

## **SUSSEX POLICE AUTHORITY – 29 JULY 2010**

### **REPORT OF THE CORPORATE GOVERNANCE COMMITTEE**

#### **REPORT BY CHAIRMAN OF THE COMMITTEE**

##### **Introduction**

- 1.1 The report informs the Police Authority on matters considered by the Corporate Governance Committee at its meeting on 24 June 2010. The meeting was attended by Mr A Price JP (Chairman), Prof G Bull, Mr P Evans, Mrs C Shaves MBE JP, Mr A Smith and Mr S Waight.
- 1.2 The meeting was also attended by the District Auditor Mrs H Thompson and Mrs C Swan MBE Independent Chairman of the Standards Committee.
- 1.3 The full agenda and reports for this Committee are available on the Authority's website, and the webcasting of the meeting can also be accessed via the website.

##### **Continuous Improvement Group**

- 2.1. At its meeting on 16 June 2010, the Continuous Improvement Group considered and approved the Authority's Continuous Improvement Plan (CIP) which picked up suggested areas for improvement from the recent Police Authority Inspection. The CIP has been circulated to all members.
- 2.2 The Authority has embraced the opportunity to review its authority and influence on Sussex Police for improving policing for Sussex, its own structure and procedures. The Inspection Report acknowledged that the Authority has good leadership, is able to influence priorities and is improving across the board. The Authority has been awarded a score of two 'performing adequately' with examples within the Inspection Report of areas of strong performance.

##### **Comprehensive Area Assessments**

- 3.1 The Committee received notification from the Audit Commission, on behalf of the Comprehensive Area Assessment (CAA) inspectorates, that work on CAAs was being brought to a conclusion following the Government's recent announcement. All work on updating the area assessments and organisational assessment would cease with immediate effect and new scores for the use of resources assessments would no longer be issued.
- 3.2 The abolition of the CAA inspection regime was welcomed by the Committee who hoped that the burden of inspection on public authorities would now be reduced.

##### **Audit Opinion Plan 2009-10**

- 4.1 The Committee received the Audit Opinion Plan for 2009-10 which set out the audit work proposed to be undertaken for the audit of financial statements 2009-10. The plan has been based on the Audit Commission's risk-based approach to audit planning and has reflected:
  - Audit work specified by the Audit Commission for 2009-10

- Current national risks relevant to local circumstances; and
  - Local risks.
- 4.2 Details of specific risks have been considered that are appropriate to the current opinion audit and were detailed in the report. The significant risk identified related to the Force Financial Accountant leaving his post in February 2010. Contract accountants have been recruited to prepare the 2009-10 accounts.
- 4.3. The District Auditor reported that no significant issues had been raised as part of the audit which was currently underway. She explained that any additional work required would result in a fee increase following discussions with the Director of Finance.

### **Annual Audit and Inspection Fee 2010-11**

- 5.1 Following discussions between the Treasurer, officers and the Audit Commission, the audit work for 2010-11 financial year has now been put forward with a fee which has been based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2010-11.
- 5.2 The 2009-10 audit has not yet been completed by the Audit Commission, therefore the audit planning process for 2010-11, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary.
- 5.3 Following extensive consultation, the Commission has anticipated an increase of six per cent on average in audit scale fees due to the additional work to be carried out by auditors in response to the implementation of International Financial Reporting Standards (IFRS) in 2010-11. However, the actual increase in the scale fee for 2010-11 is 4.5 per cent compared to the anticipated six per cent and the planned fee of £99,999 is one per cent below the scale fee. The Commission has confirmed that the extra one-off costs incurred by authorities during the transition to IFRS would be absorbed by the Commission. The fee may be further reduced as a result of the cessation of the Comprehensive Area Assessment regime which may have an impact on the Audit Commission's workload and costs.

### **Annual Governance Statement**

- 6.1 The Authority has a requirement to include an Annual Governance Statement (AGS) as part of its Statement of Accounts (reported at 7.1 to 7.3 below). The Authority has had close involvement during the development of the AGS, which includes input and ownership by officers and the Chairman of the Committee. The draft AGS has also been circulated to all members for consultation.
- 6.2 It was suggested that the relevant and appropriate recommendations detailed in the recent Police Authority Inspection, undertaken by the Audit Commission and Her Majesty's Inspectorate of Constabulary, should be incorporated into the Improvement Plan section of the Statement.

