

NOT PROTECTIVELY MARKED

CUMBRIA POLICE AUTHORITY

AUDIT AND PERFORMANCE COMMITTEE

Minutes of a Meeting of the Audit and Performance Committee held on Wednesday 27 July 2005 at Police Headquarters, Carleton Hall, Penrith commencing at 10.00am.

PRESENT

Mrs L Slavin (Chair)

Mr M Ash
Mrs C A Egan
Mr J Mallinson

Mrs L L Shaw
Mr W Smith
Mr R Watson

Also present:

Police Authority Treasurer
Deputy Chief Constable
Assistant Chief Constable (Operations)
Constabulary Director of Finance & Resources
Police Authority Performance Management & Policy Officer
Mr R Kirkley, Head of Audit, Cumbria County Council
Deputy Clerk

PART 1 – ITEMS TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

22. APOLOGIES FOR ABSENCE

There were no apologies for absence, all Members being present.

23. EXCLUSION OF THE PRESS AND PUBLIC AND URGENT BUSINESS

There were no items on the Agenda for which the Press and Public were to excluded.

The Chair advised Members that at the end of the Agenda she intended to ask the Assistant Chief Constable (Operations) to brief the Committee on the current position with regard to crime recording and Activity Based Costing. Full reports on both items would be submitted to the September meeting of the Committee.

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24. DISCLOSURE OF PERSONAL INTERESTS

There were no disclosures of personal interests in any of the items on the Agenda.

25. STATEMENT OF ACCOUNTS 2004/05 – STATEMENT OF INTERNAL CONTROL

Circulated with the Agenda was a covering report to the Statement of Internal Control by the Clerk and Chief Executive, the Treasurer and the Chief Constable, together with a report by the Authority's Internal Auditors.

The Treasurer reminded Members that at its Annual Meeting on 1 June 2005 the Authority had agreed to amend the Committee's Terms of Reference to include responsibility for approving the Authority's Annual Statement of Internal Control and the Annual Statement of Accounts.

The Accounts and Audit Regulations 2003 required that in respect of the year to 31 March 2005 the Financial Statements must be approved by no later than 31 July 2005. The Regulations also required the inclusion within the Financial Statement of a separate Statement on Systems of Internal Control, focussing not simply on financial controls but on all the controls over the whole of the Authority's business services – the Statement on Systems of Internal Control.

CIPFA had developed guidance on the processes needed for the establishment, maintenance and review of the System of Internal Control and Risk Management in Local Authorities and in establishing proper practices for the form and content of a Statement of Internal Control.

The Statement on System of Internal Control circulated with the agenda had been approved by the Clerk and Chief Executive, Treasurer and Chief Constable, signifying compliance and assurance by those charged with maintaining appropriate levels of internal control and governance at the highest levels within the organisation. Subject to its approval by the Committee it would also be signed by the Chairman of the Authority.

Mr Kirkley then presented the Management Audit Unit's report on the Statement of Internal Control (SIC). The report concluded that the SIC had been drafted in accordance with the legal requirements of the Accounts and Audit Regulations and the detailed guidance issued by CIPFA. Evidence had been provided which supported the information included in the SIC, in terms of systems in place and reviews made of the controls over these systems. Consideration had been given to the existence of any "significant internal control issues" by the Constabulary and the Authority and none had been identified. Management Audit concurred with this assessment.

Mr Kirkly then took Members through his report in detail.

Members particularly focussed on Section 12, "Development Areas". Issues referred to included the benefits of developing a formal timetable for producing the SIC; fuller consideration of the Authority's role in the overall control arrangements,

and especially consultation with Officers of the Police Authority at an earlier stage; production of brief, annual signed summaries for each control area, showing what internal and external reviews had been carried out on controls in place and what conclusions were reached and actions taken; a clear system diagram/schematic for each key control area to illustrate more clearly how systems operated where the key controls were located; continued development of ongoing assurance work by Internal Audit on non-financial areas during the year; and the development of the practice of regular reporting to the Authority on risk management matters.

