

Witness Name: **Julie Norgrove**

Statement no: **First**

Exhibit: **JN4**

Date: 29 February 2012

THE LEVESON INQUIRY

Exhibit JN4 to the
Witness Statement of **Julie Norgrove**

METROPOLITAN POLICE SERVICE

MEMORANDUM

To: **Bernard Hogan Howe**
AC Human Resources
Martin Tiplady
Director HR Strategy
Michael Shurety
Director Human Resources

cc. **AC Michael J Todd**
Territorial Policing
AC David Veness
Specialist Operations
DAC Phillip Hagon
Director Quality, Performance and Review
Juie Norgrove
Deputy Director Internal Audit
Paul Andrae
A/Director Procurement
Surinder Purewal
Assistant Director Internal Audit
Lynne Williams
Personnel Policy 13
Satya Minhas
Senior Internal Auditor

Date: 2 January 2002
From: **Peter Tickner**
Director Internal Audit

Jubilee House

2

INTERNAL AUDIT REVIEW OF OFFERS OF GIFTS AND HOSPITALITY

I enclose a copy of our Final Report for this audit.

I would like to thank your staff for the help and co-operation given during the review. I am particularly grateful to Mike Shurety and Lynne Williams.

We plan to carry out a follow up audit in about twelve months to ensure that the accepted recommendations have been implemented. There is no need for any further response at this stage. My auditors will be in touch when we are ready to carry out the follow up review.

Should there be a need for any clarification in respect of implementation of our recommendations please do not hesitate to contact Satya Minhas on extension

Peter Tickner

METROPOLITAN POLICE SERVICE

MEMORANDUM

To: Peter Martin
Treasurer MPA

cc. Ian Blair
Deputy Commissioner

Keith Luck
Director of Resources

Julie Norgrove
Deputy Director Internal Audit

Surinder Purewal
Assistant Director Internal Audit

Kash Pandya
District Auditor

Date: 2 January 2002

From: Peter Tickner
Director of Internal Audit

Jubilee House

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INTERNAL AUDIT REVIEW OF OFFERS OF GIFTS AND HOSPITALITY

I enclose a copy of our Final Report for this audit.

In our opinion the control framework in place for the acceptance of gifts and hospitality needs to be significantly improved before an adequate level of control is achieved and the system objectives are met.

This review highlighted a number of issues needing addressing. Our main recommendations are to:

- Put in place an up to date policy.
- Have procedures in place to record all offers and ensure compliance.
- Require returns (including nil return) from senior and designated officials.

Management have accepted thirteen out of fourteen recommendations made. One recommendation suggesting that the subject ownership is more suitable for Directorate of Professional Standards (DPS) has been rejected by the DPS.

I enclose a copy of the memorandum that has been sent to the recipients of the Final Report. We will be following up in about twelve months to ensure that the recommendations have been implemented effectively.

Peter Tickner

CONTENTS

	Page No.
EXECUTIVE SUMMARY	
1. INTRODUCTION	1
2. AUDIT OBJECTIVES	1-2
3. AUDIT OPINION	2
4. SCOPE	2
5. SUMMARY OF MAIN FINDINGS & RECOMMENDATIONS	3
DETAILED FINDINGS, CONCLUSIONS AND RECOMMENDATIONS	
6. POLICY AND GUIDANCE	4-5
7. PROCEDURES, RECORD KEEPING & COMPLIANCE	5-8
8. MANAGEMENT INFORMATION AND REVIEW	9
APPENDICES	
A. Terms of Reference	
B. Summary of Findings and Recommendations	

EXECUTIVE SUMMARY

1. INTRODUCTION

- 1.1 We have recently completed a review of the controls in place for dealing with any offers of gifts and hospitality within the MPS. This is the first audit review of gifts and hospitality and it has been carried out as part of the 2000/01 audit plan.
- 1.2 The main aim of the system is to provide evidence of the propriety of the actions of MPS police officers and civil staff in the performance of their duties by:
- Setting the policy, standards and procedures concerning acceptance of gifts and hospitality, with a view to ensure that judgement and integrity cannot be seen to be compromised by the acceptance of benefits from a third party.
 - Providing advice, guidance and reminding police officers and civil staff of the risks, the current procedures and their obligations.
 - Managing the system with the aid of sound policy, adequate procedures, management information, a periodic review and control.
- 1.3 Directorate of Personnel, P13 Personnel Policy and Projects are responsible for the policy and procedures in respect of the acceptance of gifts and hospitality.
- 1.4 During our initial work we identified the following key risks from accepting inappropriate gifts or hospitality which could lead to:
- Breaking the law.
 - Potential loss of funds/income through corrupt actions during the award/management of contracts.
 - Embarrassment to the MPS from accusations and proven cases of wrongdoing.
 - Criticism from external bodies (e.g. Audit Commission).

