

Annual Audit Letter

Norfolk Police Authority

Audit 2009/10

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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Key messages

This report summarises my findings from the 2009/10 audit at Norfolk Police Authority.

My audit covers:

- **the audit of your financial statements (pages 6 to 7); and**
- **my assessment of your arrangements to achieve value for money in your use of resources (pages 8 to 11).**

Audit opinion and financial statements

- 1** On 30 September 2010, I issued an unqualified opinion on your 2009/10 financial statements.
- 2** My Annual Governance Report included recommendations which the Authority are carrying out to improve the presentation of the financial statements for future years.
- 3** 2010/11 will be the first year the Authority will prepare financial statements under the International Financial Reporting Standards (IFRS).
- 4** My work has assessed both the Authority and Constabulary are making good progress to prepare for IFRS. Some key work remains, however, for the Constabulary to restate the 2009/10 financial statements and devise reporting systems to capture information on annual leave.

Value for money

- 5** My audit concluded the Authority had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources - the value for money conclusion.

Audit fees

- 6** I reported my intended 2009/10 audit fees in my Opinion Audit Plan to the June 2010 Scrutiny and Audit Committee and my Annual Governance Report to the September 2010 Police Authority meeting.
- 7** The reports signalled that I would consider charging extra fees for additional audit testing on payroll system transactions and the Authority's approach to classifying of expenditure within the Income and Expenditure Account.
- 8** I propose to charge the Authority £5,000 for the extra work completed (Appendix 1).

Current and future challenges

Economic downturn and pressure on the public sector

9 The recent Comprehensive Spending Review confirmed that central government police funding will reduce by 20 per cent in real terms by 2014/15.

10 In the past six months, inspectorates have issued four national reports (Appendix 2) which look at the future of value for money and governance in policing.

11 The reports note the police service has reduced crime and increased public confidence during a time of expansion. In a new era of austerity with reduced funding, the reports challenge both police authorities and constabularies to review current ways of service delivery to meet public expectations in future years covering:

- taking decisive leadership action to bridge the funding gap;
- redesigning police services;
- challenging effectively all spending and efficiency targets,
- devising medium term plans to address the cuts required;
- saving up to £1 billion (12 per cent of government funding); and
- prioritising visible policing over all the police do to achieve savings of beyond 12 per cent of government funding.

12 I have set out specific action the Authority and the Constabulary are taking over these key themes.

Leadership and change

13 The Authority and Constabulary introduced the Norfolk Policing Model in 2008, which required restructuring of policing and support services across the county. Under the model, crime has continued to fall, showing a clear improvement compared to Norfolk's most similar constabularies, and confidence in Norfolk policing has increased.

14 However, because of cuts in funding, the Authority and Constabulary are planning to reduce the numbers of police officers, Police Community Support Officers and civilian staff. This may result in less visible policing with the Authority and Constabulary needing to change in the way it delivers policing to its communities.

15 The Authority and Constabulary have recognised the need for change and are working up plans to review service delivery under the new conditions.

Medium term financial planning

16 In response to the cuts in funding, the Chief Constable and Treasurer have made significant changes to their financial planning assumptions to help the Authority and Constabulary meet the expected shortfall in income.

17 The challenge for the Authority and Constabulary will be to devise robust savings plans to bridge the forecast £35 million shortfall over the four years from 2011/12 to 2014/15. The gap equates to about 22 per cent of current gross revenue spending. To cover the forecast £10.1 million gap for 2011/12, the Authority and Constabulary have identified potential areas of savings and are preparing detailed plans in support.

18 Achieving the required savings will be a difficult task. The Authority and Constabulary have already taken action to achieve large efficiency savings in previous years.

19 The Authority and Constabulary are to reassess the total savings required on the receipt of final grant monies due later in the financial year.

Workforce management

20 The police workforce is the service's biggest cost at 80 per cent of total police spend. The national reports note that constabularies may need to reduce police officers linked to their assessment of the threat of serious criminality, the harm crime causes and the risks of day-to-day crime, otherwise known as the assessment of threat, harm and risk.

