate (%)	Amount (£m)	Rate (%)
Long-Term Borrowing	675.70	485.35	3.27	579.80	
Short-Term Borrowing (Variable Rate)	0	0			
Total External Borrowing (A)	**675.70**	**485.35**	**3.27**	**579.80**	**3.57**
PFI Liabilities	43.6	47.04		47.04	
Finance Lease Liabilities	6.10	6.09		6.10	
Total Other Long-Term Liabilities (B)	**49.70**	**53.13**		**53.14**	
Total Gross Debt (A+B)	**725.40**	**538.48**		**632.94**	
Capital Financing Requirement	1167.10	1131.00		1159.00	
Less Other Long-Term Liabilities	**49.70**	**53.13**		**53.14**	
Underlying Capital Borrowing Requirement (C)	**1117.40**	**1077.87**		**1105.86**	
Under/(Over) Borrowing (C-A)	441.70	592.52		526.06	
Investments: Short/Long-Term (D)	63.20	500.97	**5.46**	**33.26**	**5.43**
Total Net Borrowing (A-D)	**612.50**	**-15.62**		**546.54**	

Please note the borrowing and investment revised forecasts are based on information received at the time of writing this report.

6 Borrowing Activities

6.1 The table below shows the movement in external borrowing during the Reporting Period.

External Borrowing (£m)	Long-Term	Short-Term	Total
Balance at 31 March 2023	486.15	0.00	**486.15**
Add New Loans	0.00	0.00	**0.00**
Less Loans Repaid	0.80	0.00	**0.80**
Balance at 30 September 2023	485.35	0.00	**485.35**

6.2 No additional short or long term borrowing has been undertaken in the period.

6.3 MOPAC officers are reviewing the need to borrow.

7 Investment Activities

7.1 On 30 June 2023, MOPAC joined LTLF as a limited partner and transferred its GIS interest to LTLF. The investment strategy and underlying investments remained unchanged by the transition from the GIS to LTLF, in accordance with MOPAC's investment strategy.

7.2 MOPAC's investment balances increased from £202.68 million at 31 March 2023 to £500.97 million at 30 September 2023. This was due to a large £470m grant paid by the Home Office up front, in a lump sum on the 11/04/23.

MOPAC investments (£m)	GIS	Core commitment LTLF	Loan contributions LTLF	Total
Balance at 01/04/2023	202.68	NA	NA	**NA**
Balance at 29/06/2023	281.34	NA	NA	**NA**
Return	5.78	NA	NA	**NA**
Balance at 29/06/2023 (including return)	**287.12**	**NA**	**NA**	**NA**
Balance at 30/06/2023	NA	7.25	279.87	**287.12**
Balance at 30/09/2023	NA	7.25	493.72	**500.97**
Return	NA	0.95	8.96	**9.91**
Balance at 30/09/2023 (including return)	**NA**	**8.2**	**502.68**	**510.88**

Source: GIS and LTL

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8 Investment Performance

8.1 Returns on MOPAC's investments during the Reporting Period were £15.69 million. The forecast position of £25.10m is currently under review and an updated position will be reported as part of the next Treasury Management report.

	Budget £m	Actuals £m	Forecast £m	Variance £m
Interest Receivable	-8.75	-15.69	-25.10	-16.35

9 Prudential and Treasury Management Indicators

9.1 It is a statutory requirement to determine and keep under review prudential and treasury management indicators for MOPAC.

Capital Expenditure Prudential Indicators

Capital Expenditure and Capital Financing Requirement	Original Budget £m	Revised Budget £m	Forecast £m	Variance £m
Capital Expenditure	360.80	286.60	335.60	-49.00
Capital Financing Requirement	1,167.10	1,110.00	1,159.00	-49.00

Please note that the CFR estimate in 2023/24 has been breached, due to an overspend of £49m on capital expenditure. However, the operational and authorised debt prudential indicators have not been exceeded.

External Debt Prudential Indicators

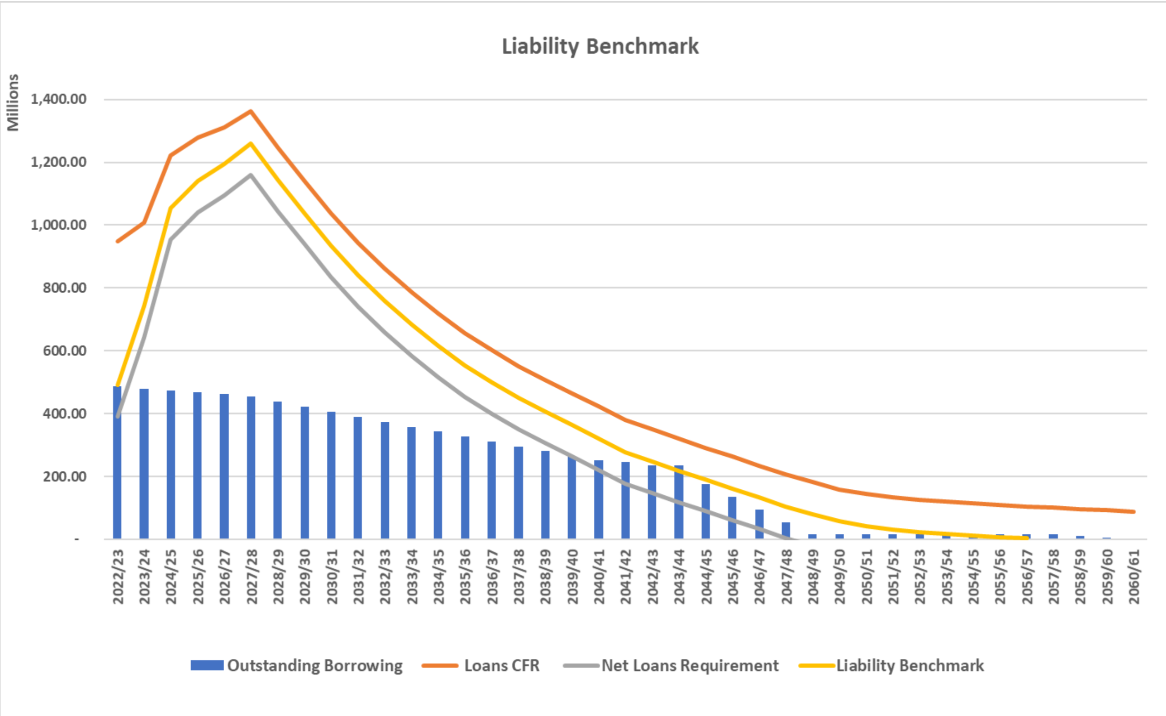
Authorised Limit for External Debt (£m)	2023-24
Authorised Limit (External debt only excluding PFI liabilities)	887.70
External Debt at 30 September 2023	485.35
Headroom	402.35