The Constabulary's Director of Finance and Resources advised Members that he considered that significant progress had been made since the SIC had been submitted to the Authority in the previous year, and that behind the SIC was a much more substantial document providing detail on many of the areas referred to by the Auditor.

He thanked Mr Kirkley and his Audit Team for the work they had undertaken during the course of the year, and in particular the fact that as a result of previous audits many of the documents referred to in the SIC were now in place.

Members considered the documents before them and raised various points to which the Officers responded as appropriate

RESOLVED, that

- (1) the Internal Auditors Report reviewing the Authority's Systems of Internal Control and the Statement thereon be noted;
- (2) those areas where improvements and procedures were required to be made during 2005/06 be noted;
- (3)
 - (i) the Statement attached to the Authority's Statement on Systems of Internal Control in respect of the year ending on 31 March 2005 be approved; and
 - (ii) the Chairman of the Police Authority be authorised to sign the Statement so that it can be presented for audit with the Authority's Statement of Accounts on 22 August 2005.

26. BUDGET OVERTURN REPORT 2004/05

The Treasurer presented a report prepared jointly with the Chief Constable, the purpose of which was to provide details of the provisional final expenditure of both the revenue and capital accounts for 2004/05. The report also contained the formal determinations required in relation to the financing of capital expenditure in 2004/05 and details of sponsorship received in 2004/05 as required by the Authority's Financial Regulations.

The provisional final expenditure for 2004/05 amounted to £81,482k as compared with the revised budget approved of £83.603k, both figures before appropriations

to earmarked reserves. Net expenditure after proposed appropriations amounted to £85.191k, which would increase the Authority's general balances by £410k to £2.995k. This would increase the value of those balances to 3.4% of the 2005/06 budget in line with guidance provided by the Treasurer to the Authority in February. The Authority's accounts had been formally closed and although they were un-audited at this stage, no significant changes were expected.

With regard to the capital programme total payments of £5.264k had been made in 2004/05 as compared to £6.014k as had been reported to the Authority in February. Following adjustments for year end accruals the amount actually required to finance the 2004/05 capital programme amounted to £4.473k. As many capital schemes had spending profiles over several years, delays experienced in one year could have a significant impact in future years, even though overall expenditure might be unaffected. Appendix 2 to the report attempted to illustrate both the effects of variations to total budgeted scheme costs, the prime consideration, but also changes to the expected costs in the year of account would determine the amount of capital financing to be applied in that year. The new Prudential Code for Finance would require increasing attention to be given to the latter.

The report provided details of capital determinations for 2004/05 together with details of sponsorship received during the course of the year. There were no bad debts to be written off in 2004/05.

A Member expressed concern at the delay in undertaking works to ensure compliance with the Disability Discrimination Act and expressed the view that continued delays in 2005/06 would be viewed unfavourably by bodies and groups with an interest in this area of activity.

RESOLVED

- (1) the overall position in relation to both revenue and capital accounts as now reported for 2004/05 be noted
- (2) the total additional net appropriations to earmarked reserves in the amended sum totalling £4.371m, (after reducing the Budget Holders' provision by £33,000 from £106,000 to £73,000) as set out in paragraph 3.11 of the report, be approved, it is being noted as a consequence that the Authority's General Reserve will increase by £0.410m to stand at £2.995m (3.4% of 2005-06 budget) at 31 March 2005.
- (3) **the Authority be recommended** to make the following determinations in accordance with the requirements of Part IV of the Local Government and Housing Act 1989 in respect of the financing of 2004/05 capital expenditure -
 - (i) usable capital receipts amounting to £628k applied to meet capital expenditure under Part IV of the Local Government and Housing Act 1989;

- (ii) a sum amounting to £124k be set aside in the revenue account as a minimum revenue provision for credit liabilities;