2. AUDIT OBJECTIVES

- 2.1 The objectives of the audit were to review, evaluate and form an opinion in respect of the adequacy of internal controls established by Management over offers of gifts and hospitality and to make recommendations for improvement, where appropriate.

EXECUTIVE SUMMARY

2.2 In particular we reviewed the adequacy of controls to ensure that:

- There is a comprehensive Policy, which is properly approved, regularly reviewed and publicised on a periodic basis.
- Guidance issued to MPS officers and staff is in line with Policy and clearly defines the ethical standards expected and the procedures to be followed.
- The system of reporting, recording and monitoring offers of gifts and hospitality is adequate and operating effectively.

2.3 Detailed Terms of Reference are attached at Appendix A.

3. AUDIT OPINION

3.1 Our overall opinion is that adequate controls are not in place to meet all the system objectives and controls are not being consistently applied.

3.2 Whilst a comprehensive policy is in place it needs to be revised at regular intervals to ensure it is up to date, provides clarity and assists in the application of a consistent approach.

3.3 Controls to ensure the adequacy of procedures to support the policy and promote awareness are not operating effectively. We found that some members of staff were not aware of the existence of the Code or the requirement to record offers of gifts and hospitality.

3.4 Controls over record keeping are also not operating effectively. A number of items of gifts and hospitality are not recorded in the relevant register and the recorded information is not always adequate.

3.5 There is the need to strengthen the current system to advise Directors and DACs regarding their role, responsibilities and the need for management review.

4. SCOPE

4.1 We reviewed the procedures followed by senior management of the MPS for acceptance of gifts and hospitality. The review in the main, therefore, covered the acceptance of gifts and hospitality by Grade 7s and above and Chief Superintendents and above.

4.2 During this exercise we discussed the issues with 38 individuals (officers, managers and their staff) and reviewed 20 gifts and hospitality registers.

EXECUTIVE SUMMARY

5. SUMMARY OF MAIN FINDINGS AND RECOMMENDATIONS

5.1 We have made recommendations throughout the report aimed at introducing effective controls or improving those already in place. In this summary, we highlight our key findings in areas where controls need to improve before system objectives can be achieved.

5.2 The current policy needs to be revised to encourage a consistent approach and to take account of new initiatives that are affecting the working environment e.g. partnership and community work. We also found an inadequate level of awareness of ethical values, standards and obligations. We have recommended that the policy is reviewed at regular intervals to take account of changing requirements. We have also recommended that a guide on the acceptance of gifts and hospitality is issued to all officers and staff and that this forms an integral part of staff and officer induction and training.

(Para 6.6 and 6.7 refer)

5.3 We found that the current system to ensure the adequacy of procedures, to promote awareness, and to ensure compliance is not working effectively. A number of officers and staff are not complying with the laid down procedures. Our testing showed that a number of gifts received had not been reported or disclosed to local management. We have recommended changes to the current system on authorising, reporting and record keeping.

(Para 7.2, 7.3 and 7.10 refer)

5.4 We identified the need for issuing advice to Directors and DACs regarding their role, responsibilities and the need for management review. We have also recommended setting up a system to regular review gifts and hospitality registers.

