

MPS-MOPAC JOINT AUDIT PANEL**18 January 2021**

Record of the Meeting

PRESENT**Panel:**

Suzanne McCarthy – Audit Panel Chair
Reshard Auladin – Audit Panel Member
Graeme Gordon – Audit Panel Member
Jon Hayes – Audit Panel Member

Attendees:

Sophie Linden, Deputy Mayor for Policing and Crime
Diana Luchford, Chief Executive, MOPAC
Jo Moore, Interim Chief Finance Officer, MOPAC
James Bottomley, Head of Governance and Risk, MOPAC
Robin Wilkinson, Chief of Corporate Services, MPS
Ian Percival, Director of Finance, MPS
DAC Matt Horne, MPS
AC Matt Jukes, Transformation Director, MPS
Roisha Hughes, Director of Strategy and Governance, MPS
Commander Catherine Roper, Professionalism, MPS
Julie Norgrove, Head of Internal Audit for MPS and MOPAC
Lindsey Heaphy, Head of Audit and Assurance, Internal Audit
David Esling, Head of Audit and Assurance, Internal Audit
Rebecca Lister, External Audit, Grant Thornton
Iain Murray, External Audit, Grant Thornton

1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF INTERESTS

- 1.1 An apology from Paul Wylie was noted; James Bottomley was attending in his absence.
- 1.2 No declarations of interest were received.
- 1.3 The Chair advised the meeting that in January 2021 the Panel had informative briefing sessions with the MPS respectively on its financial position with particular reference to the medium and long term and on the work being done by the organisation on diversity and inclusion.

2. RECORD OF THE MEETING HELD ON 26 OCTOBER 2020

- 2.1 The record of the meeting on 26 October 2020 was agreed. The completed actions were noted.

3. MPS DIVERSITY AND INCLUSION STRATEGY AND FRAMEWORK

- 3.1 Commander Catherine Roper introduced the MPS's report setting out the MPS's strategic approach to diversity and inclusion and advising how this issue ran as a thread throughout the organisation. The report set out the revised governance of the MPS's diversity and inclusion work and accountability for the delivery of its diversity and inclusion ambitions.
- 3.2 The Panel was advised of the three objectives of the MPS's Inclusion and Diversity Strategy 2017-2021 (STRIDE) and the achievements to date. The current strategy was being reviewed to ensure that the next iteration of the strategy continued to reflect what matters most to Londoners and to MPS colleagues. It was anticipated that the new strategy would be launched in April 2021, following completion of the external and internal consultation.
- 3.3 The discussion touched on the following:
- how the MPS assessed and tracked its improvements in diversity and inclusion;
 - how resources were allocated and the areas that required investment identified;
 - the mainstreaming of the diversity and inclusion strategy through expectations for officers and staff, the delivery of training and that each business group had performance indicators; and
 - the focus given to the implementation of the strategy through the Performance Board and the MPS's Inclusion, Diversity and Engagement Board.
- 3.4 The Audit Panel noted the importance of a framework supporting the strategy, particularly on measuring successes and outcomes and having clarity on the governance arrangements.

Actions:

- The MPS to provide its next report on diversity and inclusion to the Panel's July 2021 meeting and for that report to include the revised strategy and supporting framework, a clear description of the governance arrangements including the role of the Audit Panel, the terms of reference for the MPS boards which have a governance role in this area and a statement of the performance metrics and performance outcomes.
- The Chair of the Audit Panel to write to AC Helen Ball and Commander Catherine Roper to clarify the Panel's expectations for the July report.

Resolved: The Audit Panel agreed that the MPS would present its new Diversity and Inclusion Strategy to the Panel's July 2021 meeting, and to include assurance of its governance and performance measurements.

4. MPS COUNTER FRAUD PROCESSES

- 4.1 DAC Matt Horne introduced the MPS report setting out the governance process it had established to manage the threat of fraud. This included an update on the implementation of the recommendations from the counter-fraud review undertaken by

the Directorate of Audit, Risk and Assurance (DARA), and the next steps with regards to the MPS Action Plan which supports the Anti-Fraud Strategy.

