

# **MPS-MOPAC JOINT AUDIT PANEL**

## **27 July 2020**

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### **Record of the Meeting**

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#### **PRESENT**

##### **Panel:**

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

##### **Attendees:**

James Bottomley, Head of Governance and Risk, MOPAC  
David Esling – Head of Audit and Assurance, Internal Audit  
Diana Luchford – Chief Executive, MOPAC  
Jo Moore, Chief Finance Officer, MOPAC  
Iain Murray – External Audit, Grant Thornton  
Julie Norgrove – Head of Internal Audit for MPS and MOPAC  
Ian Percival – Director of Finance, MPS  
Mark Roberts – Commercial Director, MPS  
Robin Wilkinson – Chief of Corporate Services, MPS

#### **1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF INTERESTS**

- 1.1 No declarations of interest were received.
- 1.2 Apologies from Roisha Hughes, Peter Fox and Paul Wylie were noted. The Chair welcomed Jon Hayes, the new member of the Panel, and Diana Luchford, MOPAC Chief Executive, to their first Panel meeting.

#### **2. RECORD OF THE MEETING HELD ON 8 JANUARY 2020**

- 2.1 The record of the meeting on 8 January 2020 was agreed. The completed actions were noted.

#### **3. MOPAC AND MPS INTERNAL AUDIT ANNUAL REPORT 2019/20**

- 3.1 Julie Norgrove introduced the report containing the internal audit annual opinion on the effectiveness of the internal control environment for the Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Service (MPS). The report

also summarised the activities and performance of the Directorate of Audit, Risk and Assurance (DARA).

- 3.2 The Panel was advised that the Director of Audit, Risk and Assurance had concluded that MOPAC had an adequate internal control environment, which was generally operating effectively. The Annual Report highlighted areas of progress within MOPAC and further areas of improvement.
- 3.3 The conclusion for the MPS was that it had established an adequate governance framework. An increase in risk maturity with more emphasis on the quality of internal control and assurance provision, would help to secure an effective internal control environment. The Annual Report highlighted areas of progress within the MPS and further areas of improvement.
- 3.4 It was noted that DARA had completed 88% of its plan. Productivity had been impacted by the pandemic, achieving 78% against 82% planned.
- 3.5 There was a discussion of:
  - The number of reviews which received limited assurance ratings and the action being taken to address the issues highlighted, including increasing the level of risk maturity in the MPS.
  - Ensuring areas of improvement identified within the Annual Report were addressed by the respective Governance Improvement Plans.
  - Business continuity arrangements in light of the Covid-19 pandemic and plans to audit the MOPAC and MPS recovery and renewal programmes.
  - The timeliness in the MPS and MOPAC responding to DARA's audit reports. It was agreed that future reports would note if DARA received a timely management response.

**Action:** DARA to include in future reports whether the respective management response from the MPS and MOPAC were received that enabled the timely issuing of the audit reports.

**Resolved:** The Audit Panel noted the annual opinion on the effectiveness of the MOPAC and MPS internal control environments.

#### 4. ANNUAL GOVERNANCE STATEMENTS 2019/20 AND GOVERNANCE IMPROVEMENT PLANS

##### *MOPAC Report*

- 4.1 James Bottomley introduced MOPAC's Annual Governance Statement (AGS) and quarterly governance improvement plan report. The Panel was advised that the AGS and the governance improvement plan addressed the issues raised in DARA's audit reviews, the Annual Report and in the self-assessment conducted by MOPAC. MOPAC had used the CIPFA – Delivery Good Governance in Local Government guidelines to assess its current position in respect of governance, noting areas of success and further areas for improvement, which were detailed in the detailed Governance Improvement Plan.

- 4.2 There was a discussion on both the impact of the pandemic and the MOAPC Chief Executive provided an update on the issues emerging from the Black Lives Matters movement and the development of the subsequent Mayor's Action Plan.

**Resolved:** The Audit Panel:

- a. Noted MOPAC's Annual Governance Statement for 2019/20.
- b. Noted the improvements being made in MOPAC's governance in accordance with its Governance Improvement Plan.

*MPS Report*

- 4.3 Robin Wilkinson introduced the MPS's AGS and Governance Improvement Plan, which had been drawn up using CIPFA best practice. Areas identified by DARA had been included in the AGS and Governance Improvement Plan. The issues the MPS faced in light of the pandemic and the work it was doing to address the issues raised by the Black Lives Matter movement were also highlighted and discussed.

- 4.4 The Panel noted that future AGSs would benefit from being more concise, being clearer on level 1 and level 2 assurance and explicit on priorities.

**Resolved:** The Audit Panel:

- a. Endorsed the MPS' Annual Governance Statement and noted 2019/20 progress against the governance improvement areas.
- b. Noted the governance improvement areas for 2020/21 onwards.
- c. Noted the new approach to better join-up governance improvements and corporate risks processes to enhance corporate understanding and decrease duplication.

