

# Central Scotland Joint Police Board

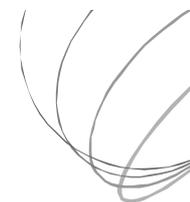
Report to Members and the Controller of Audit on the 2007/08 Audit





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# Key Messages

## Introduction

In 2007/08 we looked at the key strategic and financial risks being faced by the board. We audited the financial statements and we reviewed aspects of performance management and governance. This report sets out our main findings, summarising key outcomes from the 2007/08 audit and the outlook for the period ahead.

## Key outcomes from 2007/08 audit

Overall, we found the financial stewardship of the board during the year to be satisfactory. The main conclusions and outcomes from the audit are highlighted below:

- we have given an **unqualified** opinion on the financial statements of Central Scotland Joint Police Board. The board dealt well with significant changes to the format of the accounts;
- final accounts preparation procedures and working papers were reasonable;
- balances as at 31 March 2008 were lower than the target contained in the board's reserves strategy. The board remained within revenue and capital carry forward limits;
- overall, the board had systems in place that operated well within a sound control environment, although some areas were identified where improvements could be made;
- Internal Audit concluded that reasonable assurance can be placed upon the adequacy and effectiveness of the board's internal financial control system in the year to 31 March 2008;
- all statutory performance indicators were assessed as reliable.

Key issues for the board in the future include:

- continued development of training needs analyses and training programmes for members;
- reviewing the effectiveness of the Best Value & Audit Sub-committee;
- embedding and integrating risk and performance management within the board's activities;
- improved integration of the strategic and financial planning processes;
- working with partners to monitor improvements against agreed outcomes;



- development of an asset management strategy/plan.

Key issues for the attention of members are outlined in the Action Plan included in this report.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by officers and members of the board during the course of the audit.

Audit Scotland  
October 2008



# Introduction

1. This report summarises the findings from our 2007/08 audit of Central Scotland Joint Police Board, the second year of a five year appointment. Findings are set out in four sections: financial statements; financial position; governance and performance. Within each of these sections we have also provided an outlook setting out key issues and concerns facing the board going forward.
2. The scope of the audit is set out in our Annual Audit Plan (AAP), which was submitted to the board in February 2008. The AAP summarises the specific governance and other risks that could affect the board's financial statements. It describes the work we planned to carry out in response to these risks.
3. Overall conclusions about the board's management of key risks are discussed throughout this report. Appendix A sets out the key risks highlighted in this report which we wish to draw to the attention of members and the action planned by management to address them.



# Financial statements

## Introduction

4. In this section we summarise key outcomes from our audit of the board's financial statements for 2007/08. We comment on the significant accounting issues faced and provide an outlook on future financial reporting issues.
5. We audit the financial statements and give an opinion on:
  - whether they present fairly the financial position of the board and its expenditure and income for the year;
  - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
6. We also review the statement on the system of internal financial control by considering the adequacy of the process put in place by the board to obtain assurances on systems of internal financial control and assessing whether disclosures in the statement are consistent with our knowledge of the board.

## Overall conclusion

7. We have given an **unqualified** opinion on the financial statements of Central Scotland Joint Police Board for 2007/08.
8. The Board's balance sheet has an excess of liabilities over assets of £249.302 million due to the accrual of pension liabilities in accordance with accounting standards. Auditing standards require auditors to consider an organisation's ability to continue as a going concern when forming an opinion on financial statements. One of the indications that may give rise to going concern considerations is an excess of liabilities over assets.
9. The Statement of Main Accounting Policies outlines the Treasurer's view that it has been considered appropriate to adopt a going concern basis for the preparation of the financial statements as constituent authorities of the Board are required under the 1995 Central Scotland Combined Police Area Amalgamation Scheme Order to meet all liabilities of the Board as they fall due. Future pension liabilities will be met, as they fall due, by government grant and contributions from constituent authorities in the normal way. We are satisfied that the process the Board has undertaken to consider going concern is reasonable.
10. The board's unaudited financial statements were submitted to the Controller of Audit prior to the deadline of 30 June. Final accounts preparation processes and working papers available for audit



were reasonable and this enabled the audit to progress smoothly. However we have agreed with management to jointly conduct a post audit review to determine where improvements could be made in both the supporting information and the audit process. Audited accounts were finalised prior to the target date of 30 September 2008 and are now available for presentation to the board and publication. The financial statements are an essential means by which the board accounts for its stewardship of the resources made available to it and its financial performance in the use of those resources.

