

MOPAC

MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME



**METROPOLITAN
POLICE**

Joint MOPAC/MPS AUDIT PANEL

Annual Report 2020/21

Introduction

This is the third annual report of the Joint MOPAC/MPS Audit Panel (the Panel). It covers the work of the Panel over the period July 2020 to July 2021 (a report was not issued for 2019/20 due to the pandemic and available capacity) setting out how the Panel has met its Terms of Reference. This Report is informed by an annual effectiveness review conducted by the Panel and input from major stakeholders (MOPAC and the MPS) in accordance with best practice.

The Panel is comprised of four members who are independent of both MOPAC and the MPS. Suzanne McCarthy, the Chair, is supported by Graeme Gordon, Reshard Auladin and Jon Hayes. The latter was appointed in April 2020. All appointments to the Panel were made following an open recruitment exercise and are for a three-year term. Panel members can be re-appointed for a second three-year term. The Chair, Graeme Gordon and Reshard Auladin are serving their second term. The Panel members have the required mix of skills and experience needed. The appointment of Jon Hayes brought additional expertise in financial, audit and accounting matters to the Panel.

The purpose and remit of the Panel was drawn up in line with recognised best practice as set out in the Home Office's Financial Management Code of Practice. The Joint Audit Panel advises both the Deputy Mayor for Policing and Crime (DMPC) and the Metropolitan Police Commissioner in accordance with good governance principles. It is responsible for enhancing public trust and confidence in the governance of MOPAC and the MPS, in assisting MOPAC in discharging its statutory responsibilities in holding the MPS to account and in the delivery of the Mayor's Police and Crime Plan (PCP).

The Panel reviewed its Terms of Reference (attached) concluding that it remains fit for purpose. It continues to provide independent assurance to both the DMPC and the MPS Commissioner and does not duplicate or replicate the work of oversight activity within MOPAC or the MPS.

Conduct of Meetings

The Panel continued to meet quarterly during the pandemic, although it did so virtually. During the period it adhered to delivery of its rolling work programme as agreed at its July 2020 meeting, considering both standing items and specific areas of business. Senior executives of the MOPAC Board and MPS Management Board attend each meeting along with Internal and External Audit. Other senior officers and officials attend as required to report on their respective area of specialism. The record of meetings, actions and relevant papers are placed in the public domain on the MOPAC website. The Chair met with the DMPC following each meeting and is due to meet with the MPS Commissioner in October this year. The Chair regularly met with the Director of Audit, Risk and Assurance (the Head of Internal Audit for MOPAC and the MPS). External Audit also continued to have direct access to the Chair in line with best practice.

In addition, the Panel commissioned and attended briefings on key specific topics which included; MOPAC's Commissioning Framework, Digital Policing, MPS Transformation, MOPAC/MPS Financial Update and Risk Position, Development of the MPS Equalities, Diversity and Inclusion Strategy and Framework and the MPS Risk Management Framework. This facilitated in-depth analysis, discussion and review of key areas of business.

The content and presentation of reports at meetings have continued to improve enabling the Panel to discharge its defined role better. The Panel does, however, recognise the challenge of overseeing key developments across two organisations, and will be exploring opportunities to streamline reporting to facilitate more in-depth review of key areas of risk, having considered the feedback received from MOPAC and the MPS.

MOPAC and MPS Audit Panel Work Programme 2020/21

Improved Internal Control Environment and Governance Arrangements

The Panel considered the 2019/20 Annual Governance Statements and supporting Governance Improvement Plans for MOPAC and the MPS in July 2020. At the instigation of the Panel, there was greater clarity in those documents on actions and timescales to address the areas of improvement identified. The Panel was assured during the year on steps taken to ensure that good process was being made in respect of governance arrangements needed to operate and support delivery of the PCP and the Met's Business Plan, particularly during the lockdown period including those that related to business continuity and the management of key emerging risks.

The Panel considered the 2020/21 Annual Governance Statements at its July 2021 meeting scrutinising improvements made by both MOPAC and the MPS and considering areas of further development and improvement. For MOPAC this included; integrating programme management to support delivery of the new PCP, developing its oversight model, embedding its 5-year strategy and action plan for diversity and inclusion and continuing to prioritise community engagement to improve Londoners' trust and confidence in policing – implementing Phase2 of the Mayor's Action Plan. For the MPS this included a focus on; capability, learning and development, public and partner engagement, assurance framework, data management, organisational learning and competence and standards of professionalism.

