

MPS-MOPAC JOINT AUDIT PANEL

5 July 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

MOPAC:

Sophie Linden, Deputy Mayor for Policing and Crime (item 3)
Diana Luchford, Chief Executive
Amana Humayun, Chief Finance Officer
Kenny Bowie, Director of Strategy and MPS Oversight
James Bottomley, Head of Oversight and Performance

MPS:

Robin Wilkinson, Chief of Corporate Services
Mark Roberts, Director of Commercial Services
Roisha Hughes, Director of Strategy and Governance
Ian Percival, Director of Finance
Bas Javid, Deputy Assistant Commissioner, Professionalism (item 3)
Nick Kettle, Head of Safety, Health and Wellbeing (item 11)
Helen Ball, Assistant Commissioner (item 14)
Commander Catherine Roper (item 14)

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
Paul Grady, External Audit, Grant Thornton
Corinne Braund, External Audit, Grant Thornton

1. APOLOGIES FOR ABSENCE, INTRODUCTIONS AND DECLARATIONS OF INTERESTS

- 1.1 There were no apologies for absence. No declarations of interest were received.

2. RECORD OF THE MEETING HELD ON 29 MARCH 2021

- 2.1 The record of the meeting on 29 March 2021 was agreed. The completed actions were noted.

3. MPS ANTI-FRAUD, BRIBERY AND CORRUPTION STRATEGY UPDATE

- 3.1 The Chair noted that the Audit Panel's terms of reference required it to review and monitor the effectiveness of MOPAC's and MPS's strategies and policies for addressing issues of integrity and ethical behaviour and tackling fraud and corruption.
- 3.2 The Panel had received an update at its last meeting on the Anti-Fraud, Bribery and Corruption Strategy and Plan and the Directorate of Audit, Risk and Assurance's (DARA) review of Counter Fraud arrangements. It had requested a further update be brought to this meeting to clarify the arrangements for supporting delivery of the Strategy and details of progress made in addressing DARA's recommendations. The Chair had also requested to see the MPS's Counter Corruption Strategy and be advised on how this aligned to the Anti-Fraud, Bribery and Corruption Strategy and delivery plan. The MPS's Counter Corruption Strategy had been circulated to the Panel.
- 3.3 Deputy Assistant Commissioner Bas Javid presented the update on the MPS's and MOPAC's Anti-Fraud, Bribery and Corruption Strategy and the MPS's implementation of the recommendations arising from the DARA review on which he said further progress had been made. The Panel noted, however that a number of actions had not yet been fully embedded and there was more work to do in some areas, in particular, in the reporting of fraud and the ownership of fraud risks. It also sought further clarity on the action plan supporting delivery of the Strategy.
- 3.4 The joint strategy had been reviewed in light of MPS embedding its new counter-fraud arrangements. The MPS's Fraud Strategic Oversight Board considered that the strategy remained fit for purpose, but with a few amendments recommended. The amendments were agreed with MOPAC, as it was a joint strategy. The Panel was informed the Anti-Fraud, Bribery and Corruption Strategy aligned with the wider MPS Counter Corruption Strategy and this would be made clearer in the respective documents.
- 3.5 The Panel noted that the MPS's Fraud Strategic Oversight Board had a critical role to play in overseeing both Strategies and inquired how it gained assurance on their delivery. The Panel was advised that performance was assessed through risk assurance and the processes put in place to mitigate risk.
- 3.6 The Panel discussed the issue raised by the Daniel Morgan Independent Inquiry relating to the 'narrow' definition of corruption in the Anti-Fraud, Bribery and Corruption Strategy. DAC Javid confirmed that the Counter Corruption Strategy had the wider definition of corruption applied by the National Police Chiefs Council (NPCC).
- 3.7 The Panel requested that the MPS provide for the Panel's October meeting a report which explicitly outlined how the Anti-Fraud, Bribery and Corruption and Counter Corruption Strategies align, details of the plans and framework supporting their delivery and how they are overseen in the MPS.

