

Scottish Police Services Authority

Report on the 2007/08 Audit



October 2008



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Executive Summary

Introduction

In 2007/08 we looked at the key strategic and financial risks being faced by Scottish Police Services Authority (SPSA). We audited the financial statements and we also reviewed aspects of performance management and governance. This report sets out our key findings.

Financial Position

SPSA is required to work within the resource budget set by the Scottish Government. Under statute, SPSA is to 'maintain' the Scottish Crime and Drug Enforcement Agency (SCDEA) and funding is ring fenced from the SPSA budget for SCDEA costs. The total resource budget for 2007/08 was £83.084 million, which included £23.132 million for SCDEA. The total resource outturn for SPSA and SCDEA was £82.850 million, giving a surplus of £0.234 million.

SPSA's resource budget for 2008/09 is £83.6 million, which includes £23.6 million ring fenced for SCDEA. Total funding for SPSA for 2009/10 is £84.2 million [SCDEA ring-fenced funding: £23.7 million] and for 2010/2011, £84.7 million [SCDEA ring-fenced funding: £23.9 million]. As part of Scottish Government funding arrangements the figures include an allowance for inflation of 2.7% over the 3-year spending review from 2008/09, and a deduction of efficiency savings of 2% per annum.

The budget figures exclude costs for ICT staff transferred on 1 April 2008. These will be added separately following the conclusion of discussions involving SPSA, Association of Chief Police Officers in Scotland (ACPOS), Scottish Police Authorities Conveners' Forum, Convention of Scottish Local Authorities (COSLA) and the Scottish Government.

Financial Statements

We have given an unqualified opinion on the financial statements of SPSA for 2007/08. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance, issued by Scottish Ministers.

Governance

Corporate Governance is concerned with the structures and process for decision making, accountability, control and behaviour at the upper levels of an organisation. SPSA was established in 2007 and efforts have focused on establishing corporate governance and control arrangements. SPSA has established a range of controls but it will take time to fully embed these across the organisation.



Performance

Strategic priorities, set by Scottish Ministers, have focused on creating a single police support service, integrating staff from predecessor organisations and establishing a performance management framework and three-year efficiency plans.

SPSA set its own key performance indicators (KPIs) and objectives for 2007/08, including a KPI to deliver 2.7% cash efficiencies in its first year. SPSA's Annual Report describes the achievement of this target and the reinvestment of the savings during 2007/08. The majority of the remaining KPIs and objectives were achieved but with some delays against original timescales. SPSA have published their Corporate Plan 2008-2011 and Annual Plan 2008-2009. KPIs and objectives for 2008/09 focus on service delivery, identifying areas for improvement, and efficiency savings.

The Scottish Policing Performance Framework (SPPF) is a national model for the measurement and reporting on performance information and is intended to improve policing and accountability at local and national levels. In 2008/09 and for the first time the SPPF includes KPIs for SPSA. HM Inspectorate of Constabulary for Scotland (HMICS) has also introduced a self assessment regime to replace their service reviews. SPSA police support services are currently undertaking self assessment reviews for submission to HMICS as part of this new approach.

Best Value

In 2008/09, SPSA plan to implement a best value strategy which will include a programme of best value studies across the business areas. Audit Scotland is committed to extending the Best Value audit regime across the whole public sector and significant development work has taken place over the last year. Currently, we are concentrating on the development of Use of Resources audit toolkits, focusing initially on Financial Management, Efficiency and Information Management. As part of our planning for 2008/09 we will discuss with SPSA and Internal Audit about applying the audit toolkits.

Looking forward

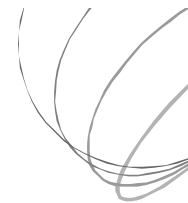
The final part of our report notes some key risk areas for SPSA going forward. The Independent Review of Policing by HMICS, to be published in December 2008, could significantly impact police bodies across Scotland. We have highlighted national issues which affect all public sector bodies, including the impact of International Financial Reporting Standards and the introduction of Scotland Performs.

The assistance and co-operation given to us by Board members and staff during our audit is gratefully acknowledged.



Introduction

1. This report summarises the findings from our 2007/08 audit of Scottish Police Services Authority (SPSA). The scope of the audit was set out in our Audit Plan, which was presented to the Audit Committee on 1 May 2008. This plan set out our views on the key business risks facing the organisation and described the work we planned to carry out on financial statements, performance and governance.
2. We have issued a range of reports this year, and we briefly touch on the key issues we raised in this report. Each report set out our detailed findings and recommendations and the Board's agreed response.
3. We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by officers and members of SPSA during the course of our audit. This report will be submitted to the Auditor General for Scotland and will be published on our website, www.audit-scotland.gov.uk.