In July 2021 the Panel also considered the Internal Audit Annual Report for 2020/21, which recognised key developments during the year and the steps taken to enhance the adequacy and effectiveness of MOPAC's and MPS's internal control environments and highlighted areas of further improvement. The Panel noted the progress identified in the report and the respective annual opinions.

The Panel will be looking to ensure the improvements are made as planned.

Risk Management – Delivery of PCP and MPS Business Plan

The Panel considered the assessment and management of key strategic risks for MOPAC and the MPS at each of its meetings and oversaw the continuing development of the respective risk management frameworks. It reviewed strategic risks to the delivery of the PCP and Met Business Plan undertaking 'deep dive' analysis into the key risks and mitigation in areas such as; Financial/Funding Position, Information Management and Violent Crime. Regular reports and review saw the continued development of the frameworks supporting MOPAC's delivery of the PCP and of the MPS Business Plan.

In the coming year the Panel intends to focus on action planned to increase the level of risk maturity across the MPS and the development of MOPAC's Oversight Framework supporting delivery of the PCP.

Assurance Framework

The Panel considered regular reports on the MPS's audit and inspections by the Inspectorate and actions taken to address issues raised by DARA and HMICFRS. The Panel increased its focus on the implementation of agreed management actions responding to internal audit and HMICFRS review activity, overseeing improved implementation levels and a reduction in the number of limited assurance reviews. Work continues to ensure that prompt action is taken in the highest areas of risk and to address the underlying causes/control weaknesses to inform organisational learning.

Whilst noting some key positive developments during the year, enhancing assurance controls was recognised as an area for further improvement both in the MPS's Governance Improvement Plan and the Internal Audit Annual report, and will be a key focus for the Panel.

Internal and External Audit

The Panel reviewed and approved the External Audit Plan and considered the External Audit Annual Letter for 2019/20, ensuring recommendations were addressed. It approved a risk based Internal Audit Plan, which was aligned to MOPAC's and MPS's strategic objectives in line with best practice. The Panel considered the Internal Audit Annual Opinion and DARA's Annual Report, ensuring actions to address areas of improvement were addressed in the respective Annual Governance Statement and Governance Improvement Plans. Regular reports on internal and external audit activity were considered by the Panel throughout the year and progress tracked in addressing key issues identified and Internal and External Audit effectiveness assured. This included the Panel being provided with additional assurance from the External Auditor of the steps taken by their firm to address findings reported by the FRC during the year.

Commercial Framework and Decision-Making Governance

The Panel has dedicated considerable time and resource to monitoring and driving action needed to address the governance and assurance concerns raised in two significant reviews of previous procurement activity undertaken in the MPS. The Panel held separate sessions with senior management alongside quarterly Panel meetings to ensure the issues raised were appropriately addressed as it had taken some time for action to be completed in some areas. Considerable progress was subsequently made during the year with the implementation of a new Commercial Blueprint, introduced by the MPS's new Director of Commercial Services, and revised governance arrangements to support Management Board decisions. Key recommendations of both reviews have now been reported as complete with some residual work remaining. The Panel will continue to oversee the implementation of the MPS Commercial Functional Strategy and improvement plan, now in its second year of three, and the planned governance improvements facilitated by the Calam Review and subsequent action taken by the MPS's Management Board.

Equalities, Diversity and Inclusion

The Panel continued to press for clarity in the development of the framework supporting delivery of the MPS's Equalities, Diversity and Inclusion Strategy. As well as formal reports, the Panel received separate briefings by the MPS lead, in particular focusing on the governance arrangements and measures to support successful delivery of the Strategy. A revised Strategy is being launched supported by improved governance arrangements, which will continue to be reviewed by the Panel.

MPS Transformation Programme

The MPS's Transformation Programme continued to be a key focus for the Panel, and the Panel was kept updated on the implementation of the Programme and the associated challenges and risks. There was a particular emphasis on the identification and management of key risks to the delivery of transformation objectives and realisation of programme benefits, on which further progress was reported.

