



Joint Annual Audit Letter

Year ending 31 March 2018

Mayor's Office for Policing and Crime
Commissioner of Police of the Metropolis
August 2019



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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at the Mayor's Office for Policing and Crime (MOPAC) and the Commissioner of Police of the Metropolis (MPS) for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to MOPAC, the MPS and their external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work in our Joint Audit Findings Report and subsequent addendums to the Deputy Mayor for Policing and Crime and the Deputy Commissioner, as Those Charged With Governance for MOPAC and the MPS. Our report and addendums were reported on 23 July, 27 July and 30 July 2018. Our report and addendums, together with our joint VFM report, collectively comprise the totality of reporting of detailed findings from our audit work.

Our work

Financial Statements opinion	We gave unqualified opinions on the Group, MOPAC and the MPS' financial statements on 30 July 2018.
Whole of Government Accounts (WGA)	We completed work on the Group consolidation return following guidance issued by the NAO and issued an unqualified report on 31 August 2018.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.
Value for Money arrangements	We were satisfied that MOPAC and the MPS each put in place proper arrangements to ensure economy, efficiency and effectiveness in their use of resources during the year ended 31 March 2018. We reflected this in our audit opinions on 30 July 2018.
Certificate	We certified that we had completed the audit of the accounts of MOPAC and the MPS in accordance with the requirements of the Code on 31 August 2018.

Working with MOPAC and the MPS

We would like to record our appreciation for the helpful assistance and co-operation provided to us during our audits by MOPAC, the MPS, the management and their staff, and the constructive relationships enjoyed.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give opinions on MOPAC and the MPS' financial statements (section two); and
- assess MOPAC and the MPS' arrangements for securing economy, efficiency and effectiveness in their use of resources (the value for money conclusion) (section three).

In our audits of the financial statements of MOPAC and the MPS, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Audit of the Accounts

Our audit approach

Materiality

In our audit of the Group, MOPAC and MPS financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audits of MOPAC and the MPS' accounts as a proportion of the smaller of gross revenue expenditure of MOPAC and gross revenue expenditure of the MPS. For 2017/18, this was determined to be £64.594m, being 1.85% of the gross revenue expenditure of the MPS less the actuarial adjustment for injury pensions of the MPS (baseline figures taken from the audited 2016/17 accounts). We used this benchmark as, in our view, users of the accounts are most interested in how the entities and the group have spent the income raised from taxation and grants during the year

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We defined the clearly trivial amount to be £3,230k.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- MOPAC and MPS accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of MOPAC and the MPS and with the accounts on which we give our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of MOPAC's and the MPS' business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	Applicable to MOPAC / MPS / both?	How we responded to the risk	Findings and conclusions
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	Both	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • Gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness. • Evaluated the rationale for any changes in accounting policies or significant unusual transactions. • Walked through the journals process to gain assurance that the in-year controls are implemented in accordance with our documented understanding. • Designed a testing strategy, based on our understanding of the journals control environment, the results of other risk assessment procedures and our cumulative knowledge of MOPAC and the MPS, to identify unusual journal transactions we considered to be high risk. • Carried out detailed testing of high risk journals. 	<p>We did not identify any significant issues against this risk to report</p>
<p>Valuation of property, plant and equipment</p> <p>MOPAC revalues land and buildings on a rolling basis over a 5-year period to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	MOPAC	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • Reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. • Considered the competence, expertise and objectivity of management experts used. • Held discussions with the valuer about the basis on which the valuation is carried out and challenged key assumptions. • Reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding. • Carried out testing of data provided to the valuer to gain assurance it was complete and accurate. • Tested revaluations made during the year to ensure they were input correctly into MOPAC's asset register. • Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. 	<p>Our work identified a non-material error in the valuation of property, plant and equipment of £30m. The error had the effect of overstating the gross value of the property, plant and equipment in the accounts by this amount. Accordingly, we reported an unadjusted misstatement of £30m in our Joint Audit Findings Report.</p>