Financial Position

4. In this section we summarise key outcomes from our audit of SPSA financial statements for 2007/08, and comment on the key financial management and accounting issues faced. The financial statements are an essential means by which the organisation accounts for its stewardship of the resources available to it and its financial performance in the use of those resources.

Our responsibilities

5. We audit the financial statements and give an opinion on:
 - whether they give a true and fair view of the financial position of SPSA and its expenditure and income for the period in question
 - whether they were prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements
 - the consistency of the information which comprises the Management Commentary, Corporate Social Responsibility and Leadership and Governance included in the Annual Report, with the financial statements
 - the regularity of the expenditure and receipts.
6. We also review the statement on internal control by:
 - considering the adequacy of the process put in place by the chief executive as accountable officer to obtain assurances on systems of internal control
 - assessing whether disclosures in the statement are consistent with our knowledge of SPSA.

Overall conclusion

7. We have given an unqualified opinion on the financial statements of SPSA for 2007/08.
8. As agreed the unaudited accounts were provided to us on 4 August 2008, supported by a comprehensive working paper package. The good standard of the supporting papers and the timely responses from SPSA staff allowed us to conclude our audit within the agreed timetable and provide our opinion to the Audit Committee on 2 October 2008 as timetabled.



Financial Position

Outturn 2007/08

9. SPSA is required to work within the resource budget set by the Scottish Government. Under the Police, Public Order and Criminal Justice (Scotland) Act 2006, SPSA 'maintain' the SCDEA and funding is ring fenced from the SPSA budget for SCDEA costs. SPSA's resource budget for 2007/08 was £83.084 million including resource cover of £6.023 million for non-cash costs. The outturn against budget for SPSA and SCDEA is as follows:

Exhibit 1 – Performance against Resource Budget 2007/08

Resource Allocation (£million)	Budget	Actual Outturn	Difference
SPSA	53.929		
SCDEA	23.132		
<i>Total Grant in Aid (GIA) – cash</i>	<i>77.061</i>	<i>77.049</i>	<i>0.012</i>
SPSA	4.414		
SCDEA	1.609		
<i>Total Resource cover – non-cash</i>	<i>6.023</i>	<i>5.801</i>	<i>0.222</i>
Total	83.084	82.850	0.234

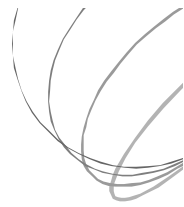
2008/09 Budget

10. Scottish Ministers have agreed a resource budget for SPSA and SCDEA of £83.6 million for 2008/09. This comprises a cash allocation of £77.577 million and non-cash resource cover of £6.023 million, with £23.6 million ring-fenced for SCDEA. This is analysed as follows:

Exhibit 2 – Resource Budget 2008/09

Resource Allocation (£million)	SPSA	SCDEA	TOTAL
Cash	53.977	23.600	77.577
Internal reallocation for SCDEA costs for the provision of ICT/rent/corporate support/ repairs and maintenance/ utilities	2.507	(2.507)	-
Per SPSA Annual Plan 2008/09	56.484	21.093	77.577
Non-cash	4.414	1.609	6.023
Total	60.898	22.702	83.600

11. The budget for 2008/09 includes capital expenditure proposals of £1.366 million (SPSA £0.715 million and SCDEA £0.651 million).
12. On 1 April 2008, 350 staff transferred from police forces into SPSA's Information Services. The budget figures at Exhibit 2 exclude costs for these staff. These will be added to the budget separately



following the conclusion of discussions involving SPSA, Association of Chief Police Officers in Scotland (ACPOS), Scottish Police Authorities Conveners' Forum, Convention of Scottish Local Authorities (COSLA) and the Scottish Government.

