



HENDERSON LOGGIE

Tayside Joint Police Board

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

2007/2008

External Audit Report No: 2008/04

Draft Issued: 07 September 2008

Final Issued: 30 October 2008

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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 Tayside Joint Police Board (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 Audit Sub-Committee our audit report no. 2008/03, ***Report to those charged with Governance on the Audit of Tayside 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 systems of internal control.
- 1.1.3 The Board's Income and Expenditure Account shows a deficit for the year of £25.869 million. After adjusting for amounts required by statute and non-statutory proper practices to be debited or credited to the General Reserve Balance, the Board reported an increase in the General Reserve Balance for the year of £1.449 million.
- 1.1.4 We are pleased to report that there is only one recommendation arising from this year's audit; that the Board should consider producing an Annual Governance Statement in place of the SSIFC for inclusion in next year's accounts. (Refer to para 4.2.10 on page 9)

1.2 Governance

- 1.2.1 Members of the Board and the Audit 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 arranged to ensure they are knowledgeable of the Board's responsibilities.

- 1.2.2 The change in the political makeup of the constituent councils post the May 2007 elections will require a build up of relationships to ensure the Board is effective in delivering its statutory and corporate objectives.
- 1.2.3 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 Audit Sub-Committee with reports and statistical data to enable Members to make informed decisions and to raise challenges where appropriate.
- 1.2.4 The Board completed the National Fraud Initiative exercise for 2006/07 during 2007/08. No frauds or errors have been found.

1.3 Performance

- 1.3.1 Strategic planning is set out in the Force's three-year Strategic Plan 2007/10. Under the leadership of the Force Executive each service area is involved in on-going performance management and reporting through the service improvement plans arrangements.
- 1.3.2 Annual Performance Plans and the Chief Constable's Annual Performance Reports are published and are available on the Force's website; www.tayside.police.uk. The Chief Constable's Annual Report for 2007/08 was submitted to the June 2008 Board meeting.
- 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 indicators.



Introduction

2.1 Introduction

- 2.1.1 We are pleased to submit our second annual report, covering significant matters arising during the course of our audit of 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 31 January 2008). The respective responsibilities of Board members, officers and the 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 some issues during the course of our audit including matters highlighted in our *Financial Statements Audit Plan*, Report 2008/02 issued on 30 May 2008 and our *Report to those charged with Governance on the audit of Tayside 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 Tayside Joint Police Board and the Audit 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 Acknowledgements

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



3.1 Audit Completion and ISA 260 Report

- 3.1.1 We are pleased to report that the target date of 30 September 2008 for the audit completion and certification of the annual accounts was met.
- 3.1.2 In accordance with International Standard on Auditing (ISA) 260 we issued our *Report to those Charged with Governance on the Audit of Tayside Joint Police Board 2007/08* (Report 2008/03 issued on 25 August 2008) which was considered at the Pre-Agenda meeting of the Audit-Sub Committee meeting on 25 August 2008. This report included our proposed audit certificate and detailed the agreed adjustments to the draft accounts arising from our audit.

3.2 Accounts Certification

- 3.2.1 On 26 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 Tayside 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 Financial Position

- 3.3.1 In accordance with the changes in the 2007 SORP the Board made the appropriate entries and disclosures required in the accounts for the pension funds, capital adjustment account, revaluation reserve and financial instruments.
- 3.3.2 The Board's net operating expenditure of £108.515 million exceeded the income from government grants and constituent authorities' contributions, resulting in a deficit for the year of £25.869 million reported in the Income and Expenditure Account.
- 3.3.3 This reported deficit is carried into the Statement of Movement on the General Reserve Balance and is then adjusted for items required by statute and non-statutory proper practices to be credited to the General Reserve of £27.318 million. The net impact of these adjustments is an increase in the General Reserve Balance of £1.449 million for the year, increasing the General Reserve Balance carried forward to £7.630 million as at 31 March 2008.
- 3.3.4 Details of the adjustments made are reported in the notes to the accounts on page 23. 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.

