

Northern Joint Police Board

Annual report on the 2010/11 audit



Prepared for Members of Northern Joint Police Board and the Controller of Audit
October 2011

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Key messages

2010/11

In 2010/11 we audited the financial statements and looked at aspects of governance and performance within the Northern Joint Police Board (the board). This report sets out our main findings.

We have given an unqualified opinion on the financial statements of Northern Joint Police Board for 2010/11.

The board reported an underspend in 2010/11 of £1.262 million, £1.014 million of which was transferred to the general fund balance for contingencies and to supplement revenue and capital spending in future years. The general fund balances at 31 March 2011 was £3.060 million and is within the 8% carry forward special limit granted to the board for 2010/11.

Actual capital expenditure in 2010/11 totalled £1.659 million, £0.60 million short of the planned investment. This level of spending was significantly lower than last year's of £3.796 million largely due to two significant projects being undertaken in 2009/10.

Under the board's voluntary release scheme, 31 staff left at 31 March 2011 and the budget for 2011/12 of £51.3 million assumes an additional 30 posts will be removed. The board has been pro-active in finding efficiency savings through its *Shared Services Best Value Review* programme. The total savings identified for 2011/12 is in the region of £2.1 million.

Members continue to undergo training on how they can be more effective in their scrutiny role and to enable them to be constructive contributors to the success of the organisation.

The board has embedded self evaluation in its culture of continuous improvement and has recently gone through its second round of EFQM self assessment. Most of the actions contained in its best value improvement plan have been completed and the few remaining ones are nearing completion. In light of this, the board is seeing the fruits of its labour as performance outcomes have mostly shown improved results. Reporting of performance information both internal and externally has also improved. There is still scope, however, to present more balanced performance reporting to the public.

Procurement processes are still in the early stages. In the first Procurement Capability Assessment (PCA), the board was assessed as "non-conformance" with an overall score of 23% and this went up to being "conformance" with a score of 39% in the second round. The board is currently preparing its procurement strategy and the associated improvement plan.

Outlook

The Scottish Government is currently consulting on its proposals to create a single police force. While the timescales for this change has yet to be finalised, there are significant implications for the work of the board during the transition period.

Audit appointments are made by the Accounts Commission, either to Audit Scotland staff or to private firms of accountants, for a five year term. 2010/11 is the last year of our current audit appointment to the board and we would like to thank officers and members for their assistance during the last five years.

Introduction

1. This report is the summary of our findings arising from the 2010/11 audit of Northern Joint Police Board (the board). The purpose of the annual audit report is to set out concisely the scope, nature and extent of the audit, and to summarise the auditor's opinion on the financial statements, conclusions and any significant issues arising. The report is divided into sections which reflect the extent of our public sector audit model.
2. Appendix A is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that the board understands its risks and has arrangements in place to manage these risks. Members should ensure that they are satisfied with the proposed management actions and have a mechanism in place to assess progress.
3. This report is addressed to the members and the Controller of Audit and should form a key part of discussions with the Audit Working Group. Reports should be available to the Scottish Parliament, other stakeholders and the public, where appropriate.
4. Audit is an essential element of accountability and the process of public reporting and this report will be published on our website after consideration by the Audit Working Group. The information in this report may be used for the annual overview of local authority audits to the Accounts Commission later this year. The overview report is published and presented to the Local Government and Communities Committee of the Scottish Parliament.
5. The management of the board is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. Weaknesses or risks identified by auditors are only those which have come to our attention during normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Financial statements

6. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
7. Auditors are required to audit financial statements in accordance with the timescales set by Audit Scotland and give an opinion on:
 - whether they give a true and fair view of the financial position of audited bodies and their expenditure and income
 - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements.
8. Auditors review and report on, as appropriate, other information published with the financial statements, including the explanatory foreword, statement on the systems of internal financial control and the remuneration report. Where required, auditors also review and report on the Whole of Government Accounts return. This section summarises the results of our audit of the financial statements.

Audit opinion

9. We have given an unqualified opinion that the financial statements of Northern Joint Police Board for 2010/11 give a true and fair view of the state of the affairs of the board as at 31 March 2011 and of the income and expenditure for the year then ended.

