

Use of Resources

December 2008



# **Police Use of Resources**

**Northumbria Police Authority**

**2007/08**

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## Introduction

- 1 This report presents the results of the 2007/08 Police Use of Resources Evaluation (PURE) at Northumbria Police Authority. As the Audit Commission's Appointed Auditor to the Police Authority, we undertook this review during the period February 2008 to October 2008, 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 to promote 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.
- 9 During this review, we also carried out a brief follow up of the detailed work we have undertaken previously in relation to Police Data Quality.

## Summary of scores for Northumbria Police Authority

- 10 The score for each theme (and each KLOE) is summarised below, which includes comparative judgements for 2006/07. The next section of this report provides key messages, strengths and areas for improvement across the Police Authority and Force and by theme level.
- 11 There were more challenging criteria for 2007/08 compared to the previous year, making it more difficult to maintain previous scores. However, the Authority and Force have continued to consolidate and improve their arrangements since our 2006/07 assessment. However, the score for promotion of external accountability fell back from its previous level.

**Table 1 Northumbria Police Authority - Summary of use of resources scores by theme and KLOE**

Northumbria Police Authority has improved in its use of resources

	<b>Theme and key line of enquiry</b>	<b>2007/08 KLOE score</b>	<b>2006/07 KLOE score</b>
	<b>Financial reporting</b>		
1.1	Annual accounts.	4	3
1.2	Promotion of external accountability.	2	3
	<b>Theme score</b>	<b>3</b>	<b>3</b>
	<b>Financial management</b>		
2.1	Medium Term Financial Strategy and capital programme.	4	4
2.2	Management of performance against budgets.	3	3
2.3	Management of the Authority's and Force's asset base (including their estate and vehicle fleet) and their IM&T service.	3	3
	<b>Theme score</b>	<b>3</b>	<b>3</b>
	<b>Financial standing</b>		
3.1	Management of spending within available resources.	4	4
	<b>Theme score</b>	<b>4</b>	<b>4</b>
	<b>Internal control</b>		
4.1	Management of significant business risks.	3	3
4.2	Maintenance of a sound system of internal control.	3	3
4.3	Arrangements to ensure probity and propriety.	4	3
	<b>Theme score</b>	<b>3</b>	<b>3</b>
	<b>Value for money</b>		
5.1	Achievement of VFM.	4	4
5.2	Management and improvement of VFM.	3	3
	<b>Theme score</b>	<b>4</b>	<b>4</b>

Source: Audit Commission

## Key messages and actions for the Police Authority

- 12 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.

### Overall messages

- 13 The Authority and Force perform well overall and are above minimum standards in most areas of the use of resources assessment, and are performing strongly in some areas. A detailed summary of our findings is given in the next section of this report. This section sets out key findings in relation to each theme.
- 14 Financial reporting is assessed overall as performing well. Working papers supporting the 2007/08 financial statements were comprehensive and well evidenced, and the statements were free from significant error. We have identified the need to improve the Authority's website, particularly in relation to online agenda papers and accessibility.
- 15 Financial management is assessed as performing well. The Authority's Medium Term Financial Strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.
- 16 Financial standing is assessed as performing strongly. The Authority's strategy in relation to use of reserves is clearly set out.
- 17 Internal control is assessed as performing well. The Authority and Force's risk management arrangements have been further embedded in the performance management framework, and there is a sound system of internal control and good standards of probity and propriety.
- 18 Value for money is assessed as performing strongly. Northumbria is one of the best performing police forces, and the Authority levies the lowest council tax precept of all police authorities. The Authority and Force have invested in improved service delivery and are identifying efficiencies to sustain improvements.
- 19 We carried out a review of progress in relation to Police Data Quality. We concluded that the actions identified from our previous work were being implemented and that high standards were being maintained.

## **Role of the Police Authority**

- 20** The Authority has a strong role in ensuring the effective use of resources, including:
- developing the Medium Term Financial Strategy and the budget;
  - monitoring the financial position;
  - developing risk management arrangements for the Police Authority;
  - taking forward the implementation of the estates strategy;
  - scrutinising performance; and
  - providing a strong Audit and Scrutiny Committee and other member committees to provide scrutiny and challenge to officers of the Police Authority and Force.

## **Actions for the Police Authority**

- 21** The key actions for Police Authority members in ensuring a continued focus on effective use of resources are:
- robust monitoring will be needed to ensure that the challenging plans set out in the Medium Term Financial Strategy and annual budget are achieved;
  - monitoring policing performance, and ensuring that the Estates Strategy is delivered; and
  - ensuring that the Authority's website is improved, particularly in relation to providing details of meetings, up-to-date copies of agenda papers and addressing accessibility issues.