## Accounting practice

11. Local authorities in Scotland are required to follow the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice* (the 'SORP'). The 2007 SORP required a number of significant changes to be made to the 2007/08 financial statements to make them more consistent with the accounts of other public and private sector entities. The major changes include:
  - accounting for financial instruments based on FRS25, FRS 26 and FRS 29
  - replacement of the fixed asset restatement account and capital financing account by a revaluation reserve and capital adjustment account
12. Overall, we were satisfied that the board had prepared the accounts in accordance with the revised SORP.
13. There was a material post balance sheet event which necessitated adjustment to the figures included in the un-audited accounts provided for public inspection. The event related to the Scottish Public Pension Agency's Police Pensions Circular No 2008/3, issued on 11 September 2008, which advised of new commutation factors for calculating lump sums payable. These new factors were backdated to 1 October 2007 and police grant has been increased to offset these extra payments.
14. The board adjusted the financial statements to reflect our audit findings. There were no unadjusted errors reported to the Treasurer via our letter issued in line with International Standard on Auditing 260 (ISA 260) *communication of audit matters with those charged with governance*.

## Legality

15. Each year we request written confirmation from the Treasurer that the board's financial transactions accord with relevant legislation and regulations. Significant legality requirements are also included in audit programmes. The Treasurer has confirmed that, to the best of his knowledge and belief and having made appropriate enquiries of the Chief Constable and the Senior Management Team, the financial transactions of the board were in accordance with the relevant legislation and regulations governing its activities.

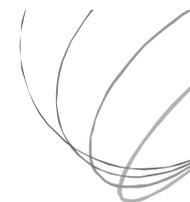


16. There are no additional legality issues arising from our audit which require to be brought to members' attention.

## **Financial reporting outlook**

### **IFRS adoption**

17. Central government and NHS bodies are to move from UK Generally Accepted Accounting Principles to International Financial Reporting Standards (IFRS) with effect from 2009/10. The government also announced its intention to publish Whole of Government Accounts on an IFRS basis from 2009/10. The intention is that local government will adopt IFRS for 2010/11, although there is a possibility that early adoption may be required in some areas and this might include PFI.



# Financial position

## Introduction

18. In this section we summarise key aspects of the board's reported financial position and performance to 31 March 2008, providing an outlook on future financial prospects, including our views on potential financial risks. Our findings and key messages are set out in this section, highlighting the significant challenges being faced by the board in managing ongoing financial pressures in funding existing service delivery and future improvement.

## General fund

### Operating performance 2007/08

19. The board's net operating expenditure in 2007/08 was £77.605 million. This was met by government grants and constituent authorities' contributions of £53.971 million, resulting in an income and expenditure account deficit of £23.634 million. This represents 30.5% of the net expenditure for the year. This large deficit reflects the unfunded nature of the police pension scheme.

20. However, the movement on the general fund balance is also an important aspect of the board's stewardship as the main budget reference point, the main differences being:

- capital investment is accounted for as it is financed, rather than when fixed assets are consumed;
- retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

21. After adjusting for these items, a deficit of £0.388 million was incurred for the year. In his Foreword, the Treasurer summarises the principal budget variances, including:

- increased staff costs of £1.121 million. £1.033 million of this sum relates to increased pension costs, of which £0.618 million was met from earmarked reserves
- an underspend of £0.259 million on other costs, including energy and financing costs
- increased income of £0.615 million from additional grants and officer secondments for specialist operations, etc.

In line with its 2007/08 budget, the Board has met this deficit from earmarked reserves.



## Reserves and balances

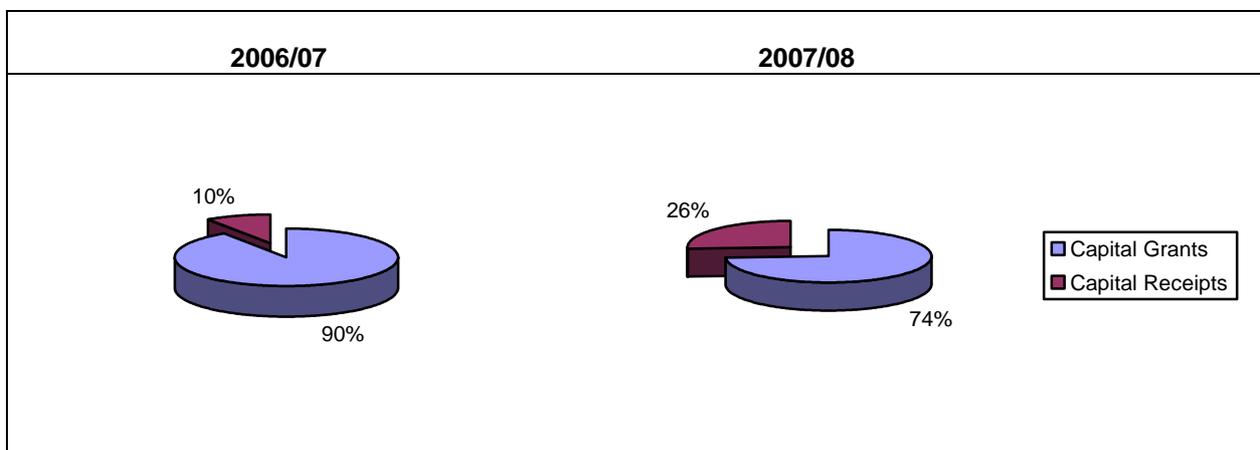
22. The board holds a general fund which consists of both earmarked amounts set aside to support future years' expenditure and a contingency for unexpected events or emergencies. At 31 March 2008, the board held a general fund balance of £0.915 million, of which £0.702 million has been 'earmarked' to fund future payment of police pension commuted sums
23. The remaining balance of £0.213 million is available to the board to meet unexpected risks and developments and as a working balance to assist cash flow management. The balance at 31 March 2008 is lower than the target level contained within the board's reserve strategy, which is set at 1% of Grant Aided Expenditure. The board's aggregate level of reserves was within overall carry forward limits approved by ministers.

