

Leicestershire Police Authority

Budgetary Control (11.09/10)

Internal Audit Report
16 December 2009

FINAL

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Debrief meeting:	29 October 2009	Auditors:	Chris Harris - Partner
Draft report issued:	13 November 2009		Suzanne Lane - Client Manager
Responses received:	16 December 2009		Barry Ward - Assistant Manager
Final report issued:	16 December 2009	Client sponsor:	Ruth Gilbert - Head of Finance
			Paul Dawkins - Force Financial Director
		Distribution:	Paul Dawkins - Force Financial Director
			Chris Smith - Treasurer

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

This report is prepared solely for the use of the Authority and senior management of Leicestershire Police Authority. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

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Registered Office 1 Hollinswood Court Stafford Park 1 Telford TF3 3DE

1 Executive Summary

1.1 Introduction

An audit of Budgetary Control was undertaken as part of the approved internal audit periodic plan for 2009/10.

Leicestershire Police Authority set an annual budget designed to achieve the goals of their Policing Plan, meet Local Objectives and the targets and aims of their Strategic and Operational plans. The budget is set in consultation with Budget Holders with guidance being provided on the 'maximum' available funds. The budget is approved by the Authority who will at that time set the precept that residents of the county will be required to pay in their council taxes.

Responsibility for the control and management of the budget ultimately rests with Chief Constable under his delegated powers from the Authority with day to day management being exercised by the Director of Finance through the Corporate Finance Department.

The Authority has set a budget of £169.818 million for 2009/10 and aims for an under spend position at the year end.

The objective of the audit was to ensure adequate controls are in place to set and monitor budgets, enabling them to achieve their objectives in a cost effective manner, achievement of which is measured using the following outcome:

- Expenditure is maintained within budget

1.2 Scope of the review

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Control activities relied upon:

- Budget monitoring arrangements in place

Limitations to the scope of the audit:

- Testing was undertaken on a sample basis.
- Our work and report does not prove any assurance on the eventual accuracy at the year end of the current projected outturn or any assurance on the validity and accuracy of any assumptions made in producing the projected outturn.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist

The approach taken for this audit was Key Controls Testing and included the following:

- Establishing the controls for which external audit intends to place reliance on internal audit testing
- Testing to assess the extent or cause of problems identified.

1.3 Conclusion

Taking account of the issues identified, in our opinion the Authority can take substantial assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective.

This assurance level has been formulated on the basis of conclusions drawn on the individual elements of effectiveness, design and application of controls in place:

	SUBSTANTIAL	ADEQUATE	LIMITED
EFFECTIVENESS OF CONTROL FRAMEWORK	X		
DESIGN OF CONTROL FRAMEWORK	X		
APPLICATION OF AND COMPLIANCE WITH CONTROL FRAMEWORK	X		

OVERALL OPINION

X

As at Period 5 a projected under spend of £935,000 was reported to the Police Authority at their November 2009 meeting. Indicative figures as at Period 6 yet to be reported show:

- Current YTD Budget of £84.178 million.
- Current YTD Expenditure of £80.435 million.
- Current under spend £3.753 million with a projected year end under spend of £984,000.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

1.4 Recommendations Summary

The following tables highlight the number and categories of recommendations made, showing which have been brought forward from previous audits. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

AREA	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
BUDGETARY CONTROL	0	0	1

Recommendations implemented since the previous audit in this area:

DATE OF PREVIOUS AUDIT: 25 September 2008

RECOMMENDATION CATEGORIES	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
NUMBER OF RECOMMENDATIONS MADE DURING PREVIOUS AUDIT	0	0	0
NUMBER OF RECOMMENDATIONS IMPLEMENTED	0	0	0
RECOMMENDATIONS NOT YET FULLY IMPLEMENTED:	0	0	0

2 Action Plan

The priority of the recommendations made is as follows:

FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
ACTION IS IMPERATIVE TO ENSURE THAT THE OBJECTIVE FOR THE AREA UNDER REVIEW IS MET	REQUIRES ACTION TO AVOID EXPOSURE TO SIGNIFICANT RISK IN ACHIEVING THE OBJECTIVE FOR THE AREA UNDER REVIEW.	ACTION IS ADVISED TO ENHANCE CONTROL OR IMPROVE OPERATIONAL EFFICIENCY

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
2	In accordance with Section 1.4.4 of the Financial Regulations the Chief Constable should establish a list, in writing, of all police officers and staff specifically authorised to exercise delegated powers in relation to financial administration,	Merits Attention	Y	It is our view that the current authorised signatory list is adequate for the Ordering and Invoicing system. However, a separate list will be established for other delegated powers within financial administration	31 st January	Head of Finance

3 Findings and Recommendations

	CONTROLS (ACTUAL AND/OR MISSING)	ADEQUATE DESIGN(YES/NO)	TEST RESULT / IMPLICATIONS	RECOMMENDATION	CATEGORISATION
1	<p>The budget is set in order to achieve the annual requirements of the:</p> <ul style="list-style-type: none"> • Policing Plan. • The Local Objectives, and • The Business Plan. <p>The setting process for the coming year starts around the middle to the end of October and starts with an evaluation of the spend for the current year that is then adjusted for inflation. This represents the 'maximum' budget. All Departments and Areas are required to work their budget for the year with the aim that 'savings' on the maximum budget can be gained. The estimated budgets are then collated to form the Authority budget that is 'balanced' through funding income and use, if required, of any reserves.</p> <p>The Authority is also required to produce a three year financial plan. The budget setting process also has to take account of Government requirements for efficiency savings, these being in both cash and through improved performance/ working</p>	Yes	<p>The Head of Finance confirmed that the key element of the budget is to ensure that there are appropriate resources in order to meet the requirements of the Policing Pledge, Local Objectives and the operational targets and aims of the Business Plan. Additionally due regard has to be taken of the Government's requirements for efficiency gains during the period 2008 to 2011, which is set at a total of 9.3% of the gross revenue recorded in 2007/08, this equating to some £16.5million. Savings can be made in relation to 'cash' and also through increased outputs from the same cash source. A report on the actions taken to date and proposals for the future was presented to the Authority at their June 2009 meeting.</p> <p>To arrive at a budget figure work starts some six months ahead of the financial year with an estimation of expenditure in the current year that is then adjusted for inflation. Each cash limited Department is then provided with their 'maximum' budget for next year from which they will be required to meet the targets, aims and objectives in the coming year. Departments are required to critically review the maximum budget and come up with proposed 'savings' that are recorded and returned via standard templates. These adjusted budgets, together with the centralised budgets for aspects such as staff pay, overtime etc are collated to form the base revenue budget for the year.</p> <p>For 2009/10 a base revenue budget of some £172.9 million was anticipated, this being the estimated outturn for 2008/09, a full year</p>		

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	<p>efficiencies. A separate Capital Budget for the year is set.</p>		<p>effect of pay awards together with inflation but excluding any growth.</p> <p>Government funding and the setting of the precept is calculated, both are which have limitations and any shortfall to meet the anticipated budgets as derived from the setting process are found from the budget equalisation fund.</p> <p>We found that the net result is that for 2009/10 the Authority was asked to approve a 'balanced' budget of £169.818 million through submission of a report presented to the February 2009 meeting. The report contains the rationale behind the processes employed and the outcomes used to arrive at the budget proposed.</p> <p>We also confirmed that based on the predicted 'base revenue' budget the three year financial plan was updated and reported to the Finance and General Purposes Committee at their September 2009 meeting. The Authority has enjoyed over previous years a history of under spends that that been used to augment the budget equalisation fund, however with the pressure as identified in the last Efficiency Savings Report, which was submitted to the June 2009 Authority meeting, the budget fund will be exhausted and a shortfall predicted in coming years. The Strategic Financial Planning Group has been charged with identifying areas that might contribute to the savings required to meet the shortfalls predicted.</p> <p>We also confirmed by review that a separate three year Capital Programme is set, the bulk of which is financed through approved</p>		