- 4.2 The Panel noted that the strategy would be refreshed, that the action plan supporting the strategy had been reviewed but not yet submitted to the Panel and that there had been changes to the governance structure.

Action: MPS to report to the Panel's July 2021 meeting with the refreshed strategy for approval along with the supporting action plan including information on the progress made in implementing DARA's recommendations from the counter-fraud review.

Resolved: The Audit Panel noted the report on the MPS's Counter Fraud Processes.

5. MPS TRANSFORMATION PORTFOLIO

- 5.1 AC Matt Jukes introduced the paper which provided an overview of recent delivery and current and future plans for the Met transformation, along with an overview of the MPS's approach to risk and benefits management.

- 5.2 There was a discussion of how the MPS quantify cashable benefits and the impact the Covid-19 pandemic may have on the transformation programme in the long-term.

Action: The MPS to provide its next update on transformation to the Panel's October 2021 meeting.

Resolved: The Audit Panel noted the update report and the direction of travel for transformation activity.

6. EXTERNAL AUDIT UPDATE

- 6.1 Iain Murray introduced the Grant Thornton report updating the Panel on the completion of the 2019/20 external audit and presenting the Audit Findings Report and Value-for-Money conclusions. It was brought to the Panel's attention that the completion of the 2019/20 audit had been delayed due to the impact of the Covid-19 pandemic, although the work was completed before the extended statutory deadline. He explained that the work the audit was based on had been completed some time ago and there may have been further developments in MOPAC and the MPS since then. The report also updated the Panel on the latest police accounting issues and the impact they may have.

- 6.2 Grant Thornton had concluded that both MOPAC and the MPS had proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Its Value-for Money conclusions were that individually MOPAC and the MPS each had proper arrangements in all significant respects to ensure they delivered value-for-money in their use of resources.

- 6.3 The Panel noted the findings of the Financial Reporting Council's October 2020 Audit Quality Inspection of Grant Thornton, and sought assurance of the quality of the audits it had undertaken of the MPS and MOPAC. Iain Murray advised the Panel of the actions Grant Thornton had undertaken to address the issues raised in the findings, noting that the findings were based on 2018/19 audit work and were not reflective of its current position.

Resolved: The Audit Panel noted the Grant Thornton external audit update report and the Audit Finding Report and Value-for-Money conclusion.

7. MOPAC AND MPS RISK MANAGEMENT QUARTERLY REPORTS

MOPAC Report

7.1 James Bottomley introduced the MOPAC Risk Management Report, which provided an overview of MOPAC's risks along with MOPAC's processes for ensuring controls were in place to address those risks. The report summarised the organisation's headline risks.

7.2 The Panel discussed the court delays and MOPAC's work to help to mitigate this.

7.3 There was also a discussion of MOPAC's actions to improve diversity, to create an inclusive culture and to mainstream diversity and inclusion into how it delivers, resulting in an improving trend for this operational risk.

Resolved: The Audit Panel noted MOPAC's risk management approach.

MPS Report

7.4 Roisha Hughes introduced the MPS's Risk Management Report. The quarterly report provided an overview of the corporate risks and the status of their controls.

7.5 The majority of the risks' progress status were assessed by the MPS to be 'on track'. There was a discussion of the two risks assessed as 'amber' – violent crime and capability – and the risk assessed as 'red' – technology.

7.6 The Panel were advised of the work the MPS was undertaking in preparation of the end of lockdown and recovery.

Resolved: The Audit Panel noted the MPS's key risks and the governance arrangements that were in place to ensure they were being effectively managed.

Alignment of MOPAC/MPS Funding Risk

7.7 Jo Moore introduced the paper detailing the joint working between MOPAC and the MPS on the specific risk relating to funding. The Panel was advised that Spending Reviews only covering a one-year period introduced significant financial risk through the need to use estimated figures in the development of Medium-Term Financial Strategies. This, and the lack of clarity in the Police Uplift Programme and the timing of local authority estimates on the collection of council tax, resulted in the need for significant estimates and assumptions.

7.8 There was a discussion of how MOPAC and the MPS managed the risks, which were predominately predicated on the development of strong working relationships between not only MOPAC, MPS and the GLA but also central government civil servants.

Resolved: The Audit Panel noted the report.