(Para 8.2. refers)

DETAILED FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**6. POLICY AND GUIDANCE**

- 6.1 The MPS policy and guidance on gifts and hospitality is set out in Special Notice 28/97, which was approved by the Management Board and issued on 29th August 1997. We reviewed the notice and discussed with a range of senior managers whether it was comprehensive, appropriate and up to date. The majority confirmed that the current policy was comprehensive. However, further clarity is required in light of:
- The changing nature of the work environment and the emphasis on working with 'customers' and suppliers
 - New initiatives e.g. working closely with local communities and businesses
 - The need for encouraging and promoting awareness of the policy.
- 6.2 Paragraph 8 of the Code requires that "if a gift or hospitality is accepted, you must be able to justify it in terms of benefit to the public service". Not all the accepted gifts strictly comply with the provisions of the Code. There are also some omissions in the Policy. There is no reference to the acceptance of sponsorship or retail and other discounts. The guidance is also devoid of clear examples of best practice and it does not clearly define what is not acceptable. Although the existing notice refers to contractors offering inducements, there is insufficient guidance on what further action should be taken if this should occur.
- 6.3 The senior officers are aware of the Code of Practice for acceptance of gifts and hospitality and their obligations. We were also told that the staff are reminded of their obligations on a regular basis. Most of the senior officers and managers became aware of the Code when it was issued in 1997. However, they were not sure whether a copy of the Code was readily available to all staff. They believed that there is also a need to remind officers and civil staff more formally on a regular basis.
- 6.4 We found that some less senior officers/staff are not aware of the existence of the Code or the register or the requirements to record offers of gifts and hospitality and may not therefore comply with the instructions relating to offers of gifts and hospitality. Others were under the impression that it would be normal to accept some types of gifts and hospitality and that there was no need to seek approval or record acceptance or refusal to accept.
- 6.5 A number of BCU Commanders and managers felt that it is important to do more than just reissue the notice. There was also the general view that there is a need to improve the promotion of the Policy. One of the options put forward was that an article in "the Job" would be of benefit.

6.6 As a result of our findings we concluded that:

- 6.6.1 The Policy and guidance are overdue for review and reissue, especially in the light of the current working environment and the views expressed by senior officers and staff.
- 6.6.2 Inconsistency in practice has enhanced the risk of non-disclosure of offers of substantial gifts and hospitality (whether accepted or refused).
- 6.6.3 There is a need to include guidance on offers/acceptance of cash awards and discounts, offers of employment and sponsorships in the procedures.
- 6.6.4 Amendments are required to clearly state what is not acceptable and what is acceptable following approval. This should also include guidance as to what can be accepted without a formal approval.

6.7 A lack of management control can lead to fraud and corruption and there is a need for the MPS to protect its officers and staff from temptation. **We, therefore, recommend that the Assistant Commissioner (AC) Human Resources:**

- 6.7.1 **Review the Policy on gifts and hospitality to remove any ambiguity or inconsistency.**
- 6.7.2 **Carry out further reviews at regular intervals say every 3 years.**
- 6.7.3 **Include obligations and the code of conduct in a personal guide to be issued to all officers and staff.**

6.8 Issues around the acceptance of gifts and hospitality are closely linked with standards of conduct in public life, ethical values and integrity. The subject may, therefore, sit more comfortably under the umbrella of the Directorate of Professional Standards (DPS). **We, therefore, recommend that the AC Human Resources explore the possibility of DPS overseeing the issues relating to gifts and hospitality with its Director.**

7. PROCEDURES, RECORD KEEPING AND COMPLIANCE

7.1 The Code states that where refusal to accept a substantial gift would cause embarrassment or offence, the gift should be accepted but sent to the Director of Procurement and Commercial Services (DPCS) with a covering report. We identified that in a number of cases:

- Acceptance could not be justified purely in terms of benefit to the public service (as required in the Code).
- Individual Officers had accepted gifts without any reference to the DPCS.

7.2 The Director of Procurement and Commercial Services was also not aware of all the gifts currently being accepted by other Commands/Departments and the current procedures are not effective. **We recommend that the AC Human Resources consider the following changes to the current procedure:**

- 7.2.1 A full report is submitted to the Directorate of Personnel where foul play, undue influence or risk of unprofessional behaviour is suspected.**
- 7.2.2 DACs and individual Directors receive reports and consider offers and acceptance of gifts in respect of their staff within the framework of the revised Code.**
- 7.2.3 DACs and Directors report any offers of gifts made to them personally to the AC Human Resources for a decision.**
- 7.3 Our review of a number of items, which are reported to have been offered, showed that some contractors and companies have failed to follow the terms and conditions of the contracts with the MPS by offering gifts or substantial hospitality to MPS officers or staff.
- 7.4 We also found instances where an item of gift or hospitality had been received/accepted which in our opinion, was not the proper course of action. These incidents were also not reported to the Director of DPCS which is contrary to the existing instructions. The examples being:

Gifts

The reported acceptance of:

- 1 bottle of Champagne & a box of Chocolates from a contractor.
- 10 bottles of wine (one to each team member) from a company.
- 10 tickets for London Eye from a company.
- 4 tickets to London Eye from a contractor (but not used).
- 15 bottles of wine from a company.
- 4 bottles of wine from a building contractor.
- 1 bottle of Champagne from a company.