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			borrowings.		
2	<p>The Financial Regulations contain a section on Financial Planning that encompasses:</p> <ul style="list-style-type: none"> • Policy Framework that makes reference to the Strategic Plan, Policing Plan, three year capital and revenue budget and the Efficiency Plan. • Budget Setting that makes reference to the three year rolling capital and revenue budgets. • Budgetary Control • Reserves. <p>The Financial Regulations are subject to a bi-annual review and subsequent approval.</p> <p>The Financial Procedures includes sections on:</p> <ul style="list-style-type: none"> • Devolved budgets that encompasses the responsibilities of the budget holder. • Monthly Budget Monitoring that includes visits by Accountants to support and review budget holder's accounts. <p>Both documents are posted on the Finance Department section of the Intranet.</p>	Yes	<p>We confirmed that the last revision of the Financial Regulations was undertaken earlier this year and were submitted and approved by the Finance and General Purposes Committee at their March 2009 meeting.</p> <p>We consider from our review that they contain adequate and appropriate guidance, information and procedures in relation to budget setting, control and monitoring.</p> <p>We note that Section 1.4.4 of the Financial Regulations states that the Chief Constable shall maintain a list, in writing, of all police officers and staff specifically authorised to exercise delegated powers in relation to financial administration, however discussions with the Finance staff indicated that this has not been formally issued. There is a risk that inappropriate financial administration may be undertaken if clearly defined authorisations have not been documented.</p> <p>We confirmed by review that the Regulations and Procedures are available to staff via the Finance Department section on the Force's Intranet.</p>	<p>In accordance with Section 1.4.4 of the Financial Regulations the Chief Constable should establish a list, in writing, of all police officers and staff specifically authorised to exercise delegated powers in relation to financial administration,</p>	Merits Attention

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3	The annual budget must be approved by the Police Authority and any subsequent changes would require re-approval in year.	Yes	<p>We confirmed by review that the 2009/10 budget of £169.8 million was approved by the Police Authority at their February 2009 meeting.</p> <p>We confirmed that this budget was loaded onto the Sage finance system at the start of the year and a review of the Revenue Budget Monitoring report as at Period 6 confirms that there have been no adjustments to the original budget figure.</p>		
4	As part of the budget setting process budget holders are provided with a template to complete indicating their budget for the coming year. Guidance on how to complete the template and on what is considered to be a maximum budget are provided. Each budget holder, in conjunction with their staff, will prepare their budget submission and if required there would be discussions with Finance to 'refine' the figures.	Yes	<p>We confirmed in earlier testing the main elements undertaken in setting the budget and to validate this we visited three budget areas, these being:</p> <ul style="list-style-type: none"> • City Business Command Unit. • Contact Management Centre. • Operational Support. <p>Each of these has a sole budget holder, usually a Chief Superintendent or Superintendent who are supported by one Management Service Officer (MSO) and at least one Finance Service Officer (FSO). We are advised that the bulk of the budget setting work initially would be completed by the MSO and FSO and then the proposed figures discussed with the Budget Holder prior to submission to the Finance Department. During our visits to the three Departments we spoke to a couple of the MSOs and a couple of FSOs and consider from their comments that the processes as detailed were followed for 2009/10 and that overall they consider that there is adequate involvement and consultation exercised in the budget setting process.</p>		

