



HENDERSON LOGGIE

Grampian Joint Police Board

**Report to Members and the
Controller of Audit**

2007/08

External Audit Report No: 2008/05

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Executive Summary

1.1 Financial

- 1.1.1 The audit of the 2007/08 financial statements has been completed within the timescale advised by Audit Scotland. Our opinion on the financial statements is unqualified. The financial statements present fairly, in accordance with relevant legal and regulatory requirements and the 2007 SORP, the financial position of the Board and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.
- 1.1.2 On 25 August 2008 we issued to the Board's Stewardship Sub-Committee our audit report no. 2008/03, *Report to those charged with Governance on the Audit of Grampian Joint Police Board*. The report provides audit comment on the key issues and audit opinion arising from the audit of the financial statements and of the financial system of internal control.
- 1.1.3 The Board's Income and Expenditure Account shows a deficit for the year of £30.610 million. After adjusting for amounts required by statute and non-statutory proper accounting practices to be debited or credited to the General Fund Balance, the reported increase in the General Fund Balance for the year of £0.295 million.
- 1.1.4 We are pleased to report that there are no recommendations or action plan arising from this year's audit.

1.2 Governance

- 1.2.1 Members of the Board and the Stewardship Sub-Committee are drawn from the three constituent authorities. As a result of the May 2007 elections, a number of Councillor Members have been replaced with new Councillors. Training for new Councillor Members was carried out to ensure they are knowledgeable of the Board's responsibilities.

- 1.2.2 The Board is responsible for a number of key aspects including budget setting, appointment of chief officers and scrutiny and challenge of Force performance. Officers provide the Board and the Stewardship Sub-Committee with reports and statistical data to enable Members to make informed decisions and to raise challenges where appropriate.

1.3 Performance

- 1.3.1 Strategic planning is set out in the Force's three-year plan "Platform for Success", which is updated on an annual basis. Under the leadership of the Force Executive the Business Area Management Teams are involved in on-going performance management.
- 1.3.2 The Force has carried out work on various topics including the use of technology to improve productivity, joint working with partners and improving organisational and management practices. Reported efficiency savings for 2007/08 are £9.7 million which is significantly greater than the target of £5.349 million.
- 1.3.3 The 2007/08 return to Audit Scotland for SPIs was made by the 31 July 2008 deadline. We concluded that the systems in operation for the production and publication of the SPIs were reliable for all but one indicator. The Force failed to report SPI 2, Response Times to 999 calls, as there was no data available for quarter 4 due to the software not being transferred to the Standby Control Room during refurbishment.
- 1.3.4 In June 2008, the Force commenced the HMICS Self Assessment process. This process is intended as an interim measure with the intention of moving towards developing the Public Sector Improvement Framework (PSIF).



Introduction

2.1 Introduction

- 2.1.1 We are pleased to submit our fourth annual report covering significant matters arising during the course of our audit of Grampian Joint Police Board (the Board) for the year ended 31 March 2008.
- 2.1.2 The framework under which we operate under appointment by Audit Scotland is as outlined in our *Risk Assessment, Annual Plan and Fee Proposal for 2007/08 (Report 2008/01 issued on 4 February 2008)*. The respective responsibilities of Board members and auditors are set out in Appendix I to this report.
- 2.1.3 Broadly the scope of our audit was to:
- provide an opinion on the financial statements in accordance with relevant legal and regulatory requirements and international standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission;
 - review and report on the Board's corporate governance arrangements in relation to systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct, prevention and detection of corruption, and the Board's financial position;
 - review and report on the Board's arrangements to manage its performance, as they relate to economy, efficiency and effectiveness in the use of resources and in securing Best Value; and
 - review and report on whether the Board has made adequate arrangements for collecting, recording and publishing prescribed performance information.
- 2.1.4 Our audit approach focused on the identification of strategic business risks and operational and financial risks impacting on the Board.

2.2 Basis of Information

- 2.2.1 External auditors do not act as a substitute for the Board's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used efficiently, economically and effectively.
- 2.2.2 We have raised a number of issues during the course of the audit including matters highlighted in our *Financial Statements Audit Plan*, Report 2008/02, issued on 16 June 2008 and our *Report to those charged with Governance on the audit of Grampian Joint Police Board*, Report 2008/03, issued on 25 August 2008.
- 2.2.3 To a certain extent the content of this report comprises general information that has been provided by, or is based on discussions with, management and staff at the Board. Except to the extent necessary for the purposes of the audit, this information has not been independently verified.
- 2.2.4 We take this opportunity to remind you that this report is prepared for the sole use of Grampian Joint Police Board and the Stewardship Sub-Committee and will be shared with Audit Scotland. No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.

