

# Annual Audit Letter

Bedfordshire Police Authority

Audit 2007/08

October 2008



---

# Contents

<b>Summary</b>	<b>3</b>
<b>Purpose, responsibilities and scope</b>	<b>5</b>
<b>Audit of the accounts</b>	<b>6</b>
<b>Use of resources</b>	<b>7</b>
<b>Closing remarks</b>	<b>10</b>

## **Status of our Reports**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
-

# Summary

---

### Key messages

- 1 During 2007/08 Bedfordshire Police Authority has continued to perform well in a number of areas, as confirmed by our Police Use of Resources (PURE) assessment in Table 1 on page 8. Each year, the PURE assessment becomes more difficult as standards are raised, and so to maintain performance overall represents a positive direction of travel.
- 2 However, with regard to Value for Money, whilst relative costs have remained very low in many areas, during 2007/08 performance in a number of key areas was below average relative to peers. Although the Authority and Force continue to drive improvement in performance year on year, closing the gap with peers, this is from a low base and relative performance continues to lag. Capacity issues have impacted on the Authority's ability to achieve the necessary step change in performance.
- 3 The Authority and Force recognise the need to improve value for money and several initiatives, such as collaborative working with other forces, have already been implemented to improve this in 2008/09. I have also made a number of recommendations to the Authority as part of our 2007/08 PURE report. I have been encouraged by the Authority's positive response to these recommendations which, although at an early stage of development, should leave them well-placed to deliver improvements in the future. The challenge for the Authority and Force is to now ensure that the actions being taken deliver tangible improvements in performance in terms of outcomes for the Force and local stakeholders.
- 4 My PURE review has confirmed that the Authority's Financial Standing was sound in 2007/08. However, the 2008/09 budget increase was in excess of government guidelines. While the Authority expenditure has not been capped in 2008/09, it has been set a lower notional budget, creating a budget shortfall of £266,000 in 2009/10. Consequently, the Authority and Force will need to examine their plans carefully to ensure that they remain able to deliver against their objectives and improve value for money.
- 5 The Authority's most significant capital project at present is the move from Greyfriars Police Station in Bedford to new accommodation. This was planned to be undertaken as part of the Bedford town centre redevelopment scheme. However, the current economic and financial climate has delayed these plans. The Authority will therefore now have to carefully consider the way forward and ensure that future plans remain flexible, and are able to cope with the current level of economic uncertainty, while still maintaining levels of service provision and performance.

---

**Recommendations**

6 In order to address these issues, I make the following recommendations.

<b>Recommendations</b>	
<b>R1</b>	Implement the actions agreed in our PURE report with regard to improving the delivery and management of Value for Money, continuing to develop the initiatives on collaborative working that have been introduced in 2007/08, and addressing sickness and recruitment issues in order to enhance capacity and deliver the required step change in performance in key areas.
<b>R2</b>	Review spending plans in the light of the restricted budget settlement for 2009/10 and take corrective action if required, to ensure that financial resources are sufficient to deliver the Authority and Force's key objectives.
<b>R3</b>	Ensure plans with regard to the Greyfriars relocation are sufficiently flexible to respond to the current levels of economic uncertainty while also maintaining levels of service provision and performance.

# Purpose, responsibilities and scope

- 7 This Annual Audit Letter (letter) provides an overall summary of the Audit Commission's assessment of the Authority, based on audit work performed in relation to the accounting period ending 31 March 2008. Where relevant this work has included assessment of the arrangements in place in the police force, as well as the Authority.
- 8 I have addressed this letter to members as it is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. I have made recommendations to assist the Authority in meeting its responsibilities.
- 9 This letter also communicates the significant issues to key external stakeholders, including members of the public. I will publish this letter on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk). (In addition the Authority is planning to publish it on its website.)
- 10 I have prepared this letter as required by the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available from [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).
- 11 As your appointed auditor I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I am required to review and report on:
  - the Authority's accounts;
  - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
  - how well the Authority has managed its resources (the Police Use of Resources scores).
- 12 We have listed the reports issued to the Authority relating to the 2007/08 audit at the end of this letter.

# Audit of the accounts

- 13 I issued an unqualified opinion on the Authority's accounts on 30 September 2008.
- 14 The accounts audit progressed smoothly and working papers were of a good standard.
- 15 Before giving my opinion I reported to the Audit Committee on the issues arising from the 2007/08 audit.

---

## Whole of Government accounts

- 16 Central government embarked on a programme leading to the preparation of consolidated accounts for the 'whole of government', including local government. The Council is required to submit a 'consolidation pack' to Communities and Local Government and I am required, as your auditor, to undertake a range of procedures and report on the pack.
- 17 I issued my report on 1 October 2008 in accordance with the CLG timetable, confirming that the information in the consolidation pack was consistent with the audited accounts.

---

## Additional services

- 18 We have not carried out any work in addition to that required under the Code of Audit Practice in 2007/08.

# Use of resources

**19** I am required to:

- conclude whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion; and
- assess how well the Authority and Force manage and use financial resources by providing scored judgements on the arrangements on five specific themes. This is known as the Police Use of Resources Evaluation (PURE).