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5	Budget Holders are provided with a template for the budget setting process that details their actual and forecasted outturn position for the current year. These figures together with additional data held, including known requirements for the coming year and any local pressures, will inform and feed the budget setting for the next year. The three year Financial Plan and Efficiency Savings Plan will be used by Corporate Finance to influence the overall budget to be set for the coming year.	Yes	From discussions held with the Head of Finance and the MSOs and FSOs at the three Departments visited and through review of the processes they applied we consider that adequate and informative information is available to help feed the budget setting process.		
6	Designated staff in Corporate Finance have provided training on the financial systems to a number of staff during the current year. The training programme has been generally made available to the FSOs, MSO and Clerks of the Force and other interested parties on various aspects of the SAGE system including the general ledger and budget monitoring. Where new managers are appointed they are provided with one to one training relevant to their assigned responsibilities.	Yes	Discussions held with the staff in the Corporate Finance Department confirmed that training is still being provided on various elements of the Sage Line 500 System when required. This was also confirmed by the three department/areas FSOs when visited during our testing. The Head of Finance advised that during the year there has been a new MSO in the North BCU and that she had been out and provided one to one training as required. Additionally the Head of Finance is hoping to run some refresher training courses for existing budget staff later this year.		
7	Guidance on the processes to be followed in the budget setting process is provided by Corporate Finance. This also	Yes	We confirmed through discussion with the Head of Finance and by review that guidance for the 2009/10 budget setting process was issued by e-mail on the 31st		

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	includes any timescales that budget holders should comply with.		October 2008 to all relevant staff. We noted that the e-mail required the completed template to be returned by the 21st November 2008. We also noted that guidance on how to complete the template provided was also sent out. During our visit to the three Departments, the staff we talked to confirmed that they received the e-mail and also mentioned that the guidance for the 2010/11 year had recently been received.		
8	Budgets are assigned to a primary budget holder who may or may not devolve these down to managers. Each main area of the budget has only one primary budget holder.	Yes	We confirmed through review of the budget contact list that this details the main areas of budget by department/area and that for each one there is only one assigned primary budget holder. We confirmed during our visit to the three Departments that within these the primary budget holder has delegated some areas of the budget to managers but overall retains responsibility for their management and control.		
9	Budget holders have access to the SAGE system to access the background information to the monthly reports issued via Corporate Finance and receive monthly reports produced through 'Business Objects'. The areas/departments have assigned FSOs & MSOs who are responsible for collating the monthly data and reports for the monthly review of the elements of actual expenditure, income, commitments and variances. The FSOs (or designated person) prepare monthly	Yes	We confirmed with the staff visited at the three Departments that they all have access to the Sage finance system. The main report run from 'Business Objectives' is the monthly Subjective Analysis Report that details: <ul style="list-style-type: none"> • Subjective code and description. • Period actuals. • Total budget. • YTD Actuals. • YTD Budget. • Variance. <p>The report can be run at any time but mainly this is done at the start of the month. At all three Departments we were shown databases and spreadsheets maintained by</p>		

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	<p>update reports for review and discussion of emerging issues with the Budget Holders. Each Budget Holder is assigned a nominated Accountant, who meets with the MSO/FSOs or assigned person to discuss progress, issues arising including variances and projected outturns etc.</p> <p>Budget Holders have access to their budget information and they maintain their own records which they reconcile to the management accounts and deal with any queries from the review process as required.</p>		<p>the MSOs and FSOs to monitor their budgets, usually as a need to record information in a specific format, for a specific monitoring purpose or for where there may be cases where the information may need to be further broken down for different areas within the main budget area.</p> <p>The Head of Finance advised that they are aware of the many different 'home made' databases and spreadsheets in use through the Force and are looking to start a project later this year with the aim of trying to rationalise these. We were advised that in all cases the MSOs and FSOs can access transactional data behind any cost centre or subjective code if needed.</p>		
10	<p>As part of the budget setting process all areas/departments are required to profile their budget during the year based on the 'best' available information. If as part of the monthly review process it is identified that a budget has gone out of line due to inappropriate profiling then a suitable amendment would be made.</p>	Yes	<p>We confirmed during our discussions with staff at the three Departments visited that they will profile their budget for the year based on a combination of historic data, known trends and to a certain degree 'guess work' in some cases.</p> <p>We confirmed by review of the Revenue Budget Monitoring report for Period 6 that this shows for each delegated and corporate budget a year to date budget figure is included. We confirmed that if during the monthly monitoring and review process it was identified that the profile had become out of line a budget journal would be raised to re-profile the budget back into a 'truer' picture of usage.</p>		
11	<p>Section 1.5 of the Financial Regulations states that the Chief Constable can authorise</p>	Yes	<p>We confirmed that the Financial Regulations clearly detail the authorisation requirements for any virements. The Head of Finance</p>		

