

Warwickshire Police Authority – 23 February 2009

Inspection and External Audit Programme 2009

Report of the Chief Executive

<p style="text-align: center;">Recommendation</p>
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<p style="text-align: center;">That the report be noted.</p>
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Introduction

At the Members' budget seminar on 11th February, an outline of the inspection and audit programme was given. This paper gives more details of the governance audit and inspection requirements for the Authority during the coming year and discusses the arrangements within the Force and Authority to support these activities.

There are three principal events planned or likely during this year and these are discussed below along with notes on the resources required to meet inspection requirements and the likely involvement of Members.

HMIC Inspection of Police Authorities

Inspection arrangements are still under development and HMIC have carried out a small number of pilot inspections to enable their processes to be refined. We await further news of the timescale and scope of the inspection. There is still considerable doubt as to the starting date for Police Authority inspections and it is not at all certain that Warwickshire will be inspected this year. However we do need to be prepared for this eventuality. Whether or not Warwickshire is inspected this year, it will be worthwhile conducting a self-assessment against the inspection criteria, when they emerge, so that we can identify any areas for development.

Key dates

At the very earliest, the inspection is not expected to take place before the second half of the year. We will keep Members informed of any developments and possible dates as more information becomes available.

Comprehensive Area Assessment/Police Use of Resources Evaluation

The annual governance audit and use of resources evaluation (PURE) will take place as usual from the beginning of April. From 2009, this audit now forms part of the joint inspectorate's framework for Comprehensive Area Assessment (CAA). CAA aims to produce a broad view of how well a range of local public services are working individually and collectively to deliver better results for local people in local priorities such as health, economic prospects and community safety, and how likely they are to improve in the future.

To support this, the Audit Commission has revised its Key Lines of Enquiry (KLOEs) and has issued detailed guidance on the use of resources framework and the areas upon which the audit is most likely to focus.

The KLOE's for this year cover:

- Financial planning
- Understanding costs and performance
- Financial reporting
- Commissioning and procurement
- Availability of relevant and reliable data
- Promoting and demonstrating the principles of good governance
- Management of risk and maintenance of systems of internal control
- Making effective use of natural resources
- Management of assets
- Planning, organising and developing the workforce

Not all of these will be investigated in detail this year.

From the guidance issued to date, we can expect the auditors' investigations within the KLOEs to:-

- be more about outcomes than compliance although activity will still be expected to be underpinned by documented processes.
- look closely at community engagement and the use, clarity and governance of partnerships in the commissioning and delivery of services.
- retain a firm focus on value for money.

One further element to note here is that the Audit Commission has made clear that the scoring mechanism will be tightened so that our current overall score of 3 will be, at best, equivalent to an overall score of 2. The Authority and Force will have to demonstrate significant year on year progress to retain its overall score of 3.

Key dates

End of March	-pre-audit evidence must be submitted to the Audit Commission
April	-on-site inspection visit, focus groups and interviews with Members and officers
May/June	-follow-up to inspection visit and submission of further evidence
July	-draft report for comment from the Audit Commission
October	-final report from the Audit Commission

Annual Governance Statement

Our Annual Governance Statement (AGS) needs to be produced and published with the annual statement of accounts at the end of June. The AGS was introduced last year to replace the Statement of Internal Control and reflects the far greater emphasis external audit now places on broader governance issues.

As yet, we have received no detailed feedback on last year's statement, and there has been no published comment on AGSs in general nor any fresh guidance on their production.

Formal review of progress on the significant governance issues identified in last year's AGS will be an important part of the process of producing this year's Statement. The Statement will, as last year, be supported by assurance statements from the Chief Constable, Chief Executive, Treasurer and Monitoring Officer, and by reports from internal and external auditors.

Key dates

End of April	-Review of last year's Statement and action plan completed
22 nd May	-Assurance Statements completed
15 th June	-Draft AGS scrutinised by Audit Committee
29 th June	-AGS approved by Police Authority along with Statement of Accounts.

Action Planning

A combined action plan is currently in place to drive the delivery of recommendations from the external audit and to address the significant governance issues identified in the AGS and the Chief Constable's assurance statement. There has been good progress to date with most of the issues in the action plan but there are one or two areas where more work is needed before the end of this financial year. The plan is monitored on a regular basis by the joint working group below. A full report on the action plan will be presented to the Audit Committee.

A similar combined planning approach is proposed for the coming year which will also incorporate any outcomes from HMIC inspection.

Resources to support this work

A joint Force/Authority working group has been in place since Spring 2008 to oversee the production of evidence and documentation associated with the audit and the production of the AGS. Core membership of this group is currently:

Marie Perry	Assistant Director of Resources
Supt Chris Ward	Head of Corporate Development
Dave Weston	Business Intelligence Manager
Jeff Carruthers	Finance Planning Manager
Jackie Whordley	Audit and Inspection Programme Officer
John Vereker	Chair of Audit Committee
Tony Brown	Policy and Governance Advisor

The group meets about every three weeks throughout the year to monitor progress against the combined audit/AGS action plans and more frequently at other times. Membership is augmented from time to time to undertake specific tasks.

If the Authority is to be inspected this year, these support arrangements may need to be reviewed.

Member Involvement

Some Members have been involved in the audit and AGS processes in previous years. The indications from the Audit Commission are that, because of the outcome-based approach to the audit, more Members are likely to be directly involved contributing to the collection and validation of evidence or through interviews and focus groups.

With regard to the production of the Annual Governance Statement, senior Members will be consulted at various stages of production and a draft statement will be circulated to all Members for comment at the earliest opportunity.

When the HMIC inspection is called, it is likely that a significant amount of time will be required for the preparation of evidence and Members and officers of the Authority and Force are likely to be required for interview. Ahead of any interviews, we will ensure that Members are fully briefed on specific subject areas and on general background information.

Regular updates will be provided to Members at meetings of the Authority and the Members' newsletter will be used if there are any significant developments between meetings.

Conclusion

The year ahead is likely to be a busy and challenging one. The timescales for preparation of evidence and responses to supplementary requests for information are necessarily tight. The working group will do all it can to ensure that Members receive as much notice and support as possible when input is needed.

If Members have any questions on these processes or would like any further information, please contact Tony Brown at the Authority office.

**Sue Howl
Chief Executive**