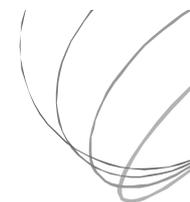
## Spending on assets and long-term borrowing

### Capital performance 2007/08

24. Since the introduction of the prudential code in April 2004, the board can decide locally on a capital investment strategy which meets best value requirements as well as being affordable. The board has used the code to set its capital expenditure levels to improve its asset infrastructure.
25. Capital expenditure in 2007/08 totalled £1.918 million, rising from £1.732 million in 2006/07. Capital investment in the last two years was funded as shown in Chart 1. There was a small underspend of £0.046 million against the budgeted expenditure of £1.964 million contained in the capital expenditure programme in 2007/08.

**Chart 1: Sources of finance for capital expenditure 2007/08 and 2006/07**





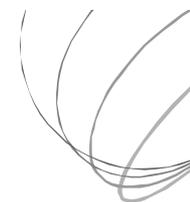
## Financial outlook

### Future capital programme

26. Revised capital investment programmes for 2008/9 and 2009/10 anticipate annual capital expenditure of £1.464 million. This is again expected to be funded from capital receipts and grants.

### Pension liabilities

27. Financial planning and accounting for the costs of pensions presents a difficult challenge. The amounts involved are large, the timescale is long, the estimation process is complex and involves many areas of uncertainty that are the subject of assumptions. In accounting for pensions, Financial Reporting Standard 17 (Retirement Benefits) is based on the principle that an organisation should account for retirement benefits at the point at which it commits to paying them, even if the actual payment will be made years into the future. This requirement results in very large future liabilities being recognised in the annual accounts.
28. The police officers' pension scheme is unfunded and has no assets to be valued. The board's estimated police pension scheme liability at 31 March 2008 is £267.800 million, reducing from £327.900 million in the previous year, mainly due to the substantial rise in corporate bond yields, causing an increase in actuarial gain in the year. As the scheme is unfunded, the pension liability will fall to be met by serving officers' contributions and by taxpayers in the future (through government grant and constituent authorities' contributions).
29. The board's estimated pension liabilities for support staff at 31 March 2008 exceeded its share of assets in the Falkirk Pension Fund by £0.731 million. The full actuarial valuation of the Fund at 31 March 2005 recommended that the overall net liability be recouped through increase contributions. Consequently, the board's contribution will rise from 255% of employees' contributions in 2007/08 to 295% in 2008/09. A full triennial actuarial valuation will be carried out in 2008/09 giving a fund valuation as at 31 March 2008.



# Governance

## Introduction

30. In this section we comment on key aspects of the board's governance arrangements during 2007/08. We also provide an outlook on future governance issues, including our views on potential risks.

## Overview of arrangements in 2007/08

31. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation.
32. In 2007/08 we carried out a review of the governance arrangements in Central Scotland Joint Police Board. We concluded that, overall, the board had systems in place that operated well within a sound control environment, although some areas were identified where improvements could be made.

## Political Governance

33. The political context for boards changed significantly in 2007, with a new Scottish government and a shift to more coalition and minority administrations in local government. Nearly half of the councillors elected in May 2007 were new to local government.
34. For Central Scotland Joint Police Board, over 70% of the members are new appointments to the Board in 2007/08.
35. There is an expectation that training needs assessments are undertaken for all members and personal development plans compiled. The introduction of so many new members to the Board also increases the focus on learning and development. The Board is at an early stage in developing these areas and more work is required to meet best practice.

**Key risk area 1**

## Best Value & Audit Sub-committee

36. Effective scrutiny is central to good governance, with a significant role for members to scrutinise performance, hold management to account on service delivery and support the reform and modernisation agenda. The Board has a Best Value & Audit Sub-committee which carries out this role, comprising five elected members selected from constituent local authorities.
37. The Board has not assessed the Best Value & Audit Sub-committee to ensure that it is carrying out its functions in an effective manner. CIPFA/SOLACE has set out a number of principles in their guidance



*“Audit Committee Principles in Local Authorities in Scotland”*. The guidance contains a good checklist against which audit committees can be assessed.