## Theme summaries

### Financial reporting

<b>Theme score - 3</b>
<b>Purpose</b>
To assess the strength of the Authority's and Force's financial accounting and reporting arrangements.
<b>Key findings and conclusions</b>
<p>Financial reporting is assessed as performing well. Working papers supporting the 2007/08 financial statements were comprehensive and well evidenced, and the statements were free from significant error. Improvements were made this year in the management of audit queries through the development of a Sharepoint website.</p> <p>The Authority's website is important in promoting external accountability, including providing agenda papers and minutes online. However, we found that the agenda papers are not being kept up-to-date. As at the beginning of October 2008, the latest Authority agenda papers online were for the meeting in April 2008. This needs to be updated urgently, and we would suggest that in future agenda papers are put online prior to meetings taking place. It would also be helpful if the website included a list of meetings so that the public can identify the dates of all meetings including forthcoming meetings and their location. The presentation online could also be improved by listing meetings in date order.</p> <p>Further improvements should address accessibility issues, for example, by making provision for those who do not have English as their first language or who are visually impaired.</p> <p>One area for development is for the Authority and Force to evaluate and report on their environmental footprint. One of the stated strategic aims in the Policing Plan is Sustainable Development by integrating the principles of responsible environmental management and sustainable development into strategic planning and day to day activities. We understand that plans are in place to begin to address this omission in the coming months.</p> <p>We note that the Authority has decided not to produce a separate Annual Report, given the other publications that are already produced.</p>

<b>Theme score - 3</b>	
<b>Improvement opportunities</b>	
KLOE 1.1 The Authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	None.
KLOE 1.2 The Authority promotes external accountability.	<p>Agenda papers and minutes online need to be updated urgently and kept up-to-date. Ideally, agendas should be put online in advance of meetings taking place.</p> <p>The website should include a list of meetings so that the public can identify the dates of all meetings including forthcoming meetings and their location.</p> <p>The presentation of agenda papers online should be improved.</p> <p>The website should also be improved by addressing accessibility issues, for example, by making provision for those who do not have English as their first language or who are visually impaired.</p> <p>The Authority and Force need to see through their plans to evaluate and report on the integrating of the principles of responsible environmental management and sustainable development into strategic planning and day to day activities.</p>

## Financial management

<b>Theme score - 3</b>	
<b>Purpose</b>	
To assess how well the Authority and Force plan and manage its finances.	
<b>Key findings and conclusions</b>	
<p>The authority's Medium Term Financial Strategy (MTFS), budgets and capital programme are soundly based and are designed to deliver its strategic priorities. The MTFS is updated annually and is a comprehensive, risk-based document which addresses both local and national priorities, areas of growth and ranked priorities. The budgeting process is comprehensive, underpinned by the detailed work undertaken at Force level and brought together and overseen by the Authority.</p> <p>The Authority and force manage performance against budgets. Budgets are monitored by the Force on a monthly basis and reviewed quarterly by the Authority. Reports are accurate, relevant and understandable and are produced in a timely manner which allows the Force and Authority to adequately monitor progress against plans and reach well-informed management decisions. We note that there has been some slippage in the capital programme.</p> <p>The Authority and Force manage their asset base (including their estate and vehicle fleet) and their IM&amp;T (Information Management and Technology) service well. The Estates Strategy has progressed but still requires continued close monitoring to ensure that improvements are delivered. The Force has undertaken a review of ICT and plans further improvements in this area.</p>	
<b>Improvement opportunities</b>	
KLOE 2.1 The Authority's Medium Term Financial Strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.	Some scope to further expand on the way in which the MTFS, budgets and capital programme have contributed to the achievement of its policing objectives, and references to joint plans with partners and other stakeholders.
KLOE 2.2 The Authority and Force manage performance against budgets.	Address slippage in the capital programme to ensure projects contributing to policing objectives are delivered in a timely manner.
KLOE 2.3 The Authority and Force manage their asset base (including their estate and vehicle fleet) and their IM&T service.	Need to continue to monitor delivery of the estates strategy, ensuring that Members continue to receive quarterly updates on progress. [We note that some of the slippage is beyond the control of the Authority, particularly in relation to acquiring new sites.]

