

ANNUAL ACCOUNTS 2005/06

INTRODUCTION

1. This report updates members on progress in connection with the completion of the Authority's accounts for 2005/06 and provides a draft Statement on Internal Control for consideration and approval. As indicated in the report to this Committee on 28 February 2006, the financial statements this year have to be approved by 30 June 2006. The Statement on Internal Control, signed off by the Chairman, Chief Constable and Chief Executive will need to be incorporated within the financial statements.

INFORMATION

2. The report on 28 February 2006 included a detailed timetable for the production of the accounts in time for the financial statements to be submitted to the Police Authority at its meeting on 20 June 2006.
3. The completion of the accounts to the timetable has been the subject of regular meetings and discussions involving the Director of Performance and Resources and staff within the Force charged with producing the statements.
4. At this stage production is on schedule although critical information remains outstanding from the Government Actuary's Department in respect of the adjustments necessary to comply with the Financial Reporting Standard (FRS) 17 in respect of pension costs. This information is critical as it affects the presentation of information in order to comply with the Statement of Recommended Practice. The Government Actuary is being pressed to provide the information as a matter of urgency.
5. The report to the meeting on 28 February 2006 detailed the revised procedure that has been introduced in 2005/06 for collating information to support the Statement on Internal Control (SIC). A draft of the proposed assurance statement is attached at Appendix 1.
6. The draft SIC is far more extensive than that produced in previous years. This should go some way to addressing comments from the District Auditor last year about awareness of the processes and procedures operating within the Force and the Police Authority and about the level of challenge and scrutiny of police operations and practices. These processes form part of the internal control systems in place and the assurance procedures that underpin the statement.

7. For the first time assurance statements have been obtained from all senior managers within the organisation reflecting the requirement on them to ensure that a sound system of internal control is in place to ensure that the aims and objectives of the service are achieved, policies and procedures are implemented properly and resources are used efficiently, effectively and economically. It also highlights their involvement in the identification and management of risk within the organisation.
8. The system of internal control can only manage risk to a reasonable level rather than eliminating all risk of failure to achieve policies, aims and objectives. The system is therefore designed to provide reasonable rather than absolute assurance of effectiveness. The assurance statements are intended to identify areas of weakness and where there is room for improvement. This will then in turn inform risk assessment and give rise to the development of action plans to address the issues raised.

RECOMMENDATIONS

9. It is recommended that:
 - a) the report be noted,
 - b) the Statement on Internal Control be considered and approved and
 - c) the Director of Performance and Resources be requested to assess the impact of outstanding information on the ability to complete the financial statements for the Police Authority meeting on 20 June 2006 and if necessary seek the approval of the Chairman to call a special meeting of the Authority on or before 30 June 2006 to approve the accounts.

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Background documents: File Ref: PA/SIC - 2.4.4 (06/07)