

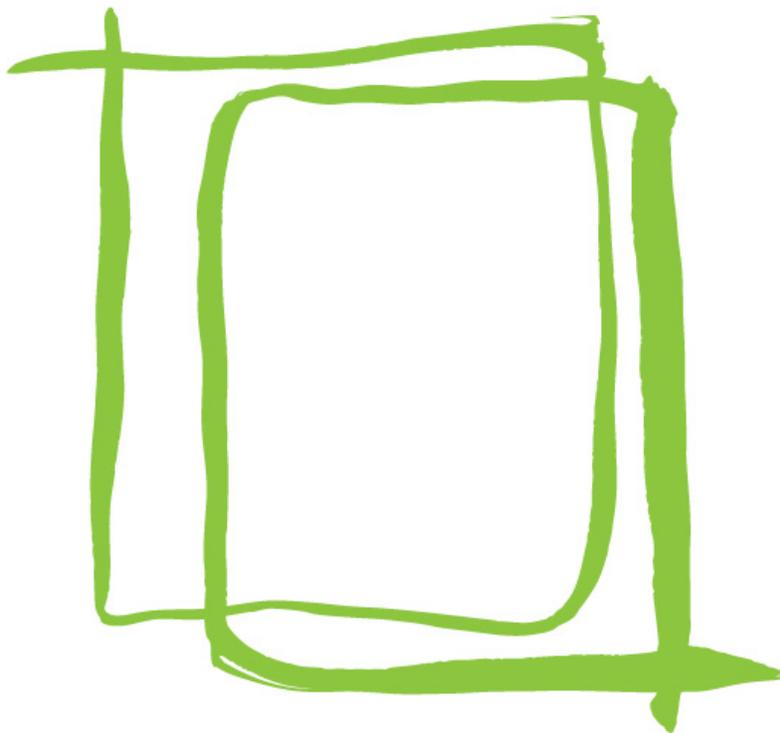
Police Use of Resources

Auditor feedback report

Devon and Cornwall Police Authority

Audit 2007/08

December 2008



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Introduction

- 1 This report presents the results of the 2007/08 police use of resources assessment (PURE) at Devon and Cornwall Police Authority. As the Audit Commission's appointed auditor to the Police Authority, we undertook this review during the period March 2007 to May 2007, as part of our responsibility to examine the economy, efficiency and effectiveness of the Authority's use of resources under section 5(1)(e) of the Audit Commission Act 1998.
- 2 We have completed our review in accordance with the methodology and guidance issued by the Audit Commission (the Commission). The results have been subject to internal and national quality control arrangements, designed to ensure compliance with the methodology and guidance, and consistency.
- 3 This report summarises the approach taken and the results of the assessment. It also highlights areas for improvement based on the criteria issued by the Commission.

Approach and scoring

- 4 The PURE assessment requires auditors to form judgements on the Police Authority and Force arrangements to secure effective use of resources across five themes:
 - financial reporting;
 - financial management;
 - financial standing;
 - internal control; and
 - value for money.
 - 5 Each theme consists of key lines of enquiry (KLOE) and areas of audit focus. Auditors are required to make a judgement for each KLOE against a set of 'descriptors' or 'criteria'. Judgements are made using the Audit Commission's scoring scale:
 - 1 = below minimum requirements – inadequate performance;
 - 2 = only at minimum requirements – adequate performance;
 - 3 = consistently above minimum requirements – performing well; and
 - 4 = well above minimum requirements – performing strongly.
 - 6 The Commission will determine the overall use of resources score by combining the auditor's separate scores for each of the themes covered.
 - 7 In forming our assessment, we take account of the methodology set out in the PURE guidance to auditors, and briefings to Police Authority Treasurers and Force Finance Directors issued between October 2007 and February 2008.
 - 8 This is the third year auditors have undertaken PURE assessments. The key principles for the 2007/08 approach is a risk based and proportionate refresh of 2006/07 findings, with a focus on:
 - key changes to the KLOE referred to in Police Authority guidance;
 - actions by Police Authorities and Forces to address improvement opportunities identified in the 2006/07 PURE assessment;
 - for scores of 3 and above, considering whether relevant arrangements are 'embedded' - they have been operating consistently with clear outputs and are having an impact; and
 - for scores of 4 (performing strongly) considering whether, in addition to meeting the descriptors/criteria, Police Authorities can demonstrate innovation or best practice that can be shared with others.
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Summary of scores for Devon and Cornwall Police Authority

- 9 Table 1 summarises the 2007/08 scores and 2006/07 comparative judgements for each theme.