3.3 Financial Position (Cont'd)

- 3.3.5 The Force carried out an exercise during 2007/08 to review the levels of functional activity across the Force and revised percentage allocations have been applied to the activity headings in the Best Value Accounting Code of Practice Income and Expenditure Account. Further details of this change are provided in note 1 on page 17 of the accounts.
- 3.3.6 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. Currently only the employees have transferred, with the assets remaining with the Force. These have been disclosed as discontinuing operations within the Income and Expenditure Account and further details are included in note 2 on page 17 of the accounts.

3.4 Financial Performance

- 3.4.1 Financial performance is measured against the financial budget set by the Board in January 2007 for 2007/08. The Board reported a significant underspend for the financial year of £1.426 million against an agreed revenue budget of £84.896 million. The main reasons for this underspend are £0.754 million for forensic services which were transferred to the SPSA and non grant-earning expenditure of £0.62 million which is now centrally funded. This underspend will be repaid to the constituent authorities.
- 3.4.2 This positive outcome was achieved through close monitoring by both the Finance Team and the Budget Holders throughout the year.

- 3.4.3 The Board agreed during the budget setting process for 2008/09 that the increased amount of interest on revenue balances earned of £0.335 million above the amount estimated for 2007/08 would be retained to be used for policing purposes to assist in funding police pension pressures for 2008/09 and later years.

3.5 Pensions

- 3.5.1 The Board accounts for two defined benefit pension schemes; the Local Government Pension Scheme (LGPS) administered by Dundee City Council and the Uniformed Police Services Schemes. In accordance with FRS 17 reporting requirements the estimated pension liabilities were provided by the Actuary at 31 March 2008 which 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	872	5.780	(4.908)
Police	476.003	503.766	(27.763)
Pension liabilities at			
31 March	476.875	509.546	(32.671)

- 3.5.2 The overall decrease in the Schemes' liabilities for the year to 31 March 2008 is primarily due to changes in the actuary's assumptions and discount rates applied underlying the present value of the schemes' liabilities.

3.5 Pensions (cont'd)

- 3.5.3 The Uniformed Police Officers Pension Scheme is administered for the Board by the Dundee City Council in accordance with the Police Pensions Regulations 1987 and the Police Pensions Act 1976, as amended 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 assessed the FRS 17 valuation as at 31 March 2008 for this scheme using the financial assumptions disclosed in note 10 on page 28 in the accounts.
- 3.5.4 The last full actuarial valuation of the Tayside Superannuation Scheme was carried out as at 31 March 2005. This highlighted a deficit requiring an average increased employer contribution rate of 275% of employee contributions for 2007/08 rising to 315% of the employee contributions in 2008/09. The next full valuation will be carried out during 2008/09 and will set the contribution rates for the following three years.
- 3.5.5 The increased pension liability has resulted in 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.
- 3.5.6 Given that FRS 17 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 for the preparation of the accounts.
- 3.5.7 As part of the 2007 Spending Review, funding awarded to Forces to cover police officer pension costs was lower than required. Provision for these costs has been made within the wider local authority settlement. For 2008/09 the pension shortfall for all Forces amounted to £17.2 million, of which Tayside Police's share was £1.263 million. The Board negotiated and agreed with the constituent councils a package of measures including budget savings and a contribution from the General Reserve to help finance this pressure in 2008/09.
- 3.5.8 The projected shortfall across all Scottish Forces in 2009/10 and 2010/11 amounts to £40 million and £17.4 million of which Tayside's share is expected to be £2.8 million and £1.6 million respectively. Further negotiations and agreements will be required during the next two years budget setting process.
- 3.5.9 There have been a number of meetings between representatives from ACPOS and COSLA to discuss how this unfunded burden will be met in future years. These discussions are still ongoing, with all parties trying to resolve this matter at a national level.

3.6 Pension Commutations

- 3.6.1 The regulations relating to amount of pension that can be taken as pension commutations or retirement lump sums for the Police Officers' schemes changed in England and Wales in July 2008 and were backdated to cover pensions commencing on or after 1 October 2007. HM Treasury has agreed to underwrite these changes in England and Wales. On 9 September 2008 the Scottish Government announced it was to provide funding to meet the cost of the revised pension commutation arrangements for police officers and fire-fighters.
- 3.6.2 The Board paid out sixteen pensions commencing between 1 October 2007 and 31 March 2008 under the existing regulations and have estimated the increased cost to the Board will be in the region of £0.420 million once the change has been adopted in Scotland. The costs will be met from the funds to be provided by the Scottish Government.