Audit of the Accounts

Significant Audit Risks - Continued

Risks identified in our audit plan	Applicable to MOPAC / MPS / both?	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Police Officer Pension schemes pension fund liability as reflected in the balance sheet and notes to the accounts represent significant estimates in the financial statements.</p> <p>These estimates by their nature are subject to significant estimation uncertainty, being very sensitive to small adjustments in the assumptions used.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	MPS	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • We have undertaken the following work in relation to this risk: • Identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. • Evaluated the competence, expertise and objectivity of the actuaries who carried out the MPS' pension fund valuations. We gained an understanding of the basis on which the valuations are carried out. • Undertook procedures to confirm the reasonableness of the actuarial assumptions made. • Checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial reports from the MPS' actuary. 	<p>We identified that data provided to the MPS' actuary included details for deceased pensioners whose payment accounts were suspended, and also included incorrect classification of pensioners and pensioner dependents.</p> <p>Inclusion of these incorrect data sets in data provided to the actuary means that their projections, as reflected in the MPS' accounts, are founded on an incorrect member base.</p> <p>The actuary estimated that the net impact of these issues is less than material. We reported this issue as an unadjusted misstatement in our Joint Audit Findings Report.</p>
<p>Change in financial system</p> <p>On 5 February 2018 the MPS will changed its financial system from SAP to Oracle. This involved large scale transfer of data. There is a risk that the data transferred is not complete or accurate.</p>	MPS	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • Identified the controls put in place by management to ensure that the data transfer is complete and accurate. We also assessed whether these controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement. • Reviewed reconciliations of the data transfer and followed up any discrepancies to gain assurance over completeness of data transfer. • Carried out detailed testing of individual transactions and balances, tracing them from SAP to Oracle and vice versa to assess accuracy of data transfer. 	<p>We did not identify any significant issues against this risk to report</p>

Audit of the Accounts

Audit opinion

We gave unqualified opinions on MOPAC, the Group's and the MPS' accounts on 30 July 2018, in advance of the national deadline.

Preparation of the accounts

Both MOPAC and the MPS presented us with draft accounts in accordance with the national deadline. With the change of the MPS's ledger system from SAP to Oracle on 5 February 2018, the finance team experienced significant challenges providing audit trails, responding to audit queries and providing supporting evidence for our sample testing for the year end audit.

Delays and difficulties with the new system were an inevitable consequence of the system change, and an element of disruption is unavoidable. The MPS finance team worked incredibly hard in challenging circumstances to overcome the challenges arising from the implementation of the new system and ensure statutory deadlines continued to be met. The challenges were compounded by the very short time available between system change and the year end to re-engineer existing processes, redesign working papers to align with the new system, and implement new arrangements to facilitate the MPS and MOPAC closedown and audit process. In addition, we are informed reports provided by the outsourced provider were not in the format the MPS finance team was expecting and had previously communicated that they expected.

This resulted in significant delays and increased costs to the audit compared to previous years. The MPS finance team found it challenging to respond to the year end audit with the pace and responsiveness they have employed in previous years. This impacted heavily on the turnaround time that they are usually able to meet in responding to audit queries, and providing information and sample evidence. This in turn led to increased audit costs.

A summary of the main problems included the following:

- Oracle reports were not fit for the level of detail or in the right format necessary for audit to select samples without significant manipulation. The MPS finance team had limited capacity to recreate reports in the required formats, resulting in significant periods before we could select samples and undertake transaction and payroll testing;
- Turnaround of sample evidence requested from the outsourced provider was very slow and when received did not enable us to complete our testing satisfactorily. This resulted in additional audit queries on most occasions to request further information;
- Key working papers were not provided at the start of the audit. Audit only received the bank reconciliation in week 5 of the audit and, when received, it was not complete as it did not map individual bank accounts to their relevant ledger codes. The payroll reconciliation was also not received until week 5 of the audit and this delayed our employee remuneration work significantly.

Going forward, there is a need to review the accounts preparation process and the working papers that support the financial statements, to ensure the closedown arrangements are re-engineered and embedded in line with the new system and outsourced arrangements, and ensure outsourced provider reports meet the expectations of the finance team.

Audit of the Accounts

Issues arising from the audit of the accounts

We reported the key issues from our audit of the accounts of MOPAC and the MPS to the Deputy Commissioner and the Deputy Mayor for Policing and Crime.

The key recommendations from our Joint Auditing Findings Report are set out in appendix B.

Annual Governance Statement and Narrative Report

We are also required to review MOPAC's and the MPS' Annual Governance Statements and Narrative Reports. They were published on MOPAC and the MPS' websites with the draft accounts in line with the national deadlines.

The documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by MOPAC and the MPS and with our knowledge of MOPAC and the MPS.

Whole of Government Accounts (WGA)

We carried out work on the Group consolidation schedule in line with instructions provided by the NAO . We issued a group assurance certificate which did not identify any issues for the group auditor to consider.

Certificate of closure of the audit

We are also required to certify that we have completed the audit of the accounts of the MPS and the MOPAC in accordance with the requirements of the Code of Audit Practice.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the significant risks where we concentrated our work. The four significant risks are set out beside. There

An executive summary of our key findings is set out on page 10. We have made a number of recommendations from our Value for Money work and these are set out in Appendix C.

Overall Value for Money conclusion

We are satisfied that in all significant respects MOPAC and the MPS each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ending 31 March 2018.

Significant VFM risks

We reported in our Joint Audit plan that our work this year would focus on the following four significant areas of risk:



Police and Crime Plan

The new Police and Crime Plan, published in March 2017, has refocused MOPAC and the MPS' priorities, placing greater emphasis on high harm crimes and safeguarding. We will assess arrangements in place to deliver the plan across a complex partnership structure. We will also assess the arrangements in place to identify measures against which to assess progress and report effectively and transparently to stakeholders and the public.



Financial strategy and long term sustainability

We will review updates to your medium term financial strategy, assess the gaps in savings requirements, and assess the extent to which your financial plans are aligned with realistic outcomes from the transformation programme and benefits realised, and the reasonableness of assumptions underpinning the strategy. We will also assess the extent to which MPS responsibilities in delivering the police and crime plan are costed and planned for.



One Met Model, Transformation and Governance

The One Met Model remains key to the MPS' transformation and delivery of financial and non-financial benefits to support the delivery of effective policing within an environment of long term financial sustainability. We will review progress in developing the MPS Business Plan and its effectiveness at aligning MPS objectives with Police and Crime Plan ambitions. We will review progress within the Pathfinder BOCU pilots, and progress in response to governance issues identified in the prior year.



Benefits realisation

Delivery of financial and non financial benefits is key to the MPS transformation success and long term financial sustainability. We will assess how well the MPS measures and identifies benefits realised, and how well the MPS converts potential non-financial benefits into measurable organisational improvements.

Value for Money conclusion – Executive Summary

The arrangements in place in both MOPAC and the MPS continue to mature and improve. Both organisations are benefiting from increased stability and continuity in their governance arrangements and organisational leadership. The relationship between the two bodies continues to develop as transformation plans move from design to implementation. There is clear alignment demonstrated between Police and Crime Plan ambitions and MPS objectives and business plan goals. The MPS is able to demonstrate good practice in its strengthening transformation arrangements.

MOPAC continues to mature its own and partner arrangements to enable effective oversight of delivery of the Police & Crime Plan

- MOPAC has re-established the pan-London governance framework to oversee delivery of Police and Crime Plan priorities and is working hard to ensure the framework effectively drives action.
- MOPAC has focused on strengthening its internal arrangements and growing its organisational capacity to oversee effectively the delivery of Policing and Crime across London.
- It has established a comprehensive and transparent performance framework to report progress against the PCP objectives.
- MOPAC has improved its capacity and capability to monitor commissioned spend but needs to demonstrate similar capability to strengthen its reporting of this.

The MPS has continued to meet its financial pressures over 2017/18. Challenges remain in delivering over the medium term in an increasingly uncertain funding setting.

- Despite complexity in the funding environment, the maturity of medium term financial planning has improved. The MPS should now focus on making best use of additional funds, ensuring such use is aligned to strategic objectives rather than short term initiatives.
- The MPS has largely achieved its planned savings during 2017/18, primarily through officer reductions and early realisation of future savings through proactively holding staff vacancies. The MPS should continue to monitor the associated risks to operational performance arising from additional unplanned vacancies.
- MPS reserves have been drawn down to support transformation. To further support transformation, programmes need to ensure that expenditure profiles are achievable when considering external factors.

Governance arrangements within the Transformation Directorate (TD) and across the MPS have matured significantly and are actively focused on mitigating risk to transformation objectives.

