

Annual Audit Letter

Devon and Cornwall Police Authority
Audit 2008-2009
November 2009

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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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Key messages

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit Opinion

- 1 I issued an unqualified opinion on the Authority's 2008/09 financial statements on 25 September 2009.

Financial Statements

- 2 I reported the findings from my audit to the Corporate Governance Committee on 11 September 2009. There were no material issues or adjustments arising from the audit. The statements presented for audit were complete and supported by electronic working papers.

Value for money

- 3 I issued an unqualified value for money conclusion on 25 September 2009 stating that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources in 2008/09. My work on the conclusion is supported by the Use of Resources assessment and the Authority achieved an overall score of three - 'performing well'.

Audit fees

- 4 I reported my fee proposals as part of the initial Audit Plan for 2008/09 and also in my supplementary opinion letter for the year. There were no matters of such significance that impacted on the audit fee for the year. Table 1 below reports the outturn fee against that plan.

Table 1 Audit fees

	Actual	Planned
Financial statements and annual governance statement	£63,484	£63,484
Value for money	£21,236	£21,236
Total audit fees	£84,720	£84,720

Independence

- 5** I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

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Financial statements and annual governance statement

The Authority's financial statements and annual governance statement are an important means by which the Authority accounts for its stewardship of public funds.

Significant issues arising from the audit

- 6** I reported the findings from my audit to the Corporate Governance Committee on 11 September 2009. There were no material issues or adjustments to the Authority's accounts arising from the audit. The financial statements were prepared in advance of the reporting deadline and were supported by electronic working papers. There was good co-operation from the Authority's finance team which ensured that the audit opinion deadline was achieved.

Material weaknesses in internal control

- 7** I did not identify any significant weaknesses in your internal control arrangements.

Accounting Practice and financial reporting

- 8** I considered the qualitative aspects of your financial reporting. There were no issues to report.

Value for money and use of resources

I considered how well the Authority is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

I also assessed whether the Authority put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 9** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 10** The economic downturn and banking crisis is having a very significant impact on public finances and the bodies that manage them. This impacts on the audit and as part of my responsibility, I have reflected on the wider environment, specific issues and risks and the Authority's response.
- 11** I have also taken account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 12** The Authority scored three - 'performing well' for its overall Use of resources. The individual theme scores are set out in Table 2 below.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	3
Governing the business	3
Managing resources	2

Value for money and use of resources

Managing finances

- 13 I have assessed the Authority as performing well in this area. The Authority has sound overall management arrangements in place and is continually working to improve the services it provides.
- 14 Its financial and corporate planning processes are integrated with short and long term objectives, developed in consultation with partners and supported by robust financial planning. A robust Treasury Management Strategy is in place and performance is monitored against this. There is ownership and awareness of the financial planning process by management and staff.
- 15 It is delivering on its efficiency agenda and has a good track record on achieving efficiency savings. However the economic downturn and banking crisis is having a very significant impact on public finances and the bodies that manage them. This will present a major challenge and sustained efforts will be required in the identification and delivery of recurring efficiency savings to achieve financial and service plans over the medium term.
- 16 Authority members and corporate management provide constructive challenge and scrutiny to financial plans and financial management arrangements to ensure that they remain robust and fit for purpose. There is a good understanding of the Authority's costs and performance.
- 17 The Force makes good use of activity analysis data to analyse its performance and deploy resources effectively. It makes use of comparative data and benchmarking takes place at all levels, both strategically and at an operational level.
- 18 Budget monitoring and forecasting information is timely, reliable, relevant and understandable and leads to prompt action to address any variances or other issues. Reports include financial and non financial information and provide a written commentary that ensures sufficient and relevant information is given to support the decision making process.

Governing the business

- 19 The Authority performs well in this area. The procurement service has a clear vision which shapes service delivery. There is a robust sustainable procurement strategy in place that takes into account the social, economic and environmental impact that purchasing has on people and communities. The Force works well in ensuring that potential suppliers are involved in the procurement process, supported and understand the Force's requirements.
- 20 The Force does not have an overarching Data Quality policy in place, but does have up to date guidance for each of the existing systems and databases, together with designated business owners who are responsible for ensuring compliance. There is a comprehensive and robust information sharing protocol with partners.
- 21 The Authority has adopted a local code of corporate governance. Members and senior officers receive a thorough induction tailored to their role. There are individual personal development plans for members that identify skill gaps and inform the training plans for the year ahead. The Authority proactively disseminates information to staff, local people and communities that highlights the importance of the ethical agenda.

- 22 The Authority identifies and manages corporate business risks in line with its risk management strategy. It considers risks relating to significant partnerships and requires officers to obtain assurances about the management of those risks. Risk management is embedded within the organisation's business processes.
- 23 There is a pro-active programme of counter fraud and corruption work which is adequately resourced, risk based and proportionate. The Authority manages fraud as a corporate risk.
- 24 There is scope for developing further the governance of partnership arrangements.

Managing resources

- 25 Arrangements in this area meet the minimum requirements. The Force is starting to make good progress and develop its workforce.
- 26 The Force has in place a clear strategy for being a top performing force by 2012. Key strategies are in place for developing its workforce and it is making progress in the delivery of these although they are still at an early stage. Communications materials, including roadshows by senior staff, have been used to raise awareness throughout the Force.
- 27 The Force has developed effective measures to engage and communicate with staff in order to achieve organisational change. It has developed its approach to training and development to reflect the overarching organisational strategy. The Force now has a more systematic and managed approach to training budgets. There are clear plans in place for delivering further improvements.
- 28 The Force has developed strengths in the management of its information but there is scope for improvement in the area of Human Resources.
- 29 The Force is making progress with equality and diversity but there remains more to do.

VFM Conclusion

- 30 I assessed your arrangements to secure economy, efficiency and effectiveness in the Authority's use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body.
- 31 I issued an unqualified conclusion stating that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Closing remarks

- 32** I have discussed and agreed this letter with representatives of the Treasurer. I will present this letter at the Corporate Governance Committee on 17 November 2009 and will provide copies to all committee members. It will also be presented to members of the full Police Authority on 11 December 2009.
- 33** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Authority during the year.

Table 3

Report	Date issued
Audit Plan	May 2008
Review of Internal Audit	May 2009
Annual governance report	September 2009
Opinion on financial statements	September 2009
Value for money conclusion	September 2009
Use of resources report	November 2009

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- 34** The Authority has taken a positive and constructive approach to our audit. I wish to thank the Authority staff for their support and co-operation during the audit.

Alun Williams
District Auditor
November 2009