Legality

10. Through our planned audit work we consider the legality of the board's financial transactions. In addition the Treasurer has confirmed that, to the best of his knowledge and belief, and having made appropriate enquiries of the board's management team, the financial transactions of the board were in accordance with relevant legislation and regulations. There are no legality issues arising from our audit which require to be brought to members' attention.

Statement on the systems of internal financial control

11. We are satisfied with the disclosures made in the statement on the systems of internal financial control and the adequacy of the process put in place by the board to obtain the necessary assurances. The statement reflects the more significant internal audit findings (Grades 1 and 2) which were yet to be completed by the board as at the date the draft accounts were issued. We are satisfied that the above weaknesses did not impact on the

financial statements and that the board has processes in place to address these weaknesses and we will review the results of any follow up work performed by internal audit.

Remuneration report

12. We are satisfied that the remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Act 1985 and Scottish Government finance circular 8/2011. The disclosures within the 2010/11 financial statements include all eligible remuneration for the relevant board officers and elected members.

Accounting issues

13. Local authorities in Scotland are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the 2010 Code). We are satisfied that the board prepared the 2010/11 financial statements in accordance with the 2010 Code.

Accounts submission

14. The board's unaudited financial statements were submitted to the Controller of Audit by the deadline of 30 June. Some working papers were also made available to us at that time, but we also had to request additional information and analyses to enable us to conclude the audit and certify the financial statements by the target date of 30 September 2011. The financial statements are now available for presentation to members and for publication.

Prior year adjustments

15. The 2010/11 financial statements have been prepared in accordance with the 2010 Code which is based on International Financial Reporting Standards (IFRS) instead of the previous practice of preparing financial statements under UK Generally Accepted Accounting Practice (GAAP). This transition required a prior year adjustment to the 2009/10 audited financial statements and the restatement of the 1 April 2009 opening balance sheet position. The main areas that required restatement include the treatment of capital grants, the inclusion of an accrual for employee benefits such as annual leave and time off in lieu and the change in the accounting treatment of assets held for sale. These changes resulted in the net liabilities position of the board as at 31 March 2010 changing from £453.683 million to £447.352 million, however the accounting nature of these adjustments means that there has been no change to the usable reserves of the board.

Presentational and monetary adjustments to the unaudited financial statements

16. A number of adjustments have been made to the 2010/11 unaudited financial statements in accordance with normal audit practice. These adjustments primarily relate to reclassifications of grants from income to creditors and presentation of pension costs in line

with the Best Value Accounting Code of Practice. The adjustment on grants reduced the General Fund balance by £2.6 million. This was required as not all of the grant conditions had been met and therefore could not be classed as income in the year. These grants in the main relate to the funding for the mobile data project of £2.489 million which is held by Northern Joint Police Board on behalf of the other police forces and will be released as the project proceeds during 2012/13. A number of presentational amendments have also been processed to improve the disclosures within the financial statements.

Post balance sheet events

17. The 2010/11 financial statements contain the necessary post balance sheet event disclosure in respect of the recent announcement of the Scottish Government of its plans to legislate the creation of a single police force in Scotland. The exact details, timing and impact of these changes on the Northern Joint Police Board are not yet known.

Going concern

18. The board's balance sheet at 31 March 2011 has an excess of liabilities over assets of £291.47 million due to the accrual of pension liabilities in accordance with International Accounting Standards 19 (IAS 19). The Explanatory Foreword by the Treasurer to the board on page 10 of the Statement of Accounts confirms that the board has adopted a 'going concern' basis for the preparation of the financial statements as future actuarial valuations of the pension fund will consider the appropriate employer's rate to meet the fund's commitments. The constituent authorities of the board are liable to fund the board's liabilities as they fall due. We are satisfied, therefore, that the process which the board has undertaken to consider the organisation's ability to continue as a going concern is reasonable.

Whole of government accounts

19. The whole of government accounts (WGA) are the consolidated financial statements for all branches of government in the UK. The board submitted the consolidated pack to the Scottish Government (SG) prior to the deadline of 29 July and the audited return was completed by the audit deadline of 30 September. Whilst officers have confirmed that supervisory review is carried out on the return prior to its submission to the SG, there is no formal evidence to support this.