Hospitality

- Trip on London Eye and lunch for two by a company.
- Christmas lunch for 10 MPS staff.

- 7.5 The examples of the reported **declined** offers of the hospitality are as follows:
- Offers of stay in a Health Farm/Hotel.
 - A day at a football match.
 - Tickets for a concert/play in a theatre, British Grand Prix, Motor racing, the Wales & England 6 Nations Rugby match, Golf Day, Thames Riverboat Party.
 - Champaign reception and dinner.
 - A number of cases where small gifts were offered by victims of crime.

- 7.6 We also noted some examples where the individuals had mentioned that they either paid for their meal or took turns to pay for the working lunch.
- 7.7 The system of control in place to record offers of gifts and hospitality is not working effectively. The Code requires that a permanent local record be kept and a hard-backed bound register should be used to show entries in a chronological order. The gifts and hospitality registers are normally maintained by the Secretariat in the OCU's and Directorates. Registers are kept secure under lock and key. However, during our interviews we identified that some items of gift and hospitality were not recorded in the register e.g.:
- 1 case of wine (approximate value £100) from a license holder, which was reported to have been declined.
 - 10 bottles of wine (one to each team member in one of the MPS offices) from a company, which were accepted.
 - Tickets for weekend travel to Europe from a company, which was reported to be declined.
 - A service provider sponsored printing of a colourful card, which was accepted.
 - A day at a football match which was reported to be declined.
 - Christmas lunch for 10 MPS staff which was accepted.
- 7.8 In our opinion, there is a risk of not declaring all the offers received and accepted and possible misuse since some staff were not aware of the existence of the code or the register or the requirements to record any offers into the register (see paragraph 6.4). On the other hand some offices were recording things which they did not need to record, examples being:
- Tea or coffee.
 - A working lunch.
 - A mug, diary or pen etc with company logo.
- 7.9 A number of offices do not maintain a proper register to comply with the requirements of the Code. We found:
- Too few entries being made since 1997. This indicated that all the incidents may not have been recorded.
 - Record maintained in a folder/ring binder with loose-leaf sheets.
 - Record maintained in a register pages not machine numbered.
 - Record maintained on ACCESS database.
 - Declined offers not recorded.
 - Incomplete information.
- 7.10 Whilst records currently being maintained in some offices conform to the requirements, others would not provide a proper evidence or trail especially where officers may be suspected of being involved in any wrongdoing. The absence of the maintenance of a hard-backed register could result in claims by suspected officers/staff that they had actually recorded the event in the register

or on the database and that this was subsequently removed. **We recommend that the AC Human Resources:**

7.10.1 Review the records required for completeness, consistency and security. The layout of the record could be on the following lines:

- Serial number
- Date recorded
- Date, Nature and location of hospitality/gift offered
- Officer/s involved
- Name and details of the person making the offer
- Relationship of the person/company with MPS and any reference number
- Approximate/estimated value of the Gift/Hospitality
- Reasons for the acceptance or refusal
- Date special authority received from the Director of Personnel for the gift
- Accepted or Refused
- Authorising officer's initials (Grade 5 or OCU commander or above)
- Any other notes.

7.10.2 Remind Senior Managers of their responsibility to keep a register in a proper format.

7.10.3 Remind all officers and staff that all declined offers of gift and hospitality must also be recorded in the register.

7.11 A number of managers had identified a few cases of abuse, which were investigated and dealt with internally. We were given the following examples:

- Accepting cash award for returning stolen Barclaycards.
- One member of civil staff abusing local store discount system and selling goods for profit (discount was withdrawn).