21 Norfolk Constabulary have taken action by revising shift arrangements to map demand across priority areas more effectively. This has resulted in lower overtime, sickness and crime.

22 However, the national reports and supporting tools show, in comparison to other police forces, the Constabulary may have opportunities to reduce some workforce management costs. The Constabulary are reviewing these costs against the latest benchmarking information. I will look at the results of this work in my 2010/11 VFM conclusion audit.

Collaboration

23 Key to the success of collaboration is that it delivers value for money and adheres to the principles of good governance. Continuing collaboration work within the Authority and Constabulary accords with the strategy enabling delivery of VFM and good governance.

24 The Authority continues to collaborate with neighbouring Police Authorities for a range of services,

25 The Authority has reported joint savings of £0.7 million from the first year of collaborative initiatives with Suffolk Police Authority.

26 Both Authorities have worked together to set up more collaborative ventures during 2010/11. The ventures include a Business Support Review examining business support roles across both Constabularies.

27 The national report tools, however, signalled that Norfolk Constabulary could achieve savings in this area by reducing corporate development, Information, Communication and Technology and finance costs.

Future developments

Police Reform

28 The government has announced its plan to abolish police authorities and introduce directly elected Police and Crime Commissioners (PCCs) by May 2012.

29 Replacing police authorities with PCCs raises several risks. The Authority should review its:

- capacity to ensure its members and officers have the vision, drive and ability to deal with the risks, associated with the transition;
- strategic direction to focus on key priorities ensuring the Constabulary preserves performance with fewer resources;
- scrutiny role in both engaging with and challenging the Constabulary to achieve VFM; and
- governance role in upholding key financial controls during major organisational change.

30 PCCs will have a community safety role with potential to commission community safety work by partners in local areas. At the same time, the government is reviewing rules around community safety to free partnerships from central prescription.

31 However, Commissioners and emerging partnerships will need clear, credible and easy to understand information to make a positive contribution and impact in community safety.

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.

I gave an unqualified opinion on the Authority's 2009/10 financial statements on 30 September 2010, the statutory target date.

Overall conclusion from the audit

32 On 30 September 2010, I issued an unqualified opinion on your 2009/10 financial statements.

33 This year officers prepared accounting entries in a few more complex areas of work. This included restating accounting entries for the Police Headquarters Private Finance Initiative Scheme. Officers provided good working papers in support of this area and for the rest of the financial statements. Finance staff dealt quickly with queries and requests for extra information.

34 My audit identified some material classification errors in the income and expenditure account and disclosure notes for which management agreed to amend. The amendments did not impact on the financial position of the Authority.

Significant weaknesses in internal control

35 I did not identify any significant weaknesses in your systems of internal control.

36 However, my work identified the Constabulary could not identify all controls within the payroll system to evidence the accuracy of the Authority's classification of payroll costs within the financial statements.

37 Officers amended the financial statements for classification errors arising from the extra audit work I completed.

38 My Annual Governance Report recommended members oversee the actions taken by management to address the matters arising.

International Financial Reporting Standards

39 2010/11 will be the first year the Authority will prepare financial statements under the International Financial Reporting Standards (IFRS).

40 Successful implementation of IFRS will testify to the ability of local government to manage a major change in its financial arrangements. Failure, on the other hand, could result in late or qualified opinions on accounts and will reflect badly on the reputation of individual authorities and, potentially, the sector as a whole.

41 The Audit Commission has issued several briefing papers highlighting key aspects of the change to authorities. Auditors have undertaken surveys of progress in key technical areas.

42 My work has assessed the Authority and Constabulary are making good progress. The key challenges facing the Authority are:

- restating 2009/10 balances on an IFRS basis by the end of December 2010;
- completing skeleton accounts and accounting policies for member approval; and
- developing the reporting structure to extract relevant information to calculate the provision for annual leave.

43 The Treasurer reported to members of the Scrutiny and Audit Committee in March 2010, the impact the change to IFRS will have on the financial statements.

44 I will continue to monitor progress at the Authority and undertake a review of the restated balances, once complete.

Value for money

I considered whether the Authority is managing and using its money, time and people to deliver value for money.