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- 3.8 The MPS advised that it was analysing the contents of the report produced by the Daniel Morgan Independent Inquiry and it would report to the Panel's October meeting on the implementation of the report's recommendations.

Actions: MPS to report to the Panel's October meeting:

- explicitly outlining how the Anti-Fraud, Bribery and Corruption Strategy and the Counter Corruption Strategy align, the plans and framework supporting their delivery and how this is overseen in the MPS; and
- on the implementation of the recommendations contained in the report of the Daniel Morgan Independent Panel.

Resolved: The Audit Panel noted the progress made and the next steps.

4. DRAFT INTERNAL AUDIT ANNUAL REPORT 2020/21

- 4.1 Julie Norgrove introduced the report containing the internal audit annual opinion on the adequacy and effectiveness of the internal control environments 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).
- 4.2 The Panel was advised that she had concluded that MOPAC had an adequate internal control environment, which was generally operating effectively. Further improvements were planned under the MOPAC Change Programme. MOPAC confirmed that the areas requiring improvement were addressed in its Governance Improvement Plan.
- 4.3 The conclusion for the MPS was that it had established an adequate internal control environment with its overall effectiveness continuing to improve. Key areas to improve included increasing risk maturity across the MPS, implementing a more cohesive approach to assurance provision and embedding recent/planned governance improvements. The Chief of Corporate Services confirmed that the areas of improvement identified in the Annual Report were being addressed by the MPS and aligned with the MPS's Annual Governance Statement and improvement plan.
- 4.4 It was noted that DARA had completed 90% of its plan to report stage in support of its annual opinion. Productivity had been impacted by the pandemic and increased training activity, achieving 80% against 82% planned, which did not significantly impact on delivery of the work programme as a whole.
- 4.5 There was a discussion of:
- The focus MOPAC had given to Equality, Diversity and Inclusion and its strengthening relationship with the Violence Reduction Unit (VRU).
 - The progress the MPS was making in its level of risk maturity and the steps required to advance it.
 - The need for further progress in defining and developing the MPS's Assurance Framework.

Resolved: The Audit Panel considered the Internal Audit Annual Report of the Director of Audit, Risk and Assurance and noted the annual opinion on the adequacy and effectiveness of the MOPAC's and MPS's internal control environments.

5. INTERNAL AUDIT PLAN FOR MOPAC AND MPS 2021/22

- 5.1 Julie Norgrove introduced the report setting out the proposed MOPAC and MPS Internal Audit Plan for 2021/22. The MPS plan had been compiled in consultation with the MPS Management Board members and the MOPAC Plan with the MOPAC Board and Deputy Mayor for Policing and Crime respectively. Corporate, operational and directorate risk assessments and previous audit coverage had informed the planning process. The Plan had been drawn up in line with best practice and would support the provision of the Annual Opinion on the effectiveness of the MPS's and MOPAC's internal control environments. It was noted that the draft Plan was indicative and dynamic and would be reviewed throughout the year to respond to any key emerging risks.
- 5.2 The MOPAC plan would provide assurance on the Oversight Framework, Community Engagement, Counter Fraud Arrangements, VRU Commissioning Framework and Delivery, and the framework supporting delivery of the new Police and Crime Plan.
- 5.3 In the MPS, audit work would include providing assurance on the framework for Crime Recording, MPS Engagement, IT Control Environment, Recruitment, Organisational Learning and Performance Management against the MPS's Business Plan. There would also be operational audits and a review of the implementation of the revised arrangements for managing change across the MPS.

Resolved: The Audit Panel considered and approved the proposed 2021/22 Internal Audit Plan for MOPAC and the MPS.