## Financial standing

<b>Theme score - 4</b>	
<b>Purpose</b>	
To assess how well the Authority safeguards its financial standing.	
<b>Key findings and conclusions</b>	
<p>The Authority performs strongly in managing its spending within the available resources. The authority has a policy on the level of reserves, including earmarked reserves for specific purposes and a general reserve for contingencies and unforeseen circumstances. During 2007/08 some earmarked reserves were released to the general reserve, increasing it to £44.3 million. However, the MTFS forecasts a funding gap from 2008/09 to 2010/11 to deliver improvements in policing envisaged by the 2020 Vision statement. This funding gap will be met in part from the general reserve, which is planned to be reduced to its target level of £16 million.</p>	
<b>Improvement opportunities</b>	
KLOE 3.1 The Authority manages its spending within the available resources.	Some scope to clarify the opportunity costs of holding reserves in the budget and MTFS.

## Internal control

<b>Theme score - 3</b>
<b>Purpose</b>
To assess how well the Authority's and Force's internal control environment enables them to manage their significant business risks.
<b>Key findings and conclusions</b>
<p>The Authority and Force manage their significant business risks. The Force's arrangements are embedded in business processes, with risk registers in place for all area commands and central departments and a strategic risk register for the force. The Authority has also developed its arrangements, with training provided for Members and a strategic risk register developed for quarterly monitoring.</p> <p>The Authority and Force have good arrangements in place to maintain a sound system of internal control. There is a strong assurance framework, including comprehensive Internal Audit coverage, risk management and Audit and Scrutiny Committee engagement. Annual assurance statements are sought from senior managers within the Force, and areas for improvement are followed up by Internal Audit. A Local Code of Corporate Governance has been adopted.</p> <p>The Authority and Force have arrangements in place that are designed to promote and ensure probity and propriety in the conduct of their business. All Members have signed the model code of conduct and a code for staff exists. The Standards Committee has two independent members. All Members are aware of the need to register gifts and hospitality. All complaints received by the Authority are dealt with by the Chief Executive. At the Force, the Professional Standards Department deal with breaches of conduct by civilian staff and officers, and continually work to raise understanding of the issues involved.</p>

<b>Theme score - 3</b>	
<b>Improvement opportunities</b>	
KLOE 4.1 The Authority and Force manage their significant business risks.	Scope to further develop risk management arrangements for partnerships. Reports to support policing objectives, and initiation documents for all major projects, should require a risk assessment including a sustainability impact appraisal.
KLOE 4.2 The Authority and Force have arrangements in place to maintain a sound system of internal control.	The authority and force should obtain assurance on a risk basis of the viability of its significant contractors'/ partners business continuity plans.
KLOE 4.3 The Authority and Force have arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	These arrangements should be subject to periodic review by Internal Audit to ensure continued best practice.

## Value for money

<b>Theme score - 4</b>
<b>Purpose</b>
To assess the achievement of value for money within the Authority and Force and to conclude on the robustness of arrangements to secure improvements.
<b>Key findings and conclusions</b>
<p>The Authority and Force are performing strongly in achieving value for money, and there are good arrangements in place to manage and improve value for money.</p> <p>In terms of achievement of value for money:</p> <ul style="list-style-type: none"> <li>• performance remains higher and in many cases much higher than the Most Similar Forces group whilst costs are generally lower, and performance improvement continues to be achieved year-on-year; and</li> <li>• the Authority levies the lowest council tax precept per head of population of all police authorities.</li> </ul> <p>Arrangements to manage and improve value for money:</p> <ul style="list-style-type: none"> <li>• the Authority and Force have invested in protective services, neighbourhood policing, workforce modernisation and other areas;</li> <li>• reserves are being used to pump prime spending on front line policing in the short term, whilst efficiencies are being identified so that revenue spending in these areas can be sustained;</li> <li>• improvements are being achieved through collaboration, partnership working and improved procurement arrangements;</li> <li>• high quality and reliable data used to support decision making;</li> <li>• consistent delivery of efficiencies and a commitment to make further improvements; and</li> <li>• the Force is developing a Value for Money Strategy.</li> </ul>

<b>Theme score - 4</b>	
<b>Improvement opportunities</b>	
KLOE 5.1 The Authority and Force currently achieves good value for money.	None.
KLOE 5.2 The Authority and Force manage and improve value for money.	<p>Demonstrating how partnership activity contributes to Force objectives is yet to be fully developed, but a senior officer has been tasked with taking this forward.</p> <p>Social and environmental issues are being considered as part of the 2020 Vision for the Force, but there are a few examples at the moment.</p> <p>There is information at neighbourhood level on the needs and impact of policing services. Differentials in services are being addressed for BME residents but the Force and partners now need to be able to demonstrate clear reductions in inequalities across its area.</p>

## Status of the report and next steps

- 22 The results of this work have been discussed and agreed with officers and will be reported to the Authority. The scores, key messages and improvement opportunities will be included in the Police Authority's 2007/08 Annual Audit Letter.