Outlook

Audit appointment for 2011/12

20. Audit appointments are made by the Accounts Commission, either to Audit Scotland staff or to private firms of accountants for a five year term. 2010/11 is the last year of the current

audit appointment and we would like to thank officers and members for their assistance during the last five years. The procurement process for the next five years was completed in May 2011. From next year (2011/12) Audit Scotland will again be the appointed auditor for Northern Joint Police Board but a different audit team will be in place. We look forward to continuing the good working relationships that exist.

Financial position

21. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
22. Auditors consider whether audited bodies have established adequate arrangements and examine:
 - financial performance in the period under audit
 - compliance with any statutory financial requirements and financial targets
 - the ability to meet known or contingent, statutory and other financial obligations
 - responses to developments which may have an impact on the financial position
 - financial plans for future periods.
23. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

Financial results

Budgetary control

24. The board's net operating expenditure in 2010/11 was £50.764 million. This was met by police grant of £26.947 million, contributions from constituent authorities of £22.703 million, and a net transfer from reserves of £1.114 million. The board's net budgeted expenditure in 2010/11 was £52.026 million giving a net underspend of £1.262 million. In the Explanatory Foreword, the Treasurer had explained the main reasons for the budget underspend as follows:
 - direct staff costs were lower than budget by £1.644 million mainly due to controlled management of vacancies while indirect staff costs were overspent by £0.229 million due to costs associated with the redundancy programme
 - property costs were underspent by £0.125 million due to savings in renegotiated leases for hill top sites and savings in electricity and gas as a result of better procurement contracts
 - pension contribution and transfer values were lower than anticipated by £2.72 million while specific grant which included the ring fenced pension grant of £7.321 million was higher by £1.103 million
 - other income was £1.192 million higher than expected due to increased funding for seconded officers, increased rental income for hill top sites and additional income from services of police.

25. The net operating expenditure of £50.764 million (see paragraph 24 above) differs from the Net Cost of Services in the Comprehensive Income and Expenditure Statement of £21.267 million by £29.497 million. This is because reports prepared for the board's monitoring purposes are prepared on a different basis from the accounting policies used in the financial statements, for example, capital investment is accounted for as it is financed, rather than when the assets are consumed and retirement benefits are based on cash flows rather than the current service costs of benefits accrued in the year. Note 18 to the accounts reconciles the figures in the budget performance report to the figures in the Comprehensive Income and Expenditure Statement.

Financial position

26. Under the Police and Fire Services (Finance) (Scotland) Act 2001, the board is entitled to carry forward any unused amounts to the value of 3% of the contributions paid by the constituent authorities in the year. The board is also entitled to carry forward cumulative unused amounts to the value of 5% of the sum of the police grant and the contributions paid by constituent authorities in the year. The board can only exceed these percentages with the approval of the Scottish Ministers. ACPOS requested, on behalf of all forces, that these limits be raised to 4% and 8% respectively. The board received approval for these new limits in February 2011.
27. At the start of 2010/11 the board's general fund balance was £4.174 million. During the year, it utilised the earmarked pension commuted sums balance of £2.128 million. From the underspend during the year (£1.262 million), the board carried forward £1.014 million giving a general fund balance at 31 March 2011 of £3.060 million. This is within the maximum allowed at 8% of £4.162 million. A sum of £0.254 million is earmarked as contributions to national projects and £0.342 million is earmarked for operational incidents. The balance of £2.464 million is for contingencies and to supplement revenue and capital expenditure in future years.
28. Capital expenditure in 2010/11 totalled £1.659 million and was funded from government grants of £1.117 million and proceeds from disposal of assets sold during the year of £0.542 million. Capital spend this year was significantly reduced from the investment in 2009/10 of £3.796 million which included two major estates projects, the Nairn and Stornoway stations. There was a small underspend of £0.060 million against the budgeted expenditure of £1.719 million contained in the capital expenditure programme in 2010/11 due to some Estates related projects coming under budget.

Financial outlook

29. On 7th September the Scottish Government announced its plans for legislation to create a single police authority in Scotland. The timescales for this change has yet to be finalised

and in the meantime the board continues to be responsible for delivering a police service to the Northern areas.