Table 1 Devon and Cornwall Police Authority - Summary of use of resources scores by theme

Devon and Cornwall Police Authority has maintained its performance during the period and demonstrated that its arrangements for managing use of resources are embedded

Use of resources theme	2007/08 score	2006/07 score
Financial reporting	3	3
Financial management	3	3
Financial standing	3	3
Internal control	3	3
Value for money	3	3

Source: Audit Commission

Key messages and actions for the Police Authority

10 This summary sets out key findings, both overall for the Police Authority and Force and in relation to each theme, summarising strengths and areas for improvement. Detailed theme summaries are set out in the following pages together with opportunities for further improvement identified.

Overall messages

11 Devon and Cornwall Police Authority has demonstrated that arrangements to secure effective use of resources were embedded during 2007/08 and it has continued to perform well across the five themes tested.

12 Financial Reporting - The Police Authority and Force has maintained its score of performing well. An unqualified audit opinion on the Authority's accounts was issued on 26 September 2008. The arrangements for preparing and approving the 2007/08 financial statements are robust. A closedown programme was prepared with deadlines and responsibilities clearly defined. The financial statements were approved by the Police Authority on 27 June 2008 and were subject to robust member scrutiny. The quality of the working papers supporting the statements continues to improve year on year and a comprehensive set of electronic working papers was made available at the start of the audit in early July. The Accounts presented for audit contained one material error and a small number of non trivial errors. They were adjusted before the audit opinion was issued. The most recent published accounts, annual audit letter, agenda, reports and minutes for meetings of the Authority and Committees, and other relevant publications (e.g. Annual Report and HMIC reports) are made available to the public on the Police Authority's website on a timely basis and in accessible formats appropriate to comply with duties under the equalities legislation. Summary financial information that meets the needs of a range of stakeholders is also published on the Police Authority website.

13 Financial Management - The Police Authority and Force has maintained its score of performing well. Corporate priorities are clearly set out in the Annual and Strategic Policing Plan. The business planning process drives the medium-term financial strategy (MTFS) and internal resource allocation. The MTFS is informed by other key strategies such as the IT and the HR strategies. The financial implications of these are risk assessed and included as appropriate within the MTFS and the annual budget. Robust monthly budget monitoring arrangements ensure that forecast outturns are on target to be achieved. Force performance is regularly reported to Authority Members. A Strategic Asset Management Plan is being developed during 2008/09 that should provide clear forward looking strategic goals for its property assets and show how land and buildings will be used and developed to help deliver corporate priorities and service delivery needs. A detailed review of Partnership arrangements has been undertaken but a full Partnership Strategy has yet to be produced. Work is now underway to assess the full financial and governance arrangements.

14 Financial Standing - The Police Authority and Force has maintained its score of performing well. The Authority sets a balanced budget that takes account of cost pressures and the impact of the precept requirement. There is clear operational responsibility for budgets provided by a Corporate Finance Team with Admin and Finance Managers based within BCUs. There are regular budget monitoring reports to the Force and Authority. Significant over or under spends have been avoided in recent years. The Authority has a policy on the nature and level of reserves which takes into account the risk of major incidents occurring. This is set out in the budget report. The Police Authority has established a Sponsors Group to set targets and monitor progress in terms of the Force Development Programme and the objective of the Force to become a top performing Force. There is scope for further improvement through the setting of challenging targets for a comprehensive set of financial health indicators.