Operational Boundary for External Debt (£m)	2023-24
Operational Boundary (External debt only – excluding PFI Liabilities)	762.70
External Debt at 30 September 2023	485.35
Headroom	277.35

Treasury Management Prudential Indicators

Limits for Maturity Structure of Borrowing (%)	Upper Limit	Lower Limit	Actual at 30/09/23
Under 12 months	50	0	1
12 months and within 2 years	20	0	1
2 years and within 5 years	20	0	2
5 years and within 10 years	35	0	15
10 to 20 years	35	0	30
20 to 30 years	50	0	48
30 to 40 years	25	0	3
40 to 50 years	20	0	0

Liability Benchmark

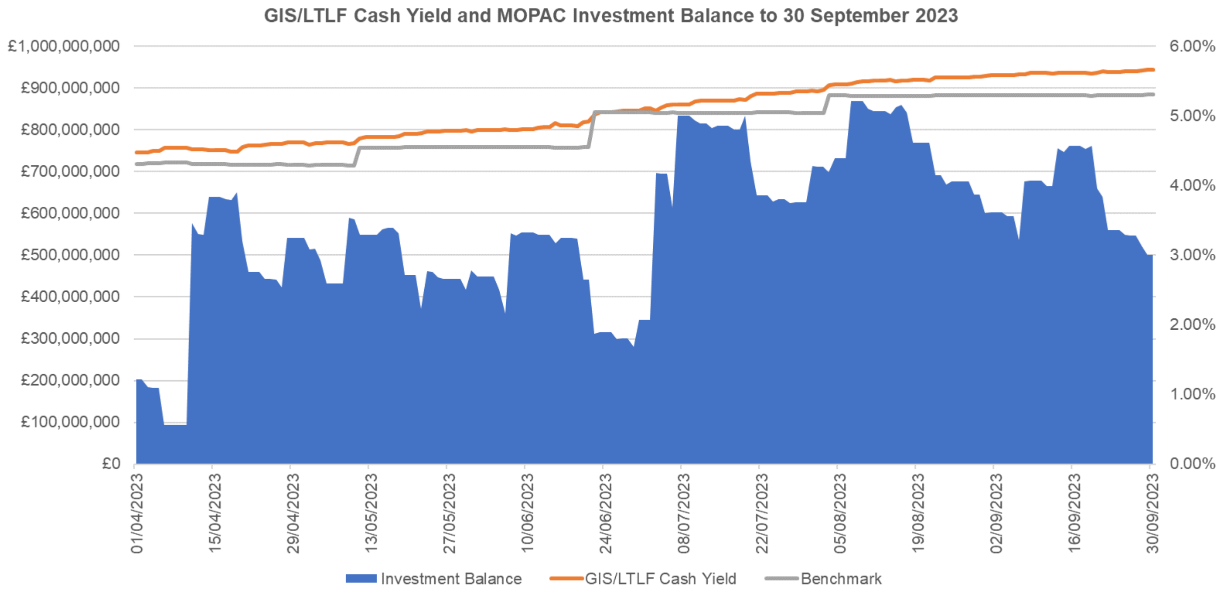


Source: Calculations based on data provided by MOPAC.

The Liability Benchmark graph above demonstrates that the Outstanding Borrowing is within the Loans CFR and Liability Benchmark up to 2043/44. It shows that the Authority is potentially under borrowed from 2023 to 2043 and any future borrowing or refinancing of debt should be kept below the Liability Benchmark marker.

APPENDIX ONE

The following chart shows MOPAC'S cash balances, for the period alongside the LTLF Cash Yield and the Benchmark. Fluctuations in balances reflect changes in cash flow requirements during the period, alongside the timing of grant receipts. The investment balance increased significantly in July due to the receipt of an annual pensions top-up grant.