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	<p>the virement of monies on any account under his overall control up to a value of £150,000 with any virement between this figure and £250,000 requiring additional approval from the Chairman and Treasurer. If there was a need for a virement above £250,000 this would be submitted to the Finance and General Purposes for approval. We note that the Regulations state that virements between the capital and revenue budgets are not allowed.</p>		<p>advised that in most cases virements are undertaken in relation to the movement of funds from centrally held accounts to the various budget cost centres/codes and vice versa. Budget areas are not permitted to undertake virements within their budget areas.</p> <p>We confirmed that Section 5.6 of the Finance Procedures detail the process for undertaking the virement, which are actioned through completion of a journal.</p> <p>For the three Departments we visited we identified from the Revenue Budget Monitoring Report for Period 6 the total of virements executed to date and through review of the journal reports for each Department confirmed that the value of virements reported on the journal reports matched the total recorded on the Revenue Report.</p> <p>From the journal reports we selected fifteen virements across the three Departments and confirmed that an appropriate journal form had been raised, which detailed the reason for the transaction. In all cases the journal had been raised by one of the Assistant Accountants, however none of these had been authorised by the Chief Constable in accordance with Financial Regulations. In all cases authorisation had been by either the Corporate Accountant, Trainee Corporate Accountant or Head of Finance in accordance with normal practice. All journals were input by the Finance Assistant.</p> <p>We have raised in an earlier paragraph of this audit that a list of officers and staff delegated to exercise powers in relation to financial administration has not been</p>		

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			established and would expect this to include the delegated authorisation for virements. A recommend to address this and thus regularise the current practice has been made in an earlier paragraph.		
12	Budget statements are available to Holders as and when required. Generally the Budget Holder will 'refresh' the statement at the beginning of the month in order to undertake their budgetary reviews. The general ledger is closed down at month end and management accounts for SMT, the Finance and General Purpose Committee and the Authority are made available towards the month end, although there is no set date for these to be produced.	Yes	As part of audit we visited three Departments and confirmed with the FSOs we met that they have access to their budget statements at any time and that generally they will 'refresh' these once they are aware that the month end closedown has been completed. The Corporate Accountant advised that as such management accounts in the traditional sense are not produced and that for the Finance and General Purpose Committee and Authority, the Director of Finance will produce a report that details the budget and what the expected outturn for the year will be. This will be informed through the quarterly budget forecasts submitted by each Budget Holder and in between through any issues that occur as part of the monthly meetings held between the Corporate Accountant, the Trainee Accountant and Budget Holders. This issue is discussed in greater detail in the following paragraph.		
13	Budget statements are available to Holders on-line and can be accessed at any time. Budget Holders are required to review their budgets formally on a monthly basis, which is usually undertaken in the few days of the next month. The Corporate Accountant and Trainee Accountant will visit each Budget Holder on a	Yes	We visited three Departments as part of our review and in each case we spoke to either the MSO or FSO to ascertain what actions are taken each month in relation to budget monitoring. In all cases we established that the MSO or FSO or both will undertake the monthly analysis and review and report the general position to the Budget Holder, this being in person and through SMT meetings or similar. A general synopsis of the outcomes of discussions at the three Departments is		