15 Internal Control - The Police Authority and Force has maintained its score of performing well. There is an appropriate risk management strategy in place which is reviewed on an annual basis. Risk registers are compiled in each department (operational and support) and the Police Authority, and are brought together to form an overall corporate risk register for strategic planning and decision making. All projects require a risk assessment. They also now require a sustainability impact assessment with the green agenda high on the agenda of the Force. Internal Audit's annual work programme is derived from the risk register. Risk Management is monitored by the Corporate Governance Committee who receive regular reports on the Police Authority and Force Risk Registers. Senior responsibility for risk management within the Force lies with the Deputy Chief Constable. The Force recognises the requirement for business continuity management to ensure that in the event of a critical failure within the organisation it can continue to deliver adequate levels of policing to provide an appropriate emergency response. Assurance on a risk basis of the viability of its significant contractors'/ partners' business continuity plans should also be obtained. The Authority and Force have conducted an annual review of the effectiveness of the governance framework, including the system of internal control and reported on this in the Annual Governance Statement. The risk of fraud and corruption is considered in the Police Authority's overall business risk management process and reflected in corporate risk register and the Medium Term Financial Strategy. The Authority has formally adopted a code of conduct for Members. Professional standards are in place for officers of the Force, as are codes of conduct for Force staff. A code of conduct for Police Authority staff has been drafted but has not yet been approved. An annual appraisal scheme for Members helps focus the contribution of Members towards the achievement of the Authority's objectives and aspirations, in the context of their own accountabilities.

16 Value for money - The Force has maintained its score of performing well. The culture within the Force continues to be one of continuous improvement. There is good evidence that budgets and performance are well managed and areas of spend are in line with its priorities. Timely performance reports are presented to Members for monitoring and they are now more pro-active in challenging costs, performance and the efficiency agenda. The Force responds to local needs and it has a good understanding of the external factors that impact upon its services. Of particular note is the civilianisation program which has supported improvements in priority areas such as Protective Services and Neighbourhood Policing. There is strong commitment to the wider efficiency agenda and the Force and Authority are keen to collaborate and work in partnerships. The Force and Authority have highlighted major changes in working in partnership within its annual plan. The introduction of Comprehensive Area Assessments (CAA) in April 2009 will introduce a new level of scrutiny to their work and a need to build closer links with the Audit Commission whilst maintaining existing relationships with HMIC. Further challenges remaining for the organisation are in the areas of sickness management, with poor sickness rates for police officers and staff compared to its most similar force group, and the 'satisfaction of victims with action taken by the police' which is the lowest in its most similar force group.

Role of the Police Authority

- 17**The Police Authority has continued to take an active role in ensuring that resources are used effectively and action has been taken on the recommendations we made last year.
- 18**The Police Authority has a good track record of using good quality data to manage performance and deliver efficiencies. Timely performance reports are presented to the Performance Management Committee for monitoring and the appointment of a lead member for data quality has strengthened the role of scrutiny and challenge. Of particular note is the strong commitment to the wider efficiency agenda, delivering equitable services with reduced resources and working in collaboration and partnership.
- 19**Members of the Performance Management Committee also review and challenge the Force's performance against annual policing plan targets and monitor performance against the national crime recording standard and the national standard of incident recording. This role is to be broadened to include all performance.
- 20**The Corporate Governance Committee has provided effective scrutiny and challenge to officers of the Police Authority and the Force throughout the year, particularly in the areas of risk management and changes to the reporting of the Annual Governance Statement in the Financial Statements.
- 21**The Resources Committee have responsibility for initial consideration of the draft budget for the financial year and for monitoring the budget for the current financial year. The Authority's budget monitoring process identifies at an early stage any significant over or under spends. These are reported to the Resources Committee and appropriate action is taken to address the situation. The Medium Term Financial Strategy is used to challenge resources. Members also keep under review the adequacy of reserves and balances through monitoring implementation of the Medium Term Financial Strategy and the Treasury Management Strategy.

Actions for Police Authority Members

- 22**The code of conduct for Police Authority staff is still in draft. Members should ensure that this is finalised and adopted as soon as possible.
 - 23**There are no other significant issues to draw to the attention of Members. However, there continue to be further opportunities for improvement for the Police Authority and Force, which are set out in the Action Plan at Appendix 1. This will need to be managed and monitored by the Police Authority and Force.
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