Revenue budget for 2011/12

30. The board, like all public sector organisations, faces a very challenging financial climate and has been proactive in seeking ways to meet the financial challenges in 2011/12 and beyond through its Shared Services Best Value Review programme. The 2011/12 revenue budget of £51.300 million has assumed savings from the following initiatives:
- voluntary redundancy scheme which will see 30 posts being removed in 2011/12 resulting in estimated savings in salary costs of £0.703 million
 - reduced overtime costs of £0.26 million
 - revised call handling processes - £0.22 million
 - station closures generating savings estimated at £0.217 million.

Capital plan

31. The board has a 3-year capital plan for 2011/12 to 2013/14. Planned investment in 2011/12 is £1.208 million and the next two years is estimated at £2.98 million in total. Capital grant is assumed to be £1.0 million for each year with the balance of the funding to be met through capital receipts.

Pensions funding

32. Financial planning and accounting for the costs of pensions present a difficult challenge. The amounts involved are large, the timescale is long and the estimation process is complex and involves many areas of uncertainty that are the subject of numerous assumptions. In accounting for pensions, IAS19 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 large future liabilities being recognised in the financial statements.
33. The actuary makes a number of assumptions in calculating pension costs. In our 2009/10 report to members we highlighted that no review of the assumptions or rates applied by the actuary is carried out to ensure the board is satisfied that these are appropriate to local circumstances. In discussions with Pensions officers this year, we were advised that there are close working relationships with the actuary to ensure that local circumstances are taken into account. We also requested a specific representation from the administering authority for The Highland Council Pension Fund, that they are satisfied that the assumptions made by the actuary agree with local circumstances.

34. The police officers' pension scheme is unfunded and, therefore, has no assets to be valued. Note 21 to the accounts highlights that the present value of scheme liabilities at 31 March 2011 is £309.539 million (£460.347 million at 31 March 2010). As the scheme is unfunded, the pension liability will fall to be met by serving police officers' contributions and by taxpayers in the future (through constituent authorities' contributions and/or pension grant from the Scottish Government).
35. The actuary has conducted a full valuation of the police officers pension schemes at 31 March 2011. A number of assumptions in calculating pension costs, for example, demographic assumptions, price and salary increases are made. The post retirement mortality assumptions have been adjusted to show longer life expectancies to reflect the actual experience of the schemes. An assumption that 50% of retirees will opt to take a larger lump sum in return for a reduced annual pension was maintained.
36. The board's estimated pension liabilities for support staff at 31 March 2011 exceeded its share of assets in the Highland Council Pension Fund by £8.097 million (£16.132 million at 31 March 2010).

Governance and accountability

37. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.
38. Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs, including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
39. Consistent with the wider scope of public audit, auditors have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
 - corporate governance and systems of internal control
 - the prevention and detection of fraud and irregularity
 - standards of conduct and arrangements for the prevention and detection of corruption.
40. In this part of the report we comment on key areas of governance.

Corporate governance

Processes and committees

41. Effective scrutiny is central to good governance, with a significant role for members to scrutinise performance, hold management to account and support the modernisation agenda. The board has oversight of the financial resources and receives revenue and capital budgets monitoring at each meeting. The responsibilities of the Chief Constable, Treasurer and the Northern Joint Police Board in relation to budget monitoring and review are set out in Financial Regulations.
42. The board has an Audit Working Group (AWG) with a remit to:
 - consider reports from the Internal Auditor on issues including the adequacy of the force's/board's financial systems, policies and practices and their compliance with the relevant statutes, standards and guidance
 - review and approve the internal audit programme
 - consider management reports by the board's external auditor
 - monitor implementation by the Service of recommendations by Audit Scotland
 - monitor implementation by the force of recommendations by Her Majesty's Inspectorate of Constabulary

- consider best value issues
 - consider risk management procedures
43. The AWG is also responsible for scrutinising the progress of the Northern Joint Police Board best value improvement plan and EFQM assessment action plans. The AWG is generally well attended by members and officers who respond to queries.
44. The board's code of corporate governance was recently reviewed and updated in line with the 2008 CIPFA and SOLACE Guidance Note for Scottish Authorities – Delivering Good Governance in Local Government (2007).