2.3 Acknowledgement

- 2.3.1 Our audit for this year and the previous three years has brought us in contact with a wide range of staff within the Board. We would like to take this opportunity to place on record our appreciation of the co-operation and assistance extended to us by staff in the discharge of our duties.



Financial

3.1 Audit Completion

3.1.1 The target date for submission of the 2007/08 audited accounts of the Board was 31 August 2008. We are pleased to report that the target date for the audit completion and certification of the annual accounts was met.

3.2 Accounts Certification

3.2.1 On 25 August 2008 we issued our audit report expressing an unqualified opinion on the financial statements of the Board for the year ended 31 March 2008. We set out below a summary of the audit certification issues:

- ❑ the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the 2007 SORP the financial position of Grampian Joint Police Board as at 31 March 2008 and income and expenditure during the year;
- ❑ the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973.
- ❑ the Statement on the System of Internal Financial Control complies with the SORP. We were not required to consider whether the statement covers all risk and controls or form an opinion on the effectiveness of the Board's corporate governance and risk and control procedures.

3.3 Audit Adjustments

3.3.1 Two material and four significant audit adjustments were identified during the course of our audit of the financial statements. The Board agreed to adjust the accounts for all of the adjustments identified.

3.3.2 The net effect of the agreed adjustments on the Income and Expenditure Account for 2007/08 was £204,000, decreasing the deficit reported in the draft accounts of £30.814 million to £30.610 million in the final accounts. The net effect on the General Fund Balance was to change the increase in the Fund of £91,000 in the draft accounts by £204,000, giving an overall increase of £295,000 in the movement on the Fund for the year.

3.3.3 Details of these adjustments were highlighted in our *Report to those charged with governance on the Audit of Grampian Joint Police Board*, which was issued to the Deputy Director of Corporate Services and was discussed with the Convenor of the Stewardship Sub-Committee on 25 August 2008.

3.3.4 The requirements for a Revaluation Reserve and a Capital Adjustment Account arising from changes in the 2007 SORP have been adopted in the Board's accounts. Appropriate disclosures have also been made in respect of Financial Instruments as a result of changes in the SORP. These disclosures had no impact of the figures in the financial statements.



3.4 Financial Position

- 3.4.1 The Board's net operating expenditure of £131.745 million exceeded the income from government grants and constituent authorities' contributions, resulting in a deficit for the year of £30.610 million reported in the Income and Expenditure Account.
- 3.4.2 This reported deficit is carried into the Statement of Movement on the General Fund Balance and is then adjusted for items required by statute and non-statutory proper practices to be credited to the General Fund of £30.905 million. This results in an increase in the General Fund Balance of £0.295 million for the year, increasing the General Fund Balance carried forward to £3.588 million as at 31 March 2008.
- 3.4.3 Details of the adjustments made are reported in the notes to the accounts in note 32 on page 55. These adjustments are due to the Board being required to consider funding elements of expenditure on a different accounting basis, including capital investment which is accounted for as it is financed rather than when the fixed assets are consumed, and retirement benefits that are charged as amounts which become payable to pension funds, and pensioners, rather than as future benefits earned.
- 3.4.4 A new provision was included in the financial statements for 2007/08 of £0.255 million to cover potential commitments for the Total Remuneration Project.
- 3.4.5 The Force carried out an exercise during 2007/08 to review the levels of the functional activity across the Force and revised percentage allocations have been applied to the activity headings in the Best Value Account Code of Practice Income and Expenditure Account. A comparison with the percentages previously used as been disclosed in Note 2 to the accounts.

- 3.4.6 The Scottish Police Service Authority (SPSA) was fully brought into operation on 1 April 2007. Forensic Services were transferred from the Force to the SPSA on 1 April 2007, with all staff and assets being transferred. The ICT function was then transferred on 1 April 2008, however, currently only the staff have transferred, with the assets remaining with the Force. These have been disclosed as discontinuing operations within the Income and Expenditure account.

3.5 Financial Performance

- 3.5.1 Financial performance is measured against the financial budget set by the Board in January 2007 for 2007/08. In this regard the Board reported a small underspend for the financial year of £0.0295 million against a budgeted breakeven position.
- 3.5.2 There were a number of factors which contributed to the overall variance including:
- Employee costs only slightly exceeded budget. While the Force recruited an additional 145 officers during the year, there were savings generated as the number of officers leaving exceeded budget assumptions;
 - Increasing charges for utilities resulted in an overspend against the property budget; and
 - The level of income generated from secondments during the year was lower than budget.
- 3.5.3 This outcome was achieved through close monitoring by both the Finance team and the Budget Holders throughout the year.