7.12 Currently there is no system of control to ensure that gifts and hospitality records in respect of prime/sensitive post holders (which would attract substantial offers of gifts and hospitality) are reviewed on a regular basis. There is a risk of officers/staff omitting to declare substantial offers and acceptance of gifts and/or hospitality within the MPS. We exchanged views on the merits of requiring an annual return (Including NIL return for evidential purpose) from officers holding these posts, who have not declared any incidents of gift and hospitality being offered or received during a set period.

7.13 The return could be sought from the officers e.g. who are involved in awarding/managing contracts, Licensing Officers and Liaison Officers dealing with Sports Clubs, Hotels and Businesses. All officers/managers supported this and were of the view that there were clear advantages to the MPS and that it would also protect officers and staff. To reduce the risk of abuse **we recommend**

that the AC Human Resources consider the merits of requiring a return from the designated postholders on the acceptance of gifts and hospitality.

8. MANAGEMENT INFORMATION AND REVIEW

8.1 A number of BCU/OCU commanders stated that it is part of their day to day inspection duties to remind staff of their obligations and to report any incidents. However, there is no formal system in place for local managers to carry out a periodic review and ensure that officers/staff are complying with the Code of Practice for acceptance of gifts and hospitality. Specialist Operations' (SO) Performance Review Team had carried out an inspection of gifts and hospitality Registers within SO in September 1999. The main aim of the exercise was to ascertain SO compliance with the Code of Practice in Special Notice 28/97.

8.2 There is no system for carrying out a formal review in respect of compliance with the current policy and procedures. None of the information received on gifts and hospitality is collated at a central level with a view to strengthen the current system, we recommend the AC Human Resources consider:

8.2.1 Issuing specific guidance to all Senior Managers regarding their role, responsibilities and the need for a periodic management review (e.g. level 1 inspections) to ensure compliance with the Code.

8.2.2 Setting up a system for nominated managers to carry out and record reviews of the gifts and hospitality register.

8.2.3 The need for feedback to the Directorate of Personnel of specific incidents (e.g. cases of suspected misuse), which could assist in any future review of the policy and procedures.

FINAL REPORT

SYSTEMS AUDIT REVIEW OF GIFTS AND HOSPITALITY

FinalReport06/12/01

**MPS INTERNAL AUDIT DIRECTORATE
SYSTEMS AUDIT – TERMS OF REFERENCE**

DEPARTMENTS:	PERSONNEL DEPARTMENT	
BRANCHES:	SENIOR MANAGERS OF CIVIL STAFF AND POLICE OFFICERS	
AUDIT TITLE:	GIFTS AND HOSPITALITY	
AUDIT REF:	00/248/13/S	DATE: 3 RD OCTOBER 2000

PURPOSE

The purpose of this document is to provide management with an understanding of the areas that will be covered and the approach that will be adopted by Internal Audit during this review. The terms of reference will be agreed with the Personnel Department, P1 prior to commencement of the review.

SYSTEM AIMS

1. To set the policy and standards and provide advice concerning accepting Gifts and Hospitality, with a view to ensure that judgement and integrity cannot reasonably be seen to be compromised by the acceptance of benefits of any kind from a third party.
2. To manage the system with the aid of sound policy, adequate procedures, management information and control.

AUDIT OBJECTIVES

To review, evaluate and form an opinion in respect of the adequacy of internal controls established by Management over all offers of Gifts and Hospitality and to make recommendations for improvement, where appropriate.

In particular we will review the adequacy of controls to ensure that:

- there is a comprehensive Policy, which is properly approved, regularly reviewed and publicised on a periodic basis;
- guidance issued to MPS officers and staff is in line with Policy and clearly defines the ethical standards expected and the procedures to be followed; and
- the system of reporting, recording and monitoring offers of gifts and hospitality is adequate and operating effectively.

SCOPE

This review will concentrate on the procedures followed by senior management of the MPS for acceptance of gifts and hospitality. The fieldwork will, therefore, cover the acceptance of gifts and hospitality by Grade 7s and above and Chief Superintendents and above.

AUDIT APPROACH

The review will be organised using the systems based approach and will involve the following:

- discussing and agreeing with management the terms of reference;
- ascertaining and recording the system and sub system in operation;
- evaluating and testing the adequacy and effectiveness of the controls;
- evaluating the potential risks where controls are lacking;
- forming an opinion on the system of control;
- issuing interim reports if areas of significant importance arise during the review;
- discussing findings and recommendations with management and issuing draft report to obtain a response;
- issuing the agreed final report to the Director of Personnel and the Deputy Commissioner; and
- reviewing progress towards the implementation of accepted recommendations 6 months after the issue of the final report.