Members' training

45. During 2009/10 a members development programme was established and in November 2010, the board received the first of a series of reports designed to advise members of their powers, duties, roles and responsibilities in relation to the successful management of the force. The first report was to inform the board of their responsibilities in respect of the performance management of the force, and the development of continuous improvement in the reporting information by the force. A presentation on risk management was provided to the AWG in January 2011.

Risk management

46. An Internal Audit review of the board's corporate governance and risk management, issued in June 2010, highlighted that the board did not have risk management procedures and a risk management strategy was not in place. As mentioned above a presentation on risk management principles and processes has since been provided to members along with an updated risk management strategy.
47. From April 2011, member of the AWG have been given the opportunity to examine the force risk registers at each meeting. A six-monthly review of all force risks was completed in June 2011 and results were reported to the September 2011 AWG meeting. Three new risks have been identified and reported as follows:
- EAG 11 001 – Uncertainty surrounding the budget settlement for year 12/13.
 - EAG 11 002 – Risks surrounding pension reforms
 - EAG 11 003 – Risks surrounding police staff pay and conditions.
48. The board has made good progress during the year in this area. Corporate risk management processes are starting to bed in and have acquired a higher profile on the board's agenda.

Internal control

49. As part of our audit work, we sought to take assurance from the key controls within the board's financial systems. We reviewed the main accounting system and placed formal reliance on Internal Audit's testing of the payroll, accounts payable and budgetary control systems. We have not found any significant control weaknesses in our review and improvements

highlighted by Internal Audit have either already been implemented or will be implemented in due course. All significant weaknesses are reflected in the SSIFC as noted in par 11 above.

50. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

Prevention and detection of fraud and irregularities

51. Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. Auditors review and report on these arrangements.
52. Northern Joint Police Board has appropriate arrangements in place to help prevent and detect fraud, inappropriate conduct and corruption. These arrangements include: a professional standards and conduct policy, a corruption investigation policy and a whistle blowing policy. We have been advised that, whilst these documents were last reviewed in 2005/06 officers believe that they remain current.
53. The Board has a payroll/HR system called SCoPE which holds management information and information on staff members' personal records including external business interest of staff. It does not, however, hold other interests such as board memberships of the senior management team (SMT) to detect any possible conflict of interests. In discussion with officers we were advised that, at this point in time, there is only one member of the SMT who has external business interests.

Refer Action Plan No. 1

National Fraud Initiative in Scotland

54. The National Fraud Initiative (NFI) in Scotland brings together data from councils, police and fire boards, health bodies and other agencies, to help identify and prevent a wide range of frauds against the public sector. The board had a total of 17 matches and all these have been investigated which found only two errors relating to incorrect National Insurance numbers held by the board. These errors have since been corrected. Officers have confirmed there were no frauds to report.

Outlook

55. The Scottish Government is currently consulting on its proposals to create a single police force. While the timescales for this change has yet to be finalised, there are significant implications for the work of the board during the transition period. The board should consider what arrangements should be put in place to ensure there is proper governance for decisions relating to the transfer of staff, assets and other resources to the new organisation, as well as continuing to exercise its statutory responsibilities in relation to the continued delivery of police services.

Best Value, use of resources and performance

56. Audited bodies have a specific responsibility to ensure that arrangements have been made to secure best value.
57. The Local Government (Scotland) Act 1973 places a duty on the auditors of local government bodies to be satisfied that proper arrangements have been made for securing best value and complying with responsibilities relating to community planning. Auditors of local government bodies also have a responsibility to review and report on the arrangements that audited bodies have to prepare and publish performance information in accordance with directions issued by the Accounts Commission.
58. As part of their statutory responsibilities, the Accounts Commission may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. Auditors may be requested from time to time to participate in:
- a performance audit which may result in the publication of a national report
 - an examination of the implications of a particular topic or performance audit for an audited body at local level
 - a review of a body's response to national recommendations.
59. Auditors may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments.
60. During the course of their audit appointment auditors should also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years.
61. This section includes a commentary on the best value/performance management arrangements within the board. We also note any headline performance outcomes and measures used by the board and comment on any relevant national reports.