3.6 Pensions

3.6.1 The Board accounts for two defined benefit pension schemes; the Local Government Superannuation Scheme administered by Aberdeen City Council and the Uniformed Police Services Scheme. In accordance with FRS 17 reporting requirements the estimated pension liabilities provided by the Actuary at 31 March 2008 exceeded its share of assets in both schemes.

Table 1 – Pension liabilities

Estimated pension liabilities	2007/08	2006/07	Movement
Pension Scheme	£m	£m	£m
Local Government	16.542	12.919	3.623
Police	585.585	537.795	47.790
Pension liabilities at	-----	-----	-----
31 March 2008	602.127	550.714	51.413
	=====	=====	=====

3.6.2 Changes in actuarial assumptions have led to an increase in the estimated liability at 31 March 2008. In particular, in line with the overall experience of Local Government Pension Schemes in England and Wales, lighter mortality assumptions have been incorporated into this years calculations to reflect an allowance for such future improvements.

3.6.3 The Uniformed Police Officers Pension Scheme is administered by the Board under the relevant pension regulations and is an unfunded scheme in that there are no assets. The liabilities for the scheme represent the best estimate of the Board's future commitments to pay retirement benefits to existing pensioners and serving officers who will become pensioners in due course. The Actuary provided the valuations using similar financial assumptions to those used for the Local Government Scheme.

3.6.4 The full actuarial valuation of the Aberdeen City Council Superannuation Scheme was carried out as at 31 March 2005. This highlighted a deficit of £243.4 million representing a funding level of 84% and requiring an average increased employer contribution rate of 233% of employee contributions. The report recommended the following increased rates in the employers' contributions for the next 3 years as follows; 275% in 2007/08 rising to 300% in 2008/09.

3.6.5 The increased pension liability gives rise to a negative net assets position in the Board's Balance Sheet. This is normally seen as an indicator of a body's inability to continue as a going concern however, as per Practice Note 10 'Audit of financial statements of Public Sector Entities in the United Kingdom' issued by the Auditing Practices Board (APB), it is not uncommon for public sector bodies to have an excess of liabilities over assets and in these circumstances, auditors should consider the circumstances in which a body may cease to continue in operational existence. Given that FRS17 is concerned only with pensions accounting and does not, in itself, impact on the cash-flows or funding of the Board, the going concern basis is considered appropriate.

3.6.6 As part of the 2007 Spending Review, funding awarded to Forces to cover police officer pension costs was lower than required. For 2008/09 the pension shortfall for all Forces amounted to £17.2 million, of which Grampian Police's share was £1.143 million. The Board agreed that the Constituent Authorities would fund half of the shortfall in 2008/09 with the remaining element being found from the Force's reserves and budget reductions. The projected shortfall in funding for all Forces in 2009/10 and 2010/11 amounts to £50.9 million and £33.9 million of which Grampian Police's share is expected to be £3.039 million and £2.218 million respectively.

3.6 Pensions (cont'd)

3.6.7 There have been a number of meetings between representatives from ACPOS and COSLA to discuss how this unfunded pension burden will be met in future years and more recently to highlight the need for urgency around this issue given the size of the shortfall and the implications for future years. These discussions are still on-going, with all parties trying to resolve the matter at a national level.

3.7 Reserves and Balances

3.7.1 All Boards hold reserves which consist of earmarked amounts set aside to support future years' expenditure and contingencies for unexpected events or emergencies. At 31 March 2008 the General Reserve held by the Board totalled £3.588 million. The balance has been increased by £0.295 million in 2007/08 as a result of the surplus for the year.

3.7.2 An amount of £1.841 million has been earmarked against the General Reserve for pension commutations for those officers eligible to retire on or before 31 March 2008 who have continued in post.

3.7.3 The remaining element of the General Reserve which has not been earmarked amounts to £1.747 million. This is well within the 5% maximum statutory threshold and the 1% minimum limit set by the Board.