AUDIT TEAM

Satya Minhas
Geoff Stephens

Senior Internal Auditor
Senior Internal Auditor.

TIMETABLE

Start of Fieldwork	:	January 2001
Draft Report	:	September 2001 (revised)
Final Report	:	December 2001. (revised)

Appendix1revised12/01

AUDIT TITLE: GIFTS AND HOSPITALITY

REF: 00/248/13S

SUMMARY OF FINDINGS AND RECOMMENDATIONS

This system has been categorized as medium risk

High risk – has a significant impact on the ability of the MPS to conduct its business activity:Medium risk - has an impact on the ability of the MPS to conduct its business activity:Low risk - has little impact on the ability of the MPS to conduct its business activity.

The implementation of the agreed recommendations will be followed up within 12 months.

The recommendations in this **Annex** have been categorised according to the level of importance we attach to them. The categories are:

- High** Recommendations which arise from major weaknesses in controls which expose the business and/or the Receiver to high risk of loss or exposure in terms of fraud, impropriety, poor value for money, or failure to achieve MPS objectives. Remedial action must be taken urgently.
- Medium** Recommendations which, although not fundamental, relate to shortcomings in control which expose the individual systems to a high risk of exposure or loss. Remedial action must be taken but may not be so urgent.
- Low** Recommendations which, although not critical to a system, address areas where management would benefit from improved control.

INTERNAL AUDIT REVIEW OF GIFTS AND HOSPITALITY

Rep. Ref.	Audit Finding	Risk	Recommendation	Category (H/M/L)	Management Response & Target Date
6.1-6.7	<p>1. We identified that:</p> <ul style="list-style-type: none"> The Policy and guidance are overdue for review. Guidance is needed on cash awards and discounts, offers of employment and sponsorships. Amendments are required to clearly state what is not acceptable and what is acceptable following approval. <p>2. Some officers:</p> <ul style="list-style-type: none"> Were not aware of the existence of the Code. Did not see the need to seek approval or record acceptance or refusal to accept. 	<p>1. Breaking the law.</p> <p>2. Officers/staff omitting to declare substantial offers and accepting gifts and hospitality.</p> <p>3. Criticism from external bodies (e.g. Audit Commission).</p>	<p>Assistant Commissioner (AC) Human Resources:</p> <p>1. Review the Policy on gifts and hospitality to remove any ambiguity or inconsistency.</p> <p>2. Carry out further reviews be carried out at regular intervals say every 3 years.</p> <p>3. Include obligations and code of conduct in a personal guide and issue to all officers and staff.</p>	<p>M</p> <p>M</p> <p>M</p>	<p>1. Agreed. A revised Notice incorporating all recommendations to be published by end March 2002. In the meantime, further clarification to be sought from IA/MPA about the parameters as to what is and is not acceptable.</p> <p>2. Agreed.</p> <p>3. To be explored. Implementation subject to wider consultation and budgetary provisions.</p>
6.8	<p>3. Gifts and hospitality closely link in with standards of conduct in public life, ethical values and offers of inducement.</p>	<p>4. Possible lack of focussed approach.</p>	<p>AC Human Resources explore the possibility of DPS overseeing the issues relating to gifts and hospitality with its Director.</p>	<p>M</p>	<p>DPS has declined to assume policy ownership due to resource implications. Personnel Department maintains the view that policy ownership should transfer to DPS.</p>