(4) the details of sponsorship received during the year, as set out below be noted –

Donating body and amount	Description
Various groups - £900	Donations for LPT equipment
David Gate - £2,600	Speed detector for Lowca community policing team
Wilkinson's Opticians - £200	T Shirts in support of a West Cumbria public safety exercise
Local Publicans - £60	To support a policing operation aimed at reducing spiked drinks
Various Local Businesses - £600	In support of Maryport crime prevention competition

27. STATEMENT OF ACCOUNTS FOR THE YEAR TO 31 MARCH 2005

The Treasurer introduced a report prepared jointly with the Chief Constable, appended to which was the Police Authority's Statement of Accounts for the financial year 2004/05. The document provided a comprehensive analysis of both revenue and capital expenditure incurred during the financial year, plus a balance sheet as at 31 March 2005 which showed the overall financial position of the Authority at that date. There were a number of implications for Members relating to the Authority's final accounts arising from the 2003 Accounts and Audit Regulations and new reporting requirements which were detailed in the covering report.

Responsibility for approval of the Statement of Accounts had been delegated to the Audit and Performance Committee by the full Authority at its meeting on 1 June 2005.

The Statement of Accounts was the formal accounting document used by the District Auditor to enable him to express an audit opinion on the Authority's Accounts and overall financial position. The 2003 Accounts and Audit Regulations required the Authority to formally approve the Statement by 31 July 2005. The accounts for 2005/06 had to be approved by 30 June 2006, the third year in which the time frame available to approve final accounts had been reduced.

The Annual Audit was currently taking place, although as it had not been concluded the Audit Certificate was unsigned. The Accounts and Audit Regulations would require a further report to be presented to the Authority in the event of any material amendments being necessary as a result of the audit.

The Regulations required the Statement of Accounts to be signed by the Chairman of the Authority after having been approved by Members.

The Statement of Accounts showed final net expenditure for 2004/05 amounting to £85.190m after appropriations to reserves, - £0.410m inside the approved budget. The effect of the spending in 2004/05 had increased the Authority's general balances to £2.995m, or 3.4% of the 2005/06 budget as at March 2005. This was broadly in line with the prudent levels of balances authorities were advised to maintain.

The Treasurer then worked through the Statement of Accounts document in detail, responding to matters raised by Members as appropriate.

In concluding the Treasurer acknowledged the input of the Constabulary's Finance Team in producing the Statement of Accounts against a background of the shorter reporting period, the prevailing resource issues within the Team and unavoidable absences from the work place.

RESOLVED, that the Statement of Accounts for the year to 31 March 2005, as submitted for audit be approved and the Chairman of the Authority be authorised to certify the Accounts in accordance with the Accounts and Audit Regulations 2003.

28. COLLABORATION PROJECT WITH LANCASHIRE COONSTABULARY

The Deputy Chief Constable presented a report by the Chief Constable which described the external pressures for, and potential benefits of, collaborative working. It proposed that the scope for collaborative working be explored further with Lancashire Constabulary and recommended clear strategic criteria in governance arrangements for the work.

Collaborative working on front line functions was a major component of "Building Communities, Beating Crime", the Government's vision for policing in the 21st century. It was a key strategic enabler to improve police capacity and performance, particularly at Level Two. Collaborative provision of support services was one of the main strands of the "Police Service Efficiency Strategy 2005/08" and it was promoted as a means to achieving cashable efficiency targets without damaging operational performance. Guidance on collaborative working stated that this approach could potentially –

- (i) reduce the combined cost of an activity or service
- (ii) develop process efficiencies
- (iii) enable knowledge sharing and opportunities for learning
- (iv) facilitate consistent application of best practice
- (v) provide purchasing power for outsourcing
- (vi) create products for outsourcing which were attractive to the market
- (vii) reduce implementation costs for new projects

- (viii) eliminate duplication of effort – freeing up resources for other priorities
- (ix) provide opportunities for extra funding from the Government (if available)
- (x) access help and advice from the Home Office experts
- (xi) provide efficient capacity to introduce major innovation
- (xii) enable creation of teams with scarce specialisms
- (xiii) benchmark activity and services and there costs.

