

Annual Audit Letter

Warwickshire Police Authority

Audit 2007/08

November 2008



Contents

Summary	3
Purpose, responsibilities and scope	5
Audit of the accounts	6
Use of resources	7
Closing remarks	10

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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Summary

Key messages

- 1** 2007/08 has been a challenging and rewarding year for Warwickshire Police Authority. A complete restructuring of the Force and Authority has been completed with the aim of delivering better policing for local people in Warwickshire. The Force has also had to deal with a number of major incidents which have been reported nationally.
- 2** Despite this backdrop, performance has improved across the Force and crime has decreased overall by 12 per cent, resulting in over 5,000 fewer victims of crime, particularly in the real areas of harm such as serious violence, domestic burglary, vehicle crime and criminal damage. As well as these significant reductions, the force has introduced and delivered an innovative approach to Drug supply - charging ten of the most prolific drug suppliers in the county, while improving user satisfaction year on year since 2005/06.
- 3** Significant improvements have also been made in the Authority's Use of Resources (UofR) which has been reflected in an overall increase in the Audit Commission's UofR score from two to three. The most significant improvement has been in relation to financial reporting and consequentially we have issued an unqualified opinion on the financial statements by the required September deadline.
- 4** We have identified two issues relating to the final accounts audit. These related to consistency errors, which have now been corrected, and the accounting treatment of interest in relation to the Justice Centre balances where we have accepted the treatment of these transactions as presented and have agreed to work with Officers to review the accounting treatment in preparation for the closure of the 2008/09 accounts. Recommendations in relation to these two issues are included below.
- 5** From 2008/09 the Use of Resources framework is changing to align with CAA. The framework's three themes focus on the importance of sound and strategic financial management, strategic commissioning and good governance and the effective management of natural resources, assets and people. The Authority is already making preparations for the new assessment, and should continue to implement the recommendations previously agreed in the PURE action plan.

Recommendations

- 6 The following recommendations are those high priority recommendations made during the course of the audit. In addition we have included a recommendation to highlight the move to the new assessment for Use of Resources.

Recommendations	
R1	The Authority should ensure practices are in place to eliminate consistency errors prior to the presentation of the statement of accounts.
R2	The Authority should review and agree the accounting treatment of interest on Justice Centre balances in preparation for the closure of the 2008/09 accounts.
R3	Work on the review of financial standing orders and financial policies and procedures should be continued and completed during 2008/09.
R4	Financial standing orders, scheme of delegation and the cost centre managers guide should be reviewed to ensure that it reflects the arrangements in place post 150 forward.
R5	Work should continue to prepare for the new Use of Resources assessment, with the Authority focusing on the need to provide evidence of outcomes from additional investment.

Purpose, responsibilities and scope

- 7 This Annual Audit Letter (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 2008. Where relevant this work has included assessment of the arrangements in place in the police force, as well as the Authority.
- 8 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.
- 9 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.
- 10 I have prepared this letter as required by the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available from www.audit-commission.gov.uk.
- 11 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).
- 12 We have listed the reports issued to the Authority relating to the 2007/08 audit at the end of this letter.

Audit of the accounts

- 13 I issued an unqualified opinion on the Authority's accounts on 25 September 2008. Before giving my opinion I reported to the Audit Committee on the issues arising from the 2007/08 audit.
- 14 The fact that we were able to issue the opinion before the end of September this year represents a significant improvement on the previous two years and reflects the improvements in financial reporting made by the finance team. The key issues to report from the audit of the financial statements are the treatment of interest on the Justice Centre balances and the volume of inconsistencies and amendments required to the disclosure notes with the accounts. Both of these issues have been discussed with officers and members of the audit committee as part of the governance report, and actions have been put in place to address them.

Whole of Government accounts

- 15 Central Government embarked on a programme leading to the preparation of consolidated accounts for the 'whole of Government', including local government, Police and Fire Authorities. The Authority is required to submit a 'consolidation pack' to the Communities and Local Government department and I am required, as your auditor, to undertake a range of procedures and report on the pack.
- 16 The pack was submitted in accordance with the requirements. There were no significant issues to report.

Additional services

- 17 We have not carried out any additional services work during the period.

Use of resources

18 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. This is known as 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 on five specific themes. This is known as the Police Use of Resources Evaluation (PURE).

Value for Money conclusion

19 I have concluded that the Authority did have proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources.

20 There are no significant issues that we wish to draw to Members' attention.

Review of police data quality

21 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, following up our detailed work in previous years.

22 My overall assessment of the corporate arrangements for managing data quality is that they remain 'Good' with a 'Stable' direction of travel.

Police Use of Resources scores

23 I assessed the Authority's arrangements on five themes and scored each theme 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 10 September 2008.

Table 1 Police Use of Resources scores

Theme	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	2 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	3 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 set out below.
- 25 The Authority and Force have demonstrated improvements in a number of areas, all of which have ensured an increase in the overall score.
- 26 The implementation of the '150 forward programme' has provided evidence of how the Authority has sought to strengthen value for money and financial management. Changes to the governance structure and roles of Members have also contributed towards the positive change in our assessment, impacting on the theme scores of financial management, internal control and value for money.
- 27 Financial reporting has improved from a level 1 to a level 3 this year. The improvement in working papers and speed of response to audit queries were key reasons for this change. The increase in this theme score reflects the hard work put in by members of the finance team.
- 28 Going forward the key challenge for the Force and Authority will be to ensure that the arrangements put in place continue to deliver results whilst ensuring that current working arrangements are fully formalised. Particular attention should be given to internal control to ensure arrangements are fully embedded and also in relation to value for money where the Authority should consider how it can evidence outcomes from its investment.

National Fraud Initiative

- 29 The National Fraud Initiative is a data matching exercise that compares sets of data to identify inconsistencies or other circumstances that might indicate fraud or error. It also helps auditors to assess the arrangements that audited bodies have put in place to deal with fraud.
- 30 We have not identified any areas of concern with the arrangements in place.

Use of resources

Specific risk-based work

- 31 We did not identify any areas of specific risk based work which fell outside of the scope of that described above.

Closing remarks

- 32 We have discussed and agreed this letter with the Treasurer and the Director of Finance. We will present the letter at the Audit Committee on 1 December 2008 and we will provide copies to all Authority members.
- 33 Further detailed findings, conclusions and recommendations on the areas covered by audit work are included in the reports issued to the Authority during the year.

Table 2 Reports issued

Report	Date of issue
Audit plan	May 2007
Interim audit memorandum	April 2008
Report to those charged with governance	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts memorandum	October 2008
Use of resources	October 2008
Annual audit letter	November 2008

- 34 The Authority and Force have taken a positive and constructive approach to our audit work. I wish to thank officers for their support and cooperation during the audit.

Dave Rigg
District Auditor
November 2008

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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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
