

28 February 2006

Report of the Director
of Performance and
Resources

ANNUAL ACCOUNTS 2005/06

INTRODUCTION

1. The purpose of this report is to provide information to Members on the procedures that are being implemented in connection with the closure of the Authority's accounts for 2005/06. The report seeks endorsement of the timetable required to enable the financial statements to be approved by the deadline of 30 June 2006 and provides information on the arrangements for completion of the Statement on Internal Control (SIC) that will be included in the Statement of Accounts for the year. It is anticipated that the SIC will be reported to the next meeting of this Committee and that the accounts will be submitted for approval to the Police Authority at its meeting on 20 June 2006.

INFORMATION

2. This year the Authority is required to approve the annual accounts and financial statements for 2005/06 by 30 June 2006. This brings the deadline for completion forward a further month in line with requirements to facilitate the preparation Whole Government Accounts, a Government commitment. This is a challenging deadline.
3. The accounts will need to be supported by a Statement on Internal Control (SIC) which will have to be approved in advance for inclusion in the financial statements.
4. The report providing an update on the work being undertaken with the Audit Commission at Agenda Item 11 describes the proposals for the Use of Resources judgement to be included as part of the Baseline assessment and comments on the fact that one aspect of that judgement will consider the financial reporting arrangements in place within the Authority. This will be completed after the District Auditor has completed his work and provided an opinion on the accounts which will be by 30 September. The accuracy, timeliness, consultation and scrutiny, publication, adherence to accounting standards and recommended practice etc. will all be key to securing a positive judgement.

TIMETABLE

5. The Assistant Chief Officer (Support) has produced a closedown timetable designed to ensure that the detailed processes are complete in time to allow for the completion of the accounts by the deadline of 30 June 2006. Details of the timetable are set out in Appendix A.

6. Bringing the deadlines forward will require different arrangements, particularly when making provision for debtors and creditors which will mean a greater degree of estimation than has previously been the case. This has been discussed with the Audit Manager and officers have been advised of the new procedure which will place greater reliance on the quality of information from budget monitoring and predictions of anticipated outturn for the year. As this is the first time this arrangement has been used it will be subject to rigorous quality assurance.

STATEMENT ON INTERNAL CONTROL

7. The 2004/05 SIC was initially produced by revising the 2003/04 Statement. For 2005/06 a more structured approach is planned for the arrangements for collating information to support the statement. A model to aid completion and the documentation of evidence used by a number of other public authorities has been obtained and guidance has been received from internal auditors. Other authorities will continue to be consulted to ensure that the process adopted here reflects best practice.
8. The SIC extends beyond the assurances needed in connection with the financial systems and processes and the work undertaken by the Director of Performance and Resources and internal audit. It requires assurance procedures to ensure that the whole system of internal controls, financial and otherwise, within the Authority is operating satisfactorily. All managers within the organisation therefore have a responsibility to provide assurances to support the SIC. This will include Chief Officers, Divisional Commanders and Branch Managers.
9. Assurance statements will include comments with supporting evidence on the effectiveness of controls, identified risks and any areas of weakness that have been identified that require corrective action. Evidence will include information from internal and external audit reports, inspections, performance management reports, risk assessment and risk registers.
10. Arrangements are in hand to establish a process of routine reporting by the Force to the Director of Performance and Resources on key systems and controls. This will also support the SIC.

RECOMMENDATIONS

11. It is recommended that:-
 - (i) The report be noted,
 - (ii) The timetable for the closure of accounts for 2005/06 be endorsed
 - (iii) The Director of Performance and Resources provide a progress report to the next meeting of this Committee
 - (iv) The Statement on Internal Control for 2005/06 be prepared and submitted to the next meeting of this Committee for approval.

JOHN BATES
Director of Performance and Resources

Contact Officer:- John Bates Tel: (01482) 334880
Background Papers:- File ref:-JB/A/cs/02/06