



Annual Audit Letter

Humberside Police Authority

Audit 2006-2007

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Author Matthew Moore
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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

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Summary

Key messages

- 1 The performance of the Force and the Authority continues to improve but there is more to do to bring performance in Humberside up to the level of other Forces. Plans are in place to achieve this and progress is being made despite the disruption caused by the damage to the Force HQ in the summer flooding.
- 2 Adequate arrangements are in place to secure value for money whilst the Authority's arrangements for financial reporting and financial standing consistently exceed minimum requirements. Commitment to effective partnership working is evident too from our work. The Authority is in a sound position to move forward and achieve its ambitions for the communities which it serves.
- 3 A range of actions have been identified by ourselves and other review agencies. Developing plans to deal with these is handled by the Finance Committee and the Force Audit Board. All Members need to obtain assurance that these plans are being delivered and the opportunities identified for improvement delivered.

Recommendations

- R1 Members should satisfy themselves that actions are being implemented to address issues raised in my individual reports and that, where necessary, additional steps are being taken to secure the improvements identified by ourselves and other review agencies.*

Purpose, responsibilities and scope

- 4 This letter provides an overall summary of the Audit Commission's assessment of the Authority, based on audit work performed in relation to the accounting period ending 31 March 2007. Where relevant this work has included assessment of the arrangements in place in the Police Force, as well as the Authority.
- 5 I have addressed this letter to members as it is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. I have made recommendations to assist the Authority in meeting its responsibilities.
- 6 This letter also communicates the significant issues to key external stakeholders, including members of the public. I will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. [In addition the Authority is planning to publish it on its website.]
- 7 As your appointed auditor I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I am required to review and report on:
 - the Authority's accounts;
 - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - how well the Authority has managed its resources (the Police Use of Resources scores).
- 8 We have listed the reports issued to the Authority relating to the 2006/07 audit at the end of this letter.

Audit of the accounts

- 9 I have issued an unqualified opinion on the Authority's accounts on 26 September 2007.
- 10 Before giving my opinion, I reported to the Audit Committee acting as "those charged with governance" on the issues arising from the 2006/07 audit. The key issues in the report to the Committee were:
 - the accounts presented for audit did not contain any material errors;
 - the Statement on Internal Control was prepared in accordance with proper practices and is consistent with the findings from our audit; and,
 - the Authority's process for preparing the financial statements and supporting working papers are good.

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Whole of government accounts

- 11 Central government embarked on a programme leading to the preparation of consolidated accounts for the "whole of government", including local government. The Authority is required to submit a "consolidation pack" to the Department of Communities and Local Government (DCLG) and the auditor is required to undertake a range of procedures and report on the pack.
- 12 We have completed the procedures specified and we submitted the audited version of the consolidation pack to the DCLG on 26 September 2007, together with our audit opinion. There are no issues to bring to the attention of the Authority.

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Use of resources

13 I am required to:

- conclude whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion); and
- assess how well the Authority and Force manage and use financial resources by providing scored judgements on the arrangements in five specific areas. This is known as the Police Use of Resources Evaluation (PURE).

Value for money conclusion

- 14 We assess the Authority's performance against twelve criteria determined by the Audit Commission. These criteria are set out in our audit plan and available on the Audit Commission's website at www.audit-commission.gov.uk.
- 15 I have concluded that the Authority has proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources. This enabled me to give an unqualified VFM conclusion on 26 September 2007.

Review of police data quality

- 16 As part of our work on the value for money conclusion, we carried out a review of police data quality. We considered whether the Authority has proper arrangements in place to secure the quality of key performance data, and whether these arrangements are being applied in practice. A detailed report supporting the assessment and highlighting areas for improvement was issued to the Authority in May 2007. This report was also shared with the Home Office.
- 17 The Authority and Force have good corporate management arrangements for securing data quality. Commitment to data quality is implicitly reflected in key corporate documents. However, there is no overarching policy for data quality with defined milestones and targets. Members through their actions are demonstrating clear commitment to high levels of data quality
- 18 The Force is currently developing arrangements to ensure that data is used to manage and improve the delivery of services. These arrangements need to be consistently applied across departments and BCUs.
- 19 We assessed the processes for National Crime Recording Standard as good for incident data and excellent for crime data.
- 20 For user satisfaction data we assessed the performance as good. The survey process and data recording being assessed as excellent, however the sample selection was rated as fair. The stand alone database used to provide the racial sample had limited contact details, and many more victims could have been contacted if the sample had been based on the more detailed incident/crime logs.