38. The Best Value & Audit Sub-committee has only met twice since the May 2007 elections. Given the importance of the scrutiny role, it is important that the sub-committee meets on a more regular basis.

## **Key risk area 2**

### **Internal Audit**

39. Internal audit provides an independent appraisal service to management by reviewing and evaluating the effectiveness of the internal control system. The board’s internal audit service is provided by Stirling Council under a service level agreement.
40. We carry out an annual review of the board’s internal audit arrangements against CIPFA’s revised Code of Practice for Internal Audit in Local Government 2006. We are pleased to conclude that internal audit work within the board is of a sufficient standard which allows us to place reliance on internal audit work in order to reduce our own input.

### **Risk management**

41. In 2006/07, we identified the development of effective risk management processes as a key issues for the Board to take forward. This included the completion of the Board’s risk register and the formalisation of an over-arching risk management strategy, followed by the embedding of risk management in strategic and operational planning activity. Our 2007/08 review revealed that the Force still needs to embed effective risk management processes as an integrated part of its strategic planning process. We also noted that a corporate risk register is still under development.
42. We have been advised that the Deputy Chief Constable is setting up and leading a Corporate Risk Management Group to further develop the Force’s strategic approach in this area.

## **Key risk area 3**

### **Systems of internal control**

43. A Statement on the System of Internal Financial Control for the board was included within the financial statements. Following receipt of the Chief Constable’s assurance certificate on financial controls, the Treasurer concluded that he was satisfied that reasonable assurance could be placed on the adequacy and effectiveness of the systems of internal control operated by the board.
44. As part of our work to provide an opinion on the annual financial statements we assessed the extent to which we could gain assurance on a number of the board’s main financial systems. We assessed the following central systems as having a satisfactory level of control for our purposes:



- Payroll
- Main accounting system
- Accounts payable
- Cash Income and banking
- Budgetary Control
- Fixed assets
- Accounts receivable

## Prevention and detection of fraud and irregularities

45. At the corporate level, the board has appropriate arrangements in place to help prevent and detect fraud, inappropriate conduct and corruption. The board has an approved Anti-Fraud Policy, Fraud Response Plan and Professional Standards Reporting Policy which contribute to sound arrangements to prevent and detect fraud and corruption. Each year, Audit Scotland gathers information on such cases of fraud identified by audited bodies, including police boards. In 2007/08, there were no cases reported for Central Scotland Joint Police.

### NFI in Scotland

46. In 2007/08, the board again took part in the National Fraud Initiative (NFI) in Scotland. The exercise is undertaken as part of the audits of the participating bodies. NFI brings together data from councils, police and fire and rescue boards, health bodies and other agencies, to help identify and prevent a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud and payroll fraud. The NFI has generated significant savings for Scottish public bodies (£27 million to 2005) but, if fraud or overpayments are not identified in a body, assurances may be taken about internal arrangements for preventing and detecting fraud.
47. The NFI 2006/07 results (data matches) were made available to the board on 29 January 2007 via a secure web-based application. Participating bodies follow up the matches, as appropriate, and record the outcomes of their investigations in the application. We monitored the board's involvement in NFI 2006/07 during the course of the audit. Overall 34 data matches were identified and all were investigated with no significant losses identified to date.

### Data handling and security

48. Data handling and security has received increased public and media attention recently as a result of a number of national incidents relating to lost data. As part of our 2007/08 audit we carried out a review of the governance arrangements (the cultural aspects) for data handling. Organisational culture was identified by a recent Cabinet Office report as critical to achieve acceptable levels of information security. Cultural aspects include risk awareness, leadership, governance, operating methods and training.
49. Overall, we found that Central Scotland Joint Police Board has a data handling environment characterised by many strong features including:



- senior management commitment to improving information handling in line with Bichard Inquiry recommendations;
  - progress with implementing the code of practice for the management of police information (MOPI);
  - a security environment based on BS7799 which is subject to the national police Community Security Policy Matrix and periodically assessed externally;
  - a technical and physical security framework that greatly reduces the likelihood of data handling problems;
  - a well developed culture of information awareness, as a result of staff training, communication of case-studies and management commitment.
50. The outsourcing since April 2008 of information technology provision to the Scottish Police Services Authority (SPSA) is a significant development, which could have an impact on data handling. Although the board is taking appropriate steps to manage the outsourced contract, poor delivery could lead to greater use of local ad-hoc solutions and this would not be strategically desirable. Contract performance and service delivery monitoring are areas that deserve management attention over the coming year. The management of Police Information (MOPI) programme also poses both opportunity and risk, with the intended outcome of better data quality and information use depending on successful integration of new procedures with business practices. Planned management actions in these areas are included in an action plan contained within our data handling report submitted to the board in September 2008.

## Governance outlook

51. As we noted in our 2006/07 annual report on the audit, in the coming years the Board faces challenges to improve its governance arrangements, including:
- ensuring scrutiny arrangements are fit for purpose;
  - continuing the development of risk management throughout the organisation.
52. Progress in these areas has been slow and it is important that appropriate steps are taken to meet these challenges.