### **Statement of Accounts for the Year Ended 31 March 2010**

- 7.1 The Statement of Accounts considered by the Committee were subject to audit by the District Auditor, which was currently underway, and due for completion

in July 2010. The Accounts must be published by 30 September 2010 and the final Accounts would be submitted for approval by the Committee at its meeting on 23 September 2010.

7.2 The Accounts have been prepared in accordance with the Accounts and Audit Regulations (Amended) (England) 2009 with significant changes for 2009-10 which include:

- the inclusion of the custody Private Financial Initiative (PFI) on the balance sheet for the first time
- the inclusion of the Authority's attributable share of the surplus or deficit on the council tax collection fund held by the thirteen billing authorities at the year end
- the Income & Expenditure Account has been expanded from a single service line to eleven divisions of service; and
- A more transparent analysis of the pay of senior officers.

7.3 There has been a substantial increase in the Authority's pension liability which has increased to almost £2 billion. This was attributed to the poor performance on assets and assumptions on the level of police pensions being drawn over the coming years.

### **Internal Annual Audit Report**

8.1 The 2009-10 Internal Audit Plan, which has been agreed by the Corporate Governance Committee in March 2009, contained a series of targets in terms of the audit work to be completed during the year. The Committee received an update on the audit work carried out during 2009-10.

8.2 On the basis of the audit work completed, the internal audit opinion has reported that Sussex Police has an effective framework of control that provides reasonable assurance regarding the economic, efficient and effective use of resources in achievement of its objectives.

### **Treasury Management 2009-10**

9.1 The Police Authority's approval to Treasury Management is governed by three documents:

- CIPFA's "Treasury Management in the Public Services: Code of Practice (Fully Revised Second Edition 2009")
- Treasury Management Policy Statement: Adopted by the Police Authority annually at the February budget meeting; and
- Treasury Management Practices (TMPs): A detailed set of procedures that ensure compliance with the policy.

9.2 The Code of Practice requires that an annual report should be made on Treasury Management activities for the previous financial year.

9.3 The Police Authority had three deposits with Heritable Bank totally £6.8m when Heritable was taken into administration in October 2008 following the failure of its Icelandic parent company, Landsbanki. The administrator, Ernst & Young, have recently revised upwards their estimated return to non-preferential unsecured creditors. Current projections had indicated a base rate of return to creditors of 79 to 85 pence in the pound (which has increased from 70 to 80 pence). It was anticipated that the completion date of

repayments made was 2013.

- 9.4 The practice of borrowing internally to clear debts was raised as a potential action, which was also raised at the Resources Scrutiny Committee at its meeting on 15 June 2010 (paragraph 2.4 of the Resources Scrutiny report refers). It was reported that it would be considered, along, with other measures, during the review of financial planning in the autumn.

### **Standards Issues**

- 10.1 The meeting was attended by Mrs Christine Swan MBE, Independent Chairman of the Authority's Standards Committee who reported that The Queens Speech on 25 May 2010 included the Government's proposal to introduce a Bill to abolish the Standards Board regime. Since 2007, the Standards Board for England has dealt with only those matters which local authorities could not deal with themselves. The recent review carried out by the Standards Board has suggested that the devolved local framework was found to be delivering increased confidence in the accountability of local politicians, improved member behaviour and contributing to better governance. As yet, there are no clear details of what is to be proposed for the future, but for now the local standards framework remains pending legislative change.
- 10.3 The Committee supported the transfer of the role of Monitoring Officer from the Chief Executive to the Solicitor to the Authority following the retirement of the Chief Executive in April 2011.

### **Health and Safety**

11. Significant progress has been made to improve the management of health and safety across the Force over the last 12 months. However, the Head of Health and Wellbeing has identified some areas of concern in the way Sussex Police is currently discharging its duty of care in respect of Health and Safety across the Force. This prompted some initial investigation and resulted in the requirement for a full force-wide review of health and safety. The draft outcomes from the Review will be reported to the Committee at its meeting on 23 September 2010.

### **Risk Management**

- 12.1 The Committee received a report on risk management which is exempt under paragraph 14 of Schedule 12A of the Local Government Act 1972.
- 12.2 The Committee discussed the importance of ensuring the risk register is maintained and up to date, with the completion dates adhered to, particularly with reference the ventilation system at Hastings Custody Centre.

**Recommended** – that the report be noted

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Chairman

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