

AUDIT PANEL

Friday 22 September 2017

Record of the Meeting

PRESENT

Panel:

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

Attendees:

Rebecca Lawrence – Chief Executive, MOPAC
Siobhan Peters – Chief Finance Officer, MOPAC
Paul Wylie – Director of Strategy, MOPAC
Roisha Hughes – Director of Strategy and Governance, MPS
Lynda McMullan – Director of Commercial and Finance, MPS
Robin Wilkinson – Director of People and Change, MPS
Jo Collins – Head of Insight, MPS
Nick Kettle, Strategic Manager Safety and Health Risk Management (part of meeting)
Sam Fores – Interim Head of Strategic Inclusion and Diversity (part of the meeting)
Julie Norgrove – Director of Audit, Risk and Assurance, Head of Internal Audit for MPS and MOPAC
Paul Grady – External Audit, Grant Thornton
Parris Williams – External Audit, Grant Thornton
Iain Murray – External Audit, Grant Thornton

1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF INTERESTS

- 1.1 Apologies were received from Craig Mackey, Deputy Commissioner.

2. RECORD OF THE MEETING HELD ON 30 JUNE 2017

- 2.1 The record of the meeting on 30 June 2017 was agreed.

Action: In respect of Action 15, MOPAC and MPS to report to the December 2017 meeting on progress in developing the capital programme control framework and any slippage.

3. MOPAC AND MET RISK MANAGEMENT

MOPAC Risk Management

- 3.1 Rebecca Lawrence introduced the Mayor's Office for Policing and Crime's (MOPAC) Risk Management Report noting that it had been a busy period with strengthening of the internal management structures supporting the identification and management of key risks to MOPAC.
- 3.2 There was a discussion of the work of the recently established MOPAC Governance and Risk Working Group, the risk methodology, alignment with the Met's risks and the further work MOPAC is undertaking to develop mitigations to address a number of their key risks.

Action: For future reports MOPAC to include all risks in Appendix 2, which summarises its risk position and mitigating actions.

Action: MOPAC to include in its December report how it ensures that its controls to mitigate the risks are working.

Resolved: The Panel gained assurance that MOPAC's risks were being managed and that alignment to the Met's risks was in progress.

MET Risk Management

- 3.3 Jo Collins introduced the Met Risk Management Report noting that it focussed on the two new risks – insight (capability) and capability to deliver quality service, which had been scoped over the last quarter. It was also noted that in this quarter a new risk had been added regarding fair treatment which would be scoped further over the coming quarter.
- 3.4 There was discussion of the insight risk and the work being done to address it.

Action: Met to include in its December report details of the governance risk and the work being done to address it.

Resolved: The Panel considered the Met's key risks and that appropriate governance was in place to ensure they are effectively managed.

MET Finance Risk

- 3.5 Lynda McMullan introduced the paper which summarised the causes, controls and residual risk factors linked to the finance risk. There was a discussion of how this risk was being managed, in particular through the One Met Model design, and how this risk impacted on operational risk. The Panel was advised that the OMM was designed to drive efficiency and productivity, and could be flexed to accommodate a reduced budget.
- 3.6 Value for money was discussed, and the challenge in quantifying police officer productivity; a challenge it was noted that is being considered nationally.

Resolved: The Panel noted the risk, the ongoing mitigation work and the residual risk.

Alignment of MOPAC and MET Risks

The Panel discussed the paper reporting on the progress being made in identifying, aligning and mitigating joint MOPAC and Met risks.

Action: The December MOPAC and Met aligned risk report to be more comprehensive.

Resolved: The Panel noted the report.

4. MOPAC AND MET GOVERNANCE IMPROVEMENT PLANS

- 4.1 Rebecca Lawrence introduced the MOPAC governance improvement plan report, updating the Panel on the progress that had been made in addressing the governance issues identified in the MOPAC Annual Governance Statement for 2016/17 and the wider governance issues identified in the Directorate of Audit, Risk and Assurance's (DARA) Internal Audit Annual Report 2016/17.

Action: In its December report, MOPAC is to provide more detail for items 1-5 in Appendix A; similar to the detail provided for items 6-12. MOPAC is also to populate Appendix B with more detail for the December meeting.

Resolution: The MOPAC governance improvement plan was noted.

- 4.2 Roisha Hughes introduced the Met's governance improvement plans, the progress that had been made to date and how the actions mapped to the DARA annual report recommendations.

Action: The December report to provide more detail on item 1 in Appendix B – aligning MOPAC and Met governance arrangements; and Appendix A to be compiled chronologically.

Action: Met to write to the Panel, via the secretariat, advising on the status of the tasks identified in the report for completion in September 2017.

Resolution: The Panel noted the improvement plans.

5. TREASURY MANAGEMENT STRATEGY

- 5.1 Siobhan Peters introduced the report on the Treasury Management Strategy 2017/18, which is a collaborative arrangement with the Greater London Authority (GLA). This shared service arrangement had helped to reduce costs and increase resilience.

- 5.2 There was a discussion of the length of deposits, the borrowing profile, the average borrowing costs and the good performance. The Panel was advised that additional controls had been put in place by the GLA and that their efficacy will be reviewed at their next audit.

Action: Panel member Mike Adam to have a separate meeting with MOPAC's Chief Financial Officer to discuss the strategy in more detail.

Resolution: The Panel noted the performance and arrangements in place for the management of Treasury Management.