# Performance

## Introduction

53. In this section we summarise how the board manages its performance. We discuss the overall arrangements before focussing on the specific areas of Central Scotland Joint Police Board. Finally, we give an outlook on future performance, including our views on the current status of identified risks.

## Corporate objectives and priorities

54. Central Scotland Joint Police Board approved its Strategic Plan 2008-11 on 20 June 2008. The Strategic Plan sets out the board's strategic aims for the next three years.

55. The Board has set out five strategic priorities in its Strategic Plan:

- delivering safer and stronger communities;
- growing community policing and increasing engagement;
- building community planning and sustainable partnerships;
- modernising services and re-investing efficiency savings;
- developing its people and becoming an employer of choice.

56. These strategic priorities are underpinned by the board's values of leadership, partnership, customer focus, excellence, learning and diversity. These values set the culture and ethos of the board.

57. The Strategic Plan also sets out the key outcomes that the board is aiming to achieve in order to meet its strategic priorities and a range of indicators against which the achievement of these outcomes can be measured and monitored.

## Overview of performance in 2007/08

### Annual Report 2007/08

58. In his annual report for 2007/08, the Chief Constable highlighted the board's most important achievements over the previous 12 months, outlined progress with ongoing major areas of work and identified issues to be addressed in the coming year. Key conclusions that were reported included:

- reduction in crime;
- key staff and organisational changes;
- development of partnership working;
- key initiatives.



59. The annual report also contained information on how the force had performed in 2007/08.

## **Measuring Performance**

60. The first Scottish Policing Performance Framework was launched in April 2007. This framework is a national model to enable policing information to be measured, reported and managed in Scotland. This allows Scottish police forces to benchmark performance and provides the opportunity for continuous improvement through the identification of best practice.

61. In addition, quarterly performance monitoring reports are also reported to the board. These are being reviewed to provide information in a format which reflects the SPPF.

## **Her Majesty's Inspectorate of Constabulary for Scotland (HMICS)**

62. Audit Scotland works closely with HMICS and other scrutiny bodies to minimise the burden of audit and inspection on public bodies and to optimise the use of resources available for such work. During 2007, HMICS undertook a fundamental review of their inspection process. The result of this is that they are moving away from the five-year cycle of 'whole force' inspections to a risk-based scrutiny process. HMICS are now planning to inspect against agreed service standards. All forces (and the new Scottish Police Services Authority) will be asked to conduct a nationally consistent self-assessment and HMICS will use this as their evidence base for any further inspection work. The alignment of our work with the work of the HMICS will be kept under review to ensure a seamless inspection process.

63. Following the publication of their report on "*the effective use of police resources*" in early 2008, the Scottish Government Justice Committee's requested HMICS to undertake an Independent Review of Policing in Scotland. The findings from the review are due to be reported by the end of December 2008.

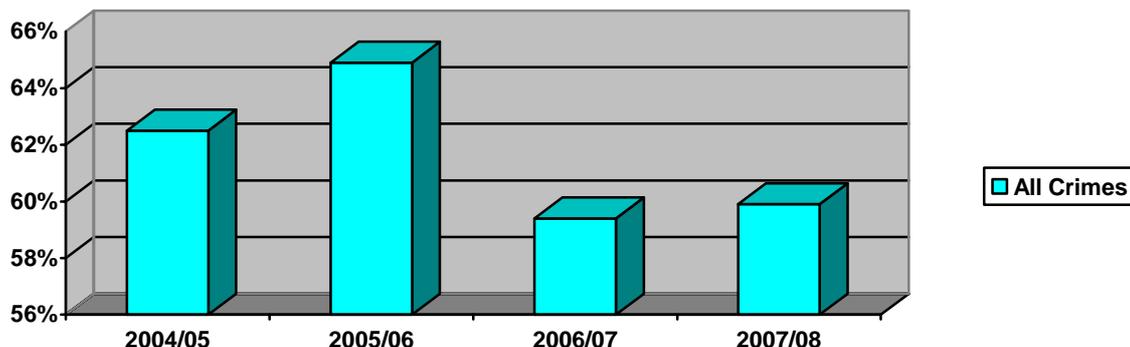
## **Statutory performance indicators**

64. The board has a statutory duty to publish specified performance indicators (SPIs) as directed each year by the Accounts Commission. We review the board's arrangements and return details of the indicators, including an opinion on their reliability, to Audit Scotland headquarters. The performance information audited was from that generated by the new Scottish Policing Performance Framework, and this is the first year that police performance indicators will be published by the Scottish Government and not by Audit Scotland. Arrangements for all of the board's performance indicators were assessed as reliable this year.