INTERNAL AUDIT REVIEW OF GIFTS AND HOSPITALITY

Rep. Ref.	Audit Finding	Risk	Recommendation	Category (H/M/L)	Management Response & Target Date
7.1-7.2	<p>In a number of cases:</p> <ol style="list-style-type: none"> 1. Acceptance of gifts could not be justified purely in terms of benefit to the public service as required in the Code. 2. Individual officers had accepted gifts without any reference to the Director DPCS. 	<ol style="list-style-type: none"> 1. Embarrassment to the MPS from accusations and proven cases of wrongdoings. 2. Harassment to individual officer/ members of staff where unfounded accusations of impropriety are made. 	<p>The AC Human Resources consider the following changes to the current procedure:</p> <ol style="list-style-type: none"> 1. A full report is made to the Directorate of Personal where foul play, undue influence or risk of unprofessional behaviour is suspected. 2. DACs and Directors to receive reports and consider offers and acceptance of gifts in respect of their staff within the framework of the revised Code. 3. DACs and Directors report any offers of gifts made to them personally to AC Human Resources for a decision. 	<p>H</p> <p>M</p> <p>M</p>	<ol style="list-style-type: none"> 1. Agreed) 2. Agreed) 3. Agreed) <p>Changes to be incorporated in revised Notice.</p>
7.3-7.10	<p>We also identified that:</p> <ol style="list-style-type: none"> 1. Some contractors and companies have failed to follow the terms and conditions of the contracts with MPS. 2. Improper items of gifts and hospitality were accepted. 3. The control to record offers is not working effectively, as some items were not recorded. 4. The records maintained would not provide proper evidence or trail. 	<ol style="list-style-type: none"> 1. Breaking the law. 2. Potential loss of funds/income through corrupt actions during the award/ management of contracts. 3. Embarrassment to the MPS from accusations and proven cases of wrongdoings. 4. Lack of evidence. 5. Criticism from external bodies. 	<p>The AC Human Resources:</p> <ol style="list-style-type: none"> 1. Review the records required for completeness, consistency and security. 2. Remind all Senior Managers of the need and their responsibilities to keep a register in a proper format. 3. Remind all officers and staff that all declined offers of gift and hospitality must also be recorded in the register. 	<p>M</p> <p>M</p> <p>M</p>	<ol style="list-style-type: none"> 1. Agreed. Details of records required to be set out in revised Notice. 2. Agreed) 3. Agreed) <p>To be reflected in Revised Notice.</p>

Appendix B
INTERNAL AUDIT REVIEW OF GIFTS AND HOSPITALITY

Rep. Ref.	Audit Finding	Risk	Recommendation	Category (H/M/L)	Management Response & Target Date
7.13	There are advantages in seeking a gifts and hospitality return from the officers e.g. who are involved in awarding/managing contracts, Licensing Officers and Liaison Officers dealing with sports clubs, hotels and Businesses.	<ol style="list-style-type: none"> 1. Unlawful action by officers/staff. 2. Officers/staff omitting to declare substantial offers and accepting gifts and hospitality. 3. Potential loss of funds/income through corrupt actions during the award/ management of contracts. 	<p>The AC Human Resources consider:</p> <p>The merits of requiring a return from the designated post-holders.</p>	H	<p>Agreed.</p> <p>Appropriate instruction to be issued subject to the need to undertake further research to:</p> <p>(i) identify appropriate postholders (ii) consult senior managers about relevant postholders and appropriate recipient of return.</p> <p>Requirement to be incorporated in revised Notice.</p>
8.1-8.2	<ol style="list-style-type: none"> 1. There is no system for carrying out a formal review in respect of compliance with the current policy and procedures. 2. None of the information received in respect of gifts and hospitality is currently being collated at a central level. 	<ol style="list-style-type: none"> 1. Lack of Management Information. 2. Officers/staff omitting to declare substantial offers and accepting gifts and hospitality. 3. Potential loss of funds/income through corrupt actions during the award/ management of contracts. 	<p>The AC Human Resources consider:</p> <ol style="list-style-type: none"> 1. Issuing specific guidance to all Senior Managers regarding their role, responsibilities and the need for a periodic management review (e.g. level 1 inspections) to ensure compliance with the Code. 2. Setting up a system for nominated managers carrying out and recording their review of the gifts and hospitality register. 3. The need for feedback of appropriate incidents (e.g. cases of suspected misuse), which could assist in the future review of the policy and procedures. 	<p>H</p> <p>M</p> <p>M</p>	<ol style="list-style-type: none"> 1. Agreed. Personnel Department to ensure that requirement to monitor and review compliance is incorporated in levels 2 and 3 of the Inspection process. 2. Agreed. Details to be included in revised Notice. 3. Agreed. Requirement to be included in revised Notice.

Appendix B

INTERNAL AUDIT REVIEW OF GIFTS AND HOSPITALITY

High: 3 /
Medium: 11 /

07/12/01