

Witness Name: **Catherine Crawford**

Statement no: **First**

Exhibits: **CC18**

Date: 29 February 2012

**THE LEVESON INQUIRY**

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Exhibit CC18 to the  
Witness Statement of **Catherine Crawford**

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**Internal Audit Directorate**

**Audit of Gifts and  
Hospitality**

**Final Report**

06/464/16/S

August 07

MOD200012961

FINAL REPORT

GIFTS AND HOSPITALITY

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## EXECUTIVE SUMMARY

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### 1. INTRODUCTION

- 1.1 This audit was carried out as part of the 2006/2007 internal audit plan. Gifts and Hospitality was previously reviewed in 2001.
- 1.2 The Human Resources Policy Development Unit is responsible for setting the policy and procedures in respect of offers of gifts and hospitality.

### 2. OBJECTIVES

- 2.1 The objectives of the audit were to evaluate the adequacy and effectiveness of systems established by management for offers of gifts and hospitality. In particular we set out to provide assurance that controls exist and are operating effectively to ensure that:

an approved policy and clearly defined procedures for managing the receipt of gifts and hospitality are in place;

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guidance is issued to MPS officers and staff in line with policy and clearly defines what forms of gifts and hospitality are acceptable and the procedures are to be followed when gifts or hospitality are offered or made;

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a system for recording the offer of gifts and hospitality is in place and operating effectively;

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a monitoring system is in place to ensure adherence to the gifts and hospitality policy.

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### 3. AUDIT OPINION

- 3.1 Our overall opinion is that the control framework is adequate but a number of controls are not operating effectively. We identified a number of areas where the controls in place could be improved.
- 3.2 An approved policy and clearly defined procedures are in place for managing gifts and hospitality.
- 3.3 Although guidance is available to all staff awareness of the gifts and hospitality policy varies amongst MPS staff.
- 3.4 The systems in place for recording gifts and hospitality are not operating effectively.
- 3.5 There are no systems in place for monitoring adherence with the gifts and hospitality policy.

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**EXECUTIVE SUMMARY**

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**4. SCOPE**

- 4.1 We reviewed the systems in operation for the management of offers of gifts and hospitality. During the course of the review the procedures were reviewed for 6 Management Board members, 6 B/OCUS and 2 Directorates.

**5. KEY RECOMMENDATIONS**

- 5.1 We have made recommendations throughout the report aimed at introducing effective controls or improving those already in place. To mitigate risks or where controls need to be improved before system objectives can be achieved, we recommend:
- 5.2 A list of vulnerable posts is established for all B/OCUs and Directorates and officers in these posts are required to make periodic returns to the gifts and hospitality register keeper. **(Para 7.2 refers)**
- 5.3 All officers decline offers of hospitality from organisations the MPS has a contractual relationship with or provides policing services to unless attendance is as an official MPS representative. **(Para 7.4 refers)**
- 5.4 A review process of the adherence with the gifts and hospitality policy is introduced for all B/OCUs, Directorates and Management Board Members. **(Para 8.1 refers)**

## MAIN FINDINGS AND RECOMMENDATIONS

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### 6. POLICY AND GUIDANCE

- 6.1 A comprehensive policy and standard operating procedures are in place for the management of gifts and hospitality. The policy clearly states the ethical standards staff are required to maintain. The policy is due for review in 2007.
- 6.2 Although the policy and standard operating procedures are available via the intranet not all staff are aware of their existence. There is a risk that officers may accept inappropriate gifts and hospitality. **We recommend that the gifts and hospitality standard operating procedures are circulated to all staff and included as part of the staff induction pack for new employees.**

### 7. THE RECORDING OF GIFTS AND HOSPITALITY

- 7.1 The quality of the systems used to record gifts and hospitality varied amongst the locations visited. During testing the following control weaknesses were identified-

- The gifts and hospitality register is not always held securely;
- The register is not always recorded in a bound book. Two offices used a spreadsheet where changes could not be tracked whilst two others used loose leaf pages;
- The quality of information recorded in the registers reviewed varied. In particular the relationship between the party offering the gift or hospitality and the MPS is not always recorded;
- Line management approval for the acceptance of gifts and hospitality is not always recorded;
- The register is not always retained for seven years.