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 £7.630 million. The balance has been increased by £1.449 million in 2007/08 as a result of the adjusted surplus for the year.
- 3.7.2 An amount of £4.305 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. The earmarked sum is based on the existing regulations. The increased cost to the Board has been calculated at £1.037 million under the new regulations.

- 3.7.3 The remaining element of the General Reserve amounts to £3.325 million. This is well within the 5% maximum statutory threshold.
- 3.7.4 An additional £0.504 million was earmarked for various projects with an additional £0.335 million to help fund pension cost pressures in the 2008/09 budget. A further £0.863 million (1% of the GAE) has been set aside for contingencies in line with the Board's policy. At its meeting on 25 August 2008 the Board approved the allocation of £0.493 million to help fund the implementation of the Force's ADVANCE Programme. This leaves a balance of £1.130 million of uncommitted funds.

3.8 Capital Expenditure and Funding

- 3.8.1 Capital expenditure is determined by the Board, based on the specific Scottish Government (SG) grants, capital receipts and Prudential Borrowing, if required.
- 3.8.2 The total available funding for the capital programme was £2.616 million, made up of the SG capital grant allocation and specific grants of £2.069 million, capital receipts of £0.515 million, which includes unused capital receipts brought forward from 2006/07 of £0.252 million, and small capital contributions totalling £0.032 million provided by various sponsors.
- 3.8.3 The total capital expenditure for the year amounted to £2.160 million and was spent on operational land and buildings £0.520 million, operational vehicles £0.927 million and plant, computer and other equipment of £0.713 million. Unspent capital receipts of £0.456 million are available to help fund capital expenditure in 2008/09. Borrowing was therefore not required.

3.9 Capital Accounting

- 3.9.1 The main movements on fixed assets were additions of £2.160 million on tangible assets and a transfer of assets to the SPSA of £3.464 million. Proceeds for the sale of Kinloch Rannoch police station and some police vehicles amounted to £0.262 million and gave rise to a gain on disposal of £0.140 million. Further details of movements on fixed assets and the related capital accounting entries are disclosed in the accounts.
- 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 £20.505 million on the new Capital Adjustment Account in line with the new SORP requirements.
- 3.9.4 Regular capital expenditure monitoring reports against the plans have been submitted to the Board during the year. Details of the main movements on fixed assets for the year and the appropriate capital accounting entries are fully disclosed in the notes to the accounts.
- 3.9.5 We were satisfied with the Board's capital accounting arrangements for 2007/08 and that the entries in the accounts for additions and disposals were not materially 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 accounting entries and disclosure notes in the accounts.
- 3.10.2 With the exception of the treatment of accrued interest charges which are now included within the borrowing from Angus Council in the Balance Sheet rather than included in Creditors no other adjustments were required to the figures in the core financial statements. Further detail of all of the new disclosures required for the Board's financial instruments are included in note 13 to the accounts on pages 36 to 40.

Governance

4.1 General

- 4.1.1 The Board and the Audit Sub-Committee met regularly during 2007/08 and both comprised members from the three constituent local authorities in Tayside. The Board is responsible for key aspects of governance including budget setting, making arrangements to secure best value and participate in community planning, review of complaints handling by the Force, appointment of chief officers and scrutiny and challenge of Force performance.
- 4.1.2 We have observed the operation of the Board and Audit Sub-Committee since the May 2007 elections. The members generally understand the issues they consider and attendance is good. Officers, including the Chief Constable and the Treasurer regularly attend Board meetings to present their reports and answer any questions the Board may have.
- 4.1.3 The Director of Corporate Services and other key police officers attend the Audit-Sub-Committee to discuss and present reports and are often held to account for implementation of recommendations made by audit to improve internal control systems. Regular updates on Strategic Best Value reviews carried out by the Force are reported to the Audit-Sub-Committee.
- 4.1.4 The former Chief Constable, John Vine, took up a prestigious post on 7 July 2008 as Chief Inspector of the United Kingdom Border Agency reporting to the Home Secretary. Kevin Mathieson, the former Deputy Chief Constable was appointed Chief Constable with effect from 7 July 2008.
- 4.1.5 The Board's corporate governance arrangements were further improved with a review of the Delegated Scheme of Authority during the year.

