

Police Use of Resources Interim Report

Greater Manchester Police Authority

Audit 2007/08

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Contents

Introduction	4
Approach and scoring	4
Summary of scores for Greater Manchester Police Authority	6
Key messages and actions for the Police Authority	7
Theme summaries	9
Financial reporting	9
Financial management	10
Financial standing	11
Internal control	12
Value for money	13
Status of the report and next steps	14

Introduction

- 1 This report presents the results of the 2007/08 police use of resources assessment (PURE) at Greater Manchester Police Authority. As the Audit Commission's appointed auditor to the Police Authority, we undertook this review during the period March 2008 to May 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 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.

Summary of scores for Greater Manchester Police Authority

- 9 Table 1 summarises the scores and 2006/07 comparative judgements for each theme.
- 10 The scores indicate that the Authority and Force have sustained their overall performance across all themes. We observed that the Authority introduced new organisational structures during the year and the improvements anticipated from these changes require further time to be realised.
- 11 The headline scores reflect a strong level of performance, although our evaluation also highlighted scope for performance improvement at a sub-theme level in two specific areas. Further details are set out in the report.

Table 1 Greater Manchester Police Authority - summary of use of resources scores by theme

Use of resources theme	2007/08 score	2006/07 score
Financial reporting	To be reported in October 2007	3
Financial management	3	3
Financial standing	4	4
Internal control	3	3
Value for money	3	3

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 overall messages from our work are as follows.
- The Authority and Force have responded positively to our evaluation in previous years. We have noted changes to structures, systems and processes in both the Authority and Force which are likely to influence positively our evaluation in future years.
 - Despite our positive assessment overall, we did note that the progress against a number of areas for improvement identified during 2006/07 was limited. In particular, there is scope to be more proactive in their arrangements for ensuring and promoting probity and propriety amongst Members and staff.
 - There is also scope to improve the use of activity information within the Force and demonstrate the link between costs and performance, so that value for money can be better evidenced.
 - The Authority and Force are proactively involved in a number of partnerships, but there is scope to improve the way in which these are monitored so that it can be clearly demonstrated how the use of partnerships links to the achievement of strategic objectives and presents value for money.
 - We noted that the Authority sustained their strong performance in respect of financial standing, and also noted elements of good practice and notable performance in other areas. In particular the way in which the Authority had negotiated a three year precept agreement, which will provide stability during the medium term allowing investment in the police service.
 - The Authority should continue to provide and increase the level of challenge, not only assessing the levels of performance and achievement of targets but considering whether value for money is being achieved alongside performance targets. The Authority and Force should make full use of benchmarking information to ensure an understanding of costs relative to other similar forces.

Role of the police authority

- 14 The Police Authority provide an effective and proactive role in ensuring effective use of resources.
- 15 The support, training and information provided to Members enables them to fulfil their roles effectively, and the relationship between Authority Members and Officers with the Force is both supportive and challenging.

- 16 The involvement of Members and senior Officers within the Authority has been critical to the success of the three year precept agreement, negotiated at a time when many other Police Authorities were subject to capping. The working relationships with the Association of Greater Manchester Authorities (AGMA) were critical to the success of this agreement.
- 17 The finance section within the Authority continues to provide a strong and effective Treasury Management function, and provide Members with meaningful budget monitoring information.
- 18 The Audit and Inspection Committee provide challenge to the work of the internal and external auditor, and are proactive in their approach, accompanying internal audit on post implementation review site visits on occasions to ensure that recommendations are being followed up and implemented.

Actions for Police Authority Members

- 19 The key actions for Police Authority Members in ensuring a continued focus on effective use of resources are:
 - monitor the relationships between activity, performance and finances, ensuring that these measures are not considered in isolation;
 - monitor partnership working, ensuring that there is a link between the achievement of strategic objectives and the use of partnerships, with clearly defined outcomes, targets and performance measures;
 - ensure that standards and ethical training takes place for both Members and Officers; and
 - ensure that reporting is not restricted to performance **or** financial measures in isolation, but links the two providing context of comparable costs and value for money achieved.

Theme summaries

Financial reporting

Theme score – (To be confirmed following our audit of the 2007/08 financial statements)
Purpose
To assess the strength of the Authority's and Force's financial accounting and reporting arrangements.
Key findings and conclusions
<p>We will be finalising our assessment of financial reporting following the audit of the police authority's financial statements for 2007/08. The financial reporting theme will be updated with the scores, key message, strengths and areas for improvement by the end of October 2008.</p> <p>However, we have noted that the Authority and Force have clear arrangements in place for the closure of their 2007/08 accounts and production of financial statements, and the Statement of Accounts Working Group has provided robust challenge to the statements in previous years.</p>