There is a risk that gifts and hospitality records may be amended or lost. **We recommend that:**

- 7.1.1 Holders of the gifts and hospitality register are reminded of the need to store the register in a secure location;
- 7.1.2 Gifts and hospitality registers are held in a bound book;
- 7.1.3 Gifts and hospitality registers are retained for seven years;
- 7.1.4 A model gifts and hospitality register is published in the standard operating procedure. The model register needs to include the following information –
- Serial/index number;

## MAIN FINDINGS AND RECOMMENDATIONS

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- Date recorded;
- Date nature and location of gift/hospitality offered;
- Officer(s)/ staff involved;
- Name and details of the person making the offer;
- Relationship of the person/company with the MPS;
- Approximate value of the gift/hospitality;
- Whether accepted or refused;
- Reasons for acceptance or refusal;
- Authorising officers signature (OCU Commander/Head of Branch or above).

7.2 No controls are in place for the identification of vulnerable posts. None of the offices visited had identified staff who are involved in awarding/managing contracts, licensing and liaising with sports clubs, hotels and businesses. In order to ensure that officers in vulnerable posts are protected from allegations of impropriety we recommend that:

**7.2.1 A list of vulnerable posts is established for all B/OCUs and Directorates by the relevant Business Managers;**

**7.2.2 All officers in vulnerable posts are required to make periodic returns (including nil returns) on gifts and hospitality to the gifts and hospitality register keeper.**

7.3 It is unclear whether all items of gifts and hospitality are being recorded including items that have been declined. There is a lack of understanding of the need to record all items including those declined. During testing the following was identified:

- One BOCU recorded six items between the 1 January 2006 and the 5 March 2007;
- One BOCU recorded seven items between the 6 July 2005 and the 1 March 2007;
- One BOCU recorded five items between the 22 May 2005 and 29 March 2007;
- One Directorate recorded twelve items between April 2006 and December 2006.

It is not clear as to whether all items either accepted or declined have been recorded in the registers. There is a risk that items accepted or declined are not being recorded in the register. **We recommend that all officers are reminded of the requirement to record all items of gifts and hospitality accepted and declined.**

## MAIN FINDINGS AND RECOMMENDATIONS

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7.4 Under the 1916 Prevention of Corruption Act any money, gift or consideration including hospitality received by an employee in public service from a person or organisation holding or seeking to obtain a contract will be deemed by the courts to have been received corruptly unless the employee proves to the contrary. During the review of the registers the acceptance of gifts and hospitality which could be contrary to the MPS policy and may be in contravention of the Prevention of Corruption Acts 1906 and 1916 were identified-

- Tickets for sporting events and hospitality were accepted from organisations the MPA/MPS has a contractual relationship with;
- Tickets to sporting events and hospitality were accepted from organisations the MPA/MPS provides policing services to;
- Some gifts of alcohol were retained by the officer who received them;
- Records were not always retained of the donation of items to charity for the raising of funds by raffling the item.

At present the gifts and hospitality policy states that offers of hospitality of any kind should normally be declined especially on those occasions when the MPS is involved in policing an event and particular care should be taken where the MPS has a contractual relationship with the giver of the hospitality. This leads to uncertainty as to whether the acceptance of an offer is appropriate. In order to ensure that officers are not vulnerable to possible accusations of impropriety we recommend that:

7.4.1 All officers decline offers of hospitality from organisations the MPS has a contractual relationship with or provides policing services to unless attendance is as an official MPS representative. The officer must justify how the acceptance of the hospitality benefits the MPS and these reasons must be recorded in the gifts and hospitality register;

7.4.2 All officers decline offers of hospitality with potential contractors during contract negotiations;

7.4.3 All officers are required to decline offers of alcohol. If it is not possible to decline the gift it is donated to charity and a record is maintained of the donation.

## 8. REVIEW OF ADHERENCE TO POLICY

8.1 Controls in place for the review of adherence to the gifts and hospitality policy are not operating effectively. During testing the following was identified-



**MAIN FINDINGS AND RECOMMENDATIONS**

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- No systems are in place for the quality assurance review of gifts and hospitality registers;
- Quarterly reports on gifts and hospitality are not being sent to Deputy Assistant Commissioners and Directors for review;
- No procedures are in place for the reporting and review of Management Board members' gifts and hospitality registers.