13. The ownership of the Scottish Police College at Tulliallan was not transferred to SPSA from the Scottish Government on its formation, and therefore the assets are not included on SPSA's balance sheet. The Scottish Government charge SPSA for depreciation and cost of capital (£2.549 million in 2007/08). With the introduction of international financial reporting standards (IFRS) next year, the treatment and disclosure of the lease will have to be reviewed and could result in Tulliallan being accounted for on the balance sheet of SPSA. The introduction of the potential accounting changes will require forward planning to anticipate restatement issues and to feed into financial plans. We will liaise closely with SPSA during preparations for the introduction of IFRS.
14. The settlement for 2009/2010 is £84.2 million (SCDEA ring-fenced funding: £23.7 million) and for 2010/2011, £84.7 million (SCDEA ring-fenced funding: £23.9 million). The figures include an allowance for inflation of 2.7% over the 3-year spending review from 2008/09, and a deduction of efficiency savings of 2% per annum.
15. To meet budget requirements SPSA must have a strong budgeting and monitoring regime in place. In 2007/08 SPSA relied on spreadsheets to produce management information but the Finance team is now working towards improving the use of the ledger system to produce financial reports. SPSA also recognise the importance of ongoing engagement with the Scottish Government to ensure a shared understanding of the impact of limited resources on the future delivery of service improvements.

Issues arising from the audit

16. As required by auditing standards we reported to the audit committee on 2 October 2008 the main issues arising from our audit of the financial statements. The key issues reported were:
17. **Accelerated payments** - During the course of the audit we found instances where creditor payments had been made at the year end before services or goods had been received by SPSA - £456,000 on IT consultancy fees and £70,000 on agency fees. By prepaying for services not yet received, SPSA increased its risk exposure to loss of funds should there have been problems with the suppliers and there was also an increased risk of being unable to demonstrate value for money. SPSA Finance had properly identified these amounts had been prepaid and had correctly reflected this in the accounts. SPSA has confirmed that the agency fees were treated as a call-off contract and utilised by June 2008. For the consultancy fees, we have been advised that payments were made to secure continuity of specialist resources and to obtain favourable rates. These costs will be utilised in 2008/09.



18. **Impairment** - Under FRS 11, a review for impairment of a fixed asset should be carried out if events or changes in circumstances (for example a reorganisation) indicate that the carrying amount of the fixed asset may not be recoverable. An impairment review of assets transferred from police forces and the Scottish Government to SPSA was not carried out during 2007/08 and therefore there was a risk that assets may not have been shown at fair value. SPSA has undertaken to carry out impairment reviews across all business areas from 2008/09 and the Accountable Officer provided assurances of carrying values of assets in his letter of representation for 2007/08.
19. **Recharge of corporate costs to SCDEA** - SPSA is charged in statute with maintaining SCDEA. For 2007/08 agreement was reached to charge a single sum for the totality of the central support to SCDEA, of £1.748 million. For 2008/09, SPSA will review its charging regime to SCDEA for corporate costs and agree on a formal charging policy and methodology.

Regularity Assertion

20. The Public Finance and Accountability (Scotland) Act 2000 imposes a responsibility on auditors that requires us to certify that, in all material respects, the expenditure and receipts shown in the accounts were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers. We have been able to address the requirements of the regularity assertion through a range of procedures, including written assurances from the Accountable Officer as to his view on adherence to enactments and guidance. No significant issues were identified for disclosure.



Governance

Overview of arrangements

21. This section sets out our main findings arising from our review of SPSA governance arrangements.

This year we planned to review:

- key systems of internal control
- internal audit
- aspects of information and communications technology (ICT).

22. We also discharged our responsibilities as they relate to prevention and detection of fraud and irregularity; standards of conduct; and the organisation's financial position (see paragraph 9). Our overall conclusion is that SPSA has made good progress in establishing sound arrangements during the year.

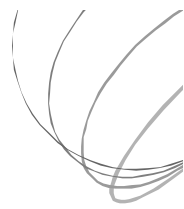
Governance arrangements

23. Our audit plan noted the complex accountability arrangements across police services in Scotland. The membership of the Board of SPSA reflects this environment and consists of Chief Constables, police authority/ joint police board conveners and non-executive lay members. There have been a number of changes to the Board during the year due to political changes following the May 2007 elections. Since the year-end the Convener has also left SPSA and there has been a change in membership of Chief Constables. An Audit Committee and Human Resources Committee were established and membership of the Audit Committee changed during the year.

24. Adding to the complex accountability arrangements is the dual role of the Chief Executive of SPSA as Accountable Officer of both SPSA and the SCDEA. The Accountable Officer reports to the Board on all aspects of corporate services for both bodies, while the Director General of SCDEA reports on operational matters.