Initial meetings between the Chief Constables and Deputy Chief Constables of Cumbria and Lancashire had begun discussing how collaborative working might improve policing services across both Counties. Resources have not yet been dedicated to the project by the Constabulary, although some initial scoping work had been undertaken in some discreet areas.

Appended to the report at Appendix 1 was a document which set out the proposed approach to developing collaborative working between the two Constabularies.

Members gave consideration to the report raising various matters with the officers present. In particular Members suggested that the Police Authority itself should explore the possibility for collaboration with Lancashire Police Authority, where appropriate, to expand on initial contacts made in the area of Best Value.

RECOMMENDED; that the Authority approve -

- (1) An assessment of the scope for collaborative working with Lancashire Constabulary;
- (2) The application of the governance standards set out at Appendix 1 to these minutes; and
- (3) Collaboration between the two Police Authorities as appropriate.

29. CRIME RECORDING AND ACTIVITY BASED COSTING

The Assistant Chief Constable (Operations) tabled a paper which informed Members of the progress being made by the Constabulary to achieve the recommendations contained within the 2004 Audit Commission Review of Crime Recording.

The position with Crime Recording was very positive and a considerable amount of effort had been put into taking forward this area of activity since it had last been reported to the Committee. As a consequence of the results obtained against the

July Audit the Constabulary would move to a green banding within an external crime recording audit. The next actual external audit was due to be conducted between October 2005 and March 2006.

Members welcomed this considerable improvement in performance and asked that their thanks be conveyed to all the officers concerned.

The Deputy Chief Constable then provided Members with a verbal update on the position with regard to Activity Based Costing (ABC). As a result of a considerable amount of hard work by the team heading this project the final error rate stood at 0.4%. Feedback sessions within the three BCU's had been arranged for the following week. Both the Audit Commission and HMIC had visited the Constabulary whilst the audit was being undertaken and were satisfied with the Constabulary's performance.

Members noted the position and commended the ABC Project Team for the excellent work that they had undertaken.

Members noted that full written reports on both crime recording and ABC would be submitted to the September meeting of the Committee.

RESOLVED: That the position be noted.

The meeting ended at 11.40am.

Appendix 1



Collaboration Project

Strategy and Governance

1. EXECUTIVE SUMMARY

This document sets out the proposed approach to developing collaborative working between Cumbria and Lancashire Constabularies, for approval by their Police Authorities.

2. Introduction

Cumbria and Lancashire Constabularies are committed to deliver the best possible policing services to their communities.

Collaborative working between neighbouring forces is a key strategic enabler to improve policing performance and secure Best Value. It is a major component of *Building Communities, Beating Crime*, the government's vision for policing in the 21st Century, and the *Police Service Efficiency Strategy 2005-2008*.

The Chief Constables of Cumbria and Lancashire have begun discussing how collaborative working might improve policing services across both counties. They have examined best practice advice, and the experiences of other forces, to develop proposals for:

- Strategic objectives and principles
- A statement of preferred partner status
- Governance arrangements
- Methodologies to pursue collaborative working
- Initial scoping work

3. Strategic Objectives

3.1 Collaborative working will be pursued where it will:

- Improve both Constabulary's services and performance.
AND/OR
- Generate efficiencies in the short, medium or long term.
AND/OR

- Provide the most effective response to an emerging demand or opportunity.