There is a risk that breaches of the gifts and hospitality policy are not identified. We recommend that:

**8.1.1 Gifts and hospitality registers are reviewed by the local Quality Assurance Units on a regular basis;**

**8.1.2 Quarterly reports of gifts and hospitality are sent to the relevant Deputy Assistant Commissioner and Directors for review and a record is maintained of the review;**

**8.1.3 The following half yearly reviews of senior officer's gifts and hospitality registers are introduced and recorded:**

- The Commissioner and Deputy Commissioner's register is reviewed by the MPA Chief Executive;
- The Deputy Commissioner reviews other Management Board members' registers;
- The Deputy Assistant Commissioners' and Directors' registers are reviewed by the appropriate Management Board Member.

**8.1.4 The results of the half yearly review of Management Board members' gifts and hospitality registers are reported to the MPA Remuneration Sub Committee.**

**8.1.5 The Human Resources Evaluation Unit review gifts and hospitality registers as part of their evaluation of local HR procedures.**

**ACTION PLAN**

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**CATEGORY OF RISK**

Our recommendations in the Action Plan attached are categorised as follows:

- High** Recommendations which arise from major weaknesses in controls that expose the business to high risk of loss or exposure in terms of fraud, impropriety, poor value for money or failure to achieve MPS objectives. Remedial action should 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.
- Low** Recommendations which, although not critical to the system, address areas where management would benefit from improved control.

**FOLLOW UP**

We have categorised this system as medium risk and we will carry out a Follow Up Audit within twelve months to measure the implementation of the recommendations.

## ACTION PLAN

Ref.	Recommendation	Risk	Agreed	Management Response	Responsibility	Target Date
6.2	The gifts and hospitality standard operating procedures are circulated to all staff and included as part of the staff Induction pack for new employees.	Medium	Yes	The SOPs will be published in Notices and circulated to HR Managers following the 2007 review of the Gifts and Hospitality policy. The Career Management Unit will be asked to include them in the corporate induction package and HRMs will be asked to include them in local Induction.	Gill Newbery, HR Policy	31 December 2007
7.1	1. Holders of the gifts and hospitality register are reminded of the need to store the register in a secure location;	Medium	Yes	Members of the HR Evaluation Unit will remind holders during the monthly evaluation visits.	Dawn Lucas, HR Evaluation Unit	Implemented
	2. Gifts and hospitality registers are held in a bound book;	Medium	Yes	The current policy already allows for registers to be held in a bound book. The revised policy will advise that electronic Gifts and Hospitality registers (spreadsheets) should not be used because of the possibility of later date alteration.	Gill Newbery, HR Policy	31 December 2007
	3. Gifts and hospitality registers are retained for seven years;	Medium	Yes	This is already MPS policy.	Gill Newbery, HR Policy	Not Applicable

**ACTION PLAN**

Ref.	Recommendation	Risk	Agreed	Management Response	Responsibility	Target Date
7.1 contd	<p>4. A model gifts and hospitality register is published in the standard operating procedure. The model register needs to include the following information –</p> <ul style="list-style-type: none"> <li>- Serial/index number;</li> <li>- Date recorded;</li> <li>- Date nature and location of gift/hospitality offered;</li> <li>- Officer(s) staff involved;</li> <li>- Name and details of the person making the offer;</li> <li>- Relationship of the person/company with the MPS;</li> <li>- Approximate value of the gift/hospitality;</li> <li>- Whether accepted or refused;</li> <li>- Reasons for acceptance or refusal;</li> <li>- Authorising officers signature (OCU Commander/Head of Branch or above).</li> </ul>	Medium	Yes	A longer-term solution will also be explored, utilising an electronic database (possibly similar to CORIN) which would not allow later changes to be made, and would require sign off by managers.	Gill Newbery, HR Policy	31 December 2007. No date for possible electronic solution.