I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.

2009/10 use of resources assessments

45 In May 2010 the government announced work on Comprehensive Area Assessment would stop with immediate effect. At the end of May 2010, the Commission wrote to all chief executives to inform them the Commission would no longer issue scores for its use of resources assessments.

46 However, I am still required by the Code of Audit Practice to issue a value for money conclusion. I have therefore used the results of the work completed on the use of resources assessment up to the end of May 2010 to inform my 2009/10 conclusion.

47 I report the significant findings from the work I have carried out to support the VFM conclusion.

VFM conclusion

48 I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

49 This is a summary of my findings.

Criteria	Adequate arrangements?
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
Managing resources	
Natural Resources	Yes
Strategic asset management	Not assessed in 2009/10
Workforce	Yes (based on brought forward 2008/09 assessment)

50 I issued an unqualified conclusion stating the Authority had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources. My Annual Governance Report summarised the reasons for my judgement across the criteria.

Financial standing

51 Financial standing remains sound. The Authority reported and continues to anticipate underspends on both revenue and capital budgets for the years 2009/10 and 2010/11. As at 31 March 2010, both Investments at £19 million and reserves of £17.1 million cover short-term creditors and long-term borrowing.

52 For 2009/10, the Authority reported a net revenue underspend of £0.082 million against the approved net budget requirement of £142.7 million. Capital expenditure totalled £11.5 million, which was £1 million less than the new approved programme of £12.5 million (reduced from £17.5 million). The underspend was because of slippage on specific schemes. The Authority plan to carry these schemes forward to 2010/11.

53 For 2010/11, the Authority set an approved revenue budget of £146.7 million, taking account of savings proposals for £4.7 million. The budget allows for a contribution of £1.5 million to the Budget Support Reserve for use in future years.

54 As at 31 July 2010, the Authority are forecasting a year-end underspend of £0.3 million against the approved revenue budget. This is after the Authority has found more savings of £1.3 million to offset the government cut in grant for 2010/11. The Constabulary have halted recruitment of officers and staff because of the anticipated cuts arising from the economic recession. The Constabulary estimate that savings arising will increase the year-end underspend to £1.7 million.

55 The Authority has reduced its capital programme for 2010/11 to £10.1 million (previously £13.7 million) because of the economic downturn. Expected slippage is £0.7 million, leaving forecast capital spend at £9.4 million.

Protecting the public purse

56 In October 2010, the Audit Commission published Protecting the Public Purse. The document summarised the results of a 2009/10 survey of frauds detected by local councils, police and fire authorities and probation boards.

57 These public bodies detected about 119,000 frauds valued at £135 million. The report:

- provides information about emerging and changing fraud risks; and
- helps to identify good and poor practice.

58 Management have found no evidence of fraud during 2009/10.

Natural resources

59 The use of natural resources such as oil, gas, electricity and water is a high-profile issue nationally and of increasing importance to public bodies in seeking to reduce their impact on the environment.

60 My Report noted that Norfolk Police Authority could improve the joint Authority and Constabulary Environmental and Strategy. This included devising a comprehensive means of reporting progress against declared and prioritised outcomes.

61 Since my review the Constabulary has taken action. The Constabulary has registered with the Carbon Trust for their Local Carbon Management Programme to seek specialist support in its use of natural resources. This includes setting up a Programme Board and Project Board to deliver the Programme and developing a five-year plan to meet the Constabulary's carbon reduction targets.

Approach to local value for money work from 2010/11

62 Given the scale of pressures facing public bodies in the current economic climate, the Audit Commission has been reviewing its work programme for 2010/11 onwards. This review has included discussions with key stakeholders on possible choices for a new approach to local VFM audit work. The Commission aims to introduce a new, more targeted and better value approach to our local VFM audit work.

63 I will base my work on a reduced number of reporting criteria, specified by the Commission, concentrating on:

- securing financial resilience; and
- prioritising resources within tighter budgets.

64 I will decide a local programme of VFM audit work based on my audit risk assessment, informed by these criteria and my statutory responsibilities. I will no longer provide an annual scored judgement on my local VFM audit work. Instead I will report the results of all my local VFM audit work and the key messages for the Authority in my Annual Governance Report to those charged with governance and in my Annual Audit Letter.