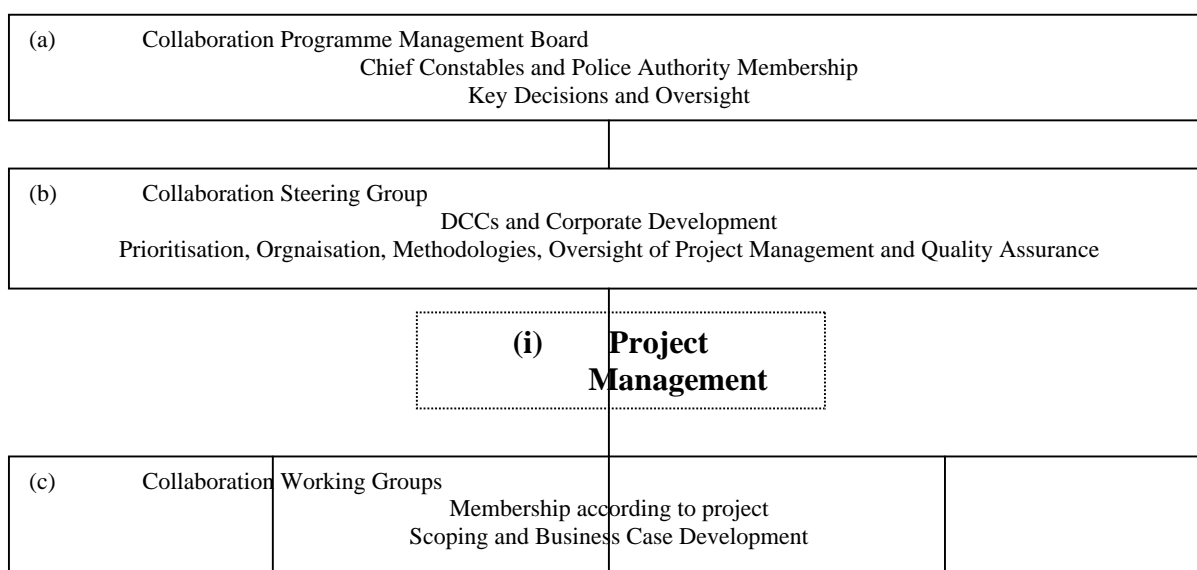
4. Strategic Principles

- 4.1 Opportunities for low-risk quick wins from collaborative working will be pursued to support learning and relationship building.
- 4.2 The development of collaborative working will include consideration of:
 - A cross section of policing and support functions
 - The full range of collaboration models, including knowledge sharing, joint management and provision of services to each other.
- 4.3 The costs and savings arising from collaborative working will normally be split between the Constabularies in line with their annual revenue budgets.

5. Statement of Preferred Partner Status

- 5.1 Cumbria and Lancashire will recognise each other as preferred strategic partners in promoting collaborative working. They will proactively pursue the development of collaborative working with each other.
- 5.2 The preferred partner statement won't prevent either Constabulary from entering into collaborative arrangements with another police force, other bodies, joint collaboration with a third party, or entering into regional or national collaborative arrangements, where these deliver greater benefits.

6. Governance Arrangements



7. Methodology

- 7.1 Both Constabularies will approach Government Office North West and the Home Office to recognise their collaborative working and to lobby for pump-prime funding.
- 7.2 Each Constabulary will identify one dedicated individual to take collaborative working forward.
- 7.3 The Collaboration Steering Group will identify potential areas for collaborative working, with reference to the strategic objectives and principles. These will be subject to scoping studies, which will involve all relevant stakeholders. The development of a full business case to Programme Board will follow where appropriate.
- 7.4 Where business cases for collaborative working are accepted, work will proceed using a project-managed approach.
- 7.5 A joint communications plan for staff and members of the public in Cumbria and Lancashire will be developed and implemented.

8. Initial Scoping Work

- 8.1 The Chief Constables have identified some policing and support functions which are appropriate for scoping studies:

Improve both Constabulary's services and performance

Surveillance

Generate efficiencies

Information Technology and Management

Provide the most effective response to an emerging demand or opportunity

Firearms Training