

Annual Audit Letter

November 2007



Annual Audit Letter

Norfolk Police Authority

Audit 2006/07

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

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. Appointed auditors address their reports to non-executive directors or officers and for the sole use of the audited body. Auditors accept no responsibility to:

- any directors in their individual capacity; or
- any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2007

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

Contents

Summary	4
Key messages	4
Recommendations	4
Purpose, responsibilities and scope	5
Use of resources	6
Value for money conclusion	6
Review of police data quality	6
Police use of resources scores	7
National Fraud Initiative	8
Police Performance Assessments 2006/07	8
Audit of the accounts	9
Whole of government accounts	9
Closing remarks	10

Summary

Key messages

Use of resources

- 1 I concluded that the Authority had proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources - the value for money conclusion.
- 2 The Authority's overall use of resources score remained at level 3 and there was a marked improvement in the internal control assessment.
- 3 Data Quality; robust corporate performance monitoring and reporting systems are in place with an excellent level of compliance with the National Crime Reporting Standard (NCRS).
- 4 Police Performance Assessments; further improvement this year with two categories rated as excellent, three as good and none rated as poor.
- 5 Appropriate arrangements are in place to follow up referrals from the Audit Commission's National Fraud Initiative.

Audit of accounts

- 6 I issued an unqualified audit opinion in September this year. Good quality accounts and supporting working papers were submitted to us within the required deadline.

Recommendations

Recommendation
<i>R1 Implement the recommendations from our use of resources report to further enhance the good level of performance already achieved.</i>

Purpose, responsibilities and scope

- 7 This 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 2007. Where relevant this work has included assessment of the arrangements in place in the 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. In addition the Authority is planning to publish it on its website.
- 10 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).
- 11 We have listed the reports issued to the Authority relating to the 2006/07 audit at the end of this letter.

Use of resources

Value for money conclusion

- 12 I have concluded that the Authority did have proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources. There are no significant matters I need to raise with members of the Authority.

Review of police data quality

- 13 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, and whether these arrangements are being applied in practice. A detailed report supporting the assessment and highlighting areas for improvement was issued to the Authority in May 2007.
- 14 We concluded that the Authority and Constabulary have successfully implemented and maintained robust corporate performance monitoring and reporting systems and have taken proactive steps to ensure the quality of data recorded within those systems. Detailed testing undertaken concluded that an excellent level of compliance with NCRS is being achieved and additional testing of published performance information and the customer satisfaction survey processes have revealed no weaknesses that could adversely affect reported performance.
- 15 Following last year's crime recording audit, a detailed action plan containing ten recommendations to address identified weaknesses was agreed with the Authority. As part of this year's data quality review we assessed the progress made by the Authority and Constabulary in implementing this action plan. We concluded that all recommendations had been successfully implemented.

Police use of resources scores

- 16 I assessed the Authority's arrangements in five areas and scored each area 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 in November 2007.

Table 1 Police use of resources scores

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	2 out of 4
Overall assessment of the Audit Commission	3 out of 4

(Note: 1=lowest, 4=highest)

- 17 The Authority and Force have made further progress this year in consolidating a level of performance above the minimum requirements and have improved the Authority's score on Internal Control.
- 18 The Chief Constable has a new vision for Norfolk and has appointed an Organisational Development Team to lead upon a major review of the way Norfolk Constabulary delivers its services. The review will co-ordinate a programme of change focused upon ensuring value for money and a policing framework where communities and customers come first. The results of this review will be pivotal to the further improvement of performance and we will monitor the outputs of this review closely during our future use of resources assessments.
- 19 Our detailed report including our findings for all the above criteria includes an action plan of recommendations to address areas for further development. The Authority should note that the Audit Commission intends to raise the bar yet further in 2008 so the criteria against which authorities will be assessed will again be progressively more challenging.

Recommendation

R2 Implement the recommendations in our detailed Use of Resources report to further enhance the good level of performance already achieved.

National Fraud Initiative

- 20 The National Fraud Initiative is a computerised data matching exercise designed to identify overpayments to suppliers and benefit claimants and to detect fraud perpetrated on public bodies. The referrals from the current exercise were released to participating bodies in January 2007.
- 21 The Authority has established adequate arrangements to follow up and investigate the data matches arising from this exercise. Investigations by officers have indicated that there are satisfactory reasons for the data matches referred with no evidence of fraud.

Police Performance Assessments 2006/07

- 22 This is the third year of police performance assessments published jointly by the Police and Crime Standards Directorate and the HMIC to provide the public with a clear view on how well policing is being delivered in their area.
- 23 Norfolk has been assessed as excellent in two and good in three of the seven performance areas with no poor ratings at all. This reflects the considerable efforts the Force has made this year in implementing neighbourhood policing. The Authority has identified the improvement of public contact and meeting the national call handling standards as some of its key priorities for 2007/08.

Audit of the accounts

- 24 I issued an unqualified opinion on the Authority's accounts on 25 September 2007.
- 25 Before giving my opinion, I reported to the Police Authority acting as 'those charged with governance' on the issues arising from the 2006/07 audit. The accounts were approved within the statutory deadline and produced to a high quality with good supporting working papers.

Whole of government accounts

- 26 Central government embarked on a programme leading to the preparation of consolidated accounts for the 'whole of government', including police authorities. The Authority is required to submit a 'consolidation pack' to HM Treasury and the auditor is required to undertake a range of procedures and report on the pack.
- 27 There were no major issues arising from our audit and the audited consolidation pack was submitted within the required timescale.

Closing remarks

- 28 We have discussed and agreed this letter with the Chief Executive, the Chief Constable, and the Treasurer to the Authority. We will present the letter at the Scrutiny and Audit Committee on 10 January 2008 and we will provide copies to all Authority members.
- 29 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Authority during the year.

Table 2 Reports issued

Report	Date of issue
Audit plan	March 2006
Report to those charged with governance	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Final accounts memorandum	November 2007
Use of resources	November 2007
Review of police data quality	May 2007
Annual audit letter	November 2007

- 30 The Authority and Force have taken a positive and constructive approach to our audit and data quality work, and I wish to thank officers for their support and co-operation during the audit.

Andy Perrin
District Auditor

November 2007