3.8 Capital Expenditure

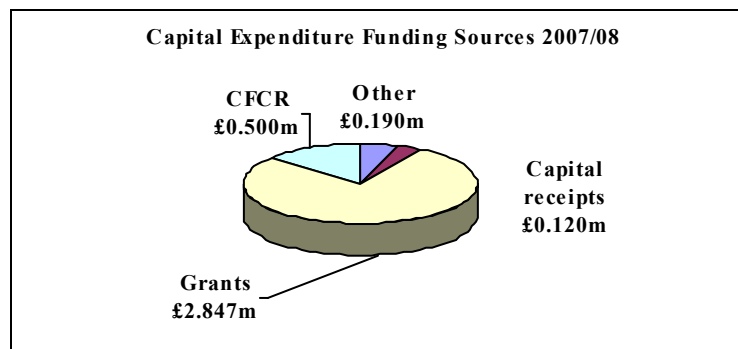
3.8.1 Capital expenditure is determined by the Board, based on the specific Scottish Government (SG) grant, capital receipts and Prudential borrowing, if required. The total available funding for the capital programme was £6.060 million, made up of capital grants from the Scottish Government of £2.847 million and capital receipts of £2.523 million which included receipts brought forward from the previous year of £1.950 million, small capital grants totalling £0.190 million provided by various sponsors and capital from current revenue of £0.500 million. Unspent capital receipts of £2.403 million are available to help fund capital expenditure in 2008/09. No borrowing was required.

3.8.2 The Board also received a capital grant from the Scottish Government's Efficient Government Fund of £5.378 million to fund the National Platform Project. The unspent element of the grant, amounting to £2.111 million, has been carried forward to 2008/09. It is anticipated that this grant will be fully expended by 2009/10.

3.8.3 Gross capital expenditure for the year, excluding the National Platform Project, amounted to £3.657 million. Funding for the capital expenditure was made up as follows:



3.8 Capital Expenditure (cont'd)



3.9 Capital Accounting

- 3.9.1 The main movements on Fixed Assets were additions of £6.697 million on tangible assets which included £2.120 million on vehicles, plant and equipment, £0.636 million on operational land and buildings and £3.941 million on non-operational assets under construction. Details of movements on Fixed Assets and Capital Accounting entries are disclosed in the accounts. The significant capital expenditure during the year on non-operational assets under construction included £3.267 million relating to the ACPOS Platform Project which is fully funded by the capital grant received from the Efficient Government Fund.
- 3.9.2 In accordance with the new requirements of the 2007 SORP the Board introduced a Revaluation Reserve with a nil balance as at 1 April 2007. There were no revaluations during the year and therefore the balance on this reserve at the year-end is nil.

3.9.3 The Board also amalgamated the balances on the Fixed Asset Restatement Account and the Capital Financing Account as at 1 April 2007 to give an opening total of £26.893 million on the new Capital Adjustment Account in line with the new SORP requirements.

3.9.4 We were satisfied with the Board's capital accounting arrangements for 2007/08 and that the entries for additions and disposals were not misstated.

3.10 Financial Instruments

- 3.10.1 In accordance with the new requirements of the 2007 SORP relating to financial instruments the Board made the appropriate disclosure requirements in the accounts.
- 3.10.2 With the exception of the treatment of accrued interest charges and income which are now included within the Long Term Borrowings and Short Term Investments figures in the Balance Sheet rather than disclosed as a Creditor and Debtor, no adjustments were required to the figures in the accounts for financial instruments.

4.1 General

4.1.1 The Board and the Stewardship Sub-Committee met regularly during 2007/08 and both comprised members from the constituent local authorities. The Board is responsible for a number of key aspects including budget setting, appointment of chief officers and scrutiny and challenge of Force performance. We have observed the operation of the committees during the year. Members generally understand the issues they are considering and officers are held to account for implementation of recommended improvements to internal control systems. The Force Executive encourages Members to be challenging in their consideration of reports submitted to both the Board and the Stewardship Sub-Committee.

4.1.2 Internal Audit carried out a review of the Stewardship Sub-Committee Governance arrangements during 2007/08 by benchmarking the current arrangements and procedures against recognised good practice. Their overall conclusion was that the Stewardship Sub-Committee complies with the majority of the key requirements expected, however, the Internal Auditors have identified a number of important focus areas where further improvement and development could be achieved. The higher priority areas identified are:

- ❑ the Committee should undertake an annual assessment of its performance, considering operation, scrutiny and overall effectiveness of the Committee;
- ❑ there may be value in a training and awareness session for the Committee with particular focus on financial awareness, corporate governance development and good practice, control frameworks and materiality of individual control gaps;

- ❑ the written remit of the Committee is currently very limited and high level;
- ❑ the Committee and the Board have had selected visibility of the Risk Management Process and Risk Registers in recent years. Reading, reviewing and commenting upon the Force's Risk Registers should be a key element of the Committee's role;
- ❑ there is an expectation that at least one member of the Committee should have "an awareness of financial matters", which underlines the importance of ensuring the option of focused financial awareness training as a key aspect of supporting the Committee members to undertake their roles; and
- ❑ the Convenor of the Board is also the Convenor of the Stewardship Sub-Committee and all of the other Standing Committees of the Board. This is an unusual structure and is generally not regarded as good practice. The focus should be on sharing the responsibilities of Board members and ensuring that sub-Committees of the Board are chaired by other members.