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## ACTION PLAN

Ref.	Recommendation	Risk	Agreed	Management Response	Responsibility	Target Date
7.2	1. A list of vulnerable posts is established for all B/OCUs and Directorates by the relevant Business Managers;	Medium	Yes	Head of HR Policy will liaise with Business Managers to identify vulnerable posts and include a list as an Annex to the Gifts and Hospitality policy.	Gill Newbery, HR Policy	31 December 2007
	2. All officers in vulnerable posts are required to make periodic returns (including nil returns) on gifts and hospitality to the gifts and hospitality register keeper.	Medium	Yes	This is already MPS policy. The HR Policy Unit will ask Business Group Business Managers to ensure that these returns are being made.	Gill Newbery, HR Policy	31 December 2007
7.3	All officers are reminded of the requirement to record all items of gifts and hospitality accepted and declined.	Medium	Yes	The Gifts and Hospitality policy is to be re-issued later this year.  OCU Commanders will be reminded by the HR Evaluation Unit.	Gill Newbery, HR Policy  Dawn Lucas, HR Evaluation Unit	31 December 2007  30 September 2007

## ACTION PLAN

Ref.	Recommendation	Risk	Agreed	Management Response	Responsibility	Target Date
7.4	1. All officers decline offers of hospitality from organisations the MPS has a contractual relationship with or provides policing services to unless attendance is as an official MPS representative. The officer must justify how the acceptance of the hospitality benefits the MPS and these reasons must be recorded in the gifts and hospitality register;	Medium	Yes	Current policy states that any hospitality that is accepted must be fully justified in terms of benefit to the Service. Particular care should be taken where the MPS has a contractual relationship with the giver of hospitality. Also the offer of hospitality of any kind must be treated with the utmost caution and should normally be declined, especially on those occasions where the MPS is involved with policing the event.	Gill Newbery, HR Policy	31 December 2007
	2. All officers decline offers of hospitality with potential contractors during contract negotiations;	Medium	Yes		Gill Newbery, HR Policy	31 December 2007
	3. All officers are required to decline offers of alcohol. If it is not possible to decline the gift it is donated to charity and a record is maintained of the donation.	Medium	Yes		Gill Newbery, HR Policy	31 December 2007

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GIFTS AND HOSPITALITY

## ACTION PLAN

Ref.	Recommendation	Risk	Agreed	Management Response	Responsibility	Target Date
8.1	1. Gifts and hospitality registers are reviewed by the local Quality Assurance Units on a regular basis;	Medium	Yes	The Gifts and Hospitality policy already includes this as the responsibility of local QA units. A reminder was issued to all QA officers on 23 May 2007 by their Head of Profession to remind them of the need to review registers. This included reference to Notices 20/2004 Item 3 and a link to the policy.	Oonagh Vyse, SM&PD Dawn Lucas, HR Evaluation Unit	Action ongoing. Reminder issued and HR Evaluation Unit now include a check as part of their monitoring activity.
	2. Quarterly reports of gifts and hospitality are sent to the relevant Deputy Assistant Commissioner and Directors for review and a record is maintained of the review;	Medium	Yes	This is already a policy requirement. The HR Evaluation Unit will remind keepers of local registers and DACs/Directors as part of their monitoring activity.	Dawn Lucas, HR Evaluation Unit	30 September 2007

## ACTION PLAN

Ref.	Recommendation	Risk	Agreed	Management Response	Responsibility	Target Date
8.1 contd	<p>3. The following half yearly reviews of senior officer's gifts and hospitality registers are introduced and recorded:</p> <ul style="list-style-type: none"> <li>- The Commissioner and Deputy Commissioner's register is reviewed by the MPA Chief Executive;</li> <li>- The Deputy Commissioner reviews other Management Board members' registers;</li> <li>- The Deputy Assistant Commissioners' and Directors' registers are reviewed by the appropriate Management Board Member.</li> </ul>	Medium	Yes	The MPA Chief Executive will review the Commissioner and Deputy Commissioners gifts and hospitality register on a half yearly basis.	MPA Chief Executive  Commissioner's Office	8 November 2007  31 October 2007
	4. The results of the half yearly review of Management Board members' gifts and hospitality registers are reported to the MPA Remuneration Sub Committee;	Medium	Yes	The results of the review of Management Board member's gifts and hospitality registers will be reported to the MPA Remuneration Sub Committee on a half yearly basis.	MPA Chief Executive	8 November 2007
	5. The Human Resources Evaluation Unit review gifts and hospitality registers as part of their evaluation of local HR procedures.	Medium	Yes	The HR Evaluation Unit will review registers throughout the 12-month period July 2007 – June 2008. This will cover every OCU in the MPS.	Dawn Lucas, Head of HR Evaluation	Implemented