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	<p>monthly basis at which they will go through the current position and review any areas of under or over spend or generally any concerns that may arise. Notes of the meetings will generally be produced and sent out and which may include actions for the Budget Holder to undertake before the next meeting.</p> <p>Budget Holders will establish their own methodologies for monitoring their budgets, which will often entail using their own databases to analysis and report the financial position to their own SMT or senior managers.</p>		<p>detailed below.</p> <p>Contact Management Centre.</p> <p>Here the MSO downloads the Subjective Analysis Report monthly and through analysis of this and use of local databases reviews the current financial position against budget. The Department has a budget of some £7.18 million of which the bulk, £7.125 million, is for staff salaries. After input and analysis of the financial situation the MSO will produce various reports for the Budget Holder, such as main financial position and overtime budget figures and these would be discussed at the monthly SMT meetings.</p> <p>We confirmed that the two formal quarterly budget forecast reports for the Department have been submitted as required.</p> <p>BCU South.</p> <p>We ascertained that the FSO here has the main responsibility for the first stage budget reviews, which are undertaken through download of the Subjective Analysis Report. This is then transcribed into her own database for analysis. The BCU has a budget of some £2.609 million of which pay accounts for £1.240 million, overtime and other payments £489k, transport costs £455k and supplies and services £306k.</p> <p>After analysis a report is produced highlighting the key areas of the budget and this is sent to the Chief Superintendent, who is the primary Budget Holder. We found that finance is a standing agenda item on the SMT agenda.</p> <p>We confirmed that the two formal quarterly budget forecast report for the Department</p>		

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			<p>have been submitted as required.</p> <p>Operations Support.</p> <p>Operations Support contains the Force's visible support functions, such as:</p> <ul style="list-style-type: none"> • Firearms and training. • Tactical Support. • Road policing and collision investigation. <p>The FSO here is the main party responsible for the monthly budget reviews, which are again undertaken through the download initially of the Subjective Analysis Report. This information is then fed into various databases held. Due to the varying nature of work within the Department the FSO will produce budget statements for different Sections and these are then combined into a budget report that goes to the primary Budget Holder and is then discussed at the monthly APEX meeting.</p> <p>The budget for the Department is £2.741 million of which:</p> <ul style="list-style-type: none"> • Pay is £778k. • Overtime and other allowances is £504k. • Transport is £512k. • Equipment, uniforms etc is £613k. • Agency and contract staff is £413k. <p>We confirmed that the two formal quarterly budget forecast report for the Department have been submitted as required.</p> <p>We confirmed with the Officers we met with</p>		

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			<p>that they each have a monthly meeting with the Corporate Accountant at which they go through their budgets line by line and notes of the meeting that may include some actions for them to deal with are e-mailed out to them.</p>		
14	<p>A monthly Revenue Budget Monitoring report is system produced for analysis and review within the Finance Department. A 'standard' set of management accounts are not produced, however the Director of Finance produces each month a Budget and Efficiency Plan Monitoring report that is sent to COG, the Police Authority, all Area Commanders, Department Heads, MSOs and FSOs. The Report will detail the budget for the year and details of any areas where a projected over or under spend is being forecasted for the year end. A commentary on each of the over or under spends is included within the report. The latest report is submitted to each meeting of the Finance and General Purposes Committee.</p>	Yes	<p>We confirmed that following month end a Revenue Budget Monitoring Report is run, which is system driven through use of the Business Objects software except for the last 2 columns that are manually inserted. From this the Director of Finance produces the monthly Budget and Efficiency Plan Monitoring Report that is e-mailed to all parties detailed.</p> <p>The table from the Report is extracted and is included in the Performance Report that is sent to each meeting of the Police Authority. We noted that the last Performance Report for the period 1st April to 30th September 2009 was submitted to the November 2009 Police Authority meeting and a review of the finance table included showed that the approved revenue budget was being quoted as £169.838 million, whereas earlier testing indicated that the budget approved by the Authority back in February 2009 was £169.818. Discussion with the Corporate Accountant identified that the £169.838 million figure quoted includes a £20,000 item that was later discovered to have been incorrectly included and was adjusted to arrive at the approved figure.</p> <p>It appears that the Director of Finance forgot to alter the template used to produce the monthly report and that it is considered that the quoting of the slightly higher figure does not have any material affect as the key</p>		