Management arrangements

Best Value

62. In April 2010 the Controller of Audit and Her Majesty's Inspector of Constabulary for Scotland published their joint report on the audit and inspection on the performance by Northern Joint Police Board and the Northern Constabulary concluding that "Northern Constabulary and the Northern Joint Police Board have established many of the key elements of best value." Some areas for further development were highlighted and an improvement plan which sets out how the board and the force intend to address the issues raised in the joint report was developed. Progress with the implementation of these actions is regularly reported to the AWG. The

latest report to the September 2011 meeting highlighted that only two out of the 24 agreed actions are still on-going. The board and the force have made very good progress in delivering the action plan.

Self-evaluation

63. In preparation for the best value audit, board members participated in an EFQM self assessment exercise during summer 2009. It was reported to the last AWG meeting that the majority of the actions from this exercise have now been addressed with those remaining nearing the final stages of completion. A second round of self assessment was conducted in August 2011 and a further improvement plan is expected to come out of this. The board has robust self-evaluation arrangements in place with members involved in both the self assessment itself and subsequently in the transparent and regular scrutiny of resultant improvement plans.

Procurement

64. In 2009 the Scottish Government introduced an annual evidence-based assessment, the procurement capability assessment (PCA), to monitor public bodies' adoption of good purchasing practice and as a basis for sharing best practice. The aim of the PCA process is to support continual improvement in purchasing practice. Ensuring effective procurement should be a strategic requirement of the organisation's board and of the senior management team.
65. So far two rounds of PCA assessment have been completed. In the first PCA, the board was assessed as "non-conformance" with an overall score of 23%. This rose to "conformance" with a score of 39% in the second round. There has been an improvement in 10 out of the 12 PCA attributes with a decline in scores in the areas of Information Systems and Reporting/KPI. Collaborative procurement was assessed as "improved performance" while compliance with EU Legislation obtained a 100% mark or "superior performance".
66. The PCA results were discussed at the Executive Advisory Group level and were not reported to members. Purchasing activities however are reported to each board meeting. It is considered best practice for members to also receive information about the PCA results for their organisation. They should consider and approve any necessary improvement plans (including reports on subsequent progress). The AWG should also receive assurance that purchasing is effectively managed.
67. We have been advised that the board is currently developing its Procurement Strategy and Improvement Plan. The board also undertakes joint procurement with Highland Council. We note however that an approved Service Level Agreement covering this is not yet in place and is currently being finalised.
68. Procurement is a function of the Finance and Asset Management section. There is no separate scheme of delegated powers for purchasing decisions and this is covered by the general scheme of financial delegation.

Refer Action Plan No. 2

Overview of performance in 2010/11

Performance management

69. In response to the BV report, one of the agreed actions in the improvement plan was "to improve its performance monitoring and reporting the force should:
- monitor and report on the prevention, intelligence and enforcement activity driven by the Force Control Strategy
 - provide comprehensive performance reports to the joint police board
 - provide comprehensive publicly accessible performance information on the force website
 - align performance monitoring reports to strategic objectives".
70. The first quarterly performance report aligned with the force objectives was presented to the board in May 2011 and covered the 4th quarter of 2010/11. In this first report and in the subsequent report to the August 2011 board, the data was presented as supplementary statistical information on the standard Crime Situation Report. At the moment, there is no clear link between the Crime Situation Report and the accompanying statistical data to help members understand and interpret this performance information or to enable them to hold officers to account.

Refer Action Plan No. 3

71. We noted that this performance information is updated daily and is available on the force website.

SPPF indicators

72. In common with other forces, Northern Constabulary compiles and submits performance information in line with the Scottish Policing Performance Framework (SPPF). In our annual report last year we highlighted that not all SPPF indicators are collected and submitted. The same indicators, user satisfaction and emergency response times have again not been reported in the 2010/11 SPPF return.
73. It was reported in the force action plan that work is underway to introduce a user satisfaction survey during 2011/12 which will initially be for victims of crime only. Once this survey has been embedded the force, dependent on resources and likely benefits, would look to include the other users outlined in the SPPF criteria. In respect of reporting on emergency response times the force is engaged with the Association of Chief Police Officers in Scotland (ACPOS) Performance Reporting Sub Group in progressing the force's compliance in this area. We also noted that the working time lost due to sickness for police staff and staffing profile for special constables were not available for 2010/11

Refer Action Plan No. 4

74. ACPOS produce performance reports based on the SPPF information provided by forces which highlight those forces whose performance is on the high/low side or contrary to national trend. The following are extracts from the quarter 3 report (to December 2011) where Northern

Constabulary was mentioned along with the actions the force is taking to address these issues:

- Number of quality of service closed allegations contained within complaints cases

The general direction of travel for this indicator is positive, however, Northern have reported an increase. The force's Professional Standards and Conduct Unit are proactively working to close cases this year.