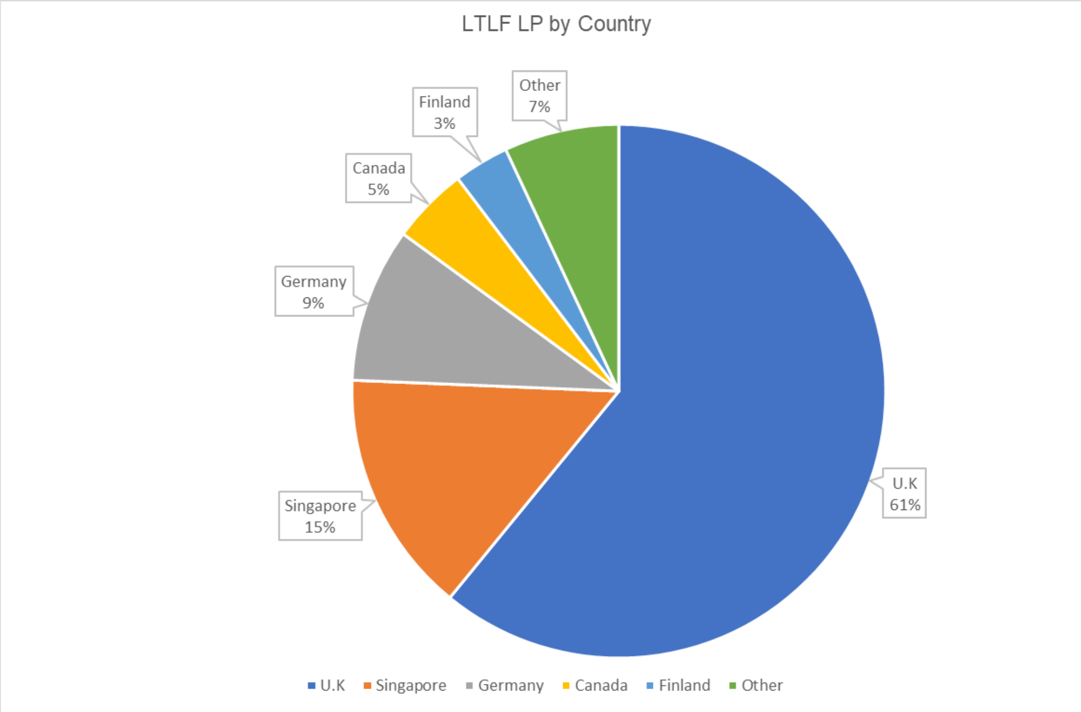


NB Cash yield is exclusive of non-contractual income from RMBS and strategic investments.

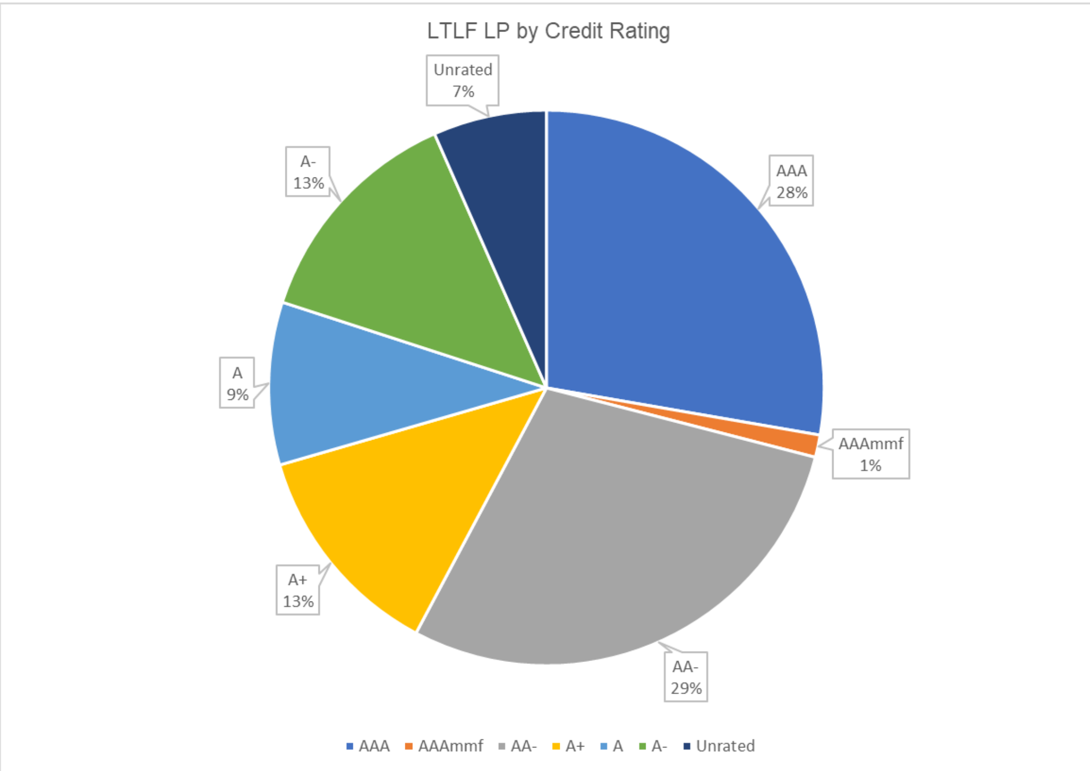
Source: GIS and LTL
Benchmark: Product of SONIA on Core Liquidity, SONIA + 0.25% on RMBS and SONIA + 4% on contractual strategic income, weighted to reflect actual portfolio composition.
Past performance is not a reliable indicator of future results.

Investment Counterparties

The charts below illustrate the breakdown of the investments of the LTLF as at the 30th September 2023, demonstrating a diversified portfolio by both Counterparty and Country.



Source: LTL
Asset allocation is subject to change.



Source: LTL
Asset allocation is subject to change.

Disclaimer

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MPS-MOPAC JOINT AUDIT PANEL
15 January 2024

Accounting Policies and Key Judgements in Preparing the 2023/24 Statements of Accounts

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

Report Summary

Overall Summary of the purpose of the Report

This report updates Audit Panel on proposed changes to the accounting policies and key judgements of MOPAC and CPM for the 2023/24 statements of accounts.

Key Considerations for the Panel

There are no key changes to accounting policies required to comply with the 2023/24 CIPFA Code of Practice.

There are significant future changes resulting from the adoption of *IFRS 16 Leases.* The mandatory adoption of this standard has now been delayed until 1 April 2024.

Recommendations

The Audit Panel is recommended to:

a. Note the changes outlined in this report for current and future years; and
b. Approve the accounting policies for the Group for the 2023/24 production of the statement of accounts outlined in detail in Annex 1 and 2.

1 Supporting Information

Changes to Accounting Policies

1.1. There have been no significant changes to the CIPFA Code of Practice 2023/24 from last year that require revisions to the accounting policies of MOPAC and the CPM to ensure continued compliance with the Code.