- The MPS has delivered on its commitment to introduce a corporate approach to business planning. It has made significant progress and continues to mature its approach.
- The scale of transformation in the portfolio is significant and further slippage in key projects will exacerbate the risk to non-delivery of transformation and savings.
- Delivery Confidence Assessments (DCAs) indicate a high level of risk in delivering the portfolio that may at times be over-cautious. However, as a proxy DCAs help strengthen a culture of accountability and the approach taken is reasonable and sound.
- The TD and programme teams are actively managing the risks identified in 2016/17. However risks remain around resourcing and capacity within the portfolio.
- With the evaluation of the pathfinders now complete the MPS has the arrangements in place to learn lessons from these and is well-placed for the wider roll-out of the BCU model.

The transformation directorate has made progress in developing an understanding of cost/benefit, and arrangements to deliver benefit and business change in the portfolio.

- Understanding of portfolio cost has developed but is recognised as an area where further progress needs be made.
- Understanding of portfolio benefits is well developed in places but the TD is yet to develop a bottom up understanding of benefits from all projects. This is reflected in programme level reporting.
- The MPS has developed a framework to effectively manage portfolio benefits and have demonstrated (via Body Worn Video (BWV)) the capability to deliver. The challenge ahead is to scale this capability.
- The MPS has developed and tested a comprehensive approach to business change. However the scale of concurrent change required to be delivered, and resourcing that change, remains a risk.

Appendix A: Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and **provision of non-audit services**.

Reports issued

Report	Date issued
Joint Audit Plan	January 2018
Joint Audit Findings Report	July 2018
Joint Annual Audit Letter	August 2018

Fees

	Planned £	Actual fees £	2016/17 fees £
MOPAC scale fee	131,828	131,828	131,828
MPS scale fee	120,000	TBC	120,000
Total fees	251,828	TBC	251,828

Variations to the planned fees for the year arising from the challenges incurred during the audit process are subject to approval by Public Sector Audit Appointments Ltd (PSAA)

Fees for non-audit services

Service	Fees £
Audit related services	Nil
- None	
Non-Audit related services	27,350
These relate to non-audit services provided in respect of taxation matters completed in the prior audit year but billed at the start of this audit period.	

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Group. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Group's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Group's policy on the allotment of non-audit work to your auditor.

Appendix B: Joint audit action plan (1 of 2)

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	<p>Review of GRIR balances</p> <p>As noted in our prior year Joint Audit Findings Report, we recommended that management actively review the 'goods received invoice not received' balance to identify aged items where the accrued expenditure could potentially be reversed.</p> <p>Over the past 12 months, the amount of GRIR has increased. We therefore continue to recommend that management should ensure they understand the reasons for the balance increasing and take action as necessary to strengthen controls in this area.</p>	Medium	<p>MPS: Initial work complete and prior to moving to PSOP (in January 2018) the GR/IR balance was reduced to £12.9m, the lowest balance since November 2005.</p> <p>Due to the timing of the system implementation, the GR/IR balance had increased again by the end of the financial year to £38m. As PSOP becomes embedded, we will review the balance and action will taken to reduce the balance where necessary. A full end to end process review will be carried out to identify any systemic issues.</p> <p>We would expect a reasonable level of GR/IR balances as part of normal business activity. However, we will review the balance by age with a focus on investigating GR/IR balances greater than 6 months.</p>	<p>MPS Lead: Ian Percival</p> <p>Implementation date: 31 January 2019</p>
2	<p>Completeness of creditors</p> <p>Our testing of creditor invoices put on to the accounts payable system post period end identified a number of liabilities which management failed to accrue for. Whilst the extrapolated total was not material, it did indicate that management should strengthen control procedures to ensure expenditure is matched to the appropriate accounting period.</p>	Medium	<p>MPS: AP processes will be reviewed to maximise the use of purchase orders and goods receipting to minimise the need for manual accruals.</p> <p>In addition, year end guidance to the business around the accruals process will be reviewed in light of the new accounting system and communications reinforced including the consideration of additional training particularly around year end. We will review the corporate quality assurance testing processes.</p> <p>We will monitor relevant indicators to provide assurance around completeness of accruals (eg. numbers of retrospective POs raised over time).</p>	<p>MPS Lead: Ian Percival</p> <p>Implementation date: 31 January 2019</p>

Appendix B: Joint audit action plan (2 of 2)