The Board has agreed to implement the recommendations made by Internal Audit and these will be followed up in due course.

4.1.3 The Board updated its Financial Regulations during 2007/08 and plans to update its Standing Orders during 2008/09. Progress with this will be followed up in due course.

4.1 General (cont'd)

4.1.4 In June 2007, CIPFA in association with SOLACE published the revised Framework – *Delivering Good Governance in Local Government*. This recommends that the review of the effectiveness of the system of internal control should be reported in an Annual Governance Statement. While this has not been designated as statutory proper practice, the Board should be encouraged to include an Annual Governance Statement within its statement of accounts for 2008/09.

4.2 Councillor Information

4.2.1 Budget monitoring information is routinely presented to the Board. Other reports to committee are made in a standard format that includes financial implications of any decision that will be made and generally make it clear what Members are asked to do in terms of noting or decision making.

4.2.2 Officers submit performance information to each cycle of meetings and a commentary is provided so that Members can focus on key data and trends. With the implementation of this more detailed reporting senior officers are more able to engage with Members as to performance outcomes and this makes the Board more open and accountable.

4.3 Audit Committees - Effectiveness

4.3.1 The Stewardship Sub-Committee has continued to function well, considering outcomes from both internal and external audit work and information from other sources. As with meetings of the Board, management are providing more detailed information to the Stewardship Sub-Committee on matters such as Best Value reviews and other performance issues. This more detailed reporting is designed to generate discussion with Members and to increase their involvement in the development of reviews.

4.4 Reliance on Internal Audit

4.4.1 The Board does not have an internal audit service in house. Deloitte and Touche LLP was appointed in December 2007 and has provided the internal audit service for the Board for 2007/08. For 2007/08 the programme of internal audit work included six projects and a corporate governance review.

4.4.2 To minimise audit duplication we liaise with Internal Audit during our planning to identify areas of their work that we can place reliance on. For 2007/08 we agreed to place reliance on work covering the review of the Board's Payroll system and Income and Debtors. Following review of the files relating to these reports, we concluded that we could place reliance on the work and findings of internal audit.

4.5 National Fraud Initiative

- 4.5.1 During 2007/08 we continued to monitor the Board's participation in the 2006/07 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 (£9.7 million from the 2006/07 exercise and £37 million including previous exercises). Where fraud or overpayments are not identified by a body, assurances may be taken about internal arrangements for preventing and detecting fraud.
- 4.5.2 During 2007/08 the Board completed all work on the non-creditors part of the exercise, where no fraud was found, and made progress in reviewing creditor matches. This has been a useful exercise, highlighting what was already known about deficiencies in procedures in the early years of the Board. No recent issues of concern have been identified, which highlights that improvements have been made to procedures in recent years. It has also been useful in identifying duplicate suppliers prior to the move to a new creditors system shared with Lothian and Borders Police.
- 4.5.3 The 2008/09 exercise will commence in October 2008 with the upload of data via the new secure Data File Upload facility which removes the need to send data by post. The timescale for the new creditors system may make it difficult for the Board to participate in the creditors match.
- 4.5.4 Following changes to the legislative framework in England and developing understanding of data protection good practice, new guidance has been issued on the fair processing notices issued to possible data subjects. The approach should be 'layered'; subjects receive a summary which directs them to condensed text which in turn directs them to the full text. Although legislation is not yet in place in Scotland requiring bodies to adopt this approach, it is regarded as good practice. The Board has put this new approach in place and will continue to remind officers of the forthcoming exercise within payslips and other regular communications.

Performance

5.1 Strategic Planning

- 5.1.1 Strategic planning is undertaken through the Force's three-year plan 'Platform for Success' which links the Strategic Plans for each of the eight business areas to the Department/ Business Unit Annual Delivery Plans. This is updated on an annual basis and progress against the objectives is subject to regular reporting to the Board and the Force Executive Board.
- 5.1.2 Budget Holders are asked to prepare annual Business Plans for their areas which include the budget requirements in line with the work priorities and objectives. As part of this process, each area is asked to detail any plans for efficiency gains, reviews or savings and bid for additional monies to fund growth.