1.2. As part of the annual review of the accounting policies, there are two minor changes to the accounting policies. The first is in respect of Property, Plant and Equipment (MOPAC 2.8). The reference to when revaluations are carried out has been removed from the policy as it is stated in the policy that revaluations are carried out sufficiently regularly to ensure that the carrying amount is materially correct at the balance sheet date.

1.3. The second is in respect of Financial Assets (2.17) and this extends the policy to recognise the fact that following the transfer of investments to the London Treasury Liquidity Fund, there is an element of the investment (the core commitment) which is measured on the balance sheet at Fair Value through Other Comprehensive Income.

1.4. Proposed accounting policies for MOPAC and the CPM to be applied in 2023/24 are disclosed in Annex 1 and Annex 2.

1.5. These accounting policies have been approved by the CPM and MOPAC CFOs respectively.

Key judgements and accounting estimates

1.6. There is one proposed change to accounting judgements. The MPS undertook a re-design of executive roles, the first two stages of which took effect during February/March 2023. The Code requires that the Comprehensive Income and Expenditure Statement is presented to represent the operating segments (i.e. directorates) of the organisation. In 2022/23, the impact of the changes were not material to the financial statements, and therefore the Income and Expenditure Statement were presented in the accounts in the form of the directorates which had operated through the majority of the year.

1.7. In 2023/24, the Comprehensive Income and Expenditure statement will be presented in line with the revised operating segments of the organisation as the work to complete the redesign of executive roles has now been completed. The prior year comparative figures for 2022/23 will therefore be restated on the same basis to comply with the requirements of the Code in providing meaningful prior year comparative information.

Future changes to accounting policies

1.8. IFRS 16 Leases was issued to replace IAS 17, effective for accounting periods commencing after January 2019. It was therefore due to be incorporated into the Code for the 19/20 accounts. CIPFA initially deferred the implementation date until 1 April 2020, a decision driven largely by the desire to ensure there is consistency across the public sector, particularly on issues such as subsequent measurement of leased assets. In response to pressures on finance teams across the Local Government sector as a result of the COVID-19 pandemic, the mandatory implementation of the standard has now been deferred further to 1 April 2024.

IFRS 16 removes the previous lease classifications of operating and finance leases for lessees and requires that a right-of-use asset be recognised for all leases, with exemptions for short-term and low value leases. There are no changes to the classifications for lessors. Depreciation and interest will need to be charged to the Surplus or Deficit on provision of services and there will be impacts on the capital financing requirements for leased assets as the cost on recognition will meet the definition of capital expenditure.

Our initial data gathering exercise has identified in the region of 250 existing property operating leases which may potentially be captured by this standard. We are undertaking a detailed data capturing exercise on these leases in conjunction with colleagues in Property Services Department to assess whether to recognise a right to use asset and liability for these leases. As part of this exercise leases are being grouped into types with similar characteristics to assist judgments required around treatment. Once all the required data has been captured on these operating leases, we can model the impact on budgets and the accounts. The full impact of the adoption of IFRS16 on the MOPAC balance sheet will be disclosed in the 2024/25 Statement of Accounts.

We anticipate not making adjustments in relation to leases of fleet on the grounds of materiality.

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 proposals in this paper.

4. Legal Implications
There are no direct legal implications arising from the report.

5. Risk Implications
There are no risk implications arising from the report.

6. Contact Details
Report author – Paul Oliffe, Director of Financial Accounting and Operations

7. Appendices and Background Papers
Annex 1 – draft MOPAC Accounting Policies 2023/24
Annex 2 – draft CPM Accounting Policies 2023/24

Annex 1: Accounting policies for MOPAC for 2023/24

2.1 General principles

These financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom 2023/24 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2015. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

The Accounts have been prepared on a going concern basis using an historic cost convention, modified to account for the revaluation of certain categories of tangible fixed assets and financial liabilities.

Following the passing of the Police Reform and Social Responsibility Act 2011 the Metropolitan Police Authority (MPA) was replaced on 16 January 2012 with two ‘corporations sole’, the Mayor’s Office for Policing And Crime (MOPAC) and the Commissioner of Police of the Metropolis (CPM). Both bodies are required to prepare a separate Statement of Accounts. The Narrative Report which accompanies the Accounts sets out the roles and responsibilities of each in more detail.

The Financial Statements included here represent the accounts for MOPAC and also those for the MOPAC Group, consolidating the financial activities of MOPAC and the CPM. The Financial Statements cover the 12 months to the 31 March 2024 (with prior year as a comparative year). The term ‘Group’ is used to indicate combined transactions and policies of MOPAC and CPM for the year ended 31 March 2023. The identification of MOPAC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of MOPAC under the Police Reform and Social Responsibility Act 2011.

The significant accounting policies adopted are set out below.

2.2 Revenue and expenditure recognition

Revenue is recognised in a way that reflects the pattern in which goods and services are transferred to service recipients. It is transferred at an amount that reflects the consideration that the Group expects to be entitled to in exchange for those goods and services. Whilst all expenditure is funded by MOPAC (as the body responsible for maintaining the Police Fund for London) including the wages of police staff and officers, the actual recognition in the respective MOPAC and CPM Accounts is based on which organisation receives the economic benefit from the transactions.

Consideration received in advance is recognised as deferred revenue in the Balance Sheet and released as income is earned. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

2.3 Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligation in the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when services are received rather than when payments are made;
- Where income and expenditure has been recognised (using estimates when appropriate) but cash has not been received or paid, a debtor or creditor for the relevant year is recorded in the Balance Sheet;
- Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to CIES for the income that might not be collected.

2.4 Provisions

Provisions are recognised on the Balance Sheet when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. Provisions are charged to the CIES in the year the Group becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the CIES.