- Proportion of 999 calls answered within 10 seconds

All forces are performing consistently well in this indicator. Northern are marginally below the 90% target of answering 999 calls within 10 seconds, however the force deals with the majority of their calls within 13 seconds.

- Group 1 - Crimes of violence (recorded)

The general direction of travel for this group is positive against the 3-year average. However, Lothian & Borders and Northern have both reported a slight increase. Northern will continue to monitor this increase.

Public performance report

75. The 2010/11 public performance report of the board is now available in its website. As in previous years, achievements against strategic priorities have been reported by each of the operational divisions and the support services. For the first time, a page on performance scrutiny has been incorporated. It provides a list of the force's scrutiny bodies, the areas they normally review and a flavour of their current most significant findings/comments on the force's arrangements. We also note that the statistical highlights section includes a commentary where performance has gone down. Out of the 10 selected performance outcomes however only one example was given where result was unfavourable i.e. increase in drug supply offences. Indicators for complaints against police officers and staff for example have deteriorated compared to 2009/10 but these were not highlighted. There is scope to provide more balanced reporting to the public on performance.

Refer Action Plan No. 5

Outlook

76. As highlighted at paragraph 55 Scottish Government is currently consulting on its proposals to create a single police force. While the timescales for this change has yet to be finalised, there are significant implications for the work of the board during the transition period. We will continue to monitor developments as details about the merger crystallise.

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	53	<p>The board has a system of capturing external business interests of staff but it does not currently include a record of membership of any senior management team members in other companies.</p> <p><i>Risk: Potential conflicts of interests are undetected and may result in fraud.</i></p>	The external business interest field will be reviewed and fully populated.	Director of HR	31/12/2011
2	66-68	<p>Existing procurement processes are under-developed. There is no procurement strategy and associated action plan in place. Key procurement indicators are still to be developed and there is a lack of members' scrutiny on procurement processes.</p> <p><i>Risk: The board is unable to maximise benefits which can be gained from having a robust procurement framework in place.</i></p>	<p>Procurement processes are reviewed frequently and the input to this level of the business reflects the collaborative approach taken in many areas, both nationally and locally. Additionally Procurement Updates are provided at each meeting of the NJPB. A procurement strategy will be developed in conjunction with HC Procurement.</p>	Director of Finance & Asset Management	31/3/2012

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3	70	<p>There is no clear link between the quarterly statistical performance data and the covering Crime Situation Report which go up to each board meeting.</p> <p>Risk: Members are unable to scrutinise performance properly or hold officers to account effectively.</p>	<p>The Crime Situation Report is a snapshot of significant events which have taken place within the Force over the period between Police Boards. The report is provided in addition to the statistical information provided and it is this statistical information which allows members to scrutinise performance.</p>	N/A	N/A
4	73	<p>The force was unable to produce and submit some of the SPPF indicators, namely: users satisfaction, emergency response times, working time lost due to sickness for police staff staffing profile for special constables.</p> <p>Risk: Performance information is incomplete resulting in ineffective management of the force.</p>	<p>Work will continue within Force to provide information within all categories of SPPF indicators.</p>	Head of Support Services	31/3/2012

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5	75	<p>Performance indicators highlighted in the Public Performance Report for 2010/11, generally, reflect positive trends. There is scope to present a more balanced report to the public.</p> <p><i>Risk: Performance reporting to the public is not balanced and transparent.</i></p>	<p>In the PPR we will always want to highlight the positive. Overall the results are good and if there were any specific areas which gave us concern we would highlight these. All Performance Indicators are included within the report and we would seek to continue with this approach.</p>	N/A	N/A