25. Responding to these circumstances the Board has been reviewing governance arrangements and introduced changes, for example the Director General of SCDEA now attends Board meetings and the Board are reviewing the frequency of financial reporting.

26. In recognition of the complex environment SPSA has a formal engagement strategy with stakeholders. In March 2008 external consultants undertook a Customer Satisfaction Survey for SPSA. Overall the results were positive but there are some areas for improvement. The Annual Plan



2008/09 commits to working in partnership with stakeholders. For each strategic priority, the plan records how SPSA will report to stakeholders on progress.

27. Internal Audit reported to the May 2008 Audit Committee that SPSA had made significant progress in implementing sound governance arrangements. In some areas, for example risk management and business continuity planning, work is ongoing to embed arrangements across the organisation.

Corporate plans and objectives

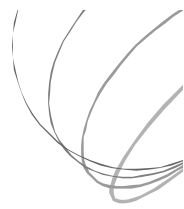
28. SPSA's first Annual Plan in 2007-2008, concentrated on integrating staff and establishing a single police support service. Performance against the Annual Plan is described at paragraph 58. SPSA's first three-year corporate plan for 2008-2011 was published in June 2008. This is a high-level document with the aim that the annual plan details specific outcomes and the annual report gives details of performance against outcomes.
29. The Annual Plan 2008-2009 details strategic priorities, as set by Scottish Ministers, SPSA's business objectives, key performance indicators (KPIs) and guiding principles. The plan is split into four operational areas: Forensics, Information Services, Scottish Police College and Corporate Services, with SCDEA preparing a separate annual plan. It details key actions being carried out to meet the strategic priorities. KPIs are measured across four areas: delivering successful outcomes; meeting the needs of our stakeholders; developing our resources; and demonstrating business effectiveness.
30. The four strategic priorities for SPSA are:
 - Fully integrate police ICT services into SPSA during 2008-2009, and, in conjunction with the Scottish Government and Association of Chief Police Officers in Scotland (ACPOS), bring forward a three-year plan for developing ICT systems by 30 September 2008.
 - Deliver efficiency savings equivalent to 2% per annum while maintaining and improving the quality of the police support services and SCDEA.
 - Develop proposals through the Integration of Scottish Criminal Justice Information Systems (ISCJIS) for improving information sharing between SPSA and other Scottish, UK and EU agencies for consideration by the National Criminal Justice Board.
 - Work with the Scottish Government, ACPOS and other stakeholders to identify any additional police support services which SPSA could provide more efficiently and effectively on a national basis.



31. The final strategic priority will be very challenging for SPSA as this will involve the co-operation and willingness of other stakeholders and agencies. We will monitor progress against the Annual Plan 2008-2009 objectives and KPIs as part of our audit work in 2008/09.

Systems of internal control

32. Key controls within systems should operate effectively and efficiently to accurately record financial transactions and prevent and detect fraud or error. This supports a robust internal control environment and the effective production of financial statements.
33. In their annual report for 2007/08 internal audit provided their opinion that, subject to implementation of the high priority recommendations (to implement standard bank reconciliations and to roll-out authorised signatory procedures), SPSA's systems as in operation as at 31 March 2008, provide an adequate basis for maintaining control. In addition, internal audit commented that they did not identify any significant control weaknesses, from their audit work during the year that should be disclosed.
34. As part of our audit we reviewed the controls in a number of SPSA systems that impact on the financial statements. Our overall assessment was that there had been progress in establishing the systems of internal control during the year, however controls were not in place during the whole year, and it will take more time to embed financial controls across SPSA. Our substantive testing provided us with assurance of the regularity of transactions and results confirmed that in general the underlying transactions had been accounted for appropriately.
35. We reported that improvements could be made in a number of areas including the limited operation of the ledger, the service level agreement with Strathclyde Police needed to be agreed and a fixed asset register should be established. In particular, the lack of a fully operational ledger caused additional work for SPSA staff in 2007/08. During 2007/08 SPSA could not rely fully on the Scottish Government's SEAS ledger system and had to use manually prepared spreadsheets to record transactions and prepare management information. SPSA has improved the position and a complete ledger was provided to support the accounts presented for audit. SPSA are carrying out more work on improving the reporting function of the ledger.
36. For most of 2007/08 SPSA, in conjunction with their sponsor department, were expecting to prepare one set of accounts for both SPSA and SCDEA. Following legal advice from the Scottish Government on the requirements of the Police, Public Order and Criminal Justice (Scotland) Act 2006, SPSA were advised separate accounts were to be prepared. SPSA staff incurred additional work in preparing the statutory accounts than originally planned. The ledger was structured with one bank account and one purchase ledger and therefore year-end end transactions had to be separately identified for each



body. SPSA was able to provide sufficient detail to support figures in the accounts of SPSA and SCDEA.