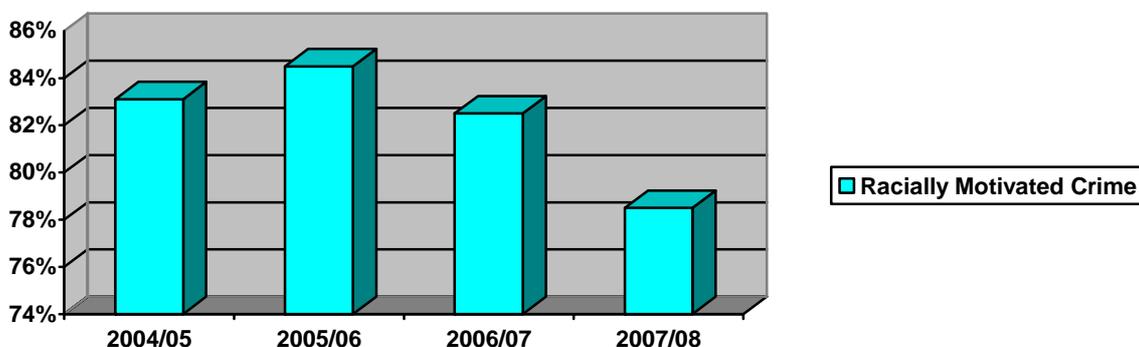


### **Percentage of crimes cleared up**

65. The level of crime cleared up is a key indicator in measuring police effectiveness. The SPIs show that there has been a slight increase in clear up levels in 2007/08 from 59.4% to 59.9%. Performance in this area compares well with the Scottish average of 47.9%.



66. During 2007/08, the number of racially motivated incidents per 1,000 of the population decreased from 1.3 to 1.17 (Scottish average for 2007/08 was 1.05). Meanwhile, detection rates also decreased from 82.5% in 2006/07 to 78.5% in 2007/08 (although this compares favourably to the Scottish average of 68.3%).



### **Proportion of 999 calls answered within ten seconds**

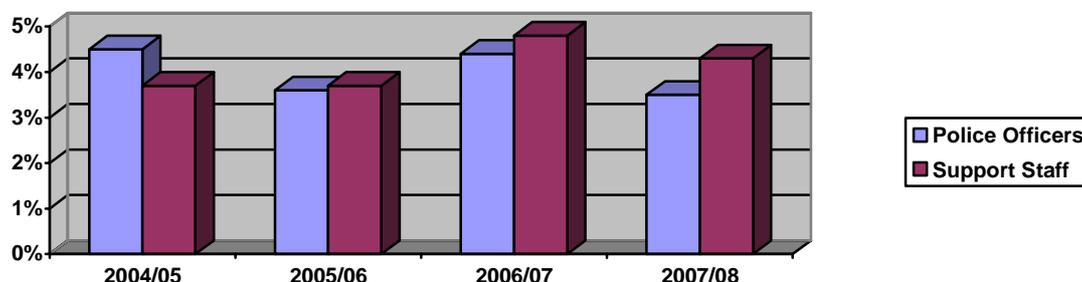
67. In 2006/07 the Board was able to answer 92.4% of all 999 calls within 10 seconds (the Scottish average was 91.2%). In 2007/08 performance has deteriorated, with the Force answering 90.7% of all 999 calls within 10 seconds (2007/08 Scottish Average was 91.4%).

### **Proportion of working time lost due to sickness absence**

68. After experiencing increasing sickness absence levels for both police officers and support staff in 2006/07, the SPIs highlight improved levels of sickness absence for both in 2007/08. The sickness

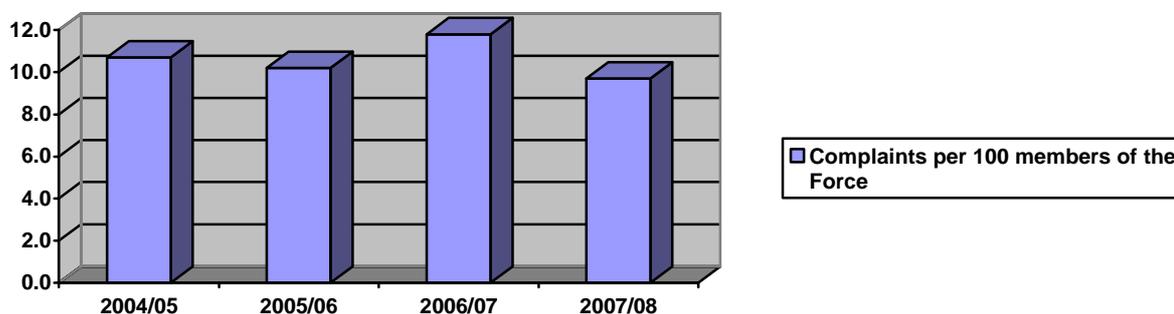


absence level for police officers has reduced from a level of 4.4% in 2006/07 to 3.5% in 2007/08 (the Scottish average was 4.7%) and for support officers from 4.8% in 2006/07 to 4.3% in 2007/08 (the Scottish average was 5.4%).