6. MOPAC AND MPS GOVERNANCE IMPROVEMENT PLANS

MOPAC Report

- 6.1 James Bottomley introduced the report, containing MOPAC's 2020/21 Annual Governance Statement (AGS), a year-end review of its Governance Improvement Plan (GIP) and its 2021/22 GIP. The 2021/22 GIP brought together improvements identified in the 2020/21 AGS and those carried forward from the previous year's GIP.
- 6.2 The report set out key areas where MOPAC had improved and where its approach to governance was working well. It also set out areas MOPAC had identified as areas for improvement, which included:
- Improvements to stakeholder engagement.
 - Streamlining of portfolio, programme and project management processes.
 - Completion and publication of the oversight model over MPS's financial and operational performance.
 - Development of its strategic leadership plan and embedding the revised structure.
 - Review of transparency.

- Review tracking of recommendations from HMICFRS inspections and super-complaints.

6.3 There was a discussion of the restructure that the Chief Executive had implemented in MOPAC, which had as one of its aims to strengthen MOPAC's oversight of the MPS. It was confirmed that the Panel would receive regular updates on the improvement plan throughout the year.

Resolved: The Audit Panel:

- a. Noted the Annual Governance Statement for 2020/21.
- b. Noted the improvements being made in MOPAC's governance through the Governance Improvement Plan.

MPS Report

6.4 Roisha Hughes introduced the report containing the MPS's draft 2020/21 AGS, highlighting the progress made in the previous year and areas where there remained issues, as well as some emerging areas, which included:

- Data quality, access and analysis.
- Skills, capabilities and capacity.
- Integrity and ethical values.
- Openness and comprehensive stakeholder engagement.
- Interventions to achieve intended outcomes.

6.5 Following discussion of the draft AGS, it was confirmed that the Panel would receive regular updates on the improvement plan throughout the year.

Resolved: The Audit Panel:

- a. Agreed the Annual Governance Statement (noting that the full 2020/21 progress against the governance improvement areas was tabled at the Panel's March meeting).
- b. Agreed the governance improvement areas for 2020/21 onwards

7. MPS FLEET PROCUREMENT REVIEW

7.1 Robin Wilkinson introduced the paper detailing the changes made by the MPS in light of the findings of the Fleet Procurement Review. Changes had been made in Commercial Services including governance and assurance processes. In particular, a revised assurance framework had been developed, supported by a new board. Assurance was given to the Panel by both him and the MPS's Chief Finance Officer, Ian Percival, that the MPS now had good processes in place.

7.2 Mark Roberts, MPS's Director of Commercial Services, advised that his role was to uplift the quality of commercial work across the MPS. The new commercial handbook had been recently launched and this would be reviewed regularly to ensure it remained up to date in a changing environment. Procurement activity was now tracked via a dashboard, enabling oversight, and engagement, if required, and a

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training programme was being developed and delivered across the MPS. Key appointments had been made to senior positions in Commercial Services.

7.3 The Panel acknowledged the improvements that had been implemented but noted that some still needed to be implemented with action only recently having been taken. There was a discussion of the arrangements the MPS had put in place for managing major procurement exercises, and the MPS's position that, while there were full project controls in place for complex exercises, to use these was not routinely necessary due to the strengthened commercial control and oversight of all procurement activity. The MPS also referred to work that had been carried out following an external stock review (Calam Review) of how the MPS managed change.

7.4 The Panel Chair confirmed that due to the progress that had now been made, there was no longer a need for the MPS to report separately to the Panel on the implementation of the fleet recommendations. The Panel would, however, continue to receive regular updates on the development of the Commercial Framework noting the further improvements and work planned. The Panel also requested to be updated on the Calam Review and its recommendations at its October meeting.

Action: MPS to report to the October meeting on the:

- Implementation of the MPS's Commercial Functional Strategy and Commercial Blueprint.
- Details of the Calam Review and recommendations and action taken.

Resolved: The Audit Panel noted the report.

8. MOPAC AND MPS RISK MANAGEMENT QUARTERLY REPORTS

MOPAC Report

8.1 Kenny Bowie 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.

8.2 The report also outlined the changes MOPAC was making to assist with the oversight of the MPS and the effectiveness of the strategic approach, and the results of the governance reform review.