Third party liabilities – to make provision for realistic estimates of the future settlement of third party claims, the liability for which already exists at the date of the Balance Sheet, in so far as they will not be met by external insurance. The figure shown on the Balance Sheet does not include any adjustment to discount the total liability to present day terms in line with IAS 39 Financial Instruments because the claims involved are deemed to be estimates based on present day values.

Police officer pension liability (intra-group) - to make provision to reflect the continuing requirement on an elected local policing body as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the CPM from the Police fund for the payment of police pensions. The intra-group balances will not appear in the Group Accounts.

2.5 Reserves

Reserves consist of two elements: usable and unusable. Usable reserves are those which can be applied to fund expenditure. They are made up of the General Reserves, Earmarked Reserves, Capital Receipts Reserve and the Capital Grants

Unapplied Account. Earmarked reserves are established from time to time to meet specific expected revenue or capital costs as determined by MOPAC. Unusable reserves cannot be applied to fund expenditure. They include the Capital Adjustment Account, Pension Reserve, Accumulated Absences Account, Financial Instruments Adjustment Account, Revaluation Reserve and Deferred Capital Receipts Reserve. These accounts do not form part of the cash resources available to the Group.

Reserves are created by appropriating amounts in the CIES. When expenditure to be financed from a reserve is incurred, it is charged to the CIES against the Net Cost of Policing Services. The reserve is then appropriated back in the MIRS so that there is no net charge for the expenditure.

2.6 Government and other organisations' grants and contributions

Whether paid on account, by instalments or in arrears, revenue government grants and third party contributions are recognised as income at the date that the Group satisfies the conditions of entitlement to the grant/contribution.

The grant/contribution is recognised within the CIES as income when the conditions of entitlement are known to be satisfied. If the grant/contribution has been received in advance of need then the amount is transferred to a Grant in Advance Account.

Grants to cover general expenditure (e.g. Police Revenue Grant) are credited to the CIES within the provision of services.

2.7 Employee benefits

Benefits payable during employment
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits for current employees and these benefits are recognised as an expense in the year in which the employee renders service to the Group.

IAS 19 Employee Benefits requires MOPAC to account for short-term compensating absences (these are periods during which an employee benefits continue to be earned which include time owing for annual leave and rest days) by accruing for the benefits which have accumulated but are untaken by the Balance Sheet date. Short term accumulated absences are recognised in the CPM Accounts in the period in which officers or police staff render the service which entitles them to the benefit, not necessarily when they enjoy the benefit. The cost of leave earned, but not taken by police officers and staff at the end of the financial year is recognised in the financial statements to the extent that the staff are entitled to carry forward leave into the following year. Equivalent liabilities for employee benefits are recognised on the MOPAC Balance Sheet to reflect the continuing requirement on MOPAC to provide funds from the Police Fund to meet these liabilities as they fall due. The Group Balance Sheet also reflects the liability for time owing and annual leave. The accrual for untaken leave is charged to the Net Cost of Policing Services, and reversed out through the MIRS so that the leave is charged to CIES in the financial year in which the holiday absence is earned.

Termination benefits

Termination benefits are amounts payable as a result of a decision to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These are charged as an expense in the CIES at the earlier of when the organisation can no longer withdraw the offer of those benefits and when the organisation recognises the costs for a restructuring.

Post-employment benefits

The Group operates three pension schemes for police officers and a single scheme for police staff. The CPM is the administering body for the Pension Fund. MOPAC provides funds from the Police Fund to meet the pension payments as they fall due.

Police officers
The Police Pension Schemes are contributory occupational pension schemes which are guaranteed and backed by law. A new Career Average Revalued Earnings (CARE) Scheme was introduced on 1 April 2015, which was a change from the previous Final Salary Schemes. Officers starting after 1 April 2015 joined the new 2015 Scheme and some members of the 1987 and 2006 Final Salary Schemes moved into the new 2015 Scheme, unless they were covered by the transitional protection arrangements. On 1 April 2022, all remaining members in the 1987 and 2006 schemes moved to the 2015 scheme. Members of the new 2015 Scheme make contributions of between 12.44% and 13.78% of pensionable pay. The employees' contribution rate is set nationally by the Home Office and is subject to triennial revaluation. The employer contribution rate was increased to 31%, for all schemes from 1 April 2019. This is set to increase to 35.3% from I April 2024. New financial arrangements were introduced on 1 April 2006 to administer the schemes.

The police pension schemes are defined benefit schemes paid from revenue (without managed pension assets). Following the Code's requirements, IAS 19 has been fully recognised in the Group Accounts. Scheme liabilities as shown on the Group's Balance Sheet are calculated by determining future liabilities for pension payments and applying a discount rate to reduce them to present day values. IAS 19 specifies the use of a discount rate equal to the current rate of return available on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The pension liabilities in these Accounts have been calculated accordingly at a discount rate of 4.75% for all schemes.
Recognition of the total liability has a substantial impact on the net worth of the MOPAC Group. Accrued net pension liabilities are assessed on an actuarial basis. The change in net pension liability is analysed into the following components:

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated to the Group CIES to the services for which the police officers worked;
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Net Cost of Policing Services in the Group CIES;

  - Interest on the defined benefit liability - the increase during the period in the defined benefit liability which arises because the benefits are one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Group CIES;

- Re-measurements comprising actuarial gains and losses – changes in the pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited or credited to the Pensions Reserve as Other Comprehensive Income and Expenditure with the exception of actuarial gains and losses in relation to injury benefits, which are debited or credited to the Net Cost of Policing Services in the CIES.

- Contributions paid to the Police Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities, not accounted for as an expense.

The net liability for all the pension schemes is recognised initially on the CPM Balance Sheet in accordance with IAS 19 Employee Benefits. MOPAC provides the sole source of funding to meet the CPM's costs through the budget delegated by MOPAC to the CPM. All CPM liabilities will therefore ultimately be funded by MOPAC. The pension liability is therefore offset by an intra-group adjustment between MOPAC and the CPM to reflect MOPAC's continuing responsibility to provide funds from the Police Fund to enable the CPM to administer pension payments. This has resulted in a liability within MOPAC's Balance Sheet for the Police Pension Schemes.