Current and future challenges

Economic downturn and pressure on the public sector

65 The last few years have seen the United Kingdom enter a significant economic recession on the back of a global economic crisis triggered by the collapse of several high-profile international banks.

66 The effect locally, is an increasing demand for public services at a time of reduced levels of central government funding. The recent Comprehensive Spending Review confirmed that central government police funding will reduce by 20 per cent in real terms by 2014/15. The government will cut almost two thirds of the funding by 2012/13.

67 The impact of the recession and the Comprehensive Spending Review will present a challenge to the Authority for the coming years in preserving services to local residents, keeping a sound financial position and delivering value for money.

Audit Commission, Her Majesty's Inspectors of Constabulary (HMIC) and Wales Audit Office (WAO) National Reports

68 In the last six months, inspectorates have issued four national reports which look at the future of value for money and governance in policing (Appendix 2).

69 The reports deal with different topics, covering achieving value for money with limited funding and reporting on the interim results from specific inspections of police authorities. All four reports, however, challenge both police authorities and constabularies to review current ways of service delivery to meet public expectations in future years.

70 The reports note the police service has reduced crime and increased public confidence during a time of expansion. In a new era of austerity with reduced funding, the reports challenge police authorities and constabularies to:

- show local strategic leadership of reform, taking decisive action to bridge funding gaps;
- redesign police services by using a longer-term transformational approach linking to spending to its assessment of threat of serious criminality, the harm crime causes and the risks of day-to-day crime;
- challenge effectively all spending and efficiency targets, not just of support but operational functions, including the way constabularies use front-line officers;
- devise medium term plans geared to the cuts required, supported by deliverable plans;

- save up to £1 billion (12 per cent of government funding), by better workforce management, improved productivity, merging business support, better procurement and working with other constabularies and partners; and
- prioritise visible policing over all the police do to achieve savings of beyond 12 per cent of government funding.

71 I set out specific action the Authority and the Constabulary are taking over these key themes.

Leadership and change

72 The Authority and Constabulary introduced the Norfolk Policing Model in 2008, which restructured policing and support services. The Model reformed three basic command units into one county service delivery unit, centralising human resources, finance and administrative support systems. The Constabulary have reported the change has delivered efficiency savings of £3.7 million.

73 Under the Model, crime has continued to fall and confidence in Norfolk policing has increased. Comparing April – June 2010 with the same period in 2011, crime has fallen by 12.2 per cent showing a clear improvement compared to Norfolk's most similar constabularies. Confidence in the police increased from 51 per cent in September 2009 to 54.1 per cent in March 2010.

74 HMIC concluded in its March 2010 Report Card the cost of policing in Norfolk is low to medium compared to similar constabularies and Norfolk is a high performing constabulary.

75 However, because of cuts in funding, the Authority and Constabulary are planning to reduce the numbers of police officers, Police Community Support Officers and civilian staff. This may result in less visible policing with the Authority and Constabulary needing to change in the way it delivers policing to its communities.

76 Norfolk Police are already taking action to review service delivery under the new conditions:

- the Chair of the Authority and Chief Constable have reported publicly on plans to risk assess choices;
- management are reviewing the link between spend and the, harm and risk assessment; and
- the Scrutiny and Audit Committee are to consider the key messages the consolidated messages from the four national VFM reports.

Medium term financial planning

77 In response to the cuts in funding, the Chief Constable and Treasurer have made significant changes to their financial planning assumptions to help the Authority and Constabulary meet the expected shortfall in income.

78 Following the May 2010 election, the government announced cuts in general and specific grants and are recommending no increase in council tax in 2011/12. In response, the Authority has revised its forecast budget shortfall projections.

79 The Authority reported in August 2010 that it may need to find total savings of £35.3 million over the four years to 31 March 2015, equating to about 22 per cent of current gross revenue spending. Management consider that savings will arise from decreases in police officers, staff, as well as other areas, but this will leave a £7 million shortfall. To cover the forecast £10.1 million gap for 2011/12, the Authority and Constabulary have identified potential areas of savings and are preparing detailed plans in support. The Authority and Constabulary are to reassess the total savings required on the receipt of final grant monies due later in the financial year.