8. MOPAC AND MPS GOVERNANCE IMPROVEMENT PLANS

MOPAC Report

8.1 James Bottomley introduced MOPAC's quarterly Governance Improvement Plan Report. The Panel was advised that MOPAC was reviewing the timescales for this

work in light of the impact of the further national lockdown. Nine work-streams had their delivery dates reviewed to reflect a more realistic timeframe for delivery, but MOPAC did not assess this as having resulted in any significant risk.

- 8.2 Diana Luchford updated the panel on MOPAC's Change Programme and its relationship to the governance improvement plan.

Resolved: The Audit Panel:

- a. Noted the Governance Improvement Plan and the progress made to the end of Quarter 3.
- b. Noted the areas which were highlighted where delivery timescales had been pushed back.

MPS Report

- 8.3 Roisha Hughes introduced the MPS's Governance Improvement Plan Report. While some work-streams showed slippage in their delivery dates, the Panel were advised that the MPS did not assess there to be a significant risk as a result.

- 8.4 Highlighted for the Panel was the engagement with Senior Leaders across the MPS in preparation for the development of the next Annual Governance Statement, as well as the progress made in development and learning and the investment in data management.

Resolved: The Audit Panel:

- a. Noted the updated Governance Improvement Plan and the progress made in Quarter 3.
- b. Noted the areas highlighted amber where delivery timescales had been pushed back or at risk of doing so in the next quarter.

9. INTERNAL AUDIT QUARTERLY ACTIVITY REPORT

- 9.1 Julie Norgrove introduced the report summarising the work carried out by DARA since the Panel last met including internal audit risk and assurance reviews, advisory and systems development work and counter fraud activity. There was also a forward look to planned activity for the coming quarter.

- 9.2 The Panel was updated on the impact of the further lockdown on delivery of the planned activity and that this would be kept under review and closely monitored.

Resolved: The Audit Panel noted the outcome of DARA's work undertaken to date and the status of current and planned activity.

10. MPS AUDIT AND INSPECTION REPORT

- 10.1 Roisha Hughes introduced the MPS's quarterly audit and inspection report updating the Panel on the implementation of recommendations arising from DARA audits and HMICFRS inspections.

- 10.2 The Panel was advised that there had been good progress on closing recommendations and that focus was being given to the oldest outstanding

recommendations. It also noted underlying themes had been identified and sought assurance on action being taken to address these areas.

- 10.3 The Panel noted the themes identified as the reasons for delays in meeting the original agreed action deadlines and that Covid-19 had been identified as a main reason.

Action: The MPS to provide for the March 2021 Audit Panel meeting more detail on the impact of Covid-19 on the implementation of recommendations and action being taken to address outstanding actions and the underlying themes identified.

Resolved: The Audit Panel noted the progress that had been made to centrally track and monitor audit actions that met an agreed threshold.

11. TREASURY MANAGEMENT UPDATE

- 11.1 Jo Moore introduced the paper updating the Panel on the Treasury Management function, including the 2019/20 outturn performance, the MOPAC Treasury Management 2020/21 strategy and the year to date 2020/21 performance.

- 11.2 The Panel asked about the process for reviewing the terms of older loans and was advised that this was undertaken as part of the shared service agreement with the GLA.

Action: MOPAC to provide the Audit Panel with assurance on the process for reviewing the terms of older loans.

Resolved: The Audit Panel noted the current position regarding Treasury Management.

12. ACCOUNTING POLICIES AND KEY JUDGEMENTS IN PREPARING THE 2020-21 STATEMENT OF ACCOUNTS

- 12.1 Ian Percival introduced the paper updating the Panel on proposed changes to the accounting policies and key judgements of MOPAC and the Commissioner of Police for the Metropolis (CPM) for the 2020/21 statements of accounts. The Panel was advised that there were no key changes to accounting policies required to comply with the 2020/21 CIPFA Code of Practice. This view was confirmed by Grant Thornton.

Resolved: The Audit Panel noted the changes outlined in the report for current and future years and approved the accounting policies for the 2020/21 production of the statement of accounts outlined in detail in the paper.

13. AOB

- 13.1 The date of the next meeting is 29 March 2021
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