4.2 Annual Governance Statement

- 4.2.1 The Board has a Local Code of Corporate Governance adopted in January 2005. The Chief Constable has specific responsibility for overseeing the implementation and monitoring of the Code and reporting annually to the Board on compliance. His annual Statement of Corporate Governance is included in the Chief Constable's Annual Performance Report 2007/08. He concluded that *"Accepting that further work will be undertaken in 2008/09, I am satisfied based on statements and reports prepared by the Chief Officers of the Force and Chief Internal Auditor that our corporate governance arrangements are adequate and operating effectively."*
- 4.2.2 The Code requires the Chief Internal Auditor to undertake an annual independent review of the adequacy, effectiveness and compliance. In the Chief Internal Auditor's report to the Board and the Chief Constable she concluded that *"It is my opinion that arrangements underpinning the Board's governance processes are sound and, based on my audit work and Force Executive assurances that these arrangements are working in an efficient and effective manner."*
- 4.2.3 The Chief Internal Auditor reported that the Force are largely compliant with the local code and only highlighted the following areas that still require some work at 31 March 2008 to ensure full compliance: the development of an overarching risk management strategy linked to the ongoing development of business continuity management arrangements.
- 4.2.4 Although we are not required to audit compliance with the Board's Code we review this statement and the Board's processes to inform our view of the governance arrangements in place. We are satisfied with the Board's processes and that it has identified the key areas where work is still required to ensure full compliance with the Code.



4.2 Annual Governance Statement (Cont'd)

- 4.2.5 The Treasurer reported in the Statement on the Systems of Internal Financial Control (SSIFC) included in the Board's accounts that he was satisfied the Board has in place sound systems of internal financial control with no material weaknesses identified. We are satisfied that this statement complies with the 2007 SORP.
- 4.2.7 In our *Financial Statements Audit Plan 2007/08* (Report 2008/02 issued on 30 May 2008) we also concluded that for the main financial systems reviewed, with the exception of fixed assets and capital accounting, the expected key controls appear to be in place and no material weaknesses were identified that would impact significantly on our year-end audit testing. The key controls for fixed assets and capital accounting are mainly covered by year-end processes and our detailed testing of these areas during our audit of the accounts did not reveal any material errors or control weaknesses. We therefore concur with the Treasurer's assessment that the systems of internal financial control are sound.
- 4.2.8 In Scotland there is no statutory requirement for local authority bodies to conduct a review at least annually of the effectiveness of their system of internal control and prepare a Statement on the System of Internal Control (SIC), as there is for bodies in England and Wales. However authorities in Scotland are encouraged to produce a SIC on a voluntary basis.
- 4.2.9 The Board already has in place arrangements for an annual review of the local code which covers both financial controls and all other governance arrangements, including risk and asset management that would be required for the annual governance statement.

- 4.2.10 In June 2007 CIPFA, in association with SOLACE, published a revised framework - *Delivering Good Governance in Local Government*. This framework represents a change in the available good practice and recommends that the annual review of internal controls should be reported in an Annual Governance Statement. The 2008 SORP will be revised to incorporate this change. LAAP Bulletin 71 issued in March 2008 advises that for Scotland the new framework does meet the definition of proper practice referred to in the regulations and as such authorities are encouraged to produce an Annual Governance Statement with their Statement of Accounts.

R1 We recommend that the Board considers producing an Annual Governance Statement in place of the SSIFC for inclusion in next year's accounts.

4.3 Information for Members

- 4.3.1 Revenue and Capital budgets and expenditure monitoring information is routinely presented to the Board throughout the year. Other reports to committees 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.
- 4.3.2 Officers submit detailed performance information on key operations to each cycle of meetings and a commentary is provided so that members can focus on key data and trends.