The legislation however requires the General Reserves balance to be charged with the amount payable by MOPAC to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Reserves of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Police staff
The Group joined the Principal Civil Service Pension Scheme (PCSPS) in 2002/03. The PCSPS is an unfunded defined benefit scheme which operates seven different sub schemes but only one is open to new staff joining MOPAC/CPM, the Alpha Scheme, which is a career average scheme. Additionally, there is a defined contribution alternative. The PCSPS is a multi-employer scheme whereby the underlying assets and liabilities within the Scheme are not broken down and attributed to individual employers, and therefore is defined as a multi-contribution scheme. The appropriate level of disclosure has been followed in accordance with IAS 19.

2.8 Property, plant and equipment

Property, plant and equipment are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. The de minimis level policy is to capitalise all expenditure over £5,000 on an individual asset basis, and projects (or grouped assets) with a total value in excess of £5,000: expenditure on partnership assets is capitalised over £1,000.

Recognition: Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that they yield benefits to the Group and the services they provide are for more than one financial year. Expenditure that secures, but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. Assets under construction are recorded in the Balance Sheet at historical cost.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Assets are carried in the Balance Sheet using the following measurement bases:

- Specialised operational properties – current value, but because of their specialist nature are measured at depreciated replacement cost which is used as an estimate of current value;
- Non-specialised operational properties – current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV);
- Surplus properties and investment properties – fair value estimated at highest and best use from a market participant's perspective;
- Leasehold improvements – depreciated historic cost as a proxy for current value.
- Vehicles, plant and equipment – In such cases where non property assets have short useful lives or low values (or both), depreciated historic cost is used as a proxy for current value.
- Assets held for sale – lower of current value and fair value less costs to sell

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at the year end. Property revaluations are based on a rolling review programme of inspections at intervals of less than five years. The top 20 properties in value as well as 20% of the assets are physically inspected whilst 80% are revalued on a desktop basis.

Component assets: The Group recognises and records component assets separate from the main asset where material. Where a component asset is identified it is written down on a straight line basis over its useful economic life using a depreciated historic cost approach.

Impairment: Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible write down is estimated to be material, the recoverable amount of the asset is determined and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where the loss is determined for a previously revalued asset, it is written off against any revaluation gains held for the relevant asset in the Revaluation Reserve, with any excess charged to the CIES. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals: When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES as part of the gain or loss on disposal. The written off carrying value of the asset is transferred from the General Reserves to the Capital Adjustment Account in the MIRS. Sale proceeds over £10,000 are categorised as capital receipts and are transferred from the General Reserves Balance to the Capital Receipts Reserve in the MIRS.

Depreciation: This is provided for all assets with a useful finite life, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use, on a straight-line basis. Depreciation is charged on a monthly basis.

Principal asset categories and their useful economic lives

Operational Assets	Category	Years
Property	Land	Not depreciated
	Buildings	10 – 50 years
Plant and equipment	Information Technology and communications equipment	3 - 20 years
	Software development	3 - 5 years
	Policing support vehicles including Patrol vehicles	3 - 15 years
Intangible assets	Software licences.	3-8 years
Non-operational assets		
Assets under construction		**Not depreciated**
Surplus Assets		**Depreciated**
Assets held for sale		**Not depreciated**
Investment properties		**Not depreciated**

Grants and contributions: Grants and contributions relating to capital expenditure shall be recognised in the CIES as income except to the extent that the grant or contribution has a condition that the Group has not satisfied. In that event the amount subject to condition is transferred to the Capital Grants Receipts in Advance account. Where the conditions of the grant/contribution are satisfied, but expenditure for which the grant is given has not yet been incurred, then such sums will be transferred to the Capital Grants Unapplied Reserve.

2.9 Charges to revenue for property, plant and equipment

The Group CIES is charged with the following amounts, to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation gains or losses on investment properties;
- Amortisation of intangible fixed assets attributable to the service.

The Group is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. The Minimum Revenue Provision (MRP) is set on a prudent basis as determined by the Group in accordance with statutory guidance.

2.10 Non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of its carrying amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

2.11 Investment properties

These are properties held solely by MOPAC for the purpose of generating rental income or for capital appreciation and are occupied by third parties. These properties are not used in any way to facilitate the delivery of services or held for sale.

Investment properties are measured initially at cost and subsequently at 'fair value' (as defined in the Section below). Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Reserves Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Reserves Balance. The gains and losses are therefore reversed out of the General Reserves Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

2.12 Surplus Assets

These are assets that are not being used to deliver services, and do not meet the CIPFA Code of Practice criteria to be classified as either investment properties or non-current assets held for sale.

The valuation at which they are held is based on an estimate of the price that would be received by selling in an orderly transaction between market participants at the valuation date.

2.13 Fair value measurement

The Group measures some of its non-financial assets such as investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Group's financial statements are categorised within the fair value hierarchy, as follows:

> Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
> Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
> Level 3 – unobservable inputs for the asset or liability.

2.14 Leases

All leases are evaluated at inception in accordance with IAS 17 'Leases', to determine whether they are a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. Where a lease is for land and buildings, the land and building components are separated. The land element is usually treated as an operating lease, unless it is for 125 years or more, in which instance the land is deemed to be a finance lease. Where the building element is a finance lease it is depreciated over its lease term. A de minimis of £5,000 is applied to the annual rental of leases to determine their treatment as a finance lease. All major contracts are reviewed under IFRIC 4 to determine whether an arrangement contains an embedded lease.

Finance leases
Property, plant and equipment held under finance leases is initially recognised at the inception of the lease at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges (charged to the CIES) and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the organisation at the end of the lease period).