### **Number of complaints**

69. The number of complaints against the Force reduced from 11.8 per 100 members of the Force in 2006/07 to 9.7 per 100 members of the Force in 2007/08 (Scottish average was 14.27). 2006/07 had seen an increase in the number of complaints against the Force after a period of improving levels in previous years.



### **Drug Offences**

70. The number of recorded offences for supply and possession with intent to supply class A drugs has increased to 294, a 206% increase on the average number between 2000 and 2003. This compares to a national target to increase the number of detected offences by 10%.

### **Police reports sent to the Children's Reporter and Procurator Fiscal**

71. A national target of 10 working days after caution/charge has been set for the time taken to submit police reports to the Children's Reporter. The Force achieved a submission rate of 81.8% for reports sent to the Children's Reporter within target (Scottish average was 86.8%). In relation to the submission of reports to the Procurator Fiscal, the Crown Office and Procurator Fiscal Service and ACPOS have agreed that Forces should aim to submit 80% of reports within 28 calendar days. The



Force met this target in 2007/08 with 83% of their reports being sent to the Procurator Fiscal within target (Scottish average was 85.1%).

## National studies

### Police call management

72. Audit Scotland undertook a national study in 2007 to review how police forces manage calls from the public. The findings from this study were reported in September 2007 and the key messages were outlined in our 2006/07 Report to Members. The report makes a number of specific recommendations to assist forces improve the efficiency and effectiveness of how they manage calls from the public.
73. The board has also carried out a Best Value service review of resource and demand management, which incorporates call management. In response to the recommendations contained within Audit Scotland's review of police call management in Scotland and the internal best value review of resource and demand management, the Force has made a number improvements to its call handling arrangements, including:
- the introduction of Report Direct (telephone crime reporting) and MCAS (managed call appointment system). These provide a streamlined service for the public and makes significant savings in operational officer time;
  - the BT telephone directory and the Force internet site have been updated to include clear directions on which numbers should be used to contact the Force and in what circumstances. The Internet site also explains call priorities;
  - the Force has approved the introduction of new software which will provide rapid access to critical location information, save callers time and speed up response times.

## Performance outlook

74. In our audit work we examine the strategic risks to the Board in delivering on its stated objectives and priorities in the years ahead. In 2007/08 we have looked at the progress made by the Board during the year and the key risks yet to be fully addressed. These risks were set out in our 2007/08 Audit Plan which was submitted to the board in February 2008.
75. **Effective strategic planning:** the Board has put in place a Strategic Plan for 2008-11 which sets out its strategic objectives and priorities. The Board's financial resources are set through the budget process and are a driver in what is achievable through the Strategic Planning process. The Board has not initiated a policy led budgeting process which would allow the Board to consider medium and long term resource planning issues in the context of achieving its strategic objectives. There is a risk that with the reduction of ring fenced funding, there could be an added risk that funding may not be



sufficient to meet the strategic needs of the Board. The Board recognises that further development of the Board's approach to future budgeting, taking into account the broad policy objectives, would be prudent.

#### Key risk area 4

76. **Performance Management:** the Board has recognised the need to have an integrated corporate performance management system and has introduced a local performance framework. From 2008/09 local government bodies will be moving to Single Outcome Agreement with Scottish Government based on an agreed set of national outcomes. Partners in the agreement will work on developing a new performance reporting system to evidence progress against the national and local outcomes.
77. A national Scottish Police Performance Framework (SPPF) has been introduced from 2007/08. The SPPF includes national and local indicators and the board intends to keep these under constant review depending on issues such as National Intelligence database, local BV reviews etc.

#### Key risk area 5

78. **Public Performance Reporting:** the main mechanism for reporting police performance to the public has been the Chief Constable's Annual Report in a magazine format '365' delivered to all households in the area. Development of public performance reporting (PPR) has continued and in 2007/08 the force consulted with 5,000 members of the community on the content of the PPR. The results of this consultation have influenced the 2007/08 PPR and will be reflected in the Force's PPR future development.
79. **Workforce Planning:** the Board is aiming to modernise its workforce arrangements and maximise the number of front line police officers. As part of 'Vision 2010', the board has developed a workforce plan which identifies the minimum desired level of police officers and an optimum mix of police officers and police staff. A civilianisation programme which will be implemented over 3 years has been approved by the Board. This plan has been incorporated within a wider workforce plan which has established each police officer post on the electronic SCOPE HR system and set recruitment milestones which cover the implementation period. In addition, a pilot 'Priority Crime Unit' has been created which will be full evaluated for effectiveness. A final assessment on the optimum staff mix will be dependent upon the outcomes of this work.
80. **Asset Management:** the Board's capital expenditure and funding arrangements are operated under the 'Prudential Code', a prudential regime based largely on self-regulation. A key requirement of the Code is the development and maintenance of Asset Management Plans (AMP). The Board has carried out an assessment of its properties to ascertain their location, maintenance costs, energy efficiency etc., which will feed into the asset management information, however at this stage the Board does not have a comprehensive AMP.