Financial Governance and Reporting

The Panel considered reports and a separate briefing on the financial risk and overall future funding position, which remains a challenge as reflected in the MOPAC's and MPS's risk assessments. It reviewed the Annual Audit of Accounts for 2019/20 reported by the external auditor noting the unqualified opinions for MOPAC and the MPS on both the financial statements and value for money, and tracking progress in addressing the recommendations made. The Panel oversaw developments in the MOPAC Commissioning Framework, in particular on the process supporting the evaluation of commissioning outcomes, and Financial Oversight of the MPS and reviewed the Treasury Management Strategy. It also kept under review the development and implementation of the MPS's Commercial Strategy and improvement plan.

The external audit opinions on the financial statements and value for money for 2020/21 will be scrutinised by the Panel later in the year following publication of the Annual Findings Report.

Integrity, Ethics, Fraud and Corruption

The Panel received a number of reports during the year on the counter fraud arrangements within the MPS to provide assurance that the required improvements identified following internal audit review activity were made. Progress was reported in the latter part of the year with the Panel considering the revised MOPAC/MPS Anti-Fraud, Bribery and Corruption Strategy and Response Plan in July 2021. This outlined the commitment of MOPAC and MPS to creating an anti-fraud, anti-corruption and anti-bribery culture, in line with legislative requirements and professional guidance. The Panel are overseeing the development of the action plan and framework supporting delivery of the Strategy.

Following the Daniel Morgan Independent Panel review the Audit Panel considered the separate Counter Corruption Strategy developed during the year and is to review the supporting delivery plan. It is to receive an update of the MPS's response to the recommendations made by the Independent Panel at future meetings. The Panel also intends to increase its awareness and oversight of the overall structure and development of the MPS's Ethical Framework going forward.

Safety and Health

Reflecting the increased maturity of the health and safety assurance framework and the level of scrutiny of this area, the Panel previously agreed to receive health and safety performance reports on a six-monthly basis. Key reports considered included the development and implementation of the MPS's Health and Wellbeing Strategy, which was of increased significance during the pandemic, and updates on the MPS's Health and Safety Culture Maturity Project, which aims to achieve level 4 maturity by the end of Financial Year 2022/23.

Conclusion

The Audit Panel has continued to oversee and press for key improvements in the effectiveness of governance arrangements and internal controls with further progress being achieved by both MOPAC and the MPS. Benefitting both organisations, the Panel also oversaw delivery of effective internal and external audit services.

In the coming year, the Audit Panel will oversee planned activity to further improve the effectiveness of the internal control environment supporting the delivery of agreed policing priorities and objectives.

Areas of Focus for 2020/21

The Panel has identified key areas of focus for the coming year and will be particularly focused on:

- MOPAC's and MPS's Governance Improvement Plans – continuing to focus on timely implementation and prioritisation of those areas that will have the greatest impact on improving governance and the internal control environments.
- Development and implementation of the MOPAC oversight framework supporting delivery of the next Police and Crime Plan.
- Further development of MPS's risk management to increase the level of risk maturity.
- Development of the MPS's corporate assurance framework, including how this supports organisational learning and risk mitigation.
- The framework supporting implementation of the revised MPS STRIDE Strategy.
- Developments in the MPS's Ethical Framework, including professional standards and counter corruption.

Suzanne McCarthy

Joint MOPAC/MPS Audit Panel Chair

MOPAC and MPS Audit Panel

TERMS OF REFERENCE

Composition of the Panel

The Audit Panel comprises four members, who are independent of the Mayor's Office of Policing and Crime (MOPAC) and the Metropolitan Police Service (MPS). Where it is considered that specialist skills are required, the Panel is able to seek approval from the Deputy Mayor Policing and Crime (DMPC) and Commissioner to add to the membership accordingly.

The executive of MOPAC and a representative of the Command Team of the MPS are required to attend each meeting of the Panel. Attendees will, therefore, include the Chief of Corporate Services; MPS Director of Commercial and Finance; Chief Executive, MOPAC; and the Chief Financial Officer, MOPAC. The Director of Audit, Risk and Assurance (Head of Internal Audit for MOPAC and the MPS), also attends each meeting, along with a representative of external audit.