8.3 The Panel asked whether MOPAC had identified the risk from malware and ransomware and was advised that it was included in Risk 17 regarding disruption to business continuity. Mitigation included compulsory staff training.

8.4 The Panel also asked whether the report of the Daniel Morgan Independent Panel would be assessed as having any risk impact, in particular Risk 3 regarding legitimacy of the MPS. Kenny Bowie advised this would be assessed once the MPS had considered and responded to the Home Secretary on the recommendations. The Panel asked MOPAC to address this in its October report.

Actions: MOPAC to include in its risk management update for the October meeting consideration of the risk impact of the report of the Daniel Morgan Independent Panel.

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

MPS Report

- 8.5 Roisha Hughes introduced the MPS's Risk Management Report. The quarterly report provided a synopsis of the annual corporate risk register's refresh process, outlined the new register for 2021/22 and the process to ensure progress was made to manage the risks.
- 8.6 There was a discussion of the reputational issues arising for the MPS from recent operational incidents and reports which had received negative press. The Panel was advised that the MPS was aware of this and was addressing the challenges it presented.

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.

9. MPS AUDIT AND INSPECTION REPORT

- 9.1 Roisha Hughes introduced the MPS's quarterly audit and inspection report providing the Panel with a summary position of DARA audits and HMICFRS activity and engagement over the last quarter.
- 9.2 The Panel acknowledged the work that had been done to close a number of DARA recommendations and to provide more detail on HMICFRS recommendations.
- 9.3 There was a discussion of the number of high priority DARA actions that were outstanding with the Chair seeking assurance that these were being addressed. The MPS advised that the picture was improving for the longer-term trend. Reasons given for the delay in closing actions included dependency on other activity to be completed, overly ambitious completion dates and hesitancy in closing an action. The Panel were assured that implementation of DARA recommendations now formed part of the MPS's performance framework with senior management oversight.
- 9.4 The Chair noted that the MPS had undertaken, in its Governance Improvement Plan, to strengthen the pace of implementation of DARA's internal audit recommendations and the Panel would monitor progress during the year.

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

10. EXTERNAL AUDIT UPDATE

- 10.1 Paul Grady introduced the Grant Thornton report updating the Panel on the work and progress of the 2020/21 external audit and providing a sector update.
- 10.2 Grant Thornton's plans were for the substantive audit work to begin in July, and to issue their Audit Findings Report on the financial statements by the end of September. The Auditor's Annual Report with their assessment of the arrangements to secure value for money was scheduled for completion in November 2021. Paul Grady confirmed that they would be able to deliver within the deadlines set out in his report.

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- 10.3 The Chair asked if MOPAC and the MPS were contributing to the Public Sector Audit Appointments' (PSAA) current consultation exercise. Amana Humayun and Ian Percival confirmed that they were. It was agreed that their draft response would be shared with the Audit Panel Chair.
- 10.4 Paul Grady was asked by the Panel about the application of the length of tenure rules, considering the length of time it had been the external auditor of the MPS and MOPAC. He advised the Panel that in that time there had been different auditors providing the opinions in line with requirements.

Action: MOPAC and the MPS to share with the Audit Panel Chair their draft response to the PSAA consultation.

Resolved: The Audit Panel noted Grant Thornton's update report.

11. MPS HEALTH, SAFETY AND WELLBEING PERFORMANCE UPDATE

- 11.1 Nick Kettle introduced the report providing assurance that the MPS had suitable governance arrangements in place to manage health, safety and wellbeing.
- 11.2 The Panel was advised that:
- There was now mandatory recording of assaults on officers, and this may account for the increase – this was being monitored.
 - A health and wellbeing thematic was now included in the MPS's maturity matrix and work was ongoing to underpin that.
 - Attendance at Officers Safety Training and Emergency Life Support training had improved significantly with an overall compliance level of 97%.
 - Safety maturity continued to be audited. A verbal update to Appendix 3 was provided. The audit was currently focussing on level 3 compliance. There was a genuine commitment to move to level 4.
- 11.3 The Panel requested that the next update to the Panel provide information on progress towards reaching level 4.