---

### Value for Money conclusion

**20** I have concluded that the Authority did have proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources.

**21** A significant proportion of the work to support our Value for Money conclusion is undertaken as part of our Police Use of Resources assessment (PURE). While our work on PURE confirmed that the Authority is performing well in most areas, we made some recommendations for improvement in terms of delivering, managing and improving value for money, and these are detailed in our PURE feedback report dated October 2008.

---

### Review of police data quality

**22** As part of our work on the value for money conclusion, we carried out a review of police data quality. We considered whether the Authority has proper arrangements in place to secure the quality of key performance data, following up our detailed work in previous years.

**23** Our work in 2007/08 confirmed that the Authority and Force had made progress in addressing issues raised in 2006/07 and we concluded that arrangements with regard to securing data quality were robust.

---

### Police Use of Resources scores

**24** I assessed the Authority's arrangements on five themes and scored each theme from 1 to 4 (1 = inadequate performance, 2 = adequate performance, 3 = performing well and 4 = performing strongly). A detailed report supporting the assessment and highlighting areas for improvement was issued to the Authority on 20 October 2008.

**Table 1 Police Use of Resources scores**

Theme	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	2 out of 4
Overall assessment of the Audit Commission	3 out of 4

(Note: 1 = lowest, 4 = highest)

- 25** The key issues arising from the audit, as reflected in the above judgements where appropriate, are as follows.
- 26** The Authority has maintained its performance with regard to Financial Reporting, Financial Management, Financial Standing and Internal Control. This performance is set against the backdrop of the assessment continually representing a 'harder test' each year, so this level of achievement represents a positive direction of travel.
- 27** The score for the Value for Money theme fell from 3 in 2006/07 to 2 in 2007/08. It should be noted that while the VFM score has reduced, it is at level 2, which means performance is still 'adequate' and meets the Audit Commission's minimum requirements.
- 28** The delivery of Value for Money (VFM) is below average relative to peers. Whilst relative costs have remained very low in many areas, performance in a number of key areas, such as the level of Sanction Detections, remains below average when compared with the Most Similar Forces group (MSF). The Authority and Force continue to drive improvement in performance year on year, closing the gap with peers, but this is from a low base and performance relative to the MSF group continues to lag.
- 29** The main areas where performance compares poorly relative to MSF peers are:
- Overall victim satisfaction, particularly minority ethnic groups (both 6th out of 6 in the MSF group); and
  - Robbery, vehicle crime, and burglary, which are all shown as performing 'worse than peers' (source: i-Quanta Force Overview Report).

## Use of resources

- 30** There are a number of contextual factors that have contributed to the score for VFM in 2007/08. Bedfordshire Police are one of the smallest Authorities and Forces in the country, and in recognising this they have put a lot of effort into collaborating with other forces to add capacity and share costs. However, in 2007/08 they have suffered with high levels of sickness and police officer vacancies, and had difficulties in recruiting new officers. The impact of this has been to reduce the capacity available to improve performance at a greater rate, which is necessary to draw nearer to the average performance levels delivered by the MSF peers. Actions have been identified and taken during 2007/08 to overcome these issues. However, any improvements in performance secured as a result of increased capacity (or from any other actions taken) will not become apparent in performance data until 2008/09
- 31** The Authority and Force continue to explore a number of initiatives that should help to strengthen arrangements to improve VFM going forward. Most notable among these is the commitment to maximise the benefits from collaborative working with other forces, such as the Joint Major Crime Unit established with Hertfordshire Police. The Authority and Force have also adopted a VFM strategy and undergone a major restructuring since the start of 2008/09 aimed at delivering further efficiencies going forward.
- 32** This means the Authority and Force should now be well-placed to deliver improved VFM in future. The challenge now is to demonstrate how these initiatives translate into tangible and sustainable improvements in performance, with demonstrably improved outcomes for the community, while maintaining tight controls over spending.
- 33** Recommendations to assist the Authority and Force to improve in this area were included in our October 2008 PURE feedback report.

---

### National Fraud Initiative

- 34** The National Fraud Initiative is a data matching exercise that compares sets of data to identify inconsistencies or other circumstances that might indicate fraud or error. It also helps auditors to assess the arrangements that audited bodies have put in place to deal with fraud.
- 35** Our work on the PURE assessment confirmed that the Authority is participating fully in this important exercise and is analysing and following up any data matches that are identified.

---

### Specific risk-based work

- 36** We did not carry out any other specific risk-based work in 2007/08.

# Closing remarks

- 37** We have discussed and agreed this letter with the Chief Executive/Treasurer, and the Force Assistant Director Resources. We will present the letter at the Audit Committee on 11 November 2008 and we will provide copies to all Authority members.
- 38** Further detailed findings, conclusions and recommendations on the areas covered by audit work are included in the reports issued to the Authority during the year.

**Table 2      Reports issued**

<b>Report</b>	<b>Date of issue</b>
Audit plan	April 2007
Report to those charged with governance	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts memorandum	October 2008
Use of resources	October 2008
Annual audit letter	November 2008

- 39** The Authority and Force has taken a positive and constructive approach to our audit and data quality work. I wish to thank officers for their support and cooperation during the audit.

Debbie Hanson  
District Auditor  
October 2008

---

# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, covering the £180 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

---

## Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2008

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

---