37. When the internal audit appointment was made and the plan approved, SPSA were expecting to prepare one set of accounts. The Internal Audit Annual Report 2007/08 notes that a separate audit plan was not prepared for SCDEA but that assurance can be taken from internal audit work to the extent that the financial control environment and financial regulations are common to both SPSA and SCDEA. For 2008/09, the Joint Internal Audit and Compliance Operational Plan for 2008/09, approved by the Audit Committee, states that a programme of activity for SCDEA is to be agreed with management.

Prevention and detection of fraud and irregularities

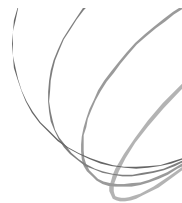
38. SPSA has appropriate arrangements in place to prevent and detect fraud, inappropriate conduct and corruption, including policies and codes of conduct for staff and Board members. On 1 May 2008 the Compliance Manager reported to the Audit Committee that, for the financial year to 31 March 2008, there were no incidents which required to be investigated under the Fraud Policy.

Internal Audit

39. The establishment and operation of an effective internal audit function forms a key element of effective governance and stewardship. We therefore seek to rely on the work of internal audit wherever possible and as part of our risk assessment and planning process for the 2007/08 audit we assessed whether we could place reliance on SPSA's internal audit function. We concluded that the internal audit service, provided by PricewaterhouseCoopers LLP, operates in accordance with the Government Internal Audit Manual and therefore placed reliance on their work in a number of areas during 2007/08, as we anticipated in our annual audit plan.

Statement on Internal Control

40. The Statement on Internal Control provided by SPSA Accountable Officer reflected the main findings from both external and internal audit work. This recorded management's responsibility for maintaining a sound system of internal control and set out SPSA's approach to this. The Accountable Officer comments that 2007/08 was a challenging year for SPSA as they integrated staff; developed policies and procedures; established a baseline in terms of performance monitoring and planning; and therefore several recommendations for improvement were made by internal and external audit.



Information and Communication Technology

41. In our Annual Plan 2007/08 we recorded the risks surrounding ICT service provision, data sharing and IT security.
42. Our planned audit work was to carry out a Computer Services Review, which is in the form of a self-assessment being completed by audited bodies, supported by relevant evidence. Specialist ICT auditors review the self-assessment and supporting evidence to ensure identified risks and planned actions are being progressed. The self assessment questionnaire was completed by SPSA and supporting evidence provided in September 2008. We are currently reviewing this evidence and will report to SPSA on the results of our review shortly.
43. In 2007/2008 the Scottish Government conducted a coordinated review of information security policies and data handling arrangements across central government. Public bodies were asked to complete data sharing questionnaires. SPSA completed the questionnaire and returned it to the Scottish Government to provide assurance that adequate procedures were in place. The Scottish Government published their findings in June 2008, which concluded that there is substantial good practice in Scotland but further measures were needed to improve the security of sensitive data and to improve communication with staff about information management, data protection and data sharing. SPSA are carrying out annual data handling reviews across all business areas and the 2008/09 review is currently underway. We will follow this up as part of our audit work in 2008/09
44. 'Your Business @ Risk' is an on-line survey which assists in assessing staff knowledge of ICT policy and working practices. The toolkit raises awareness of the risks associated with the use of new technology; highlights areas for improved governance; and helps measure improvement over time. Audit Scotland is collaborating with the Audit Commission on preparing and rolling-out the survey to public sector bodies. Once staff complete the on-line survey, the results are collated by the Audit Commission and Audit Scotland ICT auditors evaluate and discuss the results with audited bodies. SPSA have agreed to participate in the survey and we will follow this up in 2008/09.



Performance Management

45. Public audit is more wide-ranging than in the private sector and covers the examination of, and reporting on, performance and value for money issues. As part of our audit we are required to plan reviews of aspects of the arrangements to manage performance, as they relate to economy, efficiency and effectiveness in the use of resources.
46. Accountable officers also have a duty to ensure the resources of their organisation are used economically, efficiently and effectively. These arrangements were extended in April 2002 to include a duty to ensure 'best value' in the use of resources.