- 21 The Force had made progress in achieving compliance for the National Standard for Incident Recording (NSIR).
- 22 An action plan for improvement areas has been supplied to the Force.

Police use of resources scores

- 23 I assessed the Authority's arrangements in five areas and scored each area from 1 to 4 (1= inadequate performance, 2 = adequate performance, 3 = performing well and 4 = performing strongly). A detailed report supporting the assessment and highlighting areas for improvement was issued to the Authority on [date].

Table 1 Police use of resources scores

Element	Assessment
Financial reporting	3 out of 4
Financial management	2 out of 4
Financial standing	3 out of 4
Internal control	2 out of 4
Value for money	2 out of 4
Overall assessment of the Audit Commission	2 out of 4

(Note: 1=lowest, 4=highest)

- 24 The key issues arising from the audit, as reflected in the above judgements where appropriate, are as follows.

Overall messages

- 25 The overall messages from our work are as follows:
- The financial management arrangements have been strengthened and improved during 2006/7 with the introduction of the medium term financial plan aimed at delivering the strategic priorities set out in the Policing plan.
 - In year budget reporting has been reported in a consistent manner throughout the period, however there is scope to develop further the consistency and transparency of the monitoring reports to facilitate reliable decision making
 - Internal control arrangements have improved within the Force and Authority, specifically the introduction of clear reporting links between the Force Audit Board and the audit and Strategy Committee. Risk management arrangements are not fully integrated into the Authority

- The arrangements for securing VFM have improved during 2006/7 with the Authority and Force clearly articulating its medium terms plans, both in terms of the stepped changes that the Force needs to deliver to achieve the performance improvements needed to deliver the aims and objectives of the Authority and Force. The Authority has agreed to invest significant reserves, to its priority areas, including funds to pump prime the significant workforce modernisation agenda, and the self funding of significant numbers of PCSOs above that funded by the Home Office.
- These arrangements identified above should enable the Force to build on the improvements in crime reduction and sanction detection achieved in 2006/7 and hopefully help to meet the priority of citizen focus in 2007/8 and beyond.
- Members need to ensure that the Force agree actions to implement the arrangements identified in the improvement opportunities.

National Fraud Initiative

- 26 The National Fraud Initiative is a computerised data matching exercise designed to identify overpayments to suppliers and benefit claimants and to detect fraud perpetrated on public bodies. The referrals from the current exercise were released to participating bodies in January 2007.
- 27 The Force and Authority have reviewed all the potential hits and have investigated these to a satisfactory conclusion.

Specific risk-based work

- 28 We also carried out specific pieces of risk-based work as follows.

Financial Reporting Framework - Notable Practice

- 29 This report provided the Force and Authority examples of notable practice produced (both Police and Local Government) by Authorities that have received level 3 and 4 scores for the Financial Management key lines of enquiry.
- 30 The report concentrated on two elements:
- an overriding financial strategy; and
 - budget monitoring report
- 31 Members will have seen the improvements in the Medium Term Financial Strategy which clearly articulates the financial plans that the Authority have in place to deliver its aims and objectives.
- 32 The characteristics of those budget monitoring reports which scored highest have been included in the report and these were considered during the amendments to the budget monitoring reports that members receive.

Other work

Partnership working - Joint work with South Yorkshire Police Authority

- 33 Work is ongoing, and plans are in place to have a joint workshop to help identify ways in which partnership working can be improved.

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Closing remarks

- 34** We have discussed and agreed this letter with the Director of Performance and Resources. We will present the letter at the Police Authority on 18 December 2007 and we will provide copies to all Authority members.
- 35** Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Authority during the year.

Table 2 Reports issued

Report	Date of issue
Audit plan	March 2006
Interim audit memorandum	April 2007
Report to those charged with governance	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Final accounts memorandum	October 2007
Use of resources	December 2007
Review of police data quality	May 2007
Annual audit letter	December 2007

- 36** The Authority and Force has taken a positive and constructive approach to our audit and data quality work, and I wish to thank officers for their support and co-operation during the audit.
- 37** This is my last Annual Audit Letter to Humberside Police Authority as I have completed the term of my appointment as your appointed auditor. There have been many significant challenges and changes in the Authority and the Force during my appointment. The Authority and Force are in a better position to move forward and achieve their ambitions for the communities of Humberside than has previously been the case. This is the result of considerable work by all involved and continued commitment will be necessary if progress is to be maintained. I wish the Authority and Force well in those endeavours.

Michael Newbury
District Auditor

December 2007