4.3 Member Information (Cont'd)

4.3.3 The Board held a New Members' Information Session in June 2007 and approved attendance for all members of the Board at the national training event for police authority members arranged by the Scottish Police Authorities Conveners' Forum in June 2007. The Board held further Members Information sessions during 2007/08 on specific subjects such as the Advance Programme. These sessions will continue during 2008/09.

4.4 Audit Committee - Effectiveness

4.4.1 The Audit Sub-Committee has continued to function well, particularly in the period following the May 2007 elections when membership of this committee changed considerably. Newly elected members are aware of the Audit Sub-Committee's remit, their governance responsibilities and scrutiny role.

4.4.2 Members consider the outputs from both internal and external audit work and information from other sources. Both external and internal audit attend and present their reports and answer any questions the members may have. As with meetings of the Board, management provide more detailed information to the Audit Sub-Committee on matters such as Strategic Best Value reviews.

4.4.3 Responsible officers attend the meetings to answer members' questions. This is designed to generate discussion with members and to increase their involvement with the development of Strategic Best Value reviews.

4.4 Internal Audit

4.4.1 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 Cash and Banking control and security, purchasing, creditors, ordering and certification, insurance arrangements, asset management and Corporate Governance Annual Audit (assurance statements only). Following review of the files relating to these reports, we concluded that we could place reliance on the work and findings of internal audit.

4.4.2 Angus Council is responsible for delivery of the internal audit service to the Board under a service level agreement. The internal audit service was out-sourced to Scott Moncrieff who were appointed on 1 February 2007 to carry out the audit fieldwork. They report to the Council's Chief Internal Auditor who retains responsibility for the delivery of internal audit services and reporting to the Board's Audit Sub-Committee.

4.4.3 We reviewed the internal audit services provision in the Board during 2006/07 and concluded that we could rely on their work.

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.

4.6 National Fraud Initiative (Cont'd)

- 4.5.2 This exercise is 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.
- 4.5.3 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 the exercise, assurances may be taken about internal arrangements for preventing and detecting fraud.
- 4.5.4 As reported in last year's Report to Members, no frauds or errors were found when review of the matches was completed during 2007/08.
- 4.5.5 During 2007/08 the Force's Anti-Fraud and Corruption policy was disseminated to all staff and was published on the Force Intranet.
- 4.5.6 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. 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, in conjunction with Dundee City Council which manages the Board's payroll, is putting arrangements in place to comply with the new guidance in time for the 2008/09 exercise.

Performance

5.1 Strategic Planning

- 5.1.1 Strategic planning is undertaken through the Force’s three-year plan which links the Strategic Plan for each of the division/service areas to the corporate Annual Delivery Plan. This was reviewed during 2007/08 and progress against the objectives is subject to regular reporting to the Board and the Force Executive.
- 5.1.2 Budget Holders are asked to prepare annual budgets 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.
- 5.1.3 The Force is currently working on developing an Asset Management Strategy.

5.2 Performance Management

- 5.2.1 Ongoing performance management is undertaken in a framework that involves officers in the divisions and services, the Force Executive and members. Annual Performance Plans and the Chief Constable’s Annual Performance Reports are published and are available on the Force’s website; www.tayside.police.uk. The Chief Constable’s Annual Report for 2007/08 was submitted to the June 2008 Board meeting.
- 5.2.2 Consultation continues on an ongoing basis at all levels within the Force.

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 Board considers its Efficient Government activities within the budget setting processes. In addition, efficiency gains and changes in service provision have been identified from recent Best Value reviews. 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 set for the next two years.
- 5.3.3 The actual savings for 2007/08 against the targets set for the year are detailed in Table 2 below.

Table 2 – Efficiency Savings

	Target 2008/09 £m	Target 2007/08 £m	Actual 2007/08 £m	Actual 2006/07 £m
Cash Savings*	1.248	0.608	0.637	0.642
Non Cash Savings	0	3.764	5.375	2.149
Total Savings	1.248	4.372	6.012	2.791

** No official target has been set for 2008/09. The figure shown is based on 2% of the settlement less provision for pensions.*



5.3 Efficient Government (Cont'd)

5.3.4 The additional cash savings have been achieved through the following measures:

- Procurement savings;
- Use of Special Constables;
- Investment in technology; and
- Transfer of duties from police officers to support staff.