Best Value developments

47. The positive impact of the Best Value concept in local government led Scottish Ministers to introduce a non-statutory Best Value duty on all public sector accountable officers (i.e. across health and central government) in 2002. This was reinforced by refreshed Ministerial guidance in 2006, highlighting the importance that the Scottish Government places on Best Value as a means of supporting public service reform.
48. That position was again re-iterated in the Scottish Government's recent response to the Crerar scrutiny review which credited the Best Value regime as a key driver of modernisation and improvement in public services. Audit Scotland is committed to extending the Best Value audit regime across the whole public sector and significant development work has taken place over the last year.
49. The framework for our proposed Best Value audit approach was agreed by Audit Scotland's Corporate Management Team in September 2007. It is based on the key principles of flexibility and proportionality; alignment and integration with our existing activities; being delivered within our existing resources, and with an evolutionary implementation.
50. Using the Scottish Government's nine best value principles as the basis for our audit activity, we have identified five priority development areas (Use of Resources, Governance and Risk Management, Accountability, Review and Option Appraisal, and Joint Working) for our initial development work.
51. Currently we are concentrating on the development of Use of Resources audit toolkits, focusing initially on Financial Management, Efficiency, and Information Management. These toolkits are being piloted in a sample of NHS and central government clients during 2007/08 and 2008/09. Developed toolkits will also be made available to public bodies to consider for self assessment.



52. The SPSA Annual Plan 2008-09 includes a key action that SPSA will implement a best value strategy, including a programme of best value studies across the business areas. Areas for review include environmental management, and learning and development. Internal audit plan to look at overall arrangements for best value in January 2009.

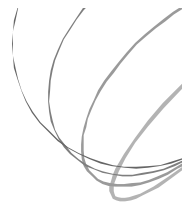
Efficiency

53. One of the founding principles in establishing SPSA was to bring efficiencies to police support services across Scotland. SPSA has therefore focused on demonstrating efficiency savings and set out in the Annual Plan 2007-08 its plans to deliver 2.7% cash efficiencies in year. The operating budget was a baseline against which to monitor potential and actual savings, i.e. 2.7% of the operational budget was calculated (by business areas) and then potential and actual savings monitored against the targets. The Annual Report and Accounts for 2007-2008 report that the 2.7% target was met and efficiencies reinvested into the organisation.
54. For 2008-09, SPSA's second strategic priority is to deliver efficiency savings equivalent to 2% per annum while maintaining and improving the quality of the police support services and SCDEA. SPSA are currently developing a detailed plan, managed through the Efficiencies Monitoring Group. SPSA have established procedures on identifying and tracking efficiencies but are also liaising with other NDPBs to learn from their experiences on demonstrating efficiencies. 2008/09 will be another challenging year as SPSA integrate 350 ICT staff and embed procedures and controls across the organisation.

Performance Management

2007/08

55. One of the first objectives for SPSA in 2007/08 was to implement a performance management framework. Performance is monitored throughout SPSA by means of monthly performance reports and quarterly Balanced Scorecard reports.
56. In addition to the four strategic priorities set by Scottish Ministers for 2007/08 (paragraph 30), SPSA set itself 18 key performance indicators (KPIs) and a further 14 objectives. The KPIs and objectives were spread across the business areas - Forensic Services, Information Services (ICT and Criminal Justice), Scottish Police College and Corporate Services.
57. The 2007/08 SPSA objectives were primarily around integrating staff and establishing corporate policies and processes, in addition to establishing a performance management framework. For services transferring into SPSA, the focus for 2007/08 was reviewing existing services and then



agreeing on new Service Level Agreements (SLAs) and new strategies, for example the National Training Strategy.

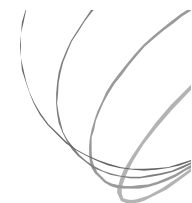
58. The Annual Report and Accounts 2007-08 provides details of progress against each KPI and objective. The majority of KPIs were met, but not always within the set timescale. For other KPIs, progress is being made and the indicator has been carried forward into 2008/09. For example for training, the target was for 90% uptake of every course delivered and 76.5% was achieved. The 90% target remains a KPI for 2008/09. Forensic Services had a KPI to demonstrate direct contribution of forensics to national detection rates in the first year. The Annual Report commented that new and alternative approaches were being developed, particularly around evidence recovery techniques. For 2008/09, SPSA are aiming to demonstrate impact by providing measurable evidence that the value of forensic contribution to criminal detections is equivalent to at least 30%.