5.2 Performance Management

- 5.2.1 Ongoing performance management is undertaken in a framework that involves Business Area Management teams, the Force Executive team and Members.

5.3 Efficient Government

- 5.3.1 All public sector bodies in Scotland are involved with the Scottish Government's Efficient Government initiative. The initiative is designed to achieve cash and time-releasing savings over a five-year period through elimination of waste, bureaucracy and duplication.

- 5.3.2 The Force has carried out work on various topics including the use of technology to improve productivity, joint working with partners and improving organisational and management practices. Much of this effort will result in cash and non-cash savings in future years, as well as the current year. These gains are re-invested to resource more police officers in front line duties and therefore delivering benefits to the community. The efficiencies have been included in the savings recently reported to the Association of Chief Police Officers in Scotland (ACPOS) and will play a significant role in supporting ACPOS to meet future efficiency savings targets.

- 5.3.3 The actual savings for 2007/08 against the targets set for the year show that the targets have been significantly exceeded as follows:

	Target 2007/08 £m	Actual 2007/08 £m
Cash Releasing	0.712	2.745
Non Cash Releasing	4.637	6.955
Total Savings	5.349	9.700

5.3 Efficient Government (cont'd)

5.3.4 Examples which have assisted in exceeding the targets for 2007/08 include:

- ❑ mechanisms were put in place to capture the benefits associated with utilising the Service Centre to input and evaluate Crimefiles. This resulted in non-cash releasing benefits being quantified. In 2007/08, through utilising the Service Centre a total of £0.979 million in staff time has been released;
- ❑ since the introduction of VIPER (Video Identification Parades Electronic Recording), it is estimated that it saves on average 19.5 police officer hours per parade. This has resulted in non-cash releasing savings of £74,000 for 2007/08;
- ❑ all staff record the usage of the Forces video conferencing facilities. During 2007/08 £76,455 cash releasing savings were realised due to the vehicle costs associated with travelling to the venue; and
- ❑ the Force has been very proactive and achieved significant outcomes in relation to attracting sponsorships. During 2007/08, financial benefits, either through donation or non financial support, have contributed in excess of £0.414 million cash releasing savings.

5.4 Risk Management

5.4.1 A guide entitled “Risk Management: A Practical Guide” has been produced by the Force and gives guidance to the application of the three core risk management processes currently adopted by the Force: Strategic Risk Management, Health and Safety Risk Management and Project Risk Management. This is complimented by the three Force risk registers currently in place.

5.4.2 A full risk register is compiled on an annual basis and captures all risks relating to projects, business plans and local issues. A strategic risk register is produced twice a year to align with the strategic/ business assessment and is designed to direct Force business from both a Crime and Disorder and a Business/ Organisational perspective. The significant risk register is reported on a monthly basis to the Force Executive Board, which highlights Force wide significant and unacceptable risk.

5.4.3 Internal Audit carried out a review of the risk management process within the Force during 2007/08 and concluded that the Force has established a structured and effective risk management process which compares well with an objective assessment of good practice risk management.

Performance

5.5 Statutory Performance Indicators (SPIs)

5.5.1 The SPIs are now incorporated into the Scottish Police Performance Framework (SPPF) which is intended to rationalise the diverse approaches to performance measurement previously adopted within Scotland to improve co-ordination and avoid duplication of effort. The Force is required to provide quarterly returns to the Scottish Government on the Framework which has 23 different performance indicators, nine of which are SPIs. We are only required to review the system in place for production and publication of the nine SPIs.

5.5.2 The 2007/08 return to Audit Scotland for SPIs was made by the 31 July 2008 deadline. We concluded that the systems in operation for the production and publication of the SPIs were reliable for all indicators, with the exception of one.

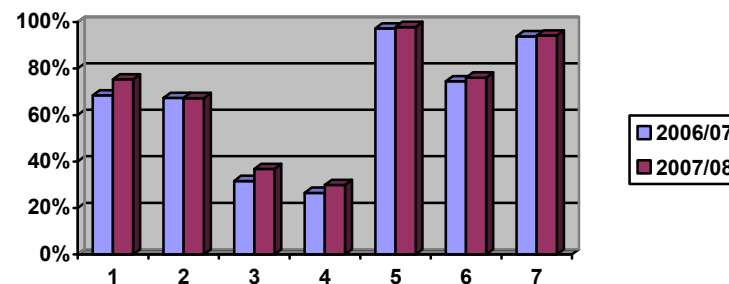
5.5.3 The Force failed to report SPI 2, Response Times to 999 calls, as there was no data available for quarter 4 due to the software not being transferred to the Standby Control Room during refurbishment. As the refurbishment was still ongoing during April and part of May, this will have an impact on the data available during 2008/09.