Action: MPS to include in its January 2022 report to Panel progress toward reaching level 4.

Resolved: In accordance with the MPS's Corporate Health and Safety Policy, the Audit Panel noted the contents of the report.

12. TREASURY MANAGEMENT STRATEGY 2021/22

- 12.1 Amana Humayun introduced the report setting out MOPAC's Treasury Management 2021/22 Strategy. The Panel was advised that MOPAC maintained a low risk appetite approach and this would be unlikely to change in the medium term. MOPAC's short-term cash balances were invested through the GLA Group Investment Syndicate, and the Panel was advised that the decisions for the Syndicate were made by consensus.

Resolved: The Audit Panel noted the 2021/22 Treasury Management Strategy.

13. MPS WRITE-OFF OF IRRECOVERABLE DEBTS

- 13.1 Ian Percival introduced the paper detailing the irrecoverable debts for which it was seeking approval from the Deputy Mayor for Policing and Crime to write-off from the last financial year.
- 13.2 There was a discussion as to whether the MPS was beginning to see the results of the controls it had implemented. The Panel requested that the 2022 report include mention of the controls and the impact they were having on the level of non-recoverable debt.

Action: MPS to include in its report to the Panel in July 2022 on the write-off of irrecoverable debts, the controls it had implemented and the effect they were having.

Resolved: The Audit Panel noted the level of the proposed write-off of irrecoverable debts.

14. MPS DIVERSITY AND INCLUSION STRATEGY UPDATE

- 14.1 Assistant Commissioner Helen Ball introduced the paper setting out the work being undertaken to revise the MPS Inclusion and Diversity Strategy (STRIDE25), its supporting framework, the governance arrangements for the strategy, the terms of reference for the MPS boards, which have a governance role in this area, a description of the performance metrics being developed and the strategic outcomes expected.
- 14.2 The Panel was advised that STRIDE25 was crucial in building trust and confidence in the MPS, and for the MPS to meet its equality obligations, and that extensive consultation on the revised strategy was taking place. The Strategy was not yet complete and had, therefore, not been submitted to the Panel. It was now to be launched in September 2021 during National Inclusion Week. Further consultation on the revised Strategy was underway, which would include the Deputy Mayor for Policing and Crime.
- 14.3 AC Ball provided an update on the approach being taken to developing the framework supporting delivery of the Strategy, which included alignment with the MPS's Business Plan and the development of performance metrics.
- 14.4 There was a discussion of the feedback received on the Strategy. The Panel was advised that internal feedback indicated that people saw the value in it and that it was seen as a transparent process.
- 14.5 The Chair commended the MPS on its work in revising the Strategy and developing its supporting framework and governance structures, which had progressed since the previous meeting of the Panel. The Panel noted that there was greater clarity in particular in how the MPS's commitments were to be measured. It noted the challenge of now taking this forward into a final Strategy supported by defined and measurable outcomes, which would need to be reported to the Panel.

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- 14.6 The Panel also noted the terms of reference for each of the governance boards and sought further clarification on the management of the interdependencies given the number of boards involved.

Action: MPS to report to the Panel's October meeting with:

- The revised STRIDE25 Strategy and delivery plan with defined strategic outcomes and metrics.
- The management of interdependencies between the governance boards.

Resolved: The Audit Panel:

- a. Agreed that the STRIDE25 be provided to the Audit Panel when it was completed.
- b. Noted the provision of the current STRIDE25 commitments.
- c. Noted the governance and finance arrangements in place.

15. AOB

- 15.1 The Panel advised that it was undertaking a review of its effectiveness and would be reporting to the October meeting. It would invite the MPS and MOPAC to take part in this process.
- 15.2 The date of the next meeting is 4 October 2021
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