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			<p>elements of over and under spends are assessed against the correct budget figure and that the budget figure quoted is there for reference purposes only.</p> <p>We confirmed that the last submitted report to the Authority contained financial data to Period 5 and we have used this base to sample test the validity of the figures being quoted. We first confirmed by review of the finance system that for Period 5 the trial balance was 'zero', which confirms that all general ledgers accounts have fed into their appropriate hierarchy centres.</p> <p>We then confirmed that the overall figures on the Period 5 Revenue Budget Monitoring report matched those on the Finance Report and through examination of the figures obtained from the Business Objects reports validated the figures for six main costs centres, these being:</p> <ul style="list-style-type: none"> • BCU City. • Criminal Justice. • Operational Support. • Human Resources. • Corporate Development. • Police Pay and Allowances. <p>We also confirmed that the figures quoted in the Revenue Budget Monitoring Report for each of the six cost centres were the same as those quoted on the system produced Subjective Analysis Report for each one.</p> <p>For each of the six main cost centres we identified the subjective codes that make up the cost centre and for each of the five</p>		

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			<p>centres that are Departments validated that for three subjective codes the balance quoted on the business objective report equated to that quoted on the general ledger. Additionally for the payroll cost centre we identified five subjective codes and again validated that the balance on the general ledger matched that quoted on the business objectives report.</p> <p>The monthly Budget and Efficiency Plan Monitoring Report contains the projected over and under spends, which are calculated from the quarterly formal budget projected returns sent in by all Budget Holders and adjusted each in between month from information gathered at the monthly meetings held between the Corporate Accountant, the Trainee Accountant and the Budget Holders. We confirmed in earlier testing that the second quarter budgeted forecast outturns have been submitted by all Budget Holders, however the monthly Budget and Efficiency Plan Monitoring Report to the end of Period 6 was not available at the time of our visit.</p> <p>We note that as at Period 6 the Revenue Budget Monitoring Report indicates a year to date budget figure of £84.187 million with year to date expenditure of £80.435 million and a current under spend of £ 3.753 million. The projected outturn under spend is quoted as being £984k. In view of the ever monthly changing projected outturn figure we have not sought to try to validate this figure.</p>		
15	Monthly reporting on the financial position of the Force and Authority is undertaken to:	Yes	We confirmed through review that each month a Budget and Efficiency Plan Monitoring Report is e-mailed to all relevant parties and this includes the forecasted year		

	CONTROLS (ACTUAL AND/OR MISSING)	ADEQUATE DESIGN(YES/NO)	TEST RESULT / IMPLICATIONS	RECOMMENDATION	CATEGORISATION
	<ul style="list-style-type: none"> • Chief Officers Group. • The Police Authority. • All Area Commanders • All Heads of Departments. • All MSOs and FSOs. <p>Each Finance and General Purposes Committee receives a Revenue, Capital and Efficiency Plan Monitoring Report and each Police Authority meeting receives the Performance Report that includes financial information. Capital updates are also provided to each Finance and General Purposes Committee. Year end accounts are submitted to the Finance and General Purposes Committee and the Police Authority.</p>		<p>end under spend that is informed through the formal quarterly forecasted budget reports submitted by each Budget Holder.</p> <p>We also confirmed by review of the Finance and General Purposes Committee meetings held in March and September 2009 that they received the Revenue, Capital and Efficiency Plan Monitoring Report and a separate Capital update report.</p> <p>Testing confirmed that the Police Authority receives the Performance Report at each meeting as evidenced through the agenda for the November 2009 meeting and the minutes of the June 2009 meeting.</p> <p>We also noted that the annual accounts for 2008/09 were presented to the May 2009 Police Authority meeting and which showed for the year that an under spend of £ 4.458 million was achieved.</p> <p>We consider that overall there is adequate and effective reporting on the financial position of the Force and Authority being undertaken.</p>		