Operating leases
Leases that do not meet the definition of finance leases are accounted for as operating leases. The Group has a large number of operating leases, mainly in respect of property, but also vehicles. Rentals payable are charged to the CIES.

The Group as lessor
There are a number of short-term operating leases for property where the Group acts as lessor. Where the organisation grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the CIES. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. where there is a premium paid at the commencement of the lease).
There are no finance leases where the Group is a lessor.

2.15 Value Added Tax (VAT)

Income and expenditure excludes any amounts relating to VAT as VAT is remitted to/from the HM Revenue & Customs.

2.16 Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the MOPAC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the CIES is the amount payable for the year according to the loan agreement.

2.17 Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. The Group's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost, except for those whose contractual payments are not solely payments of principal and interest. These have been designated at Fair Value through Other Comprehensive Income.

Financial assets measured at amortised cost are recognised when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then subsequently carried at their amortised cost. Interest and other income received is based on the capital value of the investment multiplied by the effective rate of interest. For most of the loans that MOPAC has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable. Interest is credited to the CIES with the amount receivable for the year defined in the loan agreement. The loans made by MOPAC are short-term investments consisting of fixed term deposits.

Financial assets that are measured at Fair Value through Other Comprehensive Income are recognised on the Balance Sheet when the authority become party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in Other Comprehensive Income.

The Group recognises expected credit losses on all of its financial assets held at amortised cost and Fair Value through Other Comprehensive Income, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are estimated on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Any gains and losses that arise on the derecognition of an asset are credited or debited to Financing and Investment Income and Expenditure in the CIES.

2.18 Contingent assets and liabilities

The Group recognises material contingent liabilities as either:

- Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation, or
- Present obligations that arise from past events but are not recognised because;
  a) it is not probable that outflows of resources embodying economic benefits or service potential will be required to settle the obligations, or
  b) the amount of the obligations cannot be measured with sufficient reliability.

A material contingent liability is not recognised within the accounts as an item of expenditure. It is, however, disclosed in a note unless the possibility of a transfer of economic benefits or service potential in settlement is remote (in which case no action is needed).

The Group may also disclose a contingent asset as ‘a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation’.

2.19 Private Finance Initiative

MOPAC has two long term contractual agreements under PFI whereby the contractor is responsible for the design, construction, finance and maintenance of four police stations in south-east London (Police Stations PFI) and a public order and firearms training centre (Training Ground PFI). These contracts are deemed to be under the control of MOPAC and as such the accounting treatment has been to include them on the Balance Sheet in accordance with the Code.

In addition to the assets created for the PFI buildings on the Balance Sheet, long term liability accounts are also disclosed on the Balance Sheet to reflect future payments to the contractor. Payments made by MOPAC under contract are charged in part to revenue to reflect the value of services received and cost of financing and in part to the Balance Sheet, to reflect repayment of the outstanding liability over the remaining period of the lease agreement.

2.20 Cash and cash equivalents

Cash is cash in hand and deposits with MOPAC’s main banker and a number of other banks. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.21 Events after the reporting period

When an event occurs after the Balance Sheet date which provides evidence of conditions that existed at the Balance Sheet date an adjusting event occurs and the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event. Where an event occurs after the Balance Sheet date that is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note to the Accounts. Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue.

2.22 Overhead costs

The costs of overheads and support services are charged to service segments within the Group CIES in accordance with the Group’s arrangements for accountability and financial performance. In practice this means support costs other than Corporate and Democratic Core (CDC) are recognised in the intra-group funding - policing line of the MOPAC CIES on the basis that all services to which support costs are allocated were delivered by the CPM in 2023/24.

2.23 Prior period adjustments, changes in accounting policies, estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the organisation's financial position or financial performance. When a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Annex 2: Accounting policies for CPM for 2022/23

2.1 General principles

These financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) 2023/24 and the Accounts and Audit [England] Regulations 2015. The accounting policies apply International Financial Reporting Standards (IFRS) as amended by International Public Sector Reporting Standards (IPSAS) for the public sector.

The Accounts have been prepared on a going concern basis using an historic cost convention, modified to account for the revaluation of the long term asset and the pension liabilities.

The accounting policies below also reflect the powers and responsibilities of the Commissioner of Police of the Metropolis (CPM) as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2013. The accounting policies defined here are consistent with local regulations, local agreement and practice as well as the MOPAC Group policies. The Accounts cover the 12 months to 31 March 2023.

2.2 Cost and intra-group income recognition

All external income is received by MOPAC, which holds the Police Fund for London and all related financial reserves and cash balances. MOPAC provides an annual budget to the CPM. All resources consumed at the request of the Commissioner are funded by MOPAC, including the wages of police staff and officers, and no actual cash transactions or events take place between the two entities. From an accounting perspective costs are recognised within the CPM Accounts to reflect the financial resources consumed at the request of the CPM and the economic benefit and service potential this brings about. For instance, an economic benefit is recognised to reflect the utilisation of MOPAC owned fixed assets which mirrors depreciation of property, plant and equipment (amortisation in respect of intangible assets), and impairment from obsolescence or physical damage. Income is recognised in the Comprehensive Income and Expenditure Statement of the CPM Accounts, to reflect the funding by MOPAC for expenditure incurred by the CPM.

2.3 Accruals of income and expenditure

Activity is accounted for in the year it takes place, not simply when cash payments are made. In particular:

- Intra-group income is recognised when it is probable that the associated economic benefit or service potential will flow to the CPM;

- Supplies are recorded as expenditure when they are consumed;

- Expenses relating to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Short term compensated absences - these are periods during which an employee does not provide services to the employer, but employee benefits continue to be earned (such as periods of annual leave and rest days). Short term accumulated absences are recognised in the Comprehensive Income and Expenditure Statement in the period in which officers or police staff render the service which entitles them to the benefit, not necessarily when they enjoy the benefit. An accrual to reflect the cost of leave earned, but not taken by police officers and staff at the end of the financial year recognised on the CPM Balance Sheet, is offset by an intra-group debtor to reflect the responsibility placed on MOPAC to provide funds from the Police Fund to meet this liability.

