

Progress Report

Nov 2009

Cleveland Police Authority

Audit 2009/10

Date

Contents

Introduction	3
2008/09 audit	4
2009/10 audit	6
Other developments	7
The Audit Commission	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.
-

Introduction

- 1 This report provides a summary to inform the Audit and Internal Control Panel of the completion of the 2008/09 audit programme and also an update on 2009/10 audit programme to date.
- 2 This update also seeks to highlight key emerging national issues and developments which may be of interest to the members of the Panel.
- 3 If you require any additional information regarding the issues included within this briefing, please feel free to contact your Audit Manager (Catherine Andrew) or District Auditor (Lynne Snowball).

2008/09 audit

- 4 We agreed our 2008/09 audit plan with the Audit and Internal Control Panel in March 2008. We prepared two documents to explain our audit approach in more detail, the external audit opinion plan was presented to the Audit and Internal Control Panel in January and the use of resources report was presented to the Policy and Resources Panel in May.
- 5 We have completed the agreed work from the plan:
- Pre statements opinion work is complete, including our three year review of internal audit. There are no issues arising to raise with the Panel;
 - The audit of the financial statements is complete we gave an unqualified opinion on the accounts on 30 September 2009;
 - Use of resources work is complete and scores were confirmed to the Authority on 14 September 2009. The Authority chose to request a review of the scores and this request was accepted by the Audit Commission. The review did not result in any change to the scores which are included in table 1 below.

Table 1 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances How effectively does the organisation manage its finances to deliver value for money?	3
Governing the business How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	2
Managing resources How well does the organisation manage its natural resources, physical assets and people to meet current and future needs and deliver value for money?	2

- 6 The only outstanding work from the 2008/09 plan is detailed below:

Planned work	Position
Review of governance arrangements, including the use of the Audit Commission good governance diagnostic	Overall governance arrangements have been reviewed as part of use of resources. A project brief for the good

	governance diagnostic work has been discussed with officers and the survey is planned for September 2009. The survey has been delayed into November and the results will now inform out 2009/10 use of resources work.
Review of use of information for performance management across the organisation, including arrangements to ensure agreed action plans are monitored	Fieldwork is complete and a draft report for the use of information work is expected imminently.

2009/10 audit

- 7 Our approach to planning has changed for 2009/10 and instead of producing a full audit plan a number of months in advance of starting any work, we now prepare a letter at the beginning of the audit year, with a detailed plan to follow later.
- 8 We issued our draft 2009/10 fee letter to the Chief Executive on 3 April 2009 and this was discussed at a meeting on 29 April with officers and the Chair of the Audit and Internal Control Panel.
- 9 We are currently reviewing our initial risk assessment to update our plans for changes since April. A full audit plan should be presented to the next Audit and Internal Control Panel.

Other developments

10 Since the Audit and Internal Control Panel last met, the following developments have occurred that are relevant to the Authority.

Audit Commission national reports

- 11** The Audit Commission's report 'Protecting the Public Purse' published on 15 September considers the key fraud risks and pressures facing councils and related bodies and identifies good practice in fighting fraud. It calls on them to urgently reassess their counter fraud plans and to ensure that staff understand, and have faith in, whistle-blowing arrangements. The report is supported by a range of materials including:
- a summary and recommendations;
 - an extended summary including case studies; and
 - a checklist to help ensure sound governance and counter-fraud arrangements are in place and working as intended.
- 12** Linked to the 'Protecting the Public Purse' report, the Audit Commission is undertaking an annual fraud and corruption survey of all local authorities, police authorities, fire and rescue authorities and probation boards and trusts. The first of these surveys was issued week commencing 26 October 2009 for completion by audited bodies and return to the Commission by 6 December 2009. The survey covers the financial year 2008/09 and will be issued to directors of finance for completion online.
- 13** The Audit Commission's report 'Lofty Ambitions' published on 21 October gives practical examples to show councils how they can tackle CO2 emissions, and at the same time help to reduce fuel poverty. Although the report is principally about reducing emissions from housing, there are wider messages on reducing emissions generally which are relevant to the Authority.
- 14** The audit and inspection fee scales for 2010/11 and indicative fee proposals for 2011/12 and 2012/13 were published on 30 October following consultation. For Police Authorities there is an expected 6% increase due to the move to International Financial Reporting Standards, but the additional cost will be rebated centrally by the Audit Commission.
- 15** The Audit Commission's discussion paper 'Nothing but the truth?' suggests three options for assessing data, including spot checks on the indicators used to track service performance. Better information, it says, could improve efficiency and value for money. It also proposes that inspectors should give independent assurance of the credibility of information in addition to auditors' examination of accounts.

Other Audit Commission tools

- 16** In October the Audit Commission launched a diagnostic tool covering four of the six principles in the Good Governance Standard:
- Focusing on improving the well-being and outcomes for citizens and users who need it most;
 - Valuing equality and diversity and respecting human rights;
 - Developing the capacity of the organisation to deliver equalities, diversity and human rights priorities; and
 - Engaging with stakeholders and making accountability real.
- 17** The diagnostic consists of three parts:
- self-assessment on-line SNAP survey;
 - document review and full assessment; and
 - developmental workshops.
- 18** The diagnostic can be applied at any public body and will be considered for use at the Authority as part of the 2009/10 audit, discussions being informed by the results of the overall good governance survey being carried out in November.
- 19** The Audit Commission has worked with the National School of Government to produce a unique web-based learning scheme on the core skills in financial management for local government. It is flexible, friendly and free to use.

Top managers (both executives and non-executives) need to be financially literate and able to understand fully the fiscal environment their organisation operates in. This free programme gives managers who are not finance experts a grounding in the core financial management skills. Its online e-learning modules cover foundation level knowledge in the following key areas of financial management:

- Financial planning and control;
- Accounting for income and expenditure;
- Financial reporting;
- Strategic and business planning;
- Budget management;
- Performance indicators;
- Market economics;
- Investment appraisal and evaluation;
- Interpretation of financial accounts; and
- Corporate finance.

It takes around eight hours of flexible learning time to complete all ten modules in the user-friendly e-learning scheme. You will need to register to use the tool, but this

Other developments

means you can dip in and out when it suits you and you can go back for a refresher whenever you want.

Police Authority inspection

20 The first Police Authority inspections started on site in September. All police authorities will be inspected in a phased programme that will be completed by the middle of 2011. Cleveland Police Authority inspection is planned to take place between March and July 2010.

21 Police Authority inspections will:

- Evaluate the impact that a police authority has in holding its force to account in delivering policing priorities in an area and, in doing so, identify how the police authority makes a difference in ensuring that the priorities are delivered;
- Probe the effectiveness of the police authority's management of both its own and its force's performance, leadership and scrutiny; how it manages the use of its own and its force's resources and people efficiently and effectively and provides value for money; how it works in collaboration with communities and partners to build capacity; and how it ensures the delivery of outcomes and improvements that matter to local people.

CIPFA publications

22 There have been three CIPFA publications recently:

- Enhanced systems based auditing;
- Contract audit toolkit; and
- Commissioning public services, partnership working and delivery with the third sector.

Other publications

23 The International Federation of Accountants has published a good practice guide '[Evaluating and Improving Costing in Organizations](#)' and a related '[Evaluating the Costing Journey: A Costing Levels Continuum Maturity Model](#)'.

24 The guidance sets out six fundamental costing principles to help accountants and their organisations evaluate and improve their approach to providing relevant and reliable managerial information. The principles provide good practice benchmarks for applying costing methods and using costing to inform decisions.

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.

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 2008

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