Financial management

Theme score – 3	
Purpose	
To assess how well the authority and force plan and manage its finances.	
Key findings and conclusions	
<p>The Authority and Force have clear arrangements for managing their finances, linking expenditure to strategic objectives and deliverables.</p> <p>Financial monitoring within the Authority and Force is effective, with a proven track record of performing within budget, and managing potential areas of overspend.</p>	
Improvement opportunities	
<p>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.</p>	<p>Strengthen the links between budgets and operational activity indicators (including activity based costing data).</p> <p>Enhance financial strategy documents to include use of partnerships to deliver strategic objectives, setting out costs, outcomes and success measures.</p>
<p>KLOE 2.2 The authority and force manage performance against budgets.</p>	<p>Proactively seek the views and needs of budget holders ensuring that training and information is provided to ensure highly effective monitoring.</p>
<p>KLOE 2.3 The authority and force manage their asset base (including their estate and vehicle fleet) and their IM&T service.</p>	<p>Formalise plans that are currently in place within Facilities Branch into a formal asset management plan.</p> <p>Enhance existing option appraisal arrangements for investment and disposal decisions to demonstrate more explicit 'whole life costing'.</p> <p>Investigate further opportunities for integrating the asset base with others (for example local public agencies) to deliver seamless cross-sector community based services.</p>

Financial standing

Theme score – 4	
Purpose	
To assess how well the authority safeguards its financial standing.	
Key findings and conclusions	
<p>The Authority and Force continue to manage significant budgets effectively, with outturn in line with expenditure.</p> <p>The balances and reserves maintained by the Authority are based on a sound understanding of needs, and are subject to regular review.</p> <p>The Authority Members are presented with a range of financial health indicators, and provide effective challenge to officers based on the information provided.</p>	
Improvement opportunities	
KLOE 3.1 The authority manages its spending within the available resources.	Ensure clear evidence that challenging and stretching targets are set by Members to drive performance improvements.

Internal control

Theme score – 3	
Purpose	
To assess how well the Authority's and Force's internal control environment enables them to manage their significant business risks.	
Key findings and conclusions	
<p>The Authority and Force have effective processes in place to identify and manage risks, and these are being more closely aligned going forward.</p> <p>Members and senior Officers receive appropriate training in risk management awareness, and are actively involved in the risk identification process.</p> <p>The Authority and Force have documented systems and processes to maintain internal control, and have good arrangements for the production of their Annual Governance Statement.</p> <p>The Authority and Force have well established and publicised arrangements for whistle-blowing.</p>	
Improvement opportunities	
KLOE 4.1 The authority and force manage their significant business risks.	The identification and management of risks arising from partnership working should be improved.
KLOE 4.2 The authority and force have arrangements in place to maintain a sound system of internal control.	The Authority and Force should expand the processes and systems in place for identifying and managing risks to more clearly include statutory partnership structures.
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.	<p>There is a need to reintroduce ethical standards training for Members.</p> <p>The Authority should be more proactive in assessing standards of conduct and awareness of requirements amongst Members and staff.</p>

Value for money

Theme score – 3	
Purpose	
To assess the achievement of value for money within the Authority and Force and to conclude on the robustness of arrangements to secure improvements.	
Key findings and conclusions	
<p>Overall costs are broadly comparable with other Authorities and Forces with similar performance levels.</p> <p>There are no areas of significant unintended overspending, and arrangements are in place to manage overspending should it happen.</p> <p>The Authority and Force make key policy decisions based on appropriate business cases, with projects generally delivered on time and within budget.</p> <p>Data accuracy is of good quality, and effective in assessing performance.</p> <p>The Force has been proactive in seeking external funding, and providing incentives to BCUs to identify sources of sponsorship and trading income.</p>	
Improvement opportunities	
KLOE 5.1 The Authority and Force currently achieves good value for money.	<p>There is a continued need to improve the link between activity, performance and financial information, so that value for money can be demonstrated.</p> <p>The Force and Authority should not only monitor what has been spent and what was achieved, but be satisfied that the results were achieved in the most economic and efficient manner, and are comparable (and better) than other similar forces.</p>
KLOE 5.2 The Authority and Force manage and improve value for money.	<p>Make better use of activity information in operational decision making, integrating costing and performance information so that the cost of outcomes is better understood and can be challenged more effectively.</p>

Status of the report and next steps

- 20 This report has been discussed with officers at the Authority and Force, and will be presented to the Audit and Inspection Committee.
- 21 This is an interim report, and will be updated in October 2008 following our audit of the 2007/08 financial statements and completion of the financial reporting theme.
- 22 The final scores, key messages and improvement opportunities will be included in our Annual Audit Letter which will be published on the Audit Commission website.
- 23 The Audit Commission will publish a national report summarising the results of all auditor evaluations, and highlighting areas of notable practice which can be used by other Authorities and Forces.