2008/09

59. For 2008-2009 SPSA has set 14 KPIs and a further 29 key actions. These have moved away from integrating staff and establishing services, to setting more specific targets related to service delivery. Some targets have been carried forward from 2007/08 and there are also new ones, for example
- Corporate Services' objectives include implementing a best value strategy and improving performance management guidelines.
 - There are new KPIs on sickness absence rates; a target for staff to have received performance development reviews; and time set aside for all staff for learning and development.
 - Criminal Justice has new KPIs on the timely completion of vetting checks and increasing calls to the Crimestoppers Scotland Call Centre.
 - Forensic Services plan to implement improvements to ensure databases for DNA, fingerprints and photographs are updated promptly and measurable levels of service will be agreed with forces.

Scottish Policing Performance Framework

60. The SPPF was first published for 2007/08. The framework is a national model for the measurement and reporting on performance information. It is intended to help improve policing and accountability at local and national levels. The framework is divided into four areas: service response; public reassurance and community safety, criminal justice and tackling crime; and sound governance and efficiency. The SPPF include an objective that there would be effective co-operation between SPSA and forces. HMICS, with the Scottish Government is undertaking a review of performance against the 2007/08 SPPF, which will be reported on in autumn 2008.



61. 2008/09 is the second year of the framework but the first year which includes performance indicators for SPSA. The indicators, set out at Exhibit 3, are already included in SPSA Annual Plan 2008/09 or reported as part of SLAs. We will monitor progress as part of the 2008/09 audit.

Exhibit 3 – SPPF Performance Indicators for SPSA

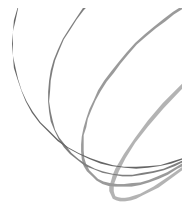
Type of PI	Description (per the Scottish Policing Performance Framework)
Outcomes	Value of efficiency savings generated by SPSA. This is new for 2008/09 and measures the value of cashable efficiency savings generated by the Authority (reported annually)
Activities	Volume of forensic services provided. This is new for 2008/09 and will be reported on by the Scottish Police Services Authority only. It measures the volume of forensic services in relation to scenes of crime, fingerprints, chemistry, biology and DNA carried out by the SPSA (reported quarterly)
	Scottish Police College course utilisation rate. This is new for 2008/09 and will be reported on by the Scottish Police Services Authority only. It measures the availability of courses at the Scottish Police College and forces utilisation of these courses. (Reported annually).
Inputs	SPSA expenditure – this indicator is new for 2008/09 and measures total net revenue expenditure by the Scottish Polices Services Authority.

HMICS Self Assessment Regime

62. HMICS has changed the inspection methodology, replacing the 5 year cycle of primary and review inspections of forces and the former common police services with a system of annual self assessment. The self assessment regime applies to police services provided by SPSA but not the corporate services function. This will only be inspected if required by Scottish Ministers.
63. The first round of self assessments is due for submission to HMICS in November 2008. The Head of Planning and Performance is managing the process and SPSA staff have undertaken appropriate training. HMICS anticipates that each force and service will share the self assessment report and resultant action plan with their board (and the SPSA Board for those services governed by SPSA). HMICS will also receive a copy of the self assessment report and action plans and separately report its findings to the Chief Executive and SPSA Board. We will monitor progress as part of our work on the 2008/09 audit.

Justice Committee

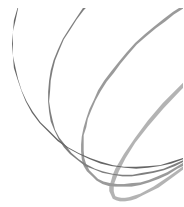
64. The Justice Committee published its report 'Report on inquiry into the Effective Use of Police Resources' in January 2008. The inquiry was intended to focus primarily on the management and deployment of police officers in Scotland, including proposals from the Scottish Government for an increase of 1,000 officers. The Committee's overall conclusion was that police resources 'appear to



be inadequate to allow forces to effectively meet all of their present commitments¹. They welcomed the Scottish Government's commitment to providing 500 additional officers but recommended further funding to increase establishment figures by 1,000 officers.

65. SPSA had to consider the impact of additional recruits and training provision at the Scottish Police College. The Annual Plan 2008-2009 includes an objective for the Scottish Police College to deliver 450 additional new probationer constables by 31 March 2009.
66. The Committee also noted the complicated environment in which police forces operate and recommended an independent review of the role and responsibilities of the police. HM Chief Inspector of Constabulary has been tasked with undertaking an independent review of policing and this is discussed in the next section.