80 The Authority regularly reports on its achievement of efficiency savings:

- for 2004/05 to 2007/08, the Authority delivered £9.1 million cashable efficiency savings; and
- for 2008/09 to 2010/11 the Authority is planning to achieve cashable efficiency savings of £19.6 million against its target of £14.8 million.

81 The challenge for the Authority and Constabulary will be to both:

- devise robust savings plans to bridge the £35 million shortfall between 2011/12 and 2014/15; and
- achieve tangible savings, when the Authority and Constabulary have already taken action to achieve large efficiency savings in a time of growth.

82 Members continue to receive reports on progress and I will cover this area specifically through my work on the 2010/11 VFM conclusion.

Workforce management

83 The police workforce is the service's biggest cost at 80 per cent of total police spend. The national reports note that constabularies may need to reduce police officers linked to its threat, harm and risk assessment.

Constabularies can make choices in five areas:

- workforce mix;
- shift patterns;
- overtime;
- management numbers'; and
- productivity.

84 Norfolk Constabulary have taken action by reviewing shift arrangements, responding to a poor understanding of crime patterns and community needs for policing. The shift pattern introduced in April 2009, as agreed with the Police Federation following mapping of demand across priority areas, has reduced:

- officer numbers dealing with response policing;
- overtime by 25 per cent (£1 million);
- sickness by 17 per cent; and
- crime by 30 per cent.

85 However, the national reports and supporting tools show, in comparison to other police forces, the Constabulary may have opportunities to reduce some workforce management costs. The Constabulary are reviewing these costs against the latest benchmarking information. I will look at the results of this work in my 2010/11 VFM conclusion audit.

Collaboration

86 Key to the success of collaboration is that it delivers value for money and adheres to the principles of good governance. Continuing collaboration work within the Authority and Constabulary accords with the strategy enabling delivery of VFM and good governance.

87 The Norfolk and Suffolk Preferred Police Partnership Collaboration Strategy, agreed by both Authorities in May 2010 addresses both issues. The Strategy recognises the Partnership does not prevent both Constabularies taking advantage of other opportunities with scope for larger savings that may arise within the Eastern economy and nationally. The Joint Statutory Committee of both Authorities will meet more regularly to oversee delivery of existing governance arrangements, including business cases and formal agreements.

88 The Authority continues to collaborate with neighbouring Police Authorities for several services, including:

- the Eastern Region six Counties Collaboration Project;
- a preferred partner arrangement with Suffolk Police Authority; and
- a partnership with Suffolk Police Authority for building six custody centres under a Private Finance Initiative, scheduled for completion during 2011.

89 The six Counties Project has signed an agreement to address serious and organised crime and is progressing a business case on Information, Communication and Technology (ICT).

90 Norfolk and Suffolk Police Authorities collaborated to address funding gaps in protective services, by setting up in 2009/10 a joint Major Investigation Team and a joint Witness Protection Unit. The Authority has reported cumulative savings of £0.7 million as a result.

91 Both Authorities have also collaborated in 2010/11 across several protective service areas covering joint Source Handling Units and a joint Special Branch. More initiatives include joint Financial Investigation, Economic and Computer Crime, Dog-Handling and Firearms Licensing Units.

92 Several business cases are in development, including a Business Support Review examining business support roles across both Constabularies. The national report tools signalled that Norfolk Constabulary could achieve savings in this area. Corporate development, ICT and finance costs above the average when benchmarked against other and most similar forces.

Next Steps

93 The national reports recommend that authorities and constabularies should test their own arrangements against the report to assess if they are delivering value for money and meeting the characteristics displayed by those police authorities that are performing well.

94 The Authority's Value for Money Working Group has reviewed both value for money reports. Management have collated the key messages and reported on progress to the Scrutiny and Audit Committee.

95 I will continue to review the Authority's and Constabulary's responses to the tighter fiscal climate as part of my 2010/11 VFM conclusion.