Purpose

The Audit Panel is responsible for enhancing public trust and confidence in the governance of MOPAC and the MPS. It also assists MOPAC in discharging statutory responsibilities in holding the MPS to account, and in delivery of the Police and Crime Plan (PCP) and the transformation of the MPS. This is achieved by;

- Advising MOPAC and the Metropolitan Police Commissioner according to good governance principles.
- Providing independent assurance on the adequacy and effectiveness of the MOPAC and MPS internal control environments and risk management frameworks.
- Overseeing the effectiveness of the frameworks in place for ensuring compliance with statutory requirements, and in particular those in respect of health and safety, and inclusion, diversity and equalities.
- Independently scrutinising financial and non-financial performance to the extent that it affects the MOPAC and MPS exposure to risks and weakens internal control.
- Overseeing the financial reporting process.

Objectives

The Audit Panel has a rolling programme of meetings, typically meeting four times a year (March, June, September, January). In effectively discharging its function it is responsible for:

Internal Control Environment and Governance Framework

- Satisfying itself as to the effectiveness of the internal control framework in operation within MOPAC and the MPS and advising the DMPC and Metropolitan Police Commissioner as appropriate.
- Considering the Annual Governance Statements together with associated action plans for addressing areas of improvement and advising MOPAC and the MPS as appropriate.

Police and Crime Plan (PCP) and MPS Transformation

- Regular review of the risks to the delivery of the PCP and MPS transformation and providing assurance of the effectiveness of mitigating actions.

Corporate Risk Management

- Approving the MOPAC and MPS risk management strategies and frameworks; ensuring an appropriate framework is in place for assessing and managing key risks to MOPAC and the MPS.
- Providing assurance to the DMPC and Metropolitan Police Commissioner as appropriate on the effectiveness of the risk management frameworks in operation.

Financial Reporting

- Considering the financial risks to which MOPAC and the MPS are exposed (including those that relate to treasury management) and approving measures to reduce or eliminate them or to insure against them.
- Reviewing the Annual Accounts and in particular any significant accounting provisions, adjustments and judgements made.
- Considering significant accounting strategies (including treasury and commercial management), policies and any changes to them.

Inclusion, Diversity and Equalities

- Satisfying itself on behalf of the DMPC and Metropolitan Police Commissioner that an efficient and effectively performing framework is in place to discharge statutory requirements for inclusion, diversity and equalities and to ensure continual improvement.

Safety and Health

- Satisfying itself on behalf of the DMPC and Metropolitan Police Commissioner that an efficient and effectively performing framework is in place to discharge legal duties in relation to health and safety and to ensure continual improvement. In particular with regard to the safety, health and welfare of police officers and staff, people in the care and custody of the MPS, and members of the public on police premises or property.

Internal Audit

- Advising the DMPC and Metropolitan Police Commissioner on the appropriate arrangements for internal audit and approving the Internal Audit Charter and Strategy.
- Approving (but not directing) the internal audit annual programme.
- Overseeing and giving assurance to the DMPC and Metropolitan Police Commissioner on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.
- Considering the Director of Audit, Risk and Assurance Annual Report and annual opinion on the internal control environment for MOPAC and the MPS; ensuring appropriate action is taken to address any areas for improvement.

External Audit

- Noting the external audit programme and associated fees.

- Reviewing the external auditor's Audit Findings Report and any other reports, reporting on these to the DMPC and Metropolitan Police Commissioner as appropriate and including progress on the implementation of agreed recommendations.
- Reviewing the External Auditor's Annual Audit Letter making recommendations as appropriate to the DMPC and Metropolitan Police Commissioner.
- Considering significant accounting policies and any changes to them.

Integrity, Ethics, Fraud and Corruption

- Reviewing and monitoring the effectiveness of MOPAC and MPS strategies and policies for addressing issues of integrity and ethical behaviour and tackling fraud and corruption.

Assurance Framework

- Considering HMICFRS, external review agencies and any internal inspection reports that provide assurance on the internal control environment and/or may highlight governance issues for MOPAC and/or the MPS.
- Advising the DMPC and Metropolitan Police Commissioner on the effectiveness of the overall assurance framework in place.

Audit Panel Effectiveness

- Annual appraisal of the Audit Panel operations is conducted and an annual report produced and reported to the DMPC and the MPS Commissioner, which is published on the Audit Panel webpage.
- Annual performance appraisals of members are conducted by the Chair of the Panel. An annual performance appraisal of the Chair is conducted by the DMPC and Commissioner, informed by the review of Panel effectiveness.