5.5.4 As part of our audit we identified that SPI 3, Sickness Absence, was incorrectly using the full time equivalent (FTE) staff numbers to calculate the total number of available days rather than the headcount. While the guidance is not specific in the requirements, by using the FTE for the total number of days and the headcount for the actual sick days, the SPI was being overstated. The Force re-submitted the data to the Scottish Government and therefore the indicator was reported as reliable.

5.5.5 The Board's reported performance through the SPIs is summarised as follows:

Percentage of crimes cleared up

Overall, the percentage of crimes cleared up across each of the seven crime groups has increased in comparison to 2006/07



The most noticeable movements in the year are as follows:

- ❑ A 7% increase in group 1 crimes (crimes of violence) cleared up is largely due to Aberdeen Division Operation Berlin targeting robberies and a general focus on serious and violent crime as a Force priority.
- ❑ Group 3 crimes (crimes of dishonesty) have seen a decrease of 13%, with the percentage cleared up increasing by 5%. A large proportion of the decrease in crimes recorded has been the result of an initiative to reduce housebreaking crime which began in 2003 and is having an ongoing effect. Other offences of acquisitive crime have also reduced, due to general improvements in intelligence led policing.

5.5 Statutory Performance Indicators (SPIs) (cont'd)

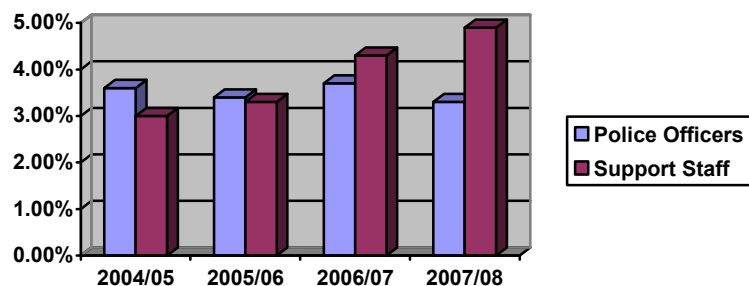
- ❑ The number of group 4 crimes (fire-raising, malicious and reckless conduct) has decreased by 15%, with the percentage cleared up increasing by 3.4%. Vandalism has been targeted by a pro-active approach with directed patrols targeting specific area.

Proportion of 999 calls answered within ten seconds

As reported in 5.5.3, no data was available for quarter 4 of 2007/08, therefore it is not comparable with previous years.

Proportion of working time lost due to sickness absence

The level of sickness absence for both police officers and support staff has increased compared to previous years, although both are still below the national averages of 4.1% and 5.1% respectively, as shown below:



Number of complaints per 100 members of the police force

The number of complaints has increased in comparison with previous years to 12.47 per 100 members of the police force. The Force has reported that with effect from 1 April 2007, the method employed for gathering statistics relative to complaints about the Police has changed to include on duty complaints, off duty complaints and quality of service complaints. Consequently any statistical comparison with previous years would be inappropriate.

Racially Motivated Incidents

The percentage of racially aggravated crimes cleared up has increased to 67.7% compared with 59.9% in 2006/07. This is due to a combination of the number of crimes decreasing by 9.2% and the number cleared up increasing by 2.2%. The increase is largely due to the earlier reporting of crimes, which makes it easier to charge an individual than where the crime is reported at a later date.

Drug Offences

Drug seizures have decreased substantially in comparison to previous years with the weight of class A drug seizures decreasing to 15.357kg, the quantity of tablets decreasing to 24.64 and the volume increasing to 2,335ml. The number of drug offences has only decreased slightly to 567. The substantial decrease is in part due to results awaited from the Forensic Laboratory which is currently understaffed. Due to the ongoing uncertainty over the future of the lab in Aberdeen, two members of staff have recently left and have not been replaced. It has also been identified after the audit that an error had been made in recoding of tablets/ grams for Class A drugs and revised figures have recently been submitted to the Scottish Government.

5.5 Statutory Performance Indicators (SPIs) (cont'd)

Number of people killed or injured as a result of road accidents

The number of people killed or seriously injured has increased by 24 (8.9%) to 295 in 2007/08 which comprises a decrease in the number of people killed and an increase in those seriously injured. The Force's Annual Report has highlighted that a review of recording processes during 2007/08 may have resulted in re-classification of some slight injury collisions to serious injury collisions.