Future developments

Police reform

96 The government has announced its plan to abolish police authorities and introduce directly elected Police and Crime Commissioners (PCCs) by May 2012. PCCs will cover the police force area and hold Chief Constables to account for the Constabulary's performance. A Police and Crime Panel is to have overview and scrutiny powers over the Commissioner.

97 The national reports on the inspections of police authorities (Appendix 2) found that most police authorities were performing adequately, but in general were not:

- taking a strategic lead in deciding the longer- term shape of policing for their area; and
- ensuring a clear and sustained focus on VFM and collaboration.

98 Replacing police authorities with PCCs raises several risks relevant to these key themes leadership and VFM for authorities. The Authority should review its:

- capacity to ensure its members and officers have the vision, drive and ability to deal with the risks, associated with the transition;
- strategic direction to focus on key priorities ensuring the Constabulary preserves performance with fewer resources;
- scrutiny role in both engaging with and challenging the Constabulary to achieve VFM; and
- governance role in upholding key financial controls during major organisational change.

99 PCCs will have a community safety role with potential to commission community safety work by partners in local areas. At the same time, the government is reviewing rules around community safety to free partnerships from central prescription.

100 The removal of prescription creates opportunities for police, councils and other partners to focus on and respond to local concerns.

101 Commissioners will need better information to make a positive contribution and impact in community safety. However, partnerships add complexity in providing transparent information to the public. The partnerships that will emerge will need to agree on;

- providing clear, credible and easy to understand information to the public;
- a better understanding of the different communities to adapt policing to their needs; and
- showing effective scrutiny, challenge and review in deciding actions for local communities.

Closing remarks

102 I have discussed and agreed this Letter with the Chief Executive and the Treasurer. I presented this Letter at the Scrutiny and Audit Committee on 11 November 2010 and have provided copies to all Authority members.

103 I have included full detailed findings, conclusions and recommendations in the areas covered by my audit in the reports I issued to the Authority during the year.

Report	Date issued
Audit Fees Letter	April 2009
Opinion Audit Plan	June 2010
Annual Governance Report	September 2010
Opinion on financial statements and VFM conclusion	September 2010
Whole of Government Accounts Assurance Statement	October 2010
Annual Audit Letter	November 2010

104 Members and officers have taken a positive and helpful approach to our audit. I wish to thank Norfolk Police Authority and Norfolk Constabulary staff for their support and cooperation during the audit.

Neil A Harris
District Auditor and Engagement Lead

November 2010

Appendix 1 Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	67,000	62,000	5,000
Value for money	30,000	30,000	0
Total audit fees	97,000	92,000	5,000

The extra fee arises from extra substantive testing because:

- the Constabulary could not identify all controls within the payroll system to evidence the accuracy of the Authority's classification of payroll costs within the financial statements; and
- the Constabulary had classified expenditure in restating the Income and Expenditure Account on a different basis between 2008/09 and 2009/10.

Appendix 2 National reports

In the last six months, the Audit Commission, Her Majesty's Inspectors of Constabulary (HMIC) and the Wales Audit Office (WAO) have issued four national reports which look at the future of value for money and governance in policing:

Value for money

- sustaining value for money in the police service (Audit Commission, HMIC and WAO: July 2010); and
- valuing the Police: Policing in an age of austerity (HMIC: July 2010);

Police Authority inspection

- Learning Lessons: An overview of the first ten joint inspections of police authorities (HMIC and Audit Commission: March 2010); and
- Police governance in Austerity: thematic report into the effectiveness of police governance (HMIC: October 2010).

Appendix 3 Glossary

Annual governance statement

Governance is about how local government bodies ensure they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, which direct and control local government bodies and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Authority on the extent to which it complies with its own local governance code. This includes how the Authority has recorded the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit opinion

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether the Authority has prepared the financial statements properly, following the relevant accounting rules; and
- for local probation boards and trusts, on the regularity of their spending and income.

Financial statements

The annual accounts and accompanying notes.

Qualified

The auditor has some reservations or concerns.

Unqualified

The auditor does not have any reservations.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

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- any third party.



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