¹ Paragraph 360, *Report on inquiry into the Effective Use of Police Resources*, Scottish Parliament Justice Committee, January 2008



Looking Forward

67. SPSA faces a number of challenges in 2008/09, which include:

- **Efficiency and future funding** – Budgets for 2008/09 and the immediate future will need to be managed within a tighter funding regime. This includes significantly less scope for the application of end of year flexibility for the Government with HM Treasury until the next Spending Review; no option to transfer funds from capital to revenue; and the impact of the introduction of International Financial Reporting Standards (IFRS), particularly on PFI, leases and infrastructure accounting. The challenge for SPSA is to prioritise spending, identify efficiencies and review future commitments to ensure delivery of key targets and objectives.
- **Independent Review of Policing** – Following on from the Justice Committee inquiry into the 'Effective Use of Police Resources', HM Chief Inspector of Constabulary is undertaking an independent review of policing. He is to review the roles and responsibilities of police forces in Scotland with the aim of ensuring:
 - that all Scotland's communities have equal access to expert and specialist policing and to the resources necessary to investigate major crime, whenever they need it
 - that the delivery of such policing responsibilities does not divert resources away from visible policing in communities
 - in pursuance of this to identify policing responsibilities which might more effectively be delivered nationally, regionally, or by collaboration between forces
 - to make recommendation for the organisation, governance and accountability which best supports the delivery of those policing responsibilities.

Recommendations will be made to the Cabinet Secretary by the end of December 2008. The outcomes of the review could significantly impact on the work of SPSA. We will consider how SPSA addresses the recommendations as part of the 2008/09 audit.

- **Forensic laboratory at Dundee** – SPSA has secured accommodation in Dundee, currently under construction, for a new forensic laboratory, which will house a DNA database, biology and chemistry laboratories and fingerprint and scene of crime examination units. The lab forms part of the Scottish Government's Infrastructure Investment Plan 2008. This a large capital project to be financed and managed through the SPSA and we will monitor developments throughout 2008/09.
- **National studies** – Audit Scotland's Public Reporting Group is currently undertaking a review of the effectiveness of expenditure on drug and alcohol services. This project aims to identify the main areas of direct expenditure on the full range of drug and alcohol services in Scotland.



This will be the first time total expenditure on prevention, treatment, rehabilitation and enforcement from across the public sector has been calculated. The study will also consider the effectiveness of the spend and the wider planning and delivery arrangements. The project brief was formally approved by the Public Accounts Committee in October 2008. We will notify the Chief Executive and the Audit Committee of any areas which will impact on SPSA.

- **Consultation on proposed studies** - In June 2008 Audit Scotland published its consultation paper on proposed national studies. This is a starting point for feedback, debate and comment from stakeholders about the areas that Audit Scotland should examine over the next couple of years. A review of SPSA is included within the potential study topics and key study questions could include: to what extent has SPSA generated efficiencies and what police services should SPSA provide? As part of the consultation process Audit Scotland met with SPSA to discuss the proposals. The results of the consultation are to be reported to the Auditor General and the Accounts Commission in autumn 2008. We will notify the Accountable Officer and the Audit Committee of any areas that will affect SCDEA.
- **International Financial Reporting Standards (IFRS)** – As part of the UK Budget 2007 the Chancellor announced that the timetable for IFRS implementation was to be extended by a year with central government accounts in Scotland to become IFRS compliant with effect from the 2009/10 financial year. The Scottish Government have notified central government bodies that they will be required to produce shadow IFRS based accounts for the financial year in 2008/09, including a restated balance sheet as at 1 April 2008. A detailed timetable and list of requirements has been issued by the Scottish Government. This process may require significant resource to complete and it will be important that the restatement is tackled early in 2008/09, with a plan in place to manage the transition.
- **Scotland Performs** – The Scottish Government is continuing to develop its approach to performance management based on a National Performance Framework and outcome agreements. The National Performance Framework is based on the outcome based 'Virginia-style' model of performance measurement and reporting. In support of this the Scottish Government has developed a new electronic tool and website to communicate to the public on Scotland's progress. This will include progress on overall delivery of the administration's purpose for Government, the five strategic objectives for Scotland and other aspects of the outcomes based National Performance Framework. We will consider how SPSA is addressing this developing area as part of the 2008/09 audit.