Police Reports to the Children's Reporter and the Procurator Fiscal

A national target of 14 calendar days after caution/ charge has been set for the time taken to submit police reports to the Children's Reporter. A target has also been set by the Crown Office and Procurator Fiscal Service and Association of Chief Police Officers Scotland that Forces should aim to report 80% of reports to the Procurator Fiscal within 28 calendar days.

The Board significantly increased its performance in this area over the last year, as follows:

- ❑ Police Reports to the Children's Reporter increased from 71.4% to 84.9%;
- ❑ Police Reports to the Procurator Fiscal increased from 80.6% to 94.6%.

5.6 National Studies

5.6.1 Audit Scotland carried out a national study on Police Call Management and issued its report in September 2007. The study looked at the numbers and types of calls made to the police (including both 999 and non-999 calls) and the effectiveness of the arrangements to manage this demand. While many calls made to the police result in officers attending an incident, the study focused on call management and dispatch, rather than how the police manage the resulting incident. The report made 18 detailed recommendations intended to assist the Scottish Government, police authorities, chief constables and other relevant organisations to improve the effectiveness of police call management in Scotland.

5.6.2 A national study on asset management is currently being carried out, and is to incorporate police service's corporate approach to asset management. Information is currently being gathered through a questionnaire, similar to one issued to Councils. The national report is due to be published in 2009.

5.7 Best Value Audits

5.7.1 The Force has developed a sound approach to the Best Value review process and, in the last three years, has developed a systems approach to continuous improvement. This ensures that frontline staff are involved throughout the review, including collecting the data and making recommendations for improvement. The transparency of the methodology and involvement of frontline staff has resulted in commitment from staff at all levels and Best Value is now viewed in a positive light.

5.7 Best Value Audits (cont'd)

5.7.2 During 2007/08, the Continuous Improvement Unit reviewed its internal working practices and made a number of changes to improve the way in which the Unit can support the Force. A document *Continuous Improvement: A Practical Guide* was published as a result of this review and was circulated to all senior staff to provide details of the role and function of the Unit and the outputs that can be expected.

5.7.3 Prioritisation of work is aligned with Force priorities, national priorities and any current HMIC inspections. Reviews during 2007/08 have including:

- examining baseline understanding of the National Intelligence Model within Aberdeen Division, and the impact of a new briefing system in South Aberdeenshire Division;
- Public Performance Reporting;
- review of the police storage and disposal of firearms surrendered by the public;
- child protection;
- the release of road traffic collision information for insurance purposes;
- a review in support of the Aberdeenshire Division restructure;
- the recruitment process for Police Officer and Police Staff; and
- Demand Analysis within the Service Centre.

All reviews reports and associated recommendations have been accepted by the individual requesting the initial review work.

5.8 HM Inspectorate of Constabulary for Scotland (HMICS)

5.8.1 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 lighter touch, risk-based scrutiny process.

5.8.2 In June 2008, the Force, along with the other seven Scottish Forces, commenced the HMICS Self Assessment process. This process is intended as an interim measure with the intention of moving towards developing the Public Sector Improvement Framework (PSIF) model when the Police Service has become more familiar with self assessment and the PSIF model has matured.

5.8.3 The Force has identified ten areas of business which will undergo the self assessment process either singularly or collectively. The process will involve every Business Area or Divisions assessing their own performance using the European Foundation for Quality Management (EFQM) model provided by Quality Scotland which will identify areas of strength within each Business Area as well as areas for improvement.

Appendix I – Respective Responsibilities

Respective Responsibilities of Members, Officers and Auditors

Each public sector body is accountable for the way in which it has discharged its stewardship of public funds. Stewardship is a function of both executive and non-executive management and, therefore, responsibility for effective stewardship rests upon both Members and officers of a public sector body.

That responsibility is discharged primarily by the establishment of sound arrangements and systems for the planning, appraisal, authorisation and control over the use of resources and by the preparation, maintenance and reporting of accurate and informative accounts.

It is our responsibility to undertake an independent appraisal of the discharge by management of its stewardship responsibilities, to enable us to give an assurance that those responsibilities have been reasonably discharged.

The Board and the Treasurer's responsibilities for the Statement of Accounts are set out on page 8 of the annual statement of accounts. Our responsibility is to form an independent opinion, based on our audit, on the abstract of accounts and report that opinion to you.

We are required to review whether the Board's Statement on the System of Internal Financial Control reflects the Board's compliance with the SORP, and we report if, in our opinion, it does not. We are not required to consider whether the statement covers all risk and controls, or form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