#### Key risk area 6



# Final Remarks

81. We have made recommendations in our Review of Corporate Arrangements and Main Financial Systems report issued in September 2008 and have obtained assurances from officials that action will be taken as appropriate.
82. Attached to this report is an action plan setting out the key risks identified by the audit which we are highlighting for the attention of members. In response, officers have considered the issues and have agreed to take the specific steps set out in the column headed 'planned management action'. On occasion, officers may choose to accept the risk and take no action. Alternatively, there may be no further action that can be taken to minimise the risk. Where appropriate, the action plan clearly sets out management's response to the identified risks.
83. Appropriate mechanisms should be considered and agreed by members for monitoring the effectiveness of planned action by officers. We will review the operation of the agreed mechanism as part of the 2008/09 audit.
84. The co-operation and assistance given to us by Central Scotland Joint Police Board members and staff is gratefully acknowledged.



# Appendix A: Action Plan

## Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1.	35	<p><b>Member training</b></p> <p>There is an expectation that training needs assessments are undertaken for all members and personal development plans compiled.</p> <p><i><b>Risk: the absence of appropriate training may limit the effectiveness of members in scrutinising the activities of the board.</b></i></p>	<p>The Joint Board considers and addresses the minutes of sub committee meetings and in doing so can further examine the issues raised.</p> <p>However it is recognised that further training is required of members to further develop them in the performance of their scrutiny role.</p> <p>This training will be undertaken by the Clerk to the Board and involve the use relevant expertise and will be scheduled to take place in the new year</p>	Clerk to the Board	March 2009
2.	38	<p><b>Best Value &amp; Audit Sub-committee</b></p> <p>The Board has not assessed the Best Value &amp; Audit Sub-committee to ensure that it is carrying out its functions in an effective manner. In addition the Sub-committee has met only twice since its inception in June 2007.</p> <p><i><b>Risk: the sub-committee may not be effective in scrutinizing the activities of the board and holding management to account.</b></i></p>	<p>Due to unforeseen circumstances the Best Value and Audit Sub-Committee did only meet twice in the first year, but scheduled dates have been approved by the Board for the sub- committee to meet up to 5 times between September 2008 and June 2009.</p>	Clerk to the Board	Immediate



Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
3.	42	<p><b>Risk Management</b></p> <p>The board still needs to embed effective risk management processes as an integrated part of its strategic planning process. We also noted that a corporate risk register is still under development.</p> <p><b><i>Risk: a failure to identify and manage risk may leave the board exposed to financial loss or performance failure.</i></b></p>	The further development of the corporate risk register is being progressed as a matter of priority	Deputy Chief Constable	December 2008
4.	75	<p><b>Effective strategic planning</b></p> <p>The Board has not initiated a 'policy-led' budgeting process which would allow the Board to consider medium and long term resource planning issues in the context of achieving its strategic objectives. The Board recognises that further development of the Board's approach to future budgeting, taking into account the broad policy objectives, would be prudent. .</p> <p><b><i>Risk: There is a risk that, with the reduction of ring fenced funding, funding may not be sufficient to meet the strategic needs of the Board.</i></b></p>	The Board continues to develop its successful approach to the budgeting process and is cognisant of the emerging landscape in terms of the reduction in ring fenced funding following the concordat between the Scottish Government and COSLA. With this in mind future budget proposals will take account of the broad policy objectives	Director of Finance & Resources	December 2008



Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
5.	77	<p><b>Performance management</b></p> <p>From 2008/09 local government bodies will be moving to Single Outcome Agreement (SOA) with Scottish Government based on an agreed set of national outcomes. Partners in the agreement will work on developing a new performance reporting system to evidence progress against the national and local outcomes. The National Scottish Police Performance Framework (SPPF) should also assist in monitoring the outcomes in the SOA.</p> <p><b><i>Risk: the board and its partners may not have an adequate performance management system for measuring performance against agreed outcomes.</i></b></p>	<p>Initial work has already resulted in SPPF indicators being embedded within the SOAs of the 3 local community planning partnerships which will allow a consistent and robust approach to measuring performance.</p>	Assistant Chief Constable	Ongoing
6	80	<p><b>Asset management</b></p> <p>The Board has carried out an assessment of its properties to ascertain their location, maintenance costs, energy efficiency etc., which will feed into its asset management information, however at this stage the board does not yet have a comprehensive Asset Management Plan.</p> <p><b><i>Risk: The board may be unable to demonstrate the sustainability of spending decisions or a robust, affordable and sustainable approach to capital planning in the longer-term.</i></b></p>	<p>As reported to the Physical Resources sub committee of the Board on 31 October 2008, the Force is in the process of producing a strategic Asset Management Plan.</p>	Finance Manager	March 2009