6. MET TRANSFORMATION PORTFOLIO REPORT

- 6.1 Robin Wilkinson introduced the Met Transformation Portfolio Report, informing the Panel of the progress of the Met's transformation work over the past quarter. The Panel discussed the challenges within the portfolio and the issues around communicating the change internally and externally.

Action: Met to provide the Panel with information on the two closed portfolios set out Appendix 1; including the reason for closure via a separate note to the Panel.

Action: Met to agree with the Chair the most appropriate way to keep the Panel informed on the progress and challenges within the various workstreams, including the budget gap.

Resolution: The Panel noted:

- a. the approach to change and the portfolio structure;
- b. the Transformation Directorate's progress against DARA recommendations;
- c. the recent achievements and challenges facing the Transformation Portfolio.

7. MET BUSINESS PLAN QUARTERLY REPORT

- 7.1 Roisha Hughes introduced the Met's Business Plan Quarterly Report which monitors and reports on the implementation of the Met's Business Plan.

Resolution: The Panel noted the progress made on the implementation of the Met's Business Plan.

8. MOPAC FINANCIAL OVERSIGHT MODEL

- 8.1 Siobhan Peters gave an oral update on the progress on developing the financial oversight model (as part of the overall MOPAC update on governance), advising that a written report would be provided to the December meeting.

Action: MOPAC to submit a report to the December Audit Panel meeting on MOPAC's financial oversight model.

9. EXTERNAL AUDIT REPORT

- 9.1 Paul Grady from Grant Thornton presented his report on the 2016/17 accounts and value for money opinions and the progress of external audit work. The high quality of the accounts presented was noted, as was the early closing of the accounts. There was a discussion of the increase in liabilities accrued but not invoiced, and that the equivalent of a gold group had been established to manage this. The value for money findings were also discussed.

- 9.2 The report also updated the Panel on the procurement of an external audit service.

Resolution: The Panel:

- a. Noted the external audit draft unqualified audit opinion on the accounts, and adherence to the requirements for Annual Governance Statements and

- Narrative Reports;
- b. Noted the external audit draft conclusion that proper arrangements were in place to secure value for money;
 - c. Noted external audit report on progress and update; and
 - d. Noted progress on the procurement of an external audit service via the PSAA national procurement process.

10. DIRECTOR OF AUDIT, RISK AND ASSURANCE QUARTERLY ACTIVITY REPORT

- 10.1 Julie Norgrove introduced the report summarising the work carried out by the Directorate of Audit, Risk and Assurance (DARA) in the second quarter of 2017/18.

Resolution: The Panel considered the DARA work undertaken to date and the activity planned for the third quarter and was assured that adequate progress against the plan was being made.

11. MET AUDIT AND INSPECTION REPORT

- 11.1 Jo Collins introduced the Met report which provided an update on the exercise to review all open actions from DARA audits since April 2015 and HIMIC inspection activity with a particular focus on the national child protection inspection and the PEEL inspections.

- 11.2 The Panel was advised that the Met will be working with DARA to verify that it is content with the actions that have been closed during the review process and to set up a formal process for closure of follow-up actions or extensions to original timelines, if required. This will be reported on in the December report.

Action: The December Met Audit and Inspection Report will cover the work set out in paragraph 11.2 above.

Resolution: The Panel noted the Met's continuing progress to 'clean' its internal audit data and the improving governance position around this.

12. MET HEALTH AND SAFETY PERFORMANCE REPORT

- 12.1 Nick Kettle introduced the Met Health and Safety Performance Report which included governance and reporting, mitigation of risks, injury analysis and liaison with the Health and Safety Executive.

- 12.2 There was a discussion of the best timing for the six-monthly reports to the Audit Panel, and it was agreed that reports should be submitted in December and June, with the December report focussing on the maturity model and implementation plan.

Action: Secretariat to schedule the Met Health and Safety Performance Reports for December and June agendas.

Resolution: The Panel noted the content of the Met Health and Safety Performance Report in accordance with the Health and Safety Policy.

13. MET INCLUSION, DIVERSITY AND EQUALITIES REPORT

- 13.1 Sam Fores introduced the Met Inclusion, Diversity and Equalities Report, noting that the performance dashboard remained under development and would be presented to the December Audit Panel meeting.

Action: Met to include the performance dashboard in its December Inclusion, Diversity and Equalities Report.

Resolution: The Panel noted the

- a. completion of the strategy and planned publication at the end of September.
- b. the activities undertaken to address the recommendations made by the MOPAC's Directorate of Audit, Risk and Assurance Risk and Assurance Review.

14. MOPAC AND MET GIFTS AND HOSPITALITY REPORTS

Resolution: The Panel noted the MOPAC and Met gifts and hospitality registers.

15. MID-YEAR REVIEW OF AUDIT PANEL WORK

- 15.1 The Panel reviewed its work against its Terms of Reference to ensure that it was undertaking the required work. Overall it was satisfied that all aspects of the required work were being completed, but requested that:

- a. The Panel be advised of the appointment of the external auditors. It noted that it had been advised of the strategy for appointment.
- b. The MOPAC and Met Anti-Fraud and Corruption Strategy to be submitted to the March meeting of the Panel.

Action: MOPAC to advise the Panel on the appointment of external auditors.

Action: The MOPAC and Met Anti-Fraud and Corruption Strategy to be submitted to the March meeting of the Panel.