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
3	<p>Pensions data to the actuary</p> <p>We identified that data provided to your actuary included details for deceased pensioners whose payment accounts were suspended. We also identified that in the information provided to your actuary there were 2,605 pensioner dependents who were incorrectly classified as pensioners and 2,574 pensioners who were incorrectly classified as pensioner dependents. Whilst neither of these two factors resulted in a material error in the police officer net pension liability, it did indicate the need for management to strengthen the control environment.</p> <p>We recommend that MPS management implement controls to confirm that pensions data provided by Equinity for use by the actuary is complete and accurate. Where it is not, this should be identified and corrected prior to the accounts being submitted for audit.</p>	Medium	<p>MPS: 'Suspended records' are created where there are concerns over a members continued entitlement to a pension i.e. return of funds from a bank, letters returned marked 'no longer living at this address'. On receipt of this information, payment of benefits are 'suspended'. It has been revealed however that the status of these cases have not been reviewed on a regular basis, hence there were 56 pensioners who were identified as deceased but remained in suspended status. Inclusion of these suspended records had an estimated effect of overstating the liability by £4m.</p> <p>We have therefore asked EP (pension administrators) to review these cases with a view to be in a position to correctly record their status. We will look at ways to monitor the length of time cases remain suspended and liaise with EP as appropriate to resolve.</p> <p>Provision of IAS19 member data – A more robust approach to the checking of the data provided to the actuary will be implemented by EP, which will be reviewed by the MPS before submission to the actuary. The MPS will discuss with EP and the external auditors appropriate monitoring arrangements for MPS e.g. reviewing regular membership statistics reconciliations.</p>	<p>MPS Lead: Ken Anthony</p> <p>Implementation date: 31 March 2019</p>

Appendix C: Joint value for money action plan (1 of 3)

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	MOPAC should build on the progress made in building its capacity and capability to commission and monitor delivered services, and prioritise reporting transparently the performance of these services against priority outcomes.	High	MOPAC: Reporting structures, processes and systems have been strengthened in this area, and external reporting continues to develop.	MOPAC Lead: Siobhan Peters, CFO and Sam Cunningham, Director of CJC Implementation date: Complete
2	The MPS must ensure that use of additional funds provided by the Mayor of London is aligned to the MPS' strategic objectives so as to support the efficiency and productivity gains anticipated from the new operating model.	High	MOPAC: The additional funding was provided by the Mayor within set parameters (i.e. such as a specific PCP priority). The Met then led on working up and providing the proposals. This ensured alignment with the Met's operating model. MPS: All additional funding from the Mayor received in 2018/19 and planned for in 2019/20 is committed to expenditure agreed with MOPAC at the time of confirming the additionally.	MOPAC Lead: Siobhan Peters, CFO MPS Lead: Ian Percival Implementation date (both): Complete
3	There is a risk of declining service levels and performance due to high levels of unplanned vacancies to-date. Service levels should continue to be monitored to mitigate any risk to operational performance that may arise from additional unplanned vacancies.	Medium	MPS: The MPS is acutely aware of the risk in this area and: - is working with our outsourced recruitment provided to increase officer recruitment - has established a gold group that meets regularly to monitor the police staff recruitment position.	MPS Lead: MPS HR lead on this work. Officer plans to recruit to the new level of 30,750 are being worked up. The staff recruitment gold group is already in place.

Appendix C: Joint value for money action plan (2 of 3)