5.3.5 From 2008/09 the emphasis changes to cash efficiency savings. The Force will continue to try and generate savings from better procurement and management improvements. In addition the Force will look to translate benefits achieved in the use of special constables and investment in technology into cash savings by demonstrating a reduction in the unit cost of policing.

5.4 Risk Management

5.4.1 In the Chief Constable's Annual Statement of Corporate Governance risk management is seen as one of the five key processes used to discharge the principles of its Local Code across the Force's divisions and departments. While accepting that further work will be undertaken in 2008/09 the Force is committed to developing corporate risk arrangements linked with improving business continuity processes.

5.4.2 A facilitated workshop took place in September. This was designed to promote work to develop an overarching risk management strategy. Following the workshop the Corporate Risk Register will be reviewed and divisional risk registers developed.

5.4.3 In 2007/08 the Force successfully completed the replacement of the electrical switchgear within its Headquarters, which was viewed as a considerable risk to business continuity by the Force, and adopted a detailed planning regime. From a review of the risks posed by this work the Force recognises the need to carry out further work in this area in tandem with risk management in 2008/09.

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.

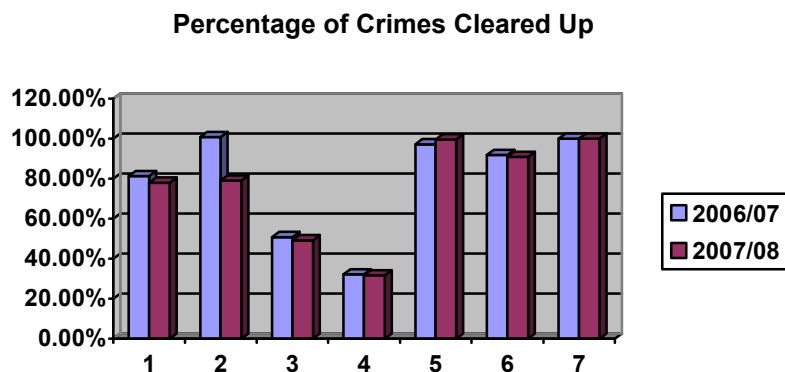
5.5.3 The Board's overall reported performance for the SPIs has been mixed this year with significant improvements in some areas and is summarised as follows.

Performance

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

Percentage of crimes cleared up

Overall, the percentage of crimes cleared up across each of the seven crime groups has varied slightly in comparison to 2006/07. The majority have decreased with only group 5 increasing year on year.



The most noticeable movements in the year are as follows:

- Group 2 (crimes of indecency) have seen a decrease in the total number of crimes reported by 34.2%, from 486 to 320, with the percentage of crimes being cleared up also decreasing by 21.8%.

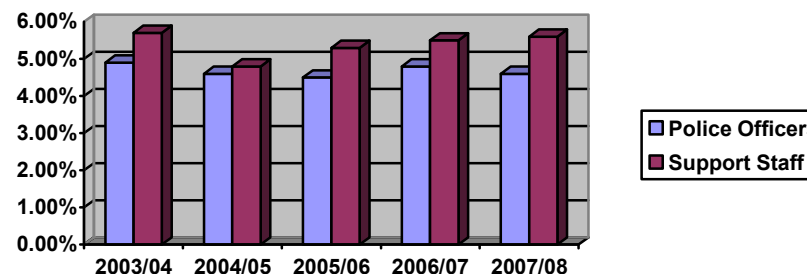
- There has been an 11.9% decrease in Group 1 (crimes of violence) of the number of crimes cleared up from 538 reported crimes in 2006/07 to 474 reported in 2007/08, of which 78% have been cleared up; this is a 3.2% decrease on the previous year.

Proportion of 999 calls answered within ten seconds

In 2006/07 the Board was able to answer 90.7% of all 999 calls within 10 seconds. In 2007/08 performance has decreased slightly, with the Force answering 87.7% of all 999 calls within 10 seconds.