## **5. MOPAC AND MPS RISK MANAGEMENT QUARTERLY REPORTS AND ALIGNMENT OF MOPAC AND MPS RISKS QUARTERLY REPORT**

*MOPAC Report*

- 5.1 James Bottomley introduced the MOPAC Risk Management Report which provided an overview of risks for MOPAC along with MOPAC's processes for ensuring controls were in place to address the risks. A risk refresh exercise had been completed and the risks arising from the pandemic were noted. Key risks were discussed and in particular the response to the financial position arising as a consequence of the pandemic.

- 5.2 The Panel noted that it would like to understand MOPAC's control actions for mitigating the risks.

**Action:** MOPAC to include in future risk update reports its control actions.

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

*MPS Report*

- 5.3 Robin Wilkinson introduced the MPS's Risk Management Report. The quarterly report provided a synopsis of the annual corporate risk register refresh process,

outlined the new register for 2020/21 and the process for ensuring that progress was made to manage the risks. The risks that had changed in light of the pandemic were discussed and noted, together with mitigations.

- 5.4 The Panel was updated on the work the MPS was undertaking to address the issues raised by the Black Lives Matter movement.

**Action:** The MPS to ensure consistency in completion of the 'Road to Target' assessments.

**Action:** The MPS to provide for the October 2020 Audit Panel meeting more detail on the development of the risk management framework and plans to increase the level of risk maturity across the organisation.

**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.

*Aligned Risks Report*

- 5.5 There was a discussion of the report on the alignment of MOPAC and MPS risks, and in particular MOPAC's role with regard to the Met's corporate risks. It was noted that MOPAC and the Met were jointly working on the risk around funding.

- 5.6 It was agreed the Panel no longer required a standing item on the alignment of MOPAC and MPS risks. However, it requested a report for its January 2021 meeting on the alignment of MOPAC's and the MPS's work on the funding risk.

**Action:** MOPAC and the MPS to report to the January 2021 Audit Panel meeting on the alignment of work relating to the financial settlement and funding risk.

**Resolved:** The Audit Panel noted the process for alignment.

**6. EXTERNAL AUDIT UPDATE**

- 6.1 Iain Murray introduced the Grant Thornton report advising the Panel on the work it had undertaken on the 2019/20 external audit and the potential impacts of Covid-19.

- 6.2 Despite the impact of the Covid-19 lockdown, Grant Thornton advised that the majority of the audit work could be carried out remotely. The revised timetable for the audit and its reporting remained within the target date for publication of audited statements of 30 November 2020.

- 6.3 The Panel was advised that the joint audit plan had been updated to take account of the potential impacts of Covid-19, including an additional financial statement risk, an assessment of materiality (no change) and for value for money assessing the existing risks in the context of Covid-19. The additional work would result in a small increase in audit costs.

**Resolved:** The Audit Panel noted the Grant Thornton external audit progress report, the updated audit plan and the additional audit costs.

**7. MPS AUDIT AND INSPECTION REPORT**

- 7.1 Robin Wilkinson introduced the MPS's quarterly audit and inspection report. It was noted where the outstanding actions sat within MPS business areas and the themes

of the main reasons given for delays in meeting completion dates. There was a discussion of the level of high priority actions and how these were categorised. The MPS and DARA were working to ensure actions were appropriately prioritised and acted on.

**Action:** MPS to include in its October report whether the number of overdue recommendations was reducing or increasing.

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

## **8. MOPAC AND MPS INTERNAL AUDIT PLAN 2020/21**

8.1 Julie Norgrove introduced the report detailing the proposed MOPAC and MPS Internal Audit Plan for 2020/21 and the Internal Audit Charter. The Panel was advised that the draft plan reflected the impact on Covid-19 and had been discussed and agreed with the MPS Management Board and the MOAPC Board. It would be kept under review during the year to respond to any key emerging risks.

8.2 The Panel discussed the themes of fraud, Brexit and public order.

**Resolved:** The Audit Panel approved the proposed 2020/21 Internal Audit Plan for MOPAC and the MPS.

## **9. ADDRESSING THE COMMERCIAL GOVERNANCE AND CONTROL ISSUES**

9.1 Mark Roberts introduced the paper updating the Panel on how Commercial Services would address and resolve its long-standing governance and control issues arising from the previous DARA review, ensuring alignment with the potential revision of the Scheme of Consent and Delegation.

9.2 The Panel was advised of the work to improve the underlying business processes, finalise the savings methodology and address the commercial capabilities within the MPS. The Panel noted the work to date and the planned improvements, which had taken some time to get to this point, and that further work was required before all actions could be considered as implemented. They also noted that the DARA review had raised issues in terms of wider governance and decision-making arrangements. The Panel said that it would like to be appraised of progress made in these areas.

9.3 There was a discussion of the MPS's whistleblowing processes and ensuring that they were appropriate for reporting commercial issues.

**Action:** The MPS to report back to the Panel's meeting in March 2021 with an update on the implementation of the procurement actions, the outcome of the decision-making review and the wider review of the governance of change.

**Resolved:** The Audit Panel noted the report and the progress made to date, the support in place to enable further work and the expectations on closing outstanding action items.

**10. ITEMS NOTED**

10.1 The Panel noted the following papers:

- MPS Transformation Update
  - MPS Write-Off of Irrecoverable Debt
  - MPS-MOPAC Joint Audit Panel Work Plan 2020/21 (amended in light of any above actions) and Terms of Reference
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