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
4	It is vital that business planning retains value as a forward-looking capability and is not only a review of completed activity to plan within each year. Until a 3 year plan is finalised, the MPS should consider rolling quarterly updates of the 2017/18 plan into 2018/19 and 2019/20 to maintain this forward looking horizon.	High	MPS: Agreed	MPS: TBC
5	The MPS' prioritisation exercise highlighted the need to review the affordability of, and spare capacity within, the portfolio. This process should now be embedded to ensure the TD mitigates the risk of growing the portfolio beyond its capacity to deliver it. Maturing arrangements should enable more increasingly robust, risk-based deprioritisation exercises.	High	MPS: The MPS is currently initiating a capital prioritisation exercise to support the new Mayoral requirement of providing a 20-year capital plan. Learning from 2017/18 and previous years financing and capacity to deliver will form an integral part of the exercise.	MPS Lead: Ian Percival Implementation date: Finance Services will submit a prioritised 20-year capital plan to the Mayor in <u>November 2018.</u>
6	Consideration of issues fundamental to major decisions should take place as early as possible in the governance process and, once considered, should be signed up to by all decision makers. Whilst re-consideration of fundamental issues at a later date should never be ruled out, this should be triggered by new information or material changes in internal or external environments, rather than a lack of detailed focus, or limited participation by decision makers, earlier in the decision making life-cycle. Decision makers need to remain open to each others' challenge to ensure the level or focus of scrutiny of investment / business cases is always is appropriate to each stage of the investment appraisal process. Decisions made earlier in the process should be documented, along with the key judgements informing those decisions, to minimise the risk of these decisions being revisited unnecessarily at a later date. This may help minimise delay, disruption and cost later in the investment appraisal process.	Medium	MOPAC: - The ToRs for the Investment Advisory and Monitoring meeting (IAM) have been adjusted to enable the MPS to bring strategic outline cases and matters of interest earlier in the project lifecycle. The forward planner supports MOPAC's officers in early engagement before IAM and assists in identifying future major procurements. MPS: The MPS accepts the best practice ethos in this recommendation	MOPAC Lead: Siobhan Peters, CFO. Implementation date: Complete

Appendix C: Joint value for money action plan (3 of 3)

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
7	Whilst the risk to delivery posed by lack of permanent roles is being actively mitigated, The TD must continue to actively recruit in order to reduce the cost of transformation and, in line with its vision, allow permanent staff to fully embed a sustainable transformation capability within the MPS.	Medium	MPS: Head hunter engagement for specific roles has continued since the last external recruitment campaign. Another phase of internal and external recruitment will commence at the beginning of September 2018.	MPS Lead: Donna Haynes Implementation date: September 2018
8	The MPS' strategic partner is due to end its support to the TD over the summer of 2018. Should the MPS be unsuccessful in recruiting suitable candidates into the Portfolio roles vacated by the strategic partner, holding roles vacant will introduce additional risk into the arrangements, given the breath of transformation activity, capacity issues and the significant consequences of non-delivery. The MPS should consider carefully its options for continued mitigation once the arrangement with the current strategic partner reaches its conclusion.	Medium	MPS: The strategic partnership arrangement will formally end in November 2018. A period of transition has been agreed and is underway. MOPAC have supported a request to enter into a longer term commercial framework with a range of suppliers to meet capability gaps as recruitment takes place. Tender documents for these have been issued, it is anticipated that the new framework will be in place by the beginning of October 2018.	MPS Lead: Donna Haynes Implementation date: October 2018

Appendix C: Joint value for money action plan (3 of 3)

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
9	Ensure the good practice from the communication of the benefits realisation of BWV – detailed upfront planning, alignment of objectives with transformation strategy and strategic vision, clarity of the metrics and clarity of the ‘story to be told’ – are applied routinely across other transformation programmes. Invest to facilitate cross-programme learning and ensure the positive lessons learned from projects such as BWV are not lost or dissipated.	Medium	MPS: Good practices and lessons learned from the BWV Project have been shared across the portfolio of programmes. We continue to evolve and enhance our ability to fully realise benefits by applying good practice and lessons learned from other programmes in the portfolio. Our Portfolio Benefits Management Framework provides the rules and guidelines by which benefits will be managed across the portfolio to ensure consistency.	MPS Lead: Leeora Filemu Implementation date: Ongoing throughout the life of the programme.
10	As projects transition from planning to implementation, and greater number of benefits (both cashable and non-cashable) are realised, benefits reporting must continue to mature and maintain pace with delivery. This will help ensure both the approach taken by benefits teams, and the benefits themselves, receive an appropriate level of scrutiny.	Medium	MPS: Benefits reporting continues to mature. The Portfolio Office Benefits Team tracks and monitors benefits at a portfolio level via: 1) Monthly programme dashboards 2) Portfolio report 3) Programme status reports 4) Benefits Tracker control documents. Programme and Projects will produce Benefits Realisation Plans accordingly, which will track and monitor benefits. Each programme will create appropriate benefits reports/dashboards at that stage as well.	MPS Lead: Leeora Filemu Implementation date: Ongoing throughout the life of the programme.



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