

Annual Audit Letter

Greater Manchester Police Authority

Audit 2008/09

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 financial statements on 30 September 2009. Before giving my opinion, I reported to the Audit and Inspection Committee on the findings of the 2008/09 audit.
- 2 The Authority met all statutory deadlines for the production of the financial statements and provided comprehensive working papers in accordance with agreed requirements and timescales.

Financial Statements

- 3 During the course of the audit I raised a number of queries with officers in the Authority and Force. I am pleased to report that these were responded to promptly.
- 4 The arrangements in place for production of the financial statements have again proven to be effective, enabling the Authority to meet statutory deadlines, produce good quality accounts and comply with the audit timescales agreed.

Whole of Government accounts

- 5 The Authority is required to submit a whole of government accounts 'consolidation pack' to the Department for Communities and Local Government (DCLG) and I am required, as your auditor, to undertake a range of procedures and report on the pack.
- 6 The Authority provided the consolidation pack on a timely basis, enabling me to conclude my review and submit the pack to DCLG in accordance with the prescribed timescale.

Value for money

- 7 I issued an unqualified opinion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources on 30 September 2009.
- 8 My evaluation of your use of resources concluded that the Authority performs at least adequately in all areas assessed. I am pleased to note that Authority performs well in a number of areas.

Audit fees

- 9 I have contained my audit fee to the total previously agreed with you for the 2008/09 audit.

Table 1 Audit fees

	Actual	Proposed	Variance
Financial statements, annual governance statement and whole of government accounts	78,137	78,137	0
Value for money	33,734	33,734	0
Total audit fees	111,871	111,871	0

Independence

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

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.

Material weaknesses in internal control

11 I did not identify any significant weaknesses in your internal control arrangements.

Accounting Practice and financial reporting

- 12 I considered the qualitative aspects of your financial reporting. I am pleased to report that management agreed to correct all non-trivial errors identified during the course of the audit.
- 13 I have agreed with the Authority's finance officers that they will revisit the accounting policy adopted for the valuation of furniture as part of the 2009/10 asset valuation exercise.
- 14 No other issues relating to accounting policies or financial reporting were raised with the Audit and Inspection Committee.
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International Financial Reporting Standards (IFRS)

- 15 In March 2008 the Treasury announced that the annual financial statements of government departments and other public sector bodies would be prepared using International Financial Reporting Standards (IFRS) from 2009/10 onwards. For local government bodies the first full year of application is the 2010/11 financial statements but the starting period for this (the transition date) is 1 April 2009. Local government bodies will be required to produce their 2009/10 Whole of Government Accounts return on an IFRS basis.
- 16 During the year we ran an IFRS workshop with accountants from the Authority and the Force, and as part of my 2008/09 audit I have recently completed an Audit Commission survey on the Authority's progress in preparing for the implementation of the IFRS. The Authority has made a good start in its preparations for IFRS, and officers have identified the key risk areas for GMPA. They have undertaken an initial analysis to assess the work required and have agreed a timetable for preparing the 2009/10 accounts restated, as required, on an IFRS basis. Officers recognise the considerable further work required during 2009/10 to meet the IFRS requirements successfully.
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Treasury management

- 17 As part of my 2008/09 audit, I completed an Audit Commission return on the Authority's Treasury Management arrangements. The Authority's arrangements are strong, and there were no significant issues identified in my review. The Authority had no investments with Icelandic banks in 2008/09, and officers of the Police Authority have continued to protect the Authority's interests while securing financial benefits from its proactive management of loans, investments and cash flow.

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

- 18 In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). I made judgements 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.
- 19 I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 20 The Authority's finalised use of resources theme scores are shown in Table 2 below. I reported the key findings and conclusions for the three themes in detail to the Authority through its Audit and Inspection Committee in September 2009. I have set out below a summary of these findings.

Table 2 Use of resources theme scores

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

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- 21 The Authority and Force have clear arrangements in place for managing their finances and there is a proven track record of performing within budget. The funding received by the Force reflects deprivation statistics, and whilst overall service budgets and costs are higher than in most comparable forces, performance against a number of indicators is lower.

- 22 I note that actions to improve value for money are having a positive effect. Improved financial analysis and planning, and greater use of collaborative procurement arrangements with other authorities and forces are delivering savings and providing better service outcomes. The Force plans to roll out across all divisions a pilot exercise which has been successful in improving efficiency and achieving financial savings in Salford division. By sharing and implementing good practices more widely where possible, the Authority and the Force should be able to improve service performance across Greater Manchester. Operations to tackle gun, knife and violent crime and to reduce the incidence of burglary have all seen performance improvements.
- 23 Participatory budget pilots have been undertaken in priority areas to enable greater engagement of local people in commissioning services and community projects, although it is too early to identify specific outcomes. Again, sharing the learning from these pilots will help to achieve better outcomes force-wide.
- 24 The Authority and Force have effective governance arrangements in place. The Force's revised Strategic Planning framework focuses on four clear priorities for 2009 - 2011: These are Improving Public Confidence, Improving Customer Service and Contact, Reducing Serious Acquisitive Crime and Reducing Serious Violent Crime. Targets have been set to achieve performance improvement and a number of indicators will be used, focusing on qualitative outcomes.
- 25 The Authority and Force consult with citizens in ways that ensure the wider views of people across Greater Manchester are captured and used to inform future policing plans. They also communicate regularly and in a range of formats to inform the public about current issues and future plans. Consultation and engagement with citizens could be further improved by developing a more proactive approach to determining the financial information needs of different communities and considering how best to meet the information needs identified.
- 26 The Force is taking action to strengthen the way it plans and manages its workforce and deploys police resources. Sickness absence is reducing following the introduction of a revised attendance management policy and the use of benchmarking to inform management action. But there is still scope to reduce sickness absence further, and this will need to be monitored and managed carefully.
- 27 Workforce planning is improving through a Resource Management programme and the development and use of resource allocation models. The Force should further develop its projections and plans to identify more clearly its workforce numbers and skill mix requirements over the medium term.
- 28 The Force has recently introduced an Integrated Equality Scheme and continues to take steps to make sure its workforce is more representative of the communities it serves.

VFM conclusion

- 29 I issued an unqualified conclusion on 30 September 2009 stating that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 30 From 2008/09, the Audit Commission will specify each year, which of the use of resources KLoEs are the relevant criteria for the VFM conclusion at each type of audited body. My conclusion is based on the outcome of my assessments of your arrangements to secure economy, efficiency and effectiveness in your use of resources against the criteria specified by the Audit Commission.

Closing remarks

- 31** I have discussed and agreed this letter with the Chief Executive, Chief Constable, the Treasurer and the Director of Finance. I will present this letter at the Audit and Inspection Committee on 11 December 2009 and will provide copies to all Authority members.
- 32** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the following reports that I issued to the Authority during the year.

Table 3 **Reports issued**

Report	Date issued
Audit plan	June 2008
Annual Governance Report	September 2009
Opinion on financial statements	September 2009
Value for money conclusion	September 2009
Use of Resources Report	September 2009
Annual Audit Letter	October 2009

- 33** The Authority and Force have taken a positive and constructive approach to our audit. I wish to thank officers and Authority members for their support and co-operation during the audit.

Mick Waite
 District Auditor
 November 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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