Proportion of working time lost due to sickness absence

The level of sickness absence for police officers had decreased slightly over the year to 4.6% from 4.8%. The percentage of working time lost due to sickness absence for support staff has slightly increased from 5.5% in 2006/07 to 5.6% in 2007/08.



Number of complaints per 100 members of the police force

The number of complaints has increased in comparison with previous years from 17 in 2006/07 to 19.1 in 2007/08.



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

Drug Offences

Drug seizures in general have increased substantially in comparison to previous years with the weight of 'class A' drug seizures in the current year increasing from 28.14kg in 2006/07 to 32.50kg in 2007/08. The number of tablets has dramatically decreased from 35,158 in 2006/07 to 2,707 in 2007/08. The volume of class A drugs seized has increased from 151ml in 2006/07 to 772ml in 2007/08. The number of offenses for supply and possessing with intent to supply class A drugs has also decreased by 17%, from 322 to 267.

This is due to far larger quantity of drugs on the streets than previous years, far more users/ dealers and law enforcement agencies have improved procedures for recovering drugs and prosecuting offenders.

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

National targets were set for a reduction in those killed or injured as a result of road accidents in 2005/06, using figures from 1994 to 1998 as a baseline. As at 2007/08, the Board has made some progress in meeting these targets with:

- a 20.7% reduction in the number of people killed or seriously injured (target 33%)
- a 30.6% reduction in the number of children killed or seriously injured (target 40%)
- a 1.3% reduction in slight injuries (target 10%)

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

A national target of 10 working days after caution/ charge has been set for the time taken to submit police reports to the Children's Reporter. The Board performance in this area over the last year has deteriorated, as follows:

- Police Reports to the Children's Reporter decreased from 80.7% to 72.2%, which is well below the 2006/07 national average of 86.0%.

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 performance in this area over the last year has improved, as follows:

- Police Reports to the Procurator Fiscal increased slightly from 72% to 77.9%, which exceeds the 2006/07 national average of 75.0%.

5.5.4 There are no new indicators for 2008/09 although there is a slight change to the police complaints SPI which now reports in accordance with amended regulation.

Performance

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 The Chief Constable submitted a report to the Board meeting in November 2007 outlining the actions being taken by ACPOS in response to the recommendations contained in the study and also the position in Tayside. Members of the Force Executive will participate in the ACPOS work to develop a national response and produce a local action plan to address any areas where this service to the public can be improved. Progress will be followed over the next year by either Audit Scotland or external audit.
- 5.6.3 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 Audit Scotland are currently piloting Best Value reviews in both Fife and Dumfries and Galloway and intend to include the joint police boards in the second round of Best Value audits. Audit Scotland generally leads on these reviews with input from the local external auditor. We will keep you informed of any further developments in our plans for 2008/09.
- 5.7.2 The Force has developed a sound approach to the Best Value review process and is committed to continuous improvement. In the last two years, it has underpinned the Best Value programme by deploying service improvement plans for each division and department.
- 5.7.3 Regular reports on Best Value Audits are submitted to the Audit Sub-Committee updating the members on their findings and progress made in implementing recommendations from these reviews.
- 5.7.4 Recent reported reviews include an overview of Best Value and Continuous Improvement Processes within the Force in June 2007, an update report on the review of Custody Care and Prisoner Handling in December 2007 and an update report on Information Management in August 2007.
- 5.7.5 The main review undertaken in 2007/08 was a Best Value Review of our People. The review made a number of recommendations and a report outlining the main findings and recommendations is to be submitted to the next Audit Sub-Committee.



Performance

5.8 HM Inspectorate of Constabulary for Scotland (HMIC)

- 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.



Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date
4.2.10	<p>Annual Governance Statement</p> <p>We recommend that the Board considers producing an Annual Governance Statement in place of the SSIFC for inclusion in next year's accounts.</p>	B	The new approach as recommended in the latest Corporate Governance Guidance from CIPFA/SOLACE will be adopted for the 2008/09 Accounts	Yes	Director of Corporate Services & Treasurer	30 June 2009



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 in section 10 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.