2.4 Provisions

Provisions are made where an event has taken place that gives an obligation where it is probable that settlement by a transfer of economic benefits will be required and where the amount of the obligation can be estimated reliably, but where the timing of the transfer is uncertain. Under the MOPAC/CPM Financial Regulations, the revenue charge for provisions recognised on the MOPAC Balance Sheet is recognised in the CIES of the CPM. Estimated provisions are reviewed at the end of each financial year. Where it is likely that a provision will not be required, the relevant amount is reversed in the CIES of CPM.

2.5 Employee benefits

Benefits payable during employment
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. The financial consequences of these benefits are recognised in the CPM CIES in the year in which the employee renders service to the CPM. IAS 19 Employee Benefits requires CPM to account for short-term compensating absences (these are periods during which an employee benefits continue to be earned which include time owing for annual leave and rest days), by accruing for the benefits which have accumulated but are untaken by the Balance Sheet date.

Termination benefits
Termination benefits are amounts payable as a result of a decision to terminate a member of staff’s employment before their normal retirement date or their decision to accept voluntary redundancy. These are recognised in the CIES of the CPM at the earlier of when the organisation can no longer withdraw the offer of those benefits or when the organisation recognises the costs for a restructuring.

Post-employment benefits
There are three pension schemes for police officers and a single scheme for police staff.

Police officers
The Police Pension Schemes are contributory occupational pension schemes which are guaranteed and backed by law. A new Career Average Revalued Earnings (CARE) Scheme was introduced on the 1 April 2015, which was a change from the previous Final Salary Schemes. Officers starting after the 1 April 2015 joined the new 2015 Scheme and some members of the 1987 and 2006 Final Salary Schemes moved into the new 2015 Scheme, unless they were covered by the transitional protection arrangements. On 1 April 2022, all remaining members in the 1987 and 2006 schemes moved to the 2015 scheme. Members of the new 2015 Scheme make contributions of between 12.44% and 13.78% of pensionable pay. The employees' contribution rate is set nationally by the Home Office and is subject to triennial revaluation. The employer contribution rate was increased to 31%, for all schemes from 1 April 2019. This is set to increase to 35.3% from 1 April 2024. New financial arrangements were introduced on 1 April 2006 to administer the schemes.

The Police Pension schemes are defined benefit schemes paid from revenue (without managed pension assets). The liability for the Pension Schemes is recognised initially on the CPM Balance Sheet in accordance with IAS 19 Employee Benefits. All liabilities are ultimately the responsibility of MOPAC as MOPAC provides the sole source of funding to meet the CPM's costs, so at year end the pension liability for police pensions is offset by an intra-group debtor, reflecting MOPAC's continuing responsibility to provide funds from the Police Fund to enable the CPM to administer pension payments.

Recognition of the total liability has a substantial impact on the net worth of the CPM and by virtue of the funding arrangement the net worth of MOPAC. Accrued net pension liabilities are assessed on an actuarial basis. The change in net pension liability can be broken down into the following components:

Service cost comprising:
- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated to the CPM Comprehensive Income and Expenditure Statement to the services for which the police officers worked;
- Past service cost – the increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement;
- Interest on the defined benefit liability – the increase during the period in the defined benefit liability which arises because the benefits are one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Re-measurements comprising of actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited or credited to the Pensions Reserve with the exception of actuarial gains and losses in relation to injury benefits, which are debited or credited to the Net Cost of Policing Services in the CIES.

Transfers into and out of the Scheme representing joining and leaving police officers, are recorded on a cash basis in the Pension Fund, because of the length of time taken to finalise the sums involved.

Police staff
The CPM joined the Principal Civil Service Pension Scheme (PCSPS) in 2002/03. The PCSPS is an unfunded defined benefit scheme which operates seven different sub schemes but only one is open to new staff joining MOPAC/CPM, the Alpha Scheme, which is a career average scheme, Additionally, there is a defined contribution alternative. The PCSPS is a multi-employer scheme whereby the underlying assets and liabilities within the Scheme are not broken down and attributed to individual employers, and therefore is defined as a multi-contribution scheme. The appropriate level of disclosure has been followed in accordance with IAS 19.

2.6 Value Added Tax (VAT)

The CPM does not submit a VAT return and MOPAC submits a single VAT return on behalf of the MOPAC Group. Expenditure in the CPM CIES excludes any amounts relating to VAT as all VAT is remitted to/from the HM Revenue & Customs.

2.7 Contingent assets and liabilities

The CPM recognises material contingent liabilities as either:
- Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation, or
- Present obligations that arise from past events but are not recognised because;
  a) it is not probable that outflows of resources embodying economic benefits or service potential will be required to settle the obligations, or
  b) the amount of the obligations cannot be measured with sufficient reliability.

A material contingent liability is not recognised within the accounts as an item of expenditure. It is, however, disclosed in a note unless the possibility of a transfer of economic benefits or service potential in settlement is remote (in which case no action is needed).

The CPM may also recognise contingent assets as ‘a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation’.

2.8 Events after the reporting period

When an event occurs after the Balance Sheet date which provides evidence of conditions that existed at the Balance Sheet date an adjusting event occurs and the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event. Where an event occurs after the Balance Sheet date that is indicative of conditions that arose after the date, the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note to the Accounts. Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue.

2.9 Overhead costs

The costs of overheads and support services are charged to service segments within the CPM CIES in accordance with the CPM's arrangements for accountability and financial performance. Support service costs identified as Corporate and Democratic Core costs are not charged to service segments within the CPM CIES.

2.10 Prior period adjustments, changes in accounting policies, estